PRADHAN MANTRI ROZGAR YOJANA (PMRY)

SALIENT FEATURES

Prime Minister's Rozgar Yojana (PMRY) for providing self-employment to educated unemployed youth of economically weaker sections has been in operation since October 2, 1993. The scheme aims at assisting the eligible youth in setting up self-employment ventures in industry, service & business sectors. The scheme intends to cover urban and rural areas.

PARAMETERS FOR ELIGIBILITY

1. Age –

(i) 18 to 35 years for all educated unemployed. (ii) 18 to 40 for all educated unemployed in North-East States, Himachal Pradesh, Uttarakhand and J&K. (iii) 18 to 45 years for Scheduled Castes / Scheduled Tribes, Ex- servicemen, Physically Disabled and Women.

2. **Educational Qualification –**
   8th pass. Preference will be given to those who have been trained for any trade in Government recognized/ approved institutions for duration of at least six months.

3. **Family income –**
   Neither the income of the beneficiary along with the spouse nor the income of parents of the beneficiaries shall exceed Rs.1, 00, 000/- p.a.

4. **Residence -**
   Permanent resident of the area for at least 3 years. (Relaxed for married men in Meghalaya and for married women in rest of the country. For married men in Meghalaya and for married women in rest of the country, the residency criteria apply to the spouse or in-laws.

5. **Defaulter -**
   Should not be a defaulter to any nationalized bank/ financial institution/cooperative bank. Further, a person already assisted under other subsidy linked Government schemes would not be eligible under this scheme.

6. **Activities covered -**
   All economically viable activities including agriculture and allied activities but excluding direct agricultural operations like raising Crop purchase of manure etc.

7. **Project Cost -**
   Rs.2.00 Lakh for business/ service sector and Rs.5.00 Lakh for industry sector, loan to be of

composite nature. If two or more eligible persons join together in a partnership, project up to Rs.10.00 Lakh are covered. Assistance shall be limited to individual admissibility.

Self Help Groups can be considered for assistance under the Scheme provided:

- Educated Unemployed Youth satisfy the eligibility criteria laid down under the Scheme volunteer to form SHG to set up self-employed ventures (Common Economic Activity).
- A Self Help Group may consist of 5-20 educated unemployed youth.
- No upper ceiling on project cost.
- Loan may be provided as per individual eligibility taking into account requirement of the project.
- SHG may undertake common economic activity for which loan is sanctioned without resorting to onward lending to its members.
- The subsidy ceiling for Self Help Group is Rs. 15,000/- per beneficiary subject to a maximum of Rs. 1.25 Lakh per Self Help Group.
- Subsidy may be provided to the SHG as per the eligibility of individual members taking into account relaxation provided in North Eastern States, Uttarakhand, Himachal Pradesh and Jammu & Kashmir.
- Required margin money contribution (i.e. subsidy and margin to be equal to 20 per cent of the project cost) should be brought in by the SHG collectively.
- The exemption limit for obtaining of collateral security will be Rs.5.00 Lakh per borrowal account for projects under Industry Sector. Exemption from collateral will be limited to an amount of Rs.2.00 Lakh per member ofSHG for projects under Service & Business Sectors. Banks may consider enhancement in limit of exemption of collateral in deserving cases.
- Implementing agencies may decide necessity of pre-disbursal training for all the members/ majority of the members of the group.

8. Subsidy & Margin money –

Subsidy will be limited to 15% of the project cost subject to ceiling of Rs.12,500/- per entrepreneur. Banks will be allowed to take margin money from the entrepreneur varying from 5% to 16.25% of the project cost so as to make the total of the subsidy and the margin money equal to 20% of the project cost.

For North Eastern States, Himachal Pradesh, Uttrakhand and J&K.Subsidy @ of 15% of the project cost subject to a ceiling of Rs.15, 000/- per entrepreneur for north- eastern States, Himachal Pradesh, Uttaranchal and Jammu & Kashmir. Margin money contribution from the entrepreneur may vary from 5% to 12.5% of the project cost so as to make the total of the subsidy and the margin money equal to 20% of the project cost.

9. Collateral -

No collateral for units in industry sector with project cost up to Rs.5.00 Lakh (the loan ceiling under the PMRY). For partnership projects under Industry Sector, the exemption limit for obtaining of collateral security will be Rs.5.00 Lakh per borrower account. For units in service and business sector no collateral for project up to Rs.2.00 Lakh. Exemption from collateral in case of partnership project will also be limited to an amount of Rs.2.00 Lakh per person participating in the project cost.

10. Rate of interest & Repayment Schedule -

Normal rate of interest shall be charged. Repayment schedule may range from 3 to 7 years after an initial moratorium as may be prescribed.

11. Reservation -

Preference should be given to weaker sections including women. Assistance to SC/ST beneficiaries should be targeted in such a manner that they are benefited in proportion to their population in the respective district/State. However, the number of SC/ST beneficiaries should not be less than 22.5% and 27% for Other Backward Class (OBCs) as is currently envisaged in the PMRY. In case SC/ST/OBC candidates are not available, States/UTs Govt. will be competent to consider other categories of candidates under PMRY.

