

**Most Immediate  
By Speed Post / E-mail**

**No. 1(31)/2008-NB&AC  
Government of India  
Ministry of Micro, Small and Medium Enterprises (MSME)  
Office of the Development Commissioner (MSME)  
(NB & AC Division)**

\*\*\*

**7<sup>th</sup> Floor, "A" Wing  
Nirman Bhawan, New Delhi 110108  
Dated 3<sup>rd</sup> December, 2008.**

**Subject: Minutes of the sixth meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held on 23<sup>rd</sup> October, 2008 (Thursday), at Vigyan Bhavan, New Delhi.**

A copy of the minutes of the sixth meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held on 23<sup>rd</sup> October, 2008 (Thursday), at Hall No.4, Vigyan Bhavan, New Delhi, (together with Hindi version) is enclosed.

It is requested that discrepancy, if any, in the minutes may please be intimated in a fortnight's time.



**( MADHAV LAL )**

**Additional Secretary & Development Commissioner (MSME)  
& Member Secretary, NBMSME**

**Tel: 011-2306 1176**

**Fax: 011- 2306 2315**

**e-mail:dc-msme@nic.in**

- To**
- 1. All the Members, NBMSME**
  - 2. Chairman KVIC/Chairman Coir Board/CMD NSIC**
  - 3. Special invitees:**
    - (i) Shri Pankaj Gupta, President, Industries Association of Uttarakhand, Dehradun.**
    - (ii) Shri D. Gandhikumar, President, Tamil Nadu Small and Tiny Industries Association, 10, GST Road, Guindy, Chennai- 32.**
    - (iii) Sh. Shakeel Qualander, President, Federation Chamber of Industries Kashmir, Sri Nagar.**
  - 4. AS&FA / EA / JS (PK) / JS (SKP) / ADC&EA / ADC (Admn.) / ADC (Tech.) / AIAs / AEA / JDC**

**Copy to: SENET Division, O/oDC(MSME).**

**Minutes of the 6<sup>th</sup> meeting of the National Board for Micro, Small & Medium Enterprises held on 23/10/2008**

The Special Secretary & Development Commissioner (MSME) welcomed the Members and thanked them for their participation in the meeting.

2. The proceedings of the meeting started with the address of the Hon'ble Minister (MSME). While welcoming the Members to the 6<sup>th</sup> Meeting of the National Board, the Minister (MSME) and the Chairman of the Board referred to the two items in the agenda for the meeting namely, Prime Minister's Employment Generation Programme (PMEGP) and the National Manufacturing Competitiveness Programme (NMCP). The Minister (MSME) briefly explained the features of the PMEGP, which was introduced with the merger of PMRY and REGP, along with various facilities that are available under the scheme. The Minister informed that for the period 2008-2009 to 2011-2012, there is a provision of Rs.4485 crore, in addition to Rs.250 crore towards forward and backward linkages, which is expected to generate estimated 37.38 lakh additional employment opportunities under the scheme.

3. Referring to the NMCP, the Minister (MSME) stated that the Ministry of MSME has been entrusted with the responsibility of implementing 10 components of the NMCP which have the main objective of increasing the competitiveness of the Indian MSMEs. The Minister added that during the 11<sup>th</sup> Plan, Rs.1000 crore is proposed to be invested in this programme and is to be implemented in PPP mode.

4. The Minister (MSME) referred to the recent liquidity crunch in the Indian economy, which he said, is likely to affect the availability of credit to the MSME sector. He mentioned that he had taken up the matter with the Ministry of Finance for earmarking a definite percentage of available credit for the MSE

sector. He informed the presence of the Executive Director, Reserve Bank of India (RBI) in the meeting who had been specially invited for discussing the issue. The Minister (MSME) accordingly felt that, if the Members agree, the discussion on agenda item No. 3.2 (i.e., NMCP) may be dispensed with and the issue of availability of credit could be discussed in detail.

5. Concluding his address, the Minister (MSME) stated that the PMEGP is the most important programme which has been introduced with the blessings of the Prime Minister. He requested the Members to offer their constructive opinion so that we could make the programme reach every village and home.

