## PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

### 1. The Scheme

Government of India had in August 2008, approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP).It was launched by merging the two schemes that were in operation till 31st March 2008, namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in non-farm sector for rural as well as urban areas. *PMEGP is in operation since 2008-09 and has been approved for continuation over the 15th Finance Commission cycle i.e., for the period of five years from 2021-22 to 2025-26.*

PMEGP is a central sector scheme being administered by the Ministry of Micro, Small and Medium Enterprises (Mo MSME).The scheme is being implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the scheme is implemented through State offices of KVIC, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs), Coir Board (for coir related activities) and Banks. Government may also involve other suitable agencies for implementation of the scheme. The Government subsidy under the scheme is routed by KVIC through the nodal Bank to the Financing Bank branches & subsequently transferred to the beneficiary account after completion of lock-in period based on the outcome of the physical verification report. The Implementing Agencies (IA) will associate reputed autonomous institutions in the field of Entrepreneurship Development in Government of India and State Government Self Help Groups (SHGs)/ National Small Industries Corporation (NSIC)/Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Rural Self Employment Training Institute (RSETIs)/Rural Development & Self Employment Training Institute (RUDSETIs), Panchayati Raj institutions and other relevant bodies in the implementation of the scheme, especially in the area of identification of beneficiaries, area specific viable projects, and providing training in entrepreneurship development, handholding and mentoring of beneficiaries.

### 2. Objectives

(i) To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises.

(ii) To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.

(iii) To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.

(iv) To increase the wage-earning capacity of workers and artisans and contribute to increase in the growth rate of rural and urban employment.

## 3. Quantum and Nature of Financial Assistance

***3.1*** *Funds under PMEGP Scheme will be available under two major heads*

**I Margin Money Subsidy**

(i) Funds will be allocated under annual Budget Estimates towards disbursement of Margin Money(subsidy) for setting up of new micro enterprises/units; and

(ii) From the funds allocated under BE for the Margin Money subsidy, **Rs. 100 Cr**. or as approved by the competent authority will be earmarked for each FY towards disbursement of Margin Money (subsidy) for upgradation of existing PMEGP/REGP/MUDRA units.

**II Backward and Forward Linkages**

**5% of the total allocation** under BE for a Financial Year against PMEGP, or as approved by the competent authority, shall be earmarked as funds under Backward and Forward Linkages and will be utilized for arranging awareness camps, State/District level monitoring meetings, Workshops, Exhibitions, Bankers meeting, TA/DA, Publicity, Entrepreneurship Development Programme (EDP) training, Physical verification & Geo-tagging, Evaluation & Impact Assessment study, Setting of Entrepreneurship Facilitation Centre (EFC), Center of Excellence (CoE), Engagement of Field Experts and Data Entry Operators (DEOs), Creation and Upgradation of IT infrastructure, Awards, Call Centre facility, PMU, other related activities and settlement of other residual liabilities by the KVIC.

***3.2 Levels of support under PMEGP***

***(i)For setting up of new micro enterprise (units)***

| Categories of beneficiaries under PMEGP (for setting up of new enterprises) | Beneficiary's contribution (of project cost) | Rate of Subsidy (of project cost) | |
|---|---|---|---|
| Area (location of project/unit) | | Urban | Rural |
| General Category | 10% | 15% | 25% |
| Special Category (including SC,ST,OBC ,Minorities, Women, Ex-Servicemen, Transgenders, Differentlyabled, NER, Aspirational Districts, Hill and Border areas(as notified by the Government) etc. | 05% | 25% | 35% |

**Note**

1) The maximum cost of the project/unit admissible for Margin Money subsidy under Manufacturing sector is Rs. 50 lakhs.
2) The maximum cost of the project/unit admissible for Margin Money subsidy under Business/Service sector is Rs. 20 lakhs.
3) The balance amount (excluding the own contribution) of the total project cost will be provided by Banks.
4) If the total project cost exceeds Rs. 50 lakhs or Rs. 20 lakhs for Manufacturing and Service/Business sector respectively, the balance amount may be provided by Banks without any Government subsidy.

***(ii) 2nd Loan for upgradation of existing PMEGP/REGP/MUDRA units***

| Categories of beneficiaries under PMEGP (for upgradation of existing units) | Beneficiary's contribution (of project cost) | Rate of Subsidy (of project cost) |
|---|---|---|
| All Categories | 10% | 15% (20% in NER and Hill States) |

**Note**

1) The maximum cost of the project/unit admissible for Margin Money subsidy under Manufacturing sector for upgradation is Rs. 1.00 crore. Maximum subsidy would be Rs.15 lakh (Rs.20 lakh for NER and Hill States).
2) The maximum cost of the project/unit admissible for Margin Money subsidy under Business/Service sector for upgradation is Rs. 25 lakh. Maximum subsidy would be Rs.3.75 lakh (Rs.5 lakh for NER and Hill States).
3) The balance amount (excluding the own contribution) of the total project cost will be provided by Banks.
4) If the total project cost exceeds Rs. 1.00 Crore or Rs. 25.00 lakhs for Manufacturing and Service/Business sector respectively, the balance amount maybe provided by banks without any Government subsidy.

## 4. Eligibility Conditions of Beneficiaries

### *4.1 For PMEGP new enterprises (Units)*

i. Any individual, above 18 years of age
ii. There will be no income ceiling for assistance for setting up projects under PMEGP.

iii. For setting up of project costing above Rs.10 lakh in the Manufacturing sector and above Rs. 5 lakh in the Business /Service sector, the beneficiaries should possess at least VIII standard pass educational qualification.

iv. Assistance under the scheme is available only for new projects sanctioned specifically under the PMEGP.

v. Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are not eligible.

***Other eligibility conditions for PMEGP (New units)***

(i) Projects without Capital Expenditure are not eligible for Financing under the Scheme.

(ii) Cost of the land should not be included in the Project cost. Cost of the ready built shed as well as long lease or rental Work-shed/Workshop can be included in the project cost subject to restricting such cost of ready built as well as long lease or rental workshed/workshop to be included in the project cost calculated for a maximum period of 3 years only.

(iii) PMEGP is applicable to all new viable microenterprises, including Village Industries projects *except activities prohibited by local Government/Authorities keeping in view environment or socio-economic factors and* activities indicated in the negative list of the guidelines (Para 30 of the guidelines)

(iv) Trading activities

a. Business / Trading activities in the form of sales outlets may be permitted in NER, Left wing Extremism (LWE)-affected districts and A & N Islands.
b. Retail outlets/Business - selling Khadi products, Village Industry products procured from Khadi and Village Industry Institutions certified by KVIC and products manufactured by PMEGP units and SFURTI clusters only may be permitted under PMEGP across the country.
c. Retail outlets backed by Manufacturing (including processing) / Service facilities may be permitted across the country.
d. The maximum cost of the project for Business / Trading activities as above [(a) and (b)] may be Rs.20 lakh (at par with the maximum project cost for Service sector).
e. Maximum 10% of the financial allocation in a year in a state may be used for Business / Trading activities as above [(a), (b) and (c)].