12. Training -

Each entrepreneur whose loan is sanctioned is provided training as per details given below:

. i) For industry sector: Duration: 15-20 working days. Stipend: Rs.750/- Training expenditure: Rs.1750/-

. ii) For service and business sector: Duration: 7-10 working days. Stipend: Rs. 375/- .Training expenditure: Rs.875/-

13. Motivational Campaigns -

To improve the success rate of eligible applicants, States/UTs will be allowed reimbursement of cost of counseling and guiding the applicants @ Rs.200/- per applicant, for 125 per cent of the allocated target of cases.

14. **Recovery of loans -**

. (i) Panchayati Raj Institutions like Gram Panchayats be empowered to identify and sponsor candidates located in the same area to the District Task Force Committee so as to ensure disbursement of loan to genuine persons and better recovery of loan.

. (ii) To reduce the level of sickness/closure of PMRY units, the District Level Selection Committee/Task Force Committee be made accountable for the proper scrutiny of applications and selection of viable projects.

15. Implementing Agency -

The District Industry Centre's and Directorate of Industries are mainly responsible for implementation of the Scheme along with the banks.
Check List of documents required while applying for loan under PMRY

1. Application form in prescribed format along with passport size photograph in duplicate.
2. Enclose Affidavit in prescribed format duly counter signed by Executive Magistrate (Tashildar) in duplicate.
3. Enclose two attested copies of Local Certificate
4. Enclose two attested copies of Employment Exchange Card
5. Enclose two attested copies of Islander Identity Card
6. Enclose two attested copies of Election Identity Card.
7. Enclose two attested copies of Family Identity Card (Ration Card).
8. Enclose two attested copies of Certificate of Academic.
9. Enclose two attested copies of Technical Qualification (if any).
10. Enclose two attested copies of any Trade Training Certificate.(if any)
11. Project Profile of the proposed activity.
12. No Objection of Issuance of Route Permit from the Office of the Deputy Commissioner (South Andaman) and valid driving license, in case the applicant is applying for loan for plying of Auto rickshaw/commercial vehicle.

13. Copy of rent / lease agreement (or) Consent letter from the owner of the premises where the proposed project is to be setup.

MUDRA BANK

Allocation of 20,000 crore for Micro Units Development Refinance Agency (MUDRA) Bank for the SME sector and will enhance credit facility to boost the growth of small businesses and manufacturing units. He also allocated Rs 1,000 crore for support of start-ups. Mudra Bank has been launched on 8th April 2015; it will provide credit of up to 10 lakh to small entrepreneurs. Positive news is that the bank got started last month with the beneficiaries receiving the required help.
The Government's 'Make in India' initiative and its thrust on expanding the percentage of manufacturing to India's GDP has the vigor to transform the fortunes of the micro, small and medium enterprises (MSMEs) in the country. Also, with focus on Digital India and Swachch Bharat Abhiyan, the sector will get the needed impetus.

Ministry of Skill Development and Entrepreneurship

It is first time that MoS (Minister of State) has been given the responsibility of developing entrepreneurship in the country, though this task has been undertaken previously by multiple departments and agencies. UPA government witnessed entrepreneurship skill development with the departments of MSME (Ministry of Micro, Small & Medium Enterprises), NDA is doing under the scope of National Skill Development Agency.
Introducing a federal ministry for entrepreneurship and skill development shows that Mr. Modi is serious about developing and promoting entrepreneurial startups in contemporary times of advancing economies. By 2022, India have targeted to obtain skill development for about 500 million people, primarily through encouraging private players to provide viability gap funding and skill development programme initiatives. With this target in mind, and with the help of private players, it is ministries role to enforce targets are achieved and also create an ecosystem that ensures ease of doing business and nurtures entrepreneurship by eliminating bottlenecks during the process.

10,000 crore fund for venture capital in MSME sector

10,000 crore initiative is to accelerate investment from private firms to startups in the name of "equity, quasi equity, soft loans and other risk capital" to create a suitable environment for venture capital in MSME sector. In countries like US, Israel, and Singapore, public funding prevails to be the main source of funding in growing ecosystems of startups. We believe that the present government would take lessons from such countries, and such a fund guides risk capital towards areas where it is required the most, yet mostly deficient: research, technology commercialization, product development, etc.

District level Incubation and Accelerator Programme

"District level Incubation and Accelerator Programme" across the nation will be a good start to generate new ideas and promote entrepreneurship with all the necessary support. Though, it is a positive program, but incubators are not a uniform beast. Several ventures are provided services through different kind of incubators. Hence, a broad and nationally-accepted classification is needed to comprehend the unique demands of resources from each set of incubators, to tackle difficulties they encounter, and their paths for success.

"Entrepreneur friendly legal bankruptcy framework will also be developed for SMEs to enable easy exit."