6. Secretary (MSME) mentioned that PMEGP is a very important programme for generating large self-employment opportunities. Since the time available in the current financial year is short, he requested the State Government representatives to publicize the scheme down to the district level on an urgent basis. This work, he said, should be completed within a fortnight. Secretary (MSME) welcomed Shri G.K. Pillai, Secretary (Commerce) to the meeting and appreciated his suggestion for single window clearance for MSMEs. He informed that a meeting has also taken place on this issue recently. He thereafter requested for confirmation of the minutes of the last meeting.

7. Shri G.P. Dalmia at this stage intervened to say that every member should get at least 5-6 minutes time. If Minister (MSME) has to go early, then Secretary (MSME) could preside over the meeting. He mentioned that if Members do not get time to express their views, the Ministry would not get the feedback on the issues of importance. Moreover, before coming to the meeting, the members usually have discussion with their associations and on return they have to report to them on the discussion held. He further added that there is a need to provide better infrastructure and facilities to small industries to enable them to compete with the large industries.

8. Shri Joginder Kumar stated that in the last meeting no discussion took place on the issue of exempting service tax on electroplating. This fact has not been recorded in the minutes, although he had mentioned this in his letters sent to the Ministry. He further pointed out that as per the 'action taken report', RBI has stated that there has been a substantial increase in the availability of credit to the MSE sector. On the contrary, in the Dr. K. C. Chakraborty's report, it has been stated that loans in respect of less than Rs.5 lakh has come down from 1.96% to 1.14%. The Development Commissioner (MSME) agreed that in the minutes of the last meeting, the suggestion made by the Member on electroplating would be included.

9. Shri Dipankar Mukherjee suggested that the statistics given by Shri Joginder Kumar may be verified from the RBI and the actual statistics regarding the availability of credit to the MSEs be incorporated in the reply. The suggestion was agreed to and it was decided that the RBI representative present in the meeting may provide necessary clarification in this matter.

10. Shri Shakeel Qalander stated that in relation to State of J&K, the reply of SIDBI is good. He, however, added that the State has been under turmoil for 20 years and there is no institution for term lending. All term lending institutions have become sick. He suggested that SIDBI should consider a complete waiver of Rs.56 crore to revive the JKSF. Moreover, JKSF has paid more than Rs.60 crore during these 20 years. The Secretary (MSME) suggested that the Chairman (SIDBI) should take note of it.

11. Shri Devi Dayal appreciated the good efforts made by the Ministry of MSME. He, however, added that the instructions of RBI are not followed by Banks. The RBI should, therefore, monitor the implementation of its instructions. In addition, he suggested that there should also be a Grievance Redressal Mechanism. As regards UPSFC, he mentioned it is a matter of serious concern that in such a big State the term lending institution is not

working. He desired that the matter should be taken up at State Government/Minister level so that appropriate action is taken.

12. Shri Sudarshan Sarin expressed concern that despite efforts by the Ministry, the credit to MSME has come down from 15% in 1990 to 6.5% now. It is, therefore, necessary that the RBI reserve certain percentage of net bank credit for MSEs. Only then, the position will improve. The Minister (MSME) informed that he has spoken to Finance Minister on this issue and has also written a letter to him. The Minister (MSME), however, agreed that some more effort will have to be made in this regard.

13. Shri Arvind Burji, President (KASSIA) said that in the last meeting, he had raised the issue of raw material. The Development Commissioner intervened and said that with regard to last meeting, if any member has some points to make, he should submit a short note to Shri P. K. Padhy, ADC & EA

14. Shri DE Ramakrishnan of IFRASTE raised the issue of threshold limit under SARFAESI Act. With reference to the SIDBI, he said all the six non-official members on the board are ex-bankers. Similar is the case with most other Banks and there is a need for representation of MSMEs on their board. The DC (MSME) requested Shri Ramakrishnan to give composition of 4-5 banks to take appropriate action.

15. Shri Sesh Kumar Pulipaka, JS (MSME) mentioned that the PMEGP is the flagship programme of the Ministry and made a brief presentation on the programme. A copy of the presentation is attached.

16. Shri Devi Dayal while lauding the programme raised the issue of lack of publicity. He suggested that a pamphlet/literature on all the schemes/programmes for rural youths should be prepared and distributed to all village pradhans to create awareness in the rural areas. He added that the

implementation of PMEGP will require monitoring at the level of the District Magistrate. In this context, the Minister (MSME) pointed out that the agenda paper forwarded to all the Members contains guidelines of the scheme. As per the guidelines, the District Magistrate will be the Chairman of the Task Force to be constituted at the district level and will include representative of the DIC and the KVIC.