(v) Transport activities -Transport activities viz purchase of Cab/Van/ Boat/Motorboat/Shikara etc. for transportation of tourists or general public will be allowed. A ceiling of 10% on the extent of projects financed under transport activities is applicable in all areas except NER, Hilly region, LWE-affected districts and A & N Islands, Goa, Puducherry, Daman & Diu, Dadra Nagar Haveli, J&K, Lakshadweep, or other specific areas as may be declared so by the Government.

(vi) All new units setup under PMEGP will be mandatorily registered under Udyam Portal before Physical Verification of the Unit and the adjustment of the Margin Money in the PMEGP beneficiary loan account.

Note:

1) Only one person from one family is eligible for obtaining financial assistance for setting up of projects under PMEGP. The 'family' includes self and spouse.

### *4.2 For up-gradation of existing PMEGP/REGP/MUDRA units:*

i. Margin Money(subsidy)claimed under PMEGP has to be successfully adjusted on the completion of lock in period of 3 years.
ii. First loan under PMEGP/REGP/MUDRA has to be successfully repaid in stipulated time.
iii. The unit is profit making with good turnover and having potential for further growth in turnover and profit with modernization/upgrading the technology.

## 5. Implementing Agencies

### *5.1 Implementing Agencies*

The Scheme will be implemented by Khadi and Village Industries Commission (KVIC), Mumbai, a statutory body created by the Khadi and Village Industries Commission Act, 1956, which will be the single nodal agency at the national level.

At the State level, the scheme will be implemented through State Directorates of KVIC, State Khadi and Village Industries Boards (KVIBs), District Industries Centres and COIR Board for coir related activities. Other agencies like National Scheduled Castes Finance and Development Corporation(NSCFDC), National Scheduled Tribes Finance and Development Corporation (NSTFDC), National Backward Classes Finance & Development Corporation (NBFDC), Indian Institute of Entrepreneurship (IIE) Guwahati, National Institute for Entrepreneurship and Small Business Development (NIESBUD) & National Institute for Micro Medium and Small Enterprises (NI-MSME), Institute of Entrepreneurship Development (IED) Odisha, TR&TCs, O/o DCMSME and MSME DIs etc. can also be enrolled as IAs, as and when necessary.

All IAs, including the IAs that may be enrolled in future, will be allowed to receive and process applications in all areas irrespective of the rural or urban category. KVIC will coordinate with State KVIBs/State DICs, other IAs and monitor performance in rural and urban areas. The IAs will also involve National Small Industries Corporation (NSIC), Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), *RSETIs/RUDSETIs* Panchayati Raj Institutions, NGOs of repute and other relevant agencies (as indicated in Section 5.2) in identification of beneficiaries under PMEGP.

Coir Board will be involved in identifying the Coir Units for their setting up under PMEGP in both rural as well as urban areas, their handholding and mentoring.

### *5.2 Other Agencies*

i. Department of Women and Child Development (DWCD), Nehru Yuva Kendra Sangathan (NYKS) and The Army Wives Welfare Association of India (AWWA).
ii. NGOs having at least five years' experience and expertise in Project Consultancy in Small Agro & Rural Industrial Promotion and Technical Consultancy Services, Rural Development, Social Welfare having requisite infrastructure and manpower and capable of reaching Village and Taluk level in the State or Districts. NGOs should have been funded by State or National Level Government Agencies for any of its programmes in the preceding 3 years period.
iii. Professional Institutions/Technical Colleges recognized by Government/University and University Grants Commission (UGC)/ All India Council for Technical Education (AICTE) having department for vocational guidance or technical courses providing skill-based training like ITI, Rural Polytechnic, Food Processing Training Institute, etc.
iv. Certified KVI institutions aided by KVIC / KVIB provided these are in category A+, A or B and are having required infrastructure, manpower and expertise for the role.
v. Departmental and Non-Departmental Training Centres of KVIC / KVIBs.
vi. Micro, Small and Medium Enterprises Development Institutes (MSME-DIs), MSME Tool Rooms and Technical Development Centres, under the administrative control of Office of Development Commissioner, MSME.
vii. National Small Industries Corporation's (NSIC) offices, Technical Centres, Training Centres, Incubators and Training cum Incubation Centres (TICs) set up in PPP Mode.
viii. National level Entrepreneurship Development Institutes like National Institute for Entrepreneurship and Small Business Development (NIESBUD), National Institute for Micro, Small and Medium Enterprises (NIMSME) and Indian Institute of Entrepreneurship (IIE), Guwahati under the administrative control of Ministry of MSME, their branches and the Entrepreneurship Development Centres (EDCs) set up by their Partner Institutions (PIs).
ix. PMEGP Federation, whenever formed.
x. Any other Agencies with the approval of competent authority.

## 6. Financial Institutions

i. All Public Sector Banks
ii. All Regional Rural Banks, Co-operative Banks, Private Sector Scheduled Commercial Banks regulated by RBI
iii. Small Industries Development Bank of India (SIDBI)

**7. Identification of beneficiaries:**

The identification of beneficiaries will be done at the district level by the State/district level implementation agencies and Banks. The Bankers should be involved right from the beginning to ensure that bunching of applications is avoided. The applicants, who have already undergone training of at least 10 Days (for offline mode)/ 60 hours (for online mode) under Entrepreneurship Development Programme (EDP) / Skill Development Programme (SDP) / Entrepreneurship cum Skill Development Programme (ESDP) or Vocational Training (VT) need not undergo EDP training again.

Priority will be given to the persons affected by natural calamities/disaster in the areas which are declared as affected by "disaster" as defined under Section 2(d) of the Disaster Management Act, 2005 by the Ministry of Home Affairs.

Exaggeration in the cost of the project with a view only to availing higher amount of subsidy should not be allowed.

KVIC in consultation with Indian Banks' Association (IBA) had devised a scoring model (score card), which is being used by IAs for appraisal of PMEGP proposals and subsequent forwarding of the applications/proposals to the Banks. This scoring model is displayed on the websites of KVIC and Ministry.

**8. Bank Finance**

***8.1*** The Bank will sanction 90% of the project cost in case of General Category of beneficiary and 95% in case of Special Category of the beneficiary and disburse full amount suitably for setting up of the project.

