

Prime Minister's Employment Generation Programme (PMEGP)

The Prime Minister's Employment Generation Programme (PMEGP) is a pivotal credit-linked subsidy scheme by the Government of India, designed to create self-employment opportunities through the establishment of micro-enterprises in the non-farm sector. Administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME), the scheme is implemented by the Khadi and Village Industries Commission (KVIC) as the single nodal agency at the national level.

Key Objectives

The primary goals of the PMEGP scheme are to:

- **Foster Self-Employment:** Generate sustainable employment opportunities in both rural and urban areas by supporting new micro-enterprises.
- **Support Traditional Artisans:** Provide stable employment to traditional and prospective artisans and unemployed rural youth, preventing their migration to urban centers.
- **Promote Entrepreneurship:** Increase the wage-earning capacity of artisans and contribute to the growth of rural and urban employment.

Scheme Structure

PMEGP provides financial assistance for new projects as well as for the upgradation of existing units.

- **For Setting Up New Micro-Enterprises:**
 - **Manufacturing Sector:** Maximum project cost of ₹50 lakh.
 - **Service/Business Sector:** Maximum project cost of ₹20 lakh.
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- **For Upgradation of Existing PMEGP/REGP/MUDRA units:**
 - **Manufacturing Sector:** Maximum project cost of ₹1.00 crore.
 - **Service/Business Sector:** Maximum project cost of ₹25 lakh.
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Implementing Agencies

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- **National Level:** Khadi and Village Industries Commission (KVIC)
- **State Level:** State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs), and participating Banks.

Scheme Tenure and Outlay

The PMEGP scheme has been approved for continuation from 2021-22 to 2025-26 with a total outlay of **₹13,554.42 crore**, aiming to support the establishment of approximately 400,000 projects.

Benefits of the PMEGP Scheme

Financial Benefits

The core of the PMEGP is its credit-linked subsidy, also known as Margin Money.

- **Margin Money Subsidy:** The government provides a subsidy of 15% to 35% on the project cost.
- **Bank Loan:** The remaining 65% to 85% of the project cost is financed by banks as a term loan.
- **Beneficiary Contribution:** The applicant is required to contribute only 5% to 10% of the project cost.

Subsidy Rates for New Enterprises

Category of Beneficiary	Beneficiary's Contribution			Subsidy Rate	
				(Urban)	(Rural)

General Category	10%	15%	25%	Special Category*	5%	25%	35%
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**Special Category includes*

SC/ST/OBC/Minorities/Women/Ex-Servicemen/Transgenders/Differently-Abled, and projects in NER, Aspirational Districts, and Hill/Border Areas.

Subsidy for Upgradation of Existing Units

Category of	Beneficiary	Contribution
	Beneficiary's	Subsidy Rate

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All Categories 10% 15% (20% for NER and Hill States)

Other Loan Benefits

- **Collateral-Free Financing:** No collateral security is required for projects costing up to ₹10 lakh.
- **Flexible Repayment:** Loan repayment tenure ranges from 3 to 7 years after an initial moratorium period.
- **Credit Guarantee:** Loans are covered under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

Business Support Benefits

- **Entrepreneurship Development Programme (EDP):** A mandatory 2-3 week training is provided to all beneficiaries covering business planning, finance, marketing, legal compliance, and operations.
- **Institutional Support:** KVIC, KVIB, and DIC officials provide guidance and technical assistance for project implementation and business setup.

Eligibility Criteria

Core Eligibility Requirements

- **Age:** Any individual above 18 years of age is eligible. There is no upper age limit.
- **Education:**
 - No minimum educational qualification is required for projects costing up to ₹10 lakh in the manufacturing sector and ₹5 lakh in the service sector.
 - For projects above these limits, the applicant must have passed at least the VIII standard.
- **Income:** There is no income ceiling for applicants.

Eligible Applicants

- **Individuals:** Entrepreneurs, proprietorships, partnerships, LLPs, and private limited companies.

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- **Institutions:** Self Help Groups (SHGs), Institutions registered under the Societies Registration Act of 1860, Production Co-operative Societies, and Charitable Trusts.

Eligibility Limitations

- **Ineligible Applicants:** Existing units that have already availed a subsidy under any other government scheme (e.g., PMRY) are not eligible.
- **Family Clause:** Only one person from a family (defined as self and spouse) can avail the benefit under the scheme.
- **Defaulters:** Applicants who have defaulted on payments to any financial institution are not eligible.

Eligibility for Second Loan (Upgradation)

Existing, well-performing PMEGP/REGP/MUDRA units are eligible for a second loan, provided the first loan has been repaid in a timely manner and the unit is profitable.

Step-by-Step Application Process

Step 1: Pre-Application Preparation

Prepare a detailed project report (DPR) and compile all necessary personal and business documents.

Step 2: Online Application Submission

1. Visit the PMEGP e-portal: www.kviconline.gov.in
2. Register and create an account.
3. Fill out the online application form with all required details.
4. Upload the necessary documents and project information.
5. Select the preferred bank for the loan.
6. Submit the application to receive a unique Application ID for tracking.

Step 3: Offline Application Process

Application forms can be downloaded from the PMEGP portal or collected from the nearest KVIC/KVIB/DIC office. Submit the filled form along with documents to the implementing agency and collect an acknowledgment receipt.

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Step 4: Application Processing

Your application will be reviewed by the District Level Task Force Committee (DLTFC). Shortlisted applicants are called for an interview, after which the selected applications are forwarded to the chosen banks.

Step 5: Mandatory EDP Training

Selected applicants must complete a compulsory 2-3 week Entrepreneurship Development Programme (EDP) before the loan is disbursed.

Step 6: Loan Disbursement

Once the bank sanctions the loan and the EDP training is complete, the loan agreement is signed. The bank then disburses the loan amount, and the subsidy (Margin Money) is credited to the bank and held separately.

Step 7: Post-Disbursement Support

Implementing agencies and banks provide regular monitoring, guidance, and marketing support to ensure the successful execution of the project.

Negative List of Activities (Ineligible Projects)

The following business activities are not eligible for financing under PMEGP:

- **Food and Beverage:** Any business involved in serving or selling meat, or outlets serving liquor. Production of tobacco products (beedi, pan, cigarettes).
- **Agriculture-Related:** Crop cultivation, floriculture, horticulture, animal husbandry (piggery, poultry, etc.), and harvester machines.
- **Environmental Concerns:** Manufacturing of polythene bags below 20 microns or any activity causing environmental pollution.
- **Transportation:** Rural transport vehicles (with some exceptions for specific regions like Andaman & Nicobar Islands and J&K).
- **Khadi-Related:** Any activity that is already covered under the Khadi Programme.

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Scheme at a Glance

Feature Details

Loan Amount Up to ₹50 lakh for manufacturing & ₹20 lakh for services.

Subsidy 15% to 35% of the project cost.

Own Contribution 5% (Special Category) to 10% (General Category).

Collateral Not required for loans up to ₹10 lakh. **Training**

Mandatory 2-3 weeks EDP training.

Eligibility Any individual above 18 years, with no income ceiling.

Coverage Both rural and urban areas across India.

Contact Information

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