17. Shri Manoranjan Kalia, Hon'ble Minister of Industries and Commerce, Govt. of Punjab suggested that the agency for the urban areas should be DIC while for the rural areas it should be KVIB. He further suggested that the fund to KVIB for TA/DA should be allocated at par with DIC. He was further of the view that authority for approval of training being entrusted to KVIC would cause undue delay. He suggested that guidelines should be issued so that the DICs in the States are also authorized to approve the training. The CEO (KVIC) intervened to explain that the Secretary (MSME) had detailed consultation with all concerned. It has been agreed that the KVIC and the DIC will select the trainees and send them to respective training institution. A letter has already been issued to all Principal Secretaries in this regard.

18. Shri C.D.R. Yadav, Hon'ble Minister, Government of Uttar Pradesh praised the scheme and mentioned that for sanctioning of training, if one has to go to only one agency, then it would be difficult to achieve the targets. He suggested that one officer of Principal Secretary level should be authorized in each State to conduct and sanction these trainings. He pointed out that commercial banks do not adhere to RBI's norms for lending to small entrepreneurs and requested RBI to personally instruct the banks to ensure smooth flow of credit to needy entrepreneurs.

19. To a question by Shri Dipankar Mukherjee on the status of the spending of Rs.810 crore budgeted for the current financial year, DC (MSME) replied that Rs.410 crore has already been disbursed.

20. Shri Sudarshan Sarin of AICOSMIA while welcoming the scheme suggested that the scheme should be properly publicized with the help of all forms of media so that it reaches maximum number of people. He suggested that if some private firms offer to provide training, they should also be allowed to extend training support to the unemployed youth. He further suggested that 5% of the fund should be spent on publicity to enhance the competitiveness of the scheme.

21. Smt. Rama Devi, ALEAP was of the view that the concession of the ceiling on annual income should be admissible only in case of people below poverty line. If the eligibility criteria becomes general, then it would not perhaps be possible to achieve the real benefit of the scheme vis-à-vis PMRY which had annual income ceiling. She added that certain institutes in all States are identified for imparting training in entrepreneurship development programme. However, they are not getting recognition for their work. The CEO (KVIC) clarified that if some association is willing to start any training center, this facility would be extended to the association concerned.

22. Shri Atul Kapasi, GSSIF informed that the GSSIF has from 1995 till date extended training to about 6500 entrepreneurs under PMRY scheme.

23. Shri Damodar Ananoor of KSSIA stated that a lot of PMRY enterprises had become big units. He, therefore, wanted to know how these big enterprises will be treated - as Khadi and Village Industries or a normal unit - since VAT is different for the two in Kerala.

24. Smt. Kiron Bora of NEWEA stated that there are only three clusters in the State of Assam and suggested that government should develop more clusters as these clusters are proving very effective in generating employment. She further stated that in the Branch MSME-DI of Arunachal Pradesh at Itanagar,

there is only one gazetted officer which is not enough. She suggested that one more gazetted officer should be posted in the State to ensure better implementation of the schemes. She also stated that the Jorhat premises of the Ministry of MSME is lying unused for several years. She suggested that this may be converted into a common facility centre for the benefit of small units and entrepreneurs of that region. She further suggested that the release of finance for women entrepreneurs should be made from MSME office. The CEO (KVIC) informed that from November, 2008, they are going to have a programme exclusively for women entrepreneurs at Guwahati.

25. Shri Radha Sharan Goswami of MPLUS referred to the problem of obtaining power connection for the small units. He added that the banks have very high rates of stamp duty as also a very high rate of interest on loans. He was, therefore, of the view that processing and other charges should be waived.

26. On advice of Secretary (MSME), DC (MSME) gave a short account of agenda item on liquidity crisis. He explained that even though the RBI has enhanced liquidity in the market (of the order of Rs.70,000 crore), the share of MSME has not increased. He then requested Shri V.S. Das, Executive Director of RBI to explain the position as far as the liquidity is concerned.