In India, bankruptcy framework is not prevalent, allowing entrepreneurs to bounce back from their failures in business and try again. Forming a company is not complicated in this country, as many assume, but destroying a formed company is extremely difficult, with many businessmen having their first startups failed, move on to build their second or third prospering businesses. In this context, entrepreneur friendly legal bankruptcy is a significant opening move. Now it is in the hands of industry and ecosystem players to engage seriously and create a simple but efficient framework.
In India, the intention of setting up a startup investment for rupees 10,000 crores is a remarkable initiative. Even in a developed ecosystem like US, we have witnessed the potential gains of an SBIR fund on the economies of startups. Funds like such, if well structured, can entertain much required 'real early-stage' investment support that startups in India want today. This initiative could be an important role in producing smooth integrated funding mechanism and also in helping the funding ecosystem for startups to mature.

SETU

The government is building up an approach to be known as SETU (Self-Employment and Talent Utilization) which will strengthen all prospects of startups, and other self-employment initiatives, especially in technology-driven areas.
"By the time a great idea gets approval and the funds arrive, the people behind the ideas move on to accept high-package jobs in multinational companies, now this big boost from the government will help the budding entrepreneurs in making big".

AIM Platform: ATAL Innovation Mission (AIM)

The 2015 budget has also established the AIM Platform or Atal Innovation Mission (AIM). AIM is established within National Institution for Transforming India (NITI) "to provide innovation promotion platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation, research and development". The 2015 budget has earmarked Rs.150 crores for the AIM Platform.

Corporate Tax to be Reduced to 25%

The 2015 Budget has announced the reduction of corporate tax rate from 30% to 25% over the next four years, starting from next financial year. It is expected that the corporate tax rate will be reduced in a phased manner to 25% over the next four years. It is expected that the reduction in corporate tax rate will lead to greater investment, higher growth and more jobs. The corporate tax rate deduction to 25% will also be accompanied by scrapping various kinds of tax exemptions and incentives for corporate taxpayers.

eBiz Portal for Starting a Business Easy

The 2015 Budget has put forward the creation of "an expert committee to examine the possibility and prepare draft legislation where the need for multiple prior permissions can be replaced by a pre-existing regulatory mechanism. This will facilitate India becoming an investment destination" by facilitating the regulatory mechanisms. Further, the 2015 Budget also talks about strengthening the EBiz Portal to make starting a business easy in India.

Central Excise and Service Tax Registration in 2 Days

For making the start of a business and getting the registrations easier, the 2015 budget announced that central excise and service tax registration will be completed within two working days.

Formation of eBiz portal

The first Government to Business (G2B) portal launched by the current NDA government is owned by DIPP under Ministry of Commerce and Industry integrates 14 regulatory permissions at a single place and has announced various labour reforms to boost job creation and entrepreneurship. The step by government is a part of facilitating the ease of doing business in India.
The current measures taken by NDA government are on the right track to boost the sentiments of new startups and the entrepreneurial ventures. While creating a balance between social responsibilities of the government to support the poor sections of the society, it is also very important to boost the business startup that emerges as the employment & revenue generating mechanism for an economy.

Government of India Support for Innovation and Entrepreneurship in India

The Government of India has undertaken several initiatives and instituted policy measures to foster a culture of innovation and entrepreneurship in the country. Job creation is a foremost challenge facing India. With a significant and unique demographic advantage, India, however, has immense potential to innovate, raise entrepreneurs and create jobs for the benefit of the nation and the world.
In the recent years, a wide spectrum of new programmes and opportunities to nurture innovation have been created by the Government of India across a number of sectors. From engaging with academia, industry, investors, small and big entrepreneurs, non-governmental organizations to the most underserved sections of society.
Recognising the importance of women entrepreneurship and economic participation in enabling the country's growth and prosperity, Government of India has ensured that all policy initiatives are geared towards enabling equal opportunity for women. The government seeks to bring women to the forefront of India's entrepreneurial ecosystem by providing access to loans, networks, markets and trainings.

A few of India's efforts at promoting entrepreneurship and innovation are:

· **Startup India**: Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle. Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs. With a 360 degree approach to enable startups, the initiative provides a comprehensive four-week free online learning program, has set up research parks, incubators and startup centres across the country by creating a strong network of academia and industry bodies. More importantly, a 'Fund of Funds' has been created to help startups gain access to funding. At the core of the initiative is the effort to build an ecosystem in which startups can innovate and excel without any barriers, through such mechanisms as online recognition of startups, Startup India Learning Programme, Facilitated Patent filing, Easy Compliance Norms, Relaxed Procurement Norms, incubator support, innovation focused programmes for students, funding support, tax benefits and addressing of regulatory issues.

· **Make in India**: Designed to transform India into a global design and manufacturing hub, the Make in India initiative was launched in September 2014. It came as a powerful call to India's citizens and business leaders, and an invitation to potential partners and investors around the world to overhaul out-dated processes and policies, and centralize information about opportunities in India's manufacturing sector. