

Prime Minister's Employment Generation Programme (PMEGP)

The objective of the programme is to generate employment opportunities in rural as well as urban areas through setting up of new self-employment ventures / projects / micro enterprises. The programme was launched on 15th August 2008 to empower the first generation entrepreneurs to set up micro enterprises. The Scheme is formulated by merging Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP). The details of the scheme are furnished below:

Eligibility conditions of Beneficiaries:

Individual above 18 years of age setting up new projects.

Institutions registered under Societies Registration Act, Specified institutions, Societies and Charitable Trusts.

Self Help Groups which have not availed benefits under any other Scheme

Only one person from one family eligible. The 'family' includes self and spouse. There is no ceiling on income.

The applicant should have passed at least VIII standard for setting up of project above ₹10 lakh in the manufacturing sector and above ₹5 lakh in the business / service sector

Only new projects for activities excluding the negative list of village industries notified are eligible for assistance under the Scheme. Existing units which have already availed subsidy under any other scheme are not eligible.

Project Cost:

The maximum cost of the project admissible is ₹25 lakh under the manufacturing sector and ₹10 lakh under business / service sector.

Project cost will include Capital Expenditure and one cycle of Working Capital. Projects without Capital Expenditure are not eligible for financing under the Scheme. Cost of the land should not be included in the Project cost.

Working Capital component should be utilized in such a way that at one point of stage it touches 100% limit of Cash Credit within three years and not less than 75% utilization of the sanctioned limit during the first year. If it does not touch aforesaid limit, proportionate amount of the subsidy will be recovered and refunded to the KVIC at the end of the third year.

Margin:

The margin money contribution @ 10% of the project cost for General category borrowers and @ 5 % of the project cost for Special category borrowers.

Subsidy:

General Category: The eligible subsidy is @ 15% of the project cost in urban area and @ 25% of the project cost in rural area.

Special Category : The eligible subsidy is @ 25% of the project cost in urban area and @ 35% of the project cost in rural area.

Rate of Interest and Repayment Schedule:

Normal Rate of Interest as applicable to the enterprise from time to time. Repayment Schedule may range between 3 to 7 years.

Security:

No collateral security and third party guarantee are insisted. Assets created out of the bank loan should be hypothecated to Bank.

Nodal Agency:

The Khadi and Village Industries Commission (KVIC) is the nodal agency at the national level. The scheme will be implemented through KVIC and KVIB in rural areas and through DICs in both rural and urban areas.

Training:

Training for a period of 2 weeks is mandatory for all the beneficiaries. The sponsoring agency will arrange the EDP training through accredited training center on receipt of information of sanction.