27. Shri Das, Executive Director, RBI stated that RBI have accorded a very high priority to the MSME sector because of its importance in the economy. He mentioned that the Finance Minister has urged banks to double the credit to MSME sector and the year-on-year growth in MSE advances should be at least 20%. He informed that loan outstanding against MSEs has increased from Rs.68,000 crore at end-March 2005 to Rs.1,48,651 crore (provisional) at end-march 2008, constituting about 10.9 % of the net bank credit. He, however, added that there is still lot of scope for improvement. While agreeing to the fact that banks most of the times do not comply with the directions of RBI, he stated

that RBI is working very hard to make it happen on ground. He then elaborated on the credit squeeze arising out of the global financial crisis and the measures taken by the RBI to enhance the liquidity. He informed that the CRR has been reduced from 9% to 6.5% and liquidity of about Rs.1 lakh crore has been released in the market. Further, repo rate has also been brought down from 9% to 8% and as of now, there is no problem of liquidity in the Indian markets. The RBI has also asked the semi-urban banks to open at least five new MSE account per year to give boost to the MSE credit growth. As far as recommendations of Chakraborty Committee on OTS are concerned, he informed that every bank now has its own OTS scheme. As regards collateral, allegedly insisted upon by the banks, he stated that the RBI would like to have specific complaints to take up the issue with the Chairman of the respective banks. He further suggested that in every meeting of the MSME Board, the Chairman of the IBA or some important functionary should be present so that they could also apprise the Board of all that they are doing. While agreeing that branches in the rural and semi-urban areas are not giving right treatment to the prospective beneficiaries, he mentioned that the RBI has instructed the banks to open 'no-frill' accounts on simplified terms. As this being a radical change, he felt that it would take some time to take-off. However, as of now, the results are encouraging and better results are expected on this front in future. At the end, he mentioned that the RBI does believe that PMEGP is a good scheme and they would take steps to encourage the scheme.

28. Shri Sushil Kumar Gupta, Laghu Udyog Bharti wanted RBI to furnish figures on the loans of less than Rs.10 lakh. He was of the view that MSE loans had higher interest as compared to the big units. He added that though the Government supports the credit guarantee scheme, the banks do not. As a result, majority of micro enterprises are suffering from non-availability of credit. He went on to add that the Delayed Payment Act is being violated by the big units and the PSUs, which require serious attention. As regards PMEGP, he was of the view that though the scheme is very good, it has not taken care of

the unemployed youth who are technically qualified or have managerial skill. Such candidates would require higher allocation of funds for the projects to be set up by them. He, therefore, suggested that the limit of project cost in their cases should be increased to Rs.1 crore. With regard to the credit flow to micro and small enterprises, he said that in action point no.3 of the action taken report, percentage of total advances reserved for micro and small units is not mentioned, which he suggested, should be specifically quantified and mentioned.

29. Other issues/suggestions raised/made by Shri Gupta are: There should be a National Credit Fund for MSEs and those banks who are not meeting their targets, should deposit the amount equivalent to shortfall in targets to this Fund 'free of cost' for 10 years. Those banks, which are exceeding their targets in disbursing loan to MSEs, should get loan from this National Fund equivalent to excess amount disbursed 'free of cost' for 10 years. This will ensure that the banks will not flout the Government and RBI directions. No collateral security should be insisted from the MSEs. The fees to Credit Guarantee should be borne by the bank and should not be charged from the entrepreneur. The rate of interest for micro and small enterprises should be same as in case of Agriculture loans as they are maximum employment generating source now. To avoid delayed payment to MSEs, an effective mechanism of factoring system should be made available to them. The banks resort to action under SARFAESI while the case is going on in the DRT. Due to this, they avoid coming to a compromise under DRT. It is, therefore, suggested that once case is pending under DRT, the banks should be forbidden to take recourse to SARFAESI.<sup>1</sup>

30. Shri G.K. Pillai, Secretary, Department of Commerce observed that there has been a lack of demand in the export market for MSMEs, besides export credit crunch. The problem, he added, is emanating mostly from banks in the US and E.U. They are asking our MSMEs to provide credit which they are not able to do. As a result, they are getting payments in 180 days or 360 days

---

<sup>1</sup> Received from Shri Gupta in his written communication, as advised by Hon'ble Minister/SS&DC.

which they should get in 90 days. Shri Pillai, therefore, felt that unless Ministry of Finance or the RBI steps in by providing export loans to SMEs, they are going to face hard times in next 6 months.

31. Shri R.M. Malla, CMD (SIDBI) stated that both Government of India and RBI are seized of the matter relating to liquidity. There are genuine concerns all around that exports will go down because of recession in some countries. He, however, expressed hope that our entrepreneurs will steer clear through the situation.