***8.2*** Bank will finance Capital Expenditure in the form of Term Loan and Working Capital in the form of cash credit. Project can also be financed by the Bank in the form of composite loan consisting of Capital Expenditure and Working Capital.

***8.3*** Maximum project cost under PMEGP is Rs. 50 lakh, which includes Term Loan for Capital Expenditure and Working Capital. For Manufacturing units, Working Capital component should not be more than 40% of the project cost and for units under Service/Trading sector, the Working Capital shall not be more than 60% of the project cost. However, for the projects where the Capital Expenditure reaches the maximum ceiling of the project cost for Manufacturing/ Service sector units, the Bank can consider sanctioning of additional funds over and above Rs. 50 Lakhs and Rs. 20 Lakhs respectively. In such cases, the additional funds over and above Rs.50 lakh/20 lakh will not be covered for subsidy.

In case the incurred Capital Expenditure and Working Capital Expenditure (at the end of the third year from the commencement of production) is less than the sanctioned amount under the Bank loan (including own contribution), the excess Margin Money(subsidy) (against the shortfall) shall be refunded to KVIC.

***8.4 Rate of interest and repayment schedule***

Normal rate of interest shall be charged. Repayment schedule may range between 3 to 7 years after an initial moratorium as may be prescribed by the concerned Bank/financial institution.

RBI has issued necessary guidelines to the Banks to accord priority in sanctioning projects under PMEGP. RBI also issues suitable guidelines from time to time as to which RRBs and other Banks will be excluded from implementing the scheme.

## 9. Definition of Industry and Employment Criteria

Any Industry (except those mentioned in the negative list) located in the rural/urban area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of a full-time artisan or worker i.e. Capital Expenditure on workshop/ workshed, machinery and furniture divided by full time employment created by the project does not exceed Rs.3 lakh in plain areas and Rs.4.50 lakh in Hilly areas.

**Note:** Per-capita ceiling has been enhanced to Rs.4.5 lakhs as a special case for activities under PMEGP in respect of A&N Islands and Lakshadweep

## 10. Rural Area

(i) Any area classified as Village as per the revenue record of the State/Union Territory, irrespective of population

**OR**

(ii) All the areas, irrespective of their population, falling under Panchayati Raj Institutions will be accounted under rural areas, whereas areas falling under Municipality to be treated as urban areas.

## 11. Modalities of on-line Process Flow of application and fund flow under the Scheme

***11.1*** Project proposals will be invited from potential beneficiaries at district level through press, advertisement, radio and other multi-media by KVIC, KVIBs, DICs and other IAs at periodical intervals depending on the target allotted to that particular district. The scheme will also be advertised/publicized through the Panchayati Raj Institutions and other suitable Government organizations which will also assist in identification of beneficiaries.

***11.2*** Online applications will be mandatory, and no manual applications will be allowed as PMEGP Portal has been developed and put into operation by KVIC. Applications for new projects and also for upgradation/expansion of the existing units as per eligibility criteria defined under the PMEGP scheme will be filled and submitted only through the said PMEGP-Portal.

***11.3*** There are separate online application forms available on the portal for individuals applying for setting up of new units and upgradation of existing units

**11.4** Applicants will be provided with User ID and Password at the time of initial registration (application filing) for their use in tracking the status of their application. Applicant will also be provided with application ID on final submission.

**11.5** Applicant's Aadhaar number is mandatory and is authenticated with UIDAI database before they proceed for filing the application. In case of individuals to whom no Aadhaar number has been assigned, such individual shall make an application for Aadhaar Enrolment and furnish the Enrollment number. In case an individual has not been issued an Aadhaar number in certain areas (NER, J&K, etc.), the individual shall be offered alternate and viable means of identification like PAN card etc. for benefit under the scheme.

**11.6** There will be a provision to upload the Photo and documents which are necessary for screening the application, before submitting the application. These documents will include the following:

a. Caste Certificate
b. Special Category Certificate, wherever required
c. Rural Area certificate
d. Project Report
e. Education/ EDP/Skill Development training certificate
f. Any other applicable document

**11.7** The applicant will fill all information in the respective fields of online application form available on the portal. The Username and Password will be provided to the applicant's registered mobile number immediately after saving the online application for future access.

**11.8** The applicant shall upload all the required documents as per the eligibility criteria for first and second tranche/dose of assistance as applicable. A self-assessed score will be generated based on the information filled by the applicant. On completion of all documentation, the applicant will make final submission and get the unique Application ID through which the status of application can be tracked. The applicant can also download and print the acknowledgement as a proof for submission of the application. The entire set of documents and application form will be electronically forwarded to the representatives of the preferred IA.

**11.9** Within five working days of receipt of application, the nodal officer of KVIC, State KVIB, DIC and other IAs shall interact with the applicant personally on telephone or personal meeting and confirm the receipt/ acceptance of the application for preliminary scrutiny. The nodal officer will do all the required correction in the application in consultation/cross checking with the applicant and also provide hand holding to the applicant at every stage. The IAs shall ensure that the activity proposed is as per the scheme guidelines and not covered under the negative list of activities before forwarding to the Financing Bank for credit decision.

The IAs shall take the final decision to either forward complete/corrected applications directly to one of the Financing Banks opted by the applicant as per the order of preference for taking credit decisions or return to applicant based on the scoring criteria as detailed below:

| **Project Cost** | **Minimum Score for Forwarding to Banks** |
|---|---|
| Up to Rs. 10 Lakhs | 50 out of 100 |
| Above Rs. 10 Lakhs | 60 out of 100 |

The complete/corrected applications must be forwarded to the banks as soon as possible and in no case later than three weeks of receipt of the final application by the IAs.

***11.10*** Applications which do not conform to the scheme guidelines, or which remain incomplete even-after consultation with the applicant will also be rejected by the concerned Nodal Officer, recording reasons for rejection. Reasons of rejection will also be conveyed to the applicant.

***11.11*** District Level Monitoring Committee (DLMC), consisting of the following members, will be set up in each district to monitor the performance of implementation of PMEGP in their respective district on quarterly basis and submit report to the Commissioner/Principal Secretary (Industries);

a. District Magistrate/Deputy Commissioner/Collector or his/her representative not below the rank of Deputy Collector- Chairman

b. PD – DRDA / EO – Zilla Panchayat- Vice Chairman

c. Lead Bank Manager- Member

d. Representative of KVIC/KVIB/DIC/Other IAs- Member

e. Representative of NYKS/SC/ST Corporation- Special Invitee

f. Representative of MSME-DI, ITI/Polytechnic- Special Invitee

g. Representative from Panchayat - 3 members

(To be nominated by Chairman/District Magistrate/ Deputy Commissioner/ Collector by rotation)

h. Director RSETI/RUDSETI- Member

i. General Manager, DIC of the District- Member Convener

**11.12** There shall be an Online Grievance Portal and a Grievance Cell to be setup by the KVIC, HQ. The Grievance Cell will act upon the on-line complaints within 48 hours and direct the concerned State Officers to take necessary action. Applicant, if not satisfied with the recommendations of the implementing Agencies, can file grievance against such rejection to the GM, DIC or State Director, KVIC of the concerned State, whoever is senior. CEO- KVIC, CEO-KVIB and Principal Secretary(Industry) will be appellate authority for respective cases.

