

**J.S.Mishra, IAS**  
**Chief Executive Officer**

**Khadi and Village Industries Commission**  
**Ministry of MSME, Govt.of India**  
**Irla Road, Vile Parle (West),Mumbai-56**

**NO:REGP/PMEGP/RBI/POLICY/2008-09**  
**Date: 18.08.2008**

**Sub: Implementation of Prime Minister's Employment  
Generation Programme (PMEGP) through Public  
Sector Banks and RRBs-reg.**

**Dear Madam,**

The Ministry of MSME, Govt.of India has launched a new scheme called "Prime Minister's Employment Generation Programme (PMEGP)" to empower first generation entrepreneurs for setting up of micro enterprises across the country by merging REGP and PMRY scheme. The salient features of the new scheme are as under:

- A credit linked central sector scheme
- Rs.15,000 crore estimated total credit flow in the scheme for setting up of micro enterprises across the country
- 37 lakh additional employment opportunities will be created between 2008-09 to 2011-12 in rural and urban areas of the country. Rs.4485 crores Government subsidy will be provided.
- Higher rate of Government subsidy for marginalized sections of society for promoting inclusive growth.
- Below Poverty Line (BPL) families also eligible for assistance under the scheme.
- Rs.25 lakh maximum cost limit for project/unit under manufacturing sector and Rs.10 lakh under business/service sector.
- <sup>Minimum</sup> ~~Maximum~~ educational qualification VIIIth pass for manufacturing sector above Rs.10 lakh and above Rs.5 lakh for business/Service sector.
- Backward & Forward Linkages support for awareness, project formulation, Entrepreneurship Development Programme (EDP) training of two to three weeks duration, marketing support, electronic tracking of applications of beneficiaries etc. envisaged.
- Handholding through Rajiv Gandhi Udyami Mitra Yojana for beneficiaries under PMEGP.
- Project Profiles will be provided for selection of projects by beneficiaries.
- Khadi and Village Industries Commission (KVIC), a statutory body under the Ministry of MSME will be the single nodal agency for implementation of the scheme at the national level.

- The scheme will be implemented by KVIC/State Khadi and Village Industries Boards (KVIBs) in rural area as defined under KVIC Act and by District Industries Centers (DICs) in urban and other rural areas.
- Special focus with higher rate of subsidy for rural areas under the scheme. Atleast 60 percent outlay will be earmarked for setting up of projects in rural areas.
- Involvement of Public Sector Banks for expeditious and regular credit flow.
- Dovetailing Credit Guarantee Fund Trust Schemeto help the entrepreneurs for collateral security free loans.
- The subsidy levels under PMEGP are as under:

Categories of beneficiaries under PMEGP	Own Contribution	Rate of Subsidy	
		(of cost of project)	
Area (location of project/unit)		Urban	Rural
General Category	10%	15%	25%
Special (including SC / ST / OBC / Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas etc.	05%	25%	35%

The detailed scheme is being sent separately.

In view of above, it is requested that all the Public Sector Banks and RRBs may kindly be advised to extend their cooperation in implementation of PMEGP scheme also through Banks for its successful implementation across the country.

A line of reply in this regard is highly solicited.

Yours sincerely,

(J.S.Mishra)

Ms.Usha Thorat,  
Dy.Governor,  
Reserve Bank of India,  
Rural Planning & Credit Department,  
Central Office, 13<sup>th</sup> Floor,  
Shahid Bhagat Singh Marg,  
Mumbai-400 001.