32. Shri R.S. Joshi of FINER stated that the recommendations of Dr. K.C. Chakraborty report about North-East are under examination. He suggested that the RBI should come out with a circular or instructions regarding availability of credit to help MSMEs. He added that there is a separate package for J&K but not for North-East. He further said that the Usha Thorat Report for North-East has some positive recommendations but they are not mandatory. He wanted that the recommendation should be made mandatory to help the entrepreneurs benefit from it. Most banks make excuses that due to insurgency situation, they are not able to disburse credit. He, however, pointed out that the RBI's figures suggest that SBI, United Bank and Canara Bank have done outstanding work in credit growth to the MSME sector. He suggested that working capital loan should be uniform all over India. The banks should also give due recognition to natural calamities like floods, etc. He requested the RBI to pay a visit to some of the branches of FINER to see for itself the prevailing situation.

33. Shri Dipankar Mukherjee requested the Chairman to give a briefing to the Press on liquidity crisis to stop negative perception about the impact of this crisis on MSMEs so as to boost the confidence of the entrepreneurs.

34. Shri Ramesh Datla, Chairman, SME Council, CII was of the view that delayed payment is affecting the MSMEs badly and hence 'factoring without

recourse' should be promoted by factoring companies. Norms for the NPA should be revised to 180 days from 90 days in the backdrop of the present situation and the collateral requirement should be reviewed. He added that two funds of Rs.2000 crore each which was created with SIDBI should be made available to MSMEs urgently. Shri DE. Ramakrishnan, however, intervened to point out that the size of these funds had been reduced to Rs.1600 crore and Rs.1000 crore respectively. Shri Datla further added that costs of funds for the MSEs should be competitive, depending on the credit worthiness of the entrepreneur. He requested the RBI to cut down interest rates for the MSMEs in line with the recent cut in the repo rate.

35. Concluding the discussion, the Minister (MSME) and chairman of the Board thanked the Members for their participation and advised them to submit their views in writing on credit and PMEGP or any other agenda, if they so wish.

\*\*\*\*\*

**LIST OF PARTICIPANTS**  
**OF 6<sup>TH</sup> NBMSME MEETING**

<b>S.N</b>	<b>Name, designation and address</b>
1.	Sh. Mahabir Prasad, Hon'ble Minister of MSME, GoI, Udyog Bhawan, New Delhi
2.	Sh. Manoranjan Kalia, Minister of Industries & Commerce, Govt. of Punjab
3.	Shri C.D.R. Yadav, Minister for Small Scale Industries & Export Promotion, Government of Uttar Pradesh
4.	Sh. Gopal Krishna Pillai, Secretary(Commerce), New Delhi
5.	Dr. Kishor Rao, Principal Secretary (Industries), Govt. of Gujarat.
6.	Sh. Dinesh Rai, Secretary (MSME), Ministry of MSME, GoI, Udyog Bhavan, New Delhi
7.	Sh. P. Selvam, Principal Secretary, Govt. of Tamil Nadu.
8.	Sh. Mukul Singhal, Joint Secretary, Deptt. Of Revenue, M/o Finance.
9.	Sh. R. M. Malla, CMD, SIDBI, 15, Ashok Marg, Lucknow
10.	Sh. J.S. Brar, Secretary, Punjab Khadi & Village Ind. Board.
11.	Dr. A. Bhattacharya, Director, Deptt. Of Financial Services, Ministry of Finance, Jeevan Deep, New Delhi.
12.	Sh. J.S. Mishra, CEO, KVIC, Mumbai.
13.	Sh. V.S. Das, Executive Director, Reserve Bank of India (RBI), Mumbai
14.	Sh. R. Gandhi, Regional Director, RBI, New Delhi.
15.	Sh. R.S. Prasad, AGM, Reserve Bank of India (RBI), New Delhi.
16.	Sh. A.K. Diwedi, Dir. PMEGP, KVIC, Mumbai.
17.	Sh. Ramesh Datla, Chairman, CII National MSME Council, CII
18.	Ms. Sarita Nagpal, DDG, CII, National MSME Council, CII
19.	Mrs. Kiron Bora, Gen. Secretary, NEWEA, Dibrugarh, Assam
20.	Ms. K. Rama Devi, President, Association of Lady Entrepreneurs of Andhra Pradesh, (ALEAP), Hyderabad
21.	Sh. R.S. Joshi, Chairman, FINER, Guwahati
22.	Ms. Revthi Ventakraman, President, Association of Women Entrepreneurs of Karnataka, AWAKE Bangalore -44
23.	Sh. Jitendra Pareek, IIA, Lucknow
24.	Sh. G.P. Dalmia, President, Jharkhand Small and Tiny Industries Association, Deoghar, Jharkhand
25.	Sh. Joginder Kumar, President, Federation of Tiny & Small Industries, Ludhiana
26.	Sh. Sudarshan Sareen, President, AICOSMIA, New Delhi
27.	Sh. Arvind N. Burji, President, KASSIA, Bangalore
28.	Sh. Pankaj Gupta, Industries Association of Uttarakhand, Dehradun
29.	Sh. S.S. Rathi, President, FASII, New Delhi
30.	Sh. R.S. Goswami, Secretary General, Bhopal, MPLUS
31.	Sh. Damodar Ananoor, General Secretary, KSSIA, Cochin
32.	Sh. Atul D. Kapasi, President, Gujarat State Small Ind. Federation, Ahmedabad
33.	Sh. DE. Ramakrishnan, President, IFRASTE, Chennai