**11.13** The Bank will appraise the projects and take their own credit decision on the basis of viability of each project. No collateral security will be insisted upon by banks in line with the guidelines of RBI for projects involving loan up to Rs.10 lakh in respect of the projects forwarded to them by the agencies. However, they will appraise projects both technically and economically after ensuring that each project fulfills *inter alia* the criteria of

i. Industry

ii. Per Capita Investment

iii. Own Contribution

iv. Rural Areas and

v. Negative List (Para 30 of the guidelines)

**11.14** The Banks will either sanction or reject the loan application within a stipulated period. Sanction will be issued online and copies of the sanction order will be sent to the applicant (by e-mail/hard copy) as well as to KVIC/ KVIB/ DIC/other IAs within 30 days from the receipt of application from the District Agencies. The sanction letter will also be automatically forwarded to the online EDP portal and concerned RSETI, or other authorized training centre, for conduction of EDP training in case where the applicant has not undergone the training. The prescribed EDP training is mandatory before releasing of loan by the Banks. In case of delay in sanctioning of loan by Banks, applicants can file complain on PMEGP grievance portal, which shall reach the concerned nodal officer within two working days. The nodal officers of the concerned implementing agency shall take immediate necessary action to resolve the issue in consultation with the lead bank manager.

**11.15** Applicants need not wait for sanction of loan but can undertake EDP training at any time after submission of the application form in consultation with State office of KVIC on payment of EDP charges.

**11.16** The applicant will deposit his own contribution and copy of EDP training certificate with photo and Aadhaar number to the Financing Bank within 30 working days of receiving the communication of his sanction of loan. EDP certificate shall also be uploaded by the training institute.

**11.17** Bank will release the first instalment of the loan either in full or partly and submit the claim for Margin Money subsidy online through the on-line portal of Nodal Bank/KVIC Portal.

**11.18** The Financing Bank shall generate the Margin Money Claim subject to fulfillment of the following:

i. Date of release of first instalment is prior to the date of filing of Margin Money(subsidy) claim
ii. EDP training is completed by the applicant and updated on the portal
iii. Applicant has deposited own contribution
iv. The disbursement of first installment equal to or more than the eligible Margin Money.

The Financing Banks shall ensure that the activity proposed is as per the scheme guidelines and not covered under the negative list of activities before generating the claim. KVIC will verify and validate the Margin Money claims and forward to the Nodal Bank for onward releasing of the Margin Money to the Financing Bank within 3 working days if the claims are in order. In case any shortcomings/ deficiencies found in the Margin Money claims, the same shall be returned back to the Financing Banks/ IAs for rectification and re-submission.

**11.19** Nodal Bank will transfer the Margin Money subsidy claim amount validated by KVIC to the respective Financing Bank branch within 24 hours of the receipt of validation.

If the Financing Bank branch certifies that all the facts furnished in the claim are true and the above activity of the unit is not under the negative list of PMEGP scheme and is as per the norms and guidelines of PMEGP, validation by KVIC could be dispensed with and the MM claim will be sent directly to Nodal Bank portal for disbursement online by the Financing Bank branches.

**11.20** Once the Margin Money (subsidy) is received in the Financing Banks on behalf of the beneficiary, within 24 hours it should be kept in the Term Deposit Receipt (TDR)/Subsidy Reserve Fund (SRF) for three years at branch level in the name of the beneficiary. No interest will be paid on the TDR/SRF, and no interest will be charged on loan disbursed for the corresponding amount of TDR/SRF. Banks shall ensure to update the TDR/SRF details such as TDR/SRF number and date on the PMEGP portal. Financing Banks shall upload the details of subsequent loan installments and rate of interest on the PMEGP portal.

**11.21** SMS/e-mail alerts to the applicant will be automatically sent by the system at each of the above stages.

**11.22** In case the Bank's advance goes "bad" before the three-year period, due to any reason whatsoever, beyond the control of the beneficiary, the Margin Money (subsidy) will be returned to KVIC. In case any recovery is affected subsequently by the Bank from any source whatsoever, such recovery will be utilized by the Bank for liquidating their outstanding dues.

**11.23** Margin Money (subsidy) will be 'one time assistance', from Government. For any enhancement of credit limit or for expansion/modernization of the project, Margin Money (subsidy) assistance is not available except in case of units selected for upgradation through 2nd loan under this Scheme.

**11.24** Projects financed jointly i.e., financed from two different sources (Banks / Financial Institutions), are not eligible for Margin Money (subsidy) assistance.

**11.25** Bank has to obtain an undertaking from the beneficiary before the release of Bank finance that, in the event of objection (recorded and communicated in writing) by the IA, the beneficiary will refund the Margin Money (subsidy) kept in the TDR/SRF or released to him after three years period.

**11.26** Banks and all IAs have to ensure that each beneficiary prominently displays the following signboard at the main entrance of his project site:-

> (Unit Name)…………………………….
>
> Financed By……………… (Bank), District Name
>
> Under
>
> Prime Minister's Employment Generation Programme (PMEGP)
> Ministry of Micro, Small and Medium Enterprises

**11.27** PMEGP portal captures the re-payment of loans by the PMEGP beneficiary. Officers of concerned agencies viz. IAs will also visit the units at-least once in every 3 months after their setting-up in order to check their status and provide necessary guidance/handholding & mentoring. Details of such visits by the concerned officer shall be captured in the PMEGP MIS portal. PMEGP MIS portal should be able to capture details of the physical verification of the unit done by the third-party Agencies as well as disbursements of Margin Money (subsidy) adjustment into the loan account of the beneficiary.

**11.28** The portal's MIS ensures that there is no overlap between the loan sanctioned and disbursement through the Financial Year and enables generation of various reports including category wise, rural, urban, bank wise, district wise, state wise, year wise, industry sector wise, size of project wise etc.

### 11.29 *Subsidy for upgrading of existing units*

(i) An additional component namely Expanding/Upgrading the existing unit set up under PMEGP/REGP/MUDRA has been added, where in the units already setup under PMEGP/REGP/MUDRA and performing very well in terms of turnover, profit making and loan repayment will be eligible for availing further financial assistance of up to Rs.1.00 crore for Manufacturing units, through Banks with uniform subsidy of 15-20% by the Government for all specified categories in clause 3.2 (ii).For Service/Trading units the financial assistance would be up to Rs.25 lakhs only.

