

Prime Minister Employment Generation Programme (PMEGP)¹

1. **Launch:** PMEGP was launched in 2008
2. **Implementing agency**
 - National level – Khadi and Village Industries Corporation
 - State level – Khadi and Village Industries Corporation, Khadi and Village Industries Board, District Industries Centre

3. Salient features

3.1 The **objectives** of the programme include (i) Employment generation, (ii) Self-employment for traditional artisans, youth, (iii) Continuous and sustainable employment, (iv) Increase wage earning capacity of artisans

3.2 Financial Assistance – Funds are provided under two major heads, (i) Margin money subsidy for setting up of new micro enterprises up-gradation of existing PMEGP units (ii) Backward and Forward Linkage for conducting awareness camps, exhibitions, meetings, publicity, EDP and other miscellaneous administrative expenses.

(i) Financial Assistance (New Unit)

Category of beneficiary	Beneficiary's contribution (as % of project cost)	Rate of Subsidy (of Project Cost)	
		Urban	Rural
Area (location of project/unit)			
General category	10%	15%	25%
Special (SC/ST/OBC/Minority/Women/Ex-Servicemen, PH, NER, Hill and border areas)	5%	25%	35%

The maximum cost of the project for (i) Manufacturing – Rs. 25 lakh (ii) Service – Rs. 10 lakh

(ii) Financial Assistance (up-gradation of the existing unit)

Category of beneficiary	Beneficiary's contribution (as % of project cost)	Rate of Subsidy (of Project Cost)
All categories	10%	15% (20% in NER, Hill states)

The maximum cost of the project for (i) Manufacturing – Rs.1 crore (ii) Service – Rs.25 lakh

Balance amount in case of both new and existing projects to be funded from Term loan from bank

3.3 Eligibility Conditions – New Units

Age > 18 yrs	Education > VIII std.	No income criteria	Project (MFG) >Rs.10 lakh	Project (Business/Service) > Rs.5 lakh
Eligible entities				
(i) SHGs (ii) Institutions regd. under Societies Registration Act, 1860 (iii) Charitable Trusts (iv) Production Cooperative Societies (v) Only one person from one family is eligible – ‘family’ includes self and wife				

¹ Compiled by Narayan, DGM & MoF, CAB, RBI, Pune

Disclaimer: This Knowledge Card is a recall note to be used as academic input after completion of training. It is not a substitute to the scheme guidelines. Please refer to the scheme related guidelines issued by GoI.

Other conditions:

- Projects without capital expenditure are not eligible
- Projects > Rs.5 lakh but not requiring working capital – would need clearance from RO/Controlling office of the bank branch
- Cost of land should not be included in the project cost
- Project activities should not be prohibited by local government /authorities
- The activity should not appear in the 'negative list' of the guidelines

3.4 Upgradation of Existing PMEGP/MUDRA units

Conditions:

- Margin money claimed under PMEGP has been fully adjusted
- First loan – PMEGP/MUDRA has been successfully repaid in stipulated time
- Unit is profit-making – good turnover – the potential for growth in turnover and profit with modernisation upgrading the technology

3.5 Bank finance

General Category – 90 % of the project cost

Special Category – 95% of the project cost

Terms and conditions of bank finance

- Manufacturing units: Working Capital <= 40% of the project cost
- Service/trading sector: Working Capital <=60% of the project cost
- Utilisation of working capital limit: At one point it should touch 100% limit of CC within 3 years of lock-in period of margin money and overall not less than 75% utilisation of the sanctioned limit, else the proportionate amount of the margin money to be refunded

3.6 Time norms :

- District Level Task Force Committee (DLTFC) will meet at least once every month
- DLTFC minutes to be displayed online – on the portal
- The decision of DLTFC to be conveyed online to the district implementing agency – within 3 working days of the meeting
- Implementing agency to forward the recommended application to the concerned banks – within 48 hours of receipt of the decision of DLTFC
- The entire process has to be completed within 45 days of the receipt of the application online
- If the DLTFC does not clear the application within 45 days, the banks can appraise the projects on their own
- Banks to decide on the application within 30 days of the receipt of application from the district agency
- Applicant to deposit his/her contribution and copy of EDP training certificate with photo and AADHAAR to the financing bank within 10 days of receipt of sanction advice
- Release of the first instalment through the portal
- Validation by KVIC – two conditions to check – within 3 working days
- Date of first release before the claim of margin money
- First disbursement > margin money
- Release of subsidy by the nodal bank within 24 hours

3.7 Margin money will be one-time assistance to the beneficiary, kept with the bank in the form of Term Deposit Receipt for three years on which no interest will be paid. No interest will be charged on the corresponding part of the loan.

3.8 Training – The beneficiary will be required to undergo 2 weeks Entrepreneurship Development Programme (EDP).Applicant to deposit his/her contribution and copy of EDP training certificate with photo and AADHAAR to the financing bank within 10 days of receipt of sanction advice.