34.	Sh. S. Pandiaraj, Executive Secy., FASII, New Delhi
35.	Er. Sushil Kumar Gupta, LUB, New Delhi
36.	Shri R.K.Bharadwaj, National Secretary, LUB, New Delhi
37.	Dr. J.S.Juneja, PHDCCI, New Delhi
38.	Sh. Dipankar Mukherjee, Ex-MP, CITU New Delhi
39.	Sh. Devi Dayal, IAS (Retd.), B-192A, Sector-44, Noida (UP)
40.	Sh. H.P. Kumar, CMD, NSIC, New Delhi
41.	Sh. S. K. Sinha, Director, NSIC, New Delhi
42.	Shri G. Dixit, GM, NSIC, New Delhi
43.	Sh. Pankaj Gupta, (Special Invitee), President, Industries Association of Uttarakhand
44.	Sh. D. Gandhikumar, (Special Invitee), TANSTIA Chennai.
45.	Sh. Shakeel Qualander, President, Federation Chamber of Industries, Kashmir.
46.	Sh. Jawhar Sircar, Special Secretary & Development Commissioner (MSME), New Delhi
47.	Shri R. K. Manchanda, EA, Ministry of MSME, New Delhi
48.	Sh. S.K. Arora, D.S. Min. of MSME, New Delhi.
49.	Sh. Rakesh Kumar Choudhury, Dy. Chief, NMCC, New Delhi.
50.	Sh. A. K. Dwivedi, Director, PMEGP, KVIC, Mumbai
51.	Sh. Pravir Kumar, JS, MSME
52.	Sh. Sesh Kumar Pulipaka, JS, MSME.
53.	Sh.M.K. Jha, A.P.S. to Minister (MSME), New Delhi.
54.	Sh. Ashish Kumar, DDG, M/o Social Justice & Empowerment, New Delhi.
55.	Sh. K. S. Ludu, ADC (MSME), O/o DC(MSME), New Delhi
56.	Sh. P. K. Padhy, ADC & EA (MSME), O/o DC(MSME), New Delhi
57.	Sh. S. M. Ahuja, Consultanat, Ex-ADC, O/o DC(MSME), New Delhi
58.	Sh. Praveen Mehto, AEA, O/o DC(MSME), New Delhi
59.	Sh. B. N. Singh, Director, O/o DC(MSME), New Delhi
60.	Smt. Ruby Sharma, Dy. Director(M&C), PIB, New Delhi
61.	Sh. Harish Anand, Dy. Dir. (Pub.), O/o DC(MSME), New Delhi.
62.	Sh. Mahender Singh, Dy. Dir. (Admn.), O/o DC(MSME), New Delhi
63.	Sh. S.V.N.Pillai, Dy. Dir. (Admn.), O/o DC(MSME), New Delhi

**PMEGP**  
P

**PRESENTATION ON PMEGP**  
**23.10.2008**

1

**PMEGP**  
P

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

- What is PMEGP?
- Objectives of the Scheme
- Eligibility Conditions
- Subsidy Levels
- Implementation Mechanism
- Funding, Coverage and Outcome
- Monitoring
- Improvements over PMRY and REGP

2

**PMEGP**  
P

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

**What is PMEGP?**

- A new credit linked, Central Sector Scheme for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas by the first generation entrepreneurs.
- Funding through Beneficiary contribution, Margin Money subsidy from Government and Bank Credit.
- No funding from State Governments.