(ii) Units would be selected uniformly from all over the country, about 10 from each district based on the population density, industrial development, availability of traditional skill/raw material etc.

(iii) KVIC has made relevant provision in the PMEGP-e-Portal alongwith simplified application form for submitting application by the existing units for up-gradation.

(iv) The District level Agencies (KVIC/KVIB/DIC/other IAs) after the preliminary scrutiny will forward the applications to Financing Banks, which will appraise the project both economically and technically and take the credit decision. The Financing Banks will claim the Margin Money(subsidy) as per the procedure prevalent for PMEGP units. The Margin Money(subsidy) will be kept as TDR/SRF for three years. No interest will be paid on the TDR/SRF and no interest will be charged on loan disbursed to the corresponding amount of TDR/SRF.

(v) TDR/SRFs will be adjusted in the loan account of the beneficiary after completion of 3 years lock in period on the basis of positive report of the physical verification by the third-party Agencies. In case of any dispute, joint verification can be done by the concerned IA with the Financing Bank and third-party Agencies. Margin Money shall be adjusted by the Financing Bank only on the receipt of Margin Money (subsidy) adjustment letter from the concerned IA.

### *12. 1 Budget outlay and targets*

An outlay of Rs.13,554.42 Crore has been approved for PMEGP for five Financial Years (2021-22 to 2025-26) to setup about 4 lakh projects (micro enterprises) with creation of about 30 lakh employment (@8 persons per unit). In addition, 1000 Units will be upgraded in each Financial Year.

### 12.2 *Estimated year-wise physical and financial outputs/deliverables.*

| Name of the Component | Projected Financial Outlay(Rs. Crore) | | | | | Parameter | Physical Outcome | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
| (a) **MM Subsidy for new units** | 2350 | 2450 | 2525 | 2625 | 2779.4 | i)Number of new projects to be set up (in Nos.) ## | 75,800 | 77,700 | 77,700 | 80,700 | 85,500 |
| | | | | | | ii)Estimated Employment to be generated (**in lakh** persons)* | 6.06 | 6.21 | 6.21 | 6.45 | 6.84 |
| **Subsidy for upgradation (2nd Loan)** | 100 | 100 | 100 | 100 | 100 | i)Number of projects to be upgraded (in Nos.) | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | | | | | | ii)Estimated Employment to be generated (**in Nos.)** | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| **(b) Backward and Forward Linkage(B&F L)#** | 50 | 50 | 75 | 75 | 75 | Awareness Camps, Exhibitions, Bankers meeting and Publicity, EDP, Physical verification, Concurrent Evaluation, Geo tagging, PMU, Field experts DEO, etc.(As indicated in Clause 3.1(ii))<br>#(Allocation under MM/BFL may be modified/adjusted as per utilization) | | | | | |
| **Total** | 2500 | 2600 | 2700 | 2800 | 2954.42 | * Estimated employment @ 8 persons for new projects<br>** Estimated employment @ 5 persons for upgraded projects<br>**## Average per unit subsidy is taken as Rs. 3.1 lakh for 2021-22, Rs.3.15 for 2022-23, and Rs.3.25 lakh for 2023-24 to 2025-26.** | | | | | |

## 13 Entrepreneurship Development Programme (EDP)

***13.1*** The objective of EDP is to provide orientation and awareness pertaining to various managerial and operational functions like finance, production, marketing, enterprise management, banking formalities, book-keeping, statutory compliances etc. to run their business effectively.

The prospective entrepreneurs and the beneficiaries whose loan has already been sanctioned by the Banks can undergo EDP training either in online or offline mode. The duration of the training would be for at least 5 days for projects with project cost up to Rs.5 lakh and for project with cost above Rs.5 lakh, the duration of EDP would be at least 10 days. No EDP training will be mandatory for projects up to Rs. 2 Lakh. The prospective entrepreneurs and beneficiaries can opt for the mode of training and choose the training center for offline mode of their choice.

EDP training is mandatory for claiming the Margin Money (subsidy).The training will include interaction with successful rural entrepreneur, Banks as well as orientation through field visits. The EDP will be conducted by KVIC in online or off line mode through KVIC, KVIB Training Centers as well as Accredited Training Centers run by Central Government, NSIC, the three national level Entrepreneurship Development Institutes (EDIs), i.e., NIESBUD, NIMSME and IIE, and their partner institutions under the administrative control of Ministry of MSME, State Governments, Banks, Rural Development and Self Employment Training Institutes (RUDSETI), reputed NGOs, and other organizations / institutions, identified by the Government from time to time.

The beneficiaries who have undergone EDP earlier of duration not less than 10 Days through KVIC/KVIB or reputed Government training centers will be exempted from undergoing fresh EDP.

The training centres / institutes will be identified by KVIC, and extensive publicity will be provided about the training centres / institutes, content of courses available, duration, etc. by circulating the same to all the IAs. EDP certificate shall be uploaded by the concerned training institute on the PMEGP portal along with validation immediately after completion of the training.

Further, KVIC shall also arrange for training, hand holding and mentoring etc. for the beneficiaries beyond 3 years of setting up of units through hiring of experts and engaging institutions like MSME-DIs, TR -TC of DCMSME, NI-MSME etc.

Note:

a) KVIC has developed an online module to provide free 2-day EDP training to prospective entrepreneurs.

### *13.2. Budget for EDP Charges to the Training Centers*

Rates of EDP training may be fixed by the KVIC as per the prevailing rates in Government approved training centers.

## 14. Physical verification of PMEGP Units

100% physical verification with geo-tagging of the actual establishment and working status of each of the units, set up under PMEGP, including those assisted by other IAs, will be done by KVIC, through the third-party agencies having expertise in this area, following the prescribed procedures as per General Financial Rules (GFR) of Government of India. Banks, DICs, KVIBs and other IAs will coordinate and assist KVIC in ensuring 100 % physical verification. A suitable mechanism will be devised by KVIC for such physical verification of units. Periodical reports, in the prescribed format will be submitted by KVIC to the Ministry of MSME.

The establishment of unit shall be considered after six months from the date of release of first installment by the Financing Bank. Physical verification process should start after two years from the date of establishment of unit and should be completed before the completion of lock in period of 3 years. After completion of physical verification and lock in period of 3 years, the IAs shall issue an MM adjustment letter to the Financing Banks based on the outcome of physical verification report. The Financing Banks will only adjust the Margin Money (subsidy) on receipt of the adjustment letter from the concerned IA. The Financing Bank is not authorized to adjust the Margin Money(subsidy) before the mandatory lock in period of 3 years as well as without adjustment letter form the concerned IA. The Financing Banks shall remit back the call back Margin Money (subsidy) to KVIC through a proper accounting system. KVIC shall develop a mechanism for the same.

## 15. Awareness Camps

***15.1*** KVIC in close coordination with other IAs will organize awareness camps throughout the country to popularize PMEGP and to educate potential beneficiaries in rural, and urban areas about the scheme. The awareness camps will involve participation from the unemployed men and women with special focus on special category, i.e., SC, ST, OBC, Differently abled, Ex-Servicemen, Minorities, Women, Transgenders etc. The details of participants and area of interest of the prospective entrepreneurs participated during the awareness camp shall be maintained by the IAs.

There will be two camps permissible for a district annually, and the camps shall be organized in close coordination with the IAs and Banks. IAs shall organize special awareness camps in the poor performing districts to improve the performance of the scheme. The potential beneficiaries identified during the awareness camp shall be provided handholding support in identification of activities, formulation of DPR, documentation, online application, co-ordination with the Financing Bank etc. by the IAs through the expert resources/agencies. The financial pattern for awareness camp towards publicity and other necessary expenses for organizing such camps, shall be devised by KVIC and communicated separately.

### *15.2 Mandatory activities to be undertaken in the awareness camps:*

i. Publicity through banners, posters, hoardings, weekly webinars, press advertisements in local newspapers and nukkad nataks

ii. Presentation on the scheme by KVIC/KVIB/DIC/Coir Board, other officials.

iii. Presentation by Lead Bank of the area

iv. Presentation by successful PMEGP entrepreneurs

v. Distribution of sanction letters to PMEGP entrepreneurs who have been sanctioned the project by Bank.

vi. Press conference.

vii. Collection of data (in the prescribed format) from the potential beneficiaries, which will include information like profile of beneficiaries, skills possessed, background and qualifications, experience, project interested in, etc. IAs shall provide all necessary hand holding support to the participants.

viii. A shelf of projects for consideration under PMEGP, prepared by KVIC has already been circulated by KVIC/Ministry to some of the prominent State Industries Secretaries and Banks. For any further inclusion of projects in the shelf already prepared, the IAs shall forward the details of such projects to KVIC. KVIC will in turn, expand the shelf of projects, in due course, in consultation with Banks and other IAs, by utilizing the provisions in 'Training and Orientation' under Backward and Forward Linkages.

ix. A wide range of Detailed Project Reports(DPR) has been prepared by KVIC and made available on the PMEGP online portal and KVIC website to be showcased during the awareness camp for the benefit of participants. More than 400 industry wise sample DPRs have already been uploaded on the online portal by KVIC.

x. Marketing Support

a) Marketing support for the products, produced by the units under PMEGP maybe provided through KVIC's Sales outlets, as far as possible. KVIC will reserve the right to provide such a support based on quality, pricing and other parameters to be separately circulated by KVIC to KVIBs/DICs.

Besides the above, Exhibitions, Workshops at District/State Zonal/National and International levels, Buyer-Seller Meets, etc., will be arranged for the benefit of PMEGP beneficiaries by KVIC.

## 16. Workshops

### *a) Objectives*

(i) To brief potential beneficiaries about benefits under the PMEGP Scheme and other KVIC Schemes, SFURTI, ASPIRE, National SC ST Hub, SCLCSS, CHAMPIONS, MSE-CDP, etc.

(ii) To create a Data Bank of PMEGP units regarding products produced, Services /Business activity details, production, supply capacity, present marketing set up employment and project cost, etc.

(iii) To interact with PMEGP entrepreneurs to obtain feedback about the units, their problems, support required, success stories etc.

(iv) To involve experts in marketing and export to support PMEGP units in these areas.

Note:

(i) It should be ensured that a minimum number of 200 prospective entrepreneurs participate in the Workshop.

### *b) The State Level Workshop will include the following activities:*

The state level workshop shall be organized jointly by IAs in the state. During the workshop the IAs shall present the performance of the scheme in the state and formulate the plan of action for further growth of the scheme. During the workshop, the agencies shall also analyze the penetration of the scheme at District, Taluka and Panchayat level. Participation of the Financing Banks shall also be reviewed, and necessary corrective action shall be made to bring pro-active participation of the various Banks. During the workshop, the experiences of successful as well as not successful beneficiaries will be heard, and the problem areas will be identified for corrective action. Possibilities for extending various supports in terms of technology, Manufacturing practices, training, product development, and marketing will also be discussed and recommended. The state level functionaries like Secretary (Industries), Representative of RBI, SLBC convener, Major Banks shall be invited. Such workshops shall be conducted twice a year. Detailed guidelines shall be issued by KVIC for these workshops.

c) KVIC will be coordinating these workshops and will get the number of workshops approved by the Ministry, in advance.

## 17. Exhibitions

PMEGP exhibitions will be organized by KVIC at National, Zonal, State and District levels and special exhibitions for Northeastern Zone in coordination with other IAs to promote products produced by PMEGP units. KVIC will get the number of exhibitions to be conducted at various parts of the country, approved by the Ministry in advance. Wide publicity shall be made well in advance before the exhibition schedule. Separate pavilions will be provided for display of products produced by units set up through KVIBs/DICs. Separate logos and nomenclature for rural entrepreneurs and urban entrepreneurs will be worked out by IAs. For example, for rural PMEGP exhibitions, nomenclatures like GRAMEXPO, GRAMUSTAV, GRAM MELA, etc., may be used. KVIC, in coordination with KVIBs, DICs and other IAs will be organizing one district level exhibition (per district), one State level exhibition and one Zonal level exhibition, annually.

**18. Participation in International Exhibitions**

Participation by PMEGP units is envisaged in International Exhibitions like India International Trade Fair (IITF), etc., for developing their export market. KVIC will organize participation in the international exhibitions in coordination with KVIBs, DICs and other IAs and will seek the list of willing units from all IAs. KVIC will ensure that the units desirous of participating in the fair, set up through KVIBs, DICs and other IAs are considered judiciously on the basis of merit, variety and quality of the products. Pattern of assistance for participating in the international exhibitions shall be as per the guidelines issued by the Government of India.

**19. Bankers Review Meetings**

PMEGP is a Bank driven scheme, and the final sanction of project and release of loan is done at the level of concerned Bank. It is therefore imperative that KVIC, KVIBs, DICs and other IAs interact regularly with the higher officials of Bankers at District/ State/National level to ensure that the bottlenecks in implementation, if any, are resolved, outcomes are effectively achieved, and targets are met. Bankers Review Meeting at following levels shall be organized as below:

(i) **State Level Bankers Meeting:** This will be organized by State Office and Divisional Office of KVIC jointly with KVIB, DIC, and other concerned IAs. The focus of the meeting will be to inform and educate the Bank officials at LDM level about PMEGP and regularly monitor and review the implementation of the scheme. The meeting will be held on quarterly basis.