3

**PMEGP**  
P

**OBJECTIVES**

- To generate employment opportunities by assisting establishment of micro enterprises in rural as well as urban areas by the first Generation entrepreneurs
- To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities.
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans so as to help arrest migration of rural youth to urban areas
- To increase the wage/earning capacity of artisans in rural areas and other beneficiaries.

4

**PMEG**  
P

### ELIGIBILITY CONDITIONS

- Age limit - 18 years (Minimum).
- No income ceiling.
- VIII Standard Pass – Applicable in case of project cost of above Rs. 10 lakh in manufacturing Sector and above Rs.5 lakh in Business/Service Sector.
- Beneficiary – Individual, SHGs, institutions registered under Societies Registration Act, Co-operative Societies and Charitable Trusts
- Existing PMRY and REGP Units or any other units that have already availed Govt subsidies– **NOT eligible.**

5

**PMEG**  
P

### SUBSIDY LEVELS

Categories of beneficiaries	Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)	
		Urban	Rural
Area (location of project / unit)			
General	10%	15%	25%
Special (including SC / STs/ OBCs/ Minorities/ Women, Ex- servicemen, Physically handicapped, NER, Hill and Border Areas)	05%	25%	35%

Note:-  
 (i) Maximum cost of Rs. 25 lakh for projects in manufacturing sector.  
 (ii) Maximum cost of Rs. 10 lakh for projects in business/service sector.

6

**PMEG**  
P

### IMPLEMENTATION

- Khadi and Village Industries Commission – Single Nodal Agency at the National Level
- State Directorates of KVIC – Rural areas (as defined in KVIC Act)
- State Khadi and Village Industries Boards – Rural areas (as defined in KVIC Act)
- State District Industries Centres – Urban areas and other Rural areas
- 27 Public Sector Banks, All Regional Rural Banks and Co-operative Banks, Private Sector Scheduled Commercial Banks, Small Industries Development Bank of India (SIDBI).
- Subsidy to be released by KVIC to Banks.
- Training, Publicity, Marketing, Awareness Camps costs to be reimbursed to DICs by KVIC as per approved pattern.
- Funds separately earmarked under SCSP and TSP for promoting inclusive growth.

7

**PMEG**  
P

### FUNDING AND OUTCOMES

- Total Plan outlay towards margin money– Rs. 4485 crore (for 4 years)
- Additional Plan allocation for backward and forward linkages – Rs. 250 crore
- Budget Estimates 2008-09 – Rs. 823 crore (Rs.740 crore + Rs.83 crore)
- Estimated Employment (four years) - 37.37 lakh
- Estimated Employment (2008-09) - 6.17 lakh

8

**PMEG**  
P

**MONITORING**

**At Ministry Level**

- Ministry will be the controlling and monitoring agency of the Scheme
- Quarterly Review Meeting will be held in the Ministry
- 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.

9

**PMEG**  
P

**MONITORING (Contd...)**

**At KVIC Level**

- KVIC will coordinate with State KVIBs/State DICs and banks and submit a monthly performance (component wise) report to the Ministry.
- Targets and achievement to be monitored by KVIC at the Zonal, State and District levels.
- Separate PMEGP website by KVIC planned.
- Application tracking system.
- Rural Industrial Consultancy Services (RICS)'s software package for project preparation will be extended to all training centers.

10

**PMEG**  
P

**MONITORING (Contd...)**

**At State/UT Governments Level**

- Scheme will be reviewed half yearly by the Chief Secretary of the State concerned in respect of targets allocated to DICs.
- State Governments {Commissioners / Secretaries (Industries)} will forward monthly reports to KVIC, (with component wise details of beneficiaries) - on Margin Money allotted, employment generated and the projects set up
- Reports to be analyzed, compiled and consolidated by KVIC and a comprehensive report to be forwarded to Ministry every month.

11

**PMEG**  
P

**Improvements over PMRY and REGP<sup>P</sup>**

- Subsidy levels are more attractive compared to PMRY.
- Maximum Cost Limits of projects higher than PMRY.
- Higher level of assistance for Rural and Special Category beneficiaries compared to REGP and PMRY.
- EDP training period increased to 2-3 Weeks.

12