(ii) **Zonal review meeting**: To review and monitor the PMEGP scheme, zonal review will be conducted quarterly by KVIC in 6 zones where representatives of KVIC, KVIB, DIC and other IAs will participate in the review. Concerned Bank officers will also be invited.

(iii) **Top level Bankers Meeting**: KVIC will organize the top-Level Bankers meeting half yearly (in June and December) so that proper monitoring can be done at the beginning and towards the end of the Financial Year. CMDs/Senior Executives of nationalized Banks, representatives from Ministry of MSME, State DICs, KVIBs and other IAs will participate in the National level Bankers meeting which will be chaired by CEO, KVIC. All the States/UTs will be invited in two groups and KVIC will ensure that around half of the States/UTs' representatives (of KVIBs, DICs and other IAs) participate in each of these half-yearly review meetings. The meeting will focus on reviewing the targets and will examine the issues related to policy decisions relating to Banks for the implementation of PMEGP.

## 20. Orientation and Training under PMEGP

The staff and officers of all IAs, Banks and concerned agencies have to be sensitized on the operational modalities of PMEGP which can be imparted in the 'one day training workshops' to be conducted throughout the country at State / District levels by KVIC. IAs may organize such training workshops jointly, wherever feasible, on the basis of guidelines to be issued by KVIC separately, for this purpose.

## 21. TA/DA of Staff and Officers

The officers of KVIC, KVIBs, DICs and other IAs will carry out relevant field visits and monitoring activities of PMEGP. A provision of up to Rs. 1 crore per year or as may be approved by competent authority is proposed towards TA/DA of staff and officers for monitoring and reviewing PMEGP and administrative expenses like stationery, documentation, contingencies, etc., separate guidelines issued by KVIC incorporating the detailed modalities of certification of the expenditure, laying down the norms for such field visits will be applicable so as to optimally utilize the assistance and ensure economy in expenditure.

## 22. Publicity and promotional activities

***22.1*** PMEGP should be popularized through aggressive publicity campaigns including posters, banners, hoardings, radio jingles, television messages, advertisements in national/local papers, social media and other related activities along with press conferences and events related to PMEGP involving VVIPs and distinguished guests.

***22.2 Release of advertisement/publicity for PMEGP.***

Advertisement will be issued /published in English, Hindi and local language newspapers. For District level events, quarter page advertisement will be released and for State level events, half a page advertisement will be released.

Keeping in view the significance of publicity and promotional activities required to be undertaken for PMEGP, sufficient amount will be allocated during each financial year. Up to 25 % of such funds may be earmarked by KVIC for other IAs for release of advertisement/publicity of the Scheme, in accordance with the guidelines framed by KVIC while ensuring maximum coordination and synergy of efforts with KVIBs, DICs and other IAs.

## 23. MIS Package, Application Tracking System, E-Portal and other supporting packages

***23.1*** E-governance is a vital requirement for effective monitoring and reviewing of the scheme. In addition, database of existing REGP beneficiaries as well as PMRY have also to be documented. A separate PMEGP website has been developed by KVIC, including all the relevant linkages with Ministry of MSME, State KVIBs, DICs, other IAs, NIC and Banks, providing all the necessary information.

Based on the information available in the PMEGP website, Including

i. Date of application by the Beneficiaries
ii. Date of forwarding by the IAs
iii. Sanction of loan applications by the banks
iv. Release of installments of loans from banks to beneficiaries
v. Submission of Margin Money claimed by the banks
vi. Release of Margin Money subsidy by the nodal bank and adjustment of Margin Money after due physical verification, etc.

Necessary provisions shall be further incorporated in the portal to effectively monitor the performance of the scheme and address the shortcomings, if any.

These will include, but not limited to-

i. Time taken by IAs in processing and by Banks in sanctioning the application
ii. Timely release of loan installment to the beneficiaries after sanction of loan
iii. Reasons of rejection
iv. Delay in Margin Money subsidy adjustment in the beneficiary account, etc.

Application tracking system has also been introduced by KVIC in coordination with other IAs for PMEGP beneficiaries. In addition, Rural industrial Consultancy Services' (RICS) software package for project preparation of KVIC will be extended to all training centers in the country for assisting potential beneficiaries to prepare project under PMEGP. A separate provision is available under Backward and Forward Linkages for the purposes for use by KVIC.

**23.2** KVIC will issue further guidelines in regard to utilization of funds for the purposes outlined in the Backward and Forward Linkages by ensuring proper documentation etc., from KVIBs, DICs and other IAs. Proper account of the expenditure in this regard will be maintained by State/KVIBs/DICs/ other IAs and monitored by KVIC regularly.

**24.**

**24.1 Proposed Estimated Targets under PMEGP**

(i) An outlay of Rs.13,554.42 Crore has been approved for PMEGP for five Financial Years (2021-22 to 2025-26)to set up about 4 lakh projects with creation of 30 lakh employment @8 persons per unit). In addition, 1,000 Units will be upgraded in each FY.

(ii) Initially, state offices of KVIC, KVIBs and DIC were implementing the scheme in the ratio of 30:30:40. However, with the advent of PMEGP on-line portal, there is no limit on receiving of applications. Hence, there is no relevance of 30:30:40 ratio. The concept of First In – First Out would be observed in the processing of applications by all the concerned IAs and the ratio of 30:30:40 will be dispensed with.

(iii) The annual allocation of targets would be issued State-wise to the IAs by the KVIC HQ. The target communicated to KVIC and IAs are indicative and the IAs and Banks can achieve over and above the allocated target.

***24.2 Criteria for distribution of targets under PMEGP***

The following are the broad suggested criteria for distribution of state-wise targets:

(i) Extent of backwardness of State;
(ii) Extent of unemployment;
(iii) Extent of fulfillment of previous years targets
(iv) Population of State/Union Territory; and
(v) Availability of traditional skills and raw material.
(vi) Special focus shall be given to aspirational districts identified by NITI Aayog

**24.3** KVIC will assign targets to State KVIC Directorates/ KVIBs, DICs and other IAs. Target at district levels will be decided by State Level Bankers Coordination Committee. SLBCC will ensure that targets are evenly distributed within each district. The State-wise targets in respect of KVIC/KVIBs/DICs/ other IAs will be made available by KVIC to SLBCC where overall allocation of district-wise targets will be decided. Any modification of the targets for which KVIC is directly responsible will be permitted only with the concurrence of the Ministry.

For assigning the indicative targets of subsidy and other parameters (number of units, employment opportunities, etc.) to KVIC Directorates/KVIBs/DICs/Other IAs, KVIC will adopt the criteria of rural population of the State, backwardness of the State (based on Aspirational Districts identified by NITI Aayog), urban unemployment level and past performance under PMEGP Scheme for deciding the targets.

**25. Rehabilitation of Sick Units**

Sick units under PMEGP for their rehabilitation will be linked with RBI's guidelines for rehabilitation of sick small scale industrial units issued to all Scheduled Commercial Banks from time to time.

**26. Registration**

**(a) Registration** with the KVIC/KVIBs/State DICs under the scheme is voluntary. Besides, all the PMEGP units will have to be mandatorily registered under Udyam Portal before adjustment of Margin Money in beneficiary loan account. No registration fee will be charged from the beneficiaries and the funds available under Backward and Forward Linkage will be utilized to meet expenses on documentation cost, etc.

Beneficiary will submit quarterly report about production, sales, employment, wages paid etc. to the State/Regional Director of the KVIC/KVIB/State DIC, and other IAs and KVIC will in turn analyze and submit a consolidated report to the Ministry of MSME, every six months.

**(b)Geo-tagging of units:** All the micro enterprises already setup and to be set up under PMEGP will be Geo-tagged, which will facilitate maintaining contact with the units.

**27. Role of Private Sector (Scheduled, Commercial / Co-operative) Banks in the implementation of PMEGP**

PMEGP will also be implemented through the Private Sector Scheduled Commercial Banks/Co-operative Banks regulated by RBI**,** after verification of intending Banks' last 3 years' balance sheet and ascertaining quantum of lending portfolio by the KVIC who will map all these Banks on PMEGP Portal. Margin Money (subsidy) portion will be paid on actual reimbursement basis to the Banks by KVIC.

**28. Monitoring and evaluation of PMEGP**

***28.1Role of Ministry of MSME***

Ministry of MSME will be the controlling and monitoring agency for implementation of the scheme. It will allocate target, sanction and release required funds to KVIC.

Quarterly review meeting will be held in the Ministry on the performance of PMEGP.CEO-KVIC, Principal Secretaries / Commissioners (Industries) responsible for implementation of the scheme in States through DICs, Representatives of State KVIBs and Senior officials of Banks will attend the meeting.

### *28.2 Role of KVIC*

**(i)** KVIC will be the single Nodal Agency of the scheme at the National level. CEO-KVIC will review the performance with State KVIBs, DICs and other IAs and Banks every month and submit a monthly performance report to the Ministry. The report will include the component wise details of beneficiaries indicating the amount of the Margin Money (subsidy) allotted, employment generated, and the projects set up. KVIC will ensure that the Margin Money (subsidy) is utilized as per the subcomponent plans approved for SC, ST, Women, etc. The targets and achievement will also be monitored at the Zonal, State and District levels by the Deputy CEOs, Directors of KVIC and the Commissioner /Secretary of Industries (DIC), of the States concerned. The existing REGP units will continue to be monitored by the KVIC as hitherto fore, and separate monthly report submitted directly to Ministry of MSME.

**(ii) Coir Board** through its field offices will monitor the coir units setup under PMEGP. Board will regularly review the performance of such units and sent a monthly report to the KVIC.

### *28.3 Role of State Governments / Union Territories*

The Scheme will be reviewed half yearly by Chief Secretary of the State, Representatives of KVIC, Ministry of MSME, State Director (KVIC), CEO-KVIB, Secretary / Commissioner (Industries) of the State, Senior Officials of the Banks and officials concerned from other IAs will attend the meeting. State Governments{Commissioners / Secretaries (Industries)} will forward their monthly reports to KVIC, specifying the component wise details of beneficiaries indicating the amount of the Margin Money (subsidy) allotted, employment generated, and the projects set up, which will be analyzed, compiled and consolidated by KVIC and a comprehensive report forwarded to Ministry every month. The existing PMRY units will continue to be monitored by the State DICs, as hitherto fore, and report submitted directly to Ministry of MSME.

## 29. Evaluation of the Scheme

(i) A comprehensive, independent and rigorous evaluation of the scheme will be undertaken after three years of its implementation in the present Finance Commission cycle. Based on the findings of the evaluation study the scheme would be reviewed for further continuation.

(ii) **Concurrent monitoring and evaluation:** To further strengthen the system, a system of concurrent monitoring and evaluation (CME) of the PMEGP would be put in place to get simultaneous feedback and to enable corrective action. It would be a two-way process, the nodal officers from the IAs viz. KVIC, KVIB, DIC and other IAs would visit the units every three month and provide necessary handholding and get feedbacks, secondly a third-party agency would constantly evaluate the units through electronic means and provide necessary feedbacks to enable taking corrective actions from time to time.

(iii) PMU may be setup at Ministry and KVIC HQ to monitor and improve the implementation of PMEGP as per prevailing instructions.

**30. Negative List of Activities**

The following list of activities will not be permitted under PMEGP for setting up of micro enterprises/ projects /units.

(i) Any Industry/ Business connected with Meat(slaughtered), i.e., processing, canning and/or serving items made of it as food, production/Manufacturing or sale of intoxicant items like Beedi/Pan/ Cigar/Cigarette etc., any Hotel or Dhaba or sales outlet serving liquor, preparation/producing tobacco as raw materials, tapping of toddy for sale will not be allowed.

a) However, serving/selling non-vegetarian food at Hotels/Dhabas will be allowed.

(ii) Activities prohibited by Local Government/Authorities keeping in view environment or socio-economic factors will not be allowed.

(iii) Manufacturing of polythene carry bags of less than 75 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems. Thickness of polythene carry bags shall be governed by the Ministry of Environment, Forest and Climate Change notification for plastic waste management rules and amendments from time to time.

(iv) Any Industry/Business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc. sericulture (Cocoon rearing), Horticulture, Floriculture, Animal Husbandry will not be allowed.

a) However, value addition under these will be allowed under PMEGP. Off Farm/Farm Linked activities in connection with sericulture, horticulture, floriculture etc. will also be allowed.

Following industries /Business connected with Animal Husbandry will also be allowed:

a) Dairy – Milk and other dairy products through primarily Cows but also sheep, goats, camels, buffaloes, horses, and donkeys.

b) Poultry - Poultry, kept for their eggs and for their meat, include chickens, turkeys, geese and ducks.

c) Aquaculture – It is the farming of aquatic organisms including fish, molluscs, crustaceans and aquatic plants

d) Insects - including Bees, Sericulture, etc.

**(As a special case piggery, which is a major source of livelihood in NER may also be allowed in NER states only)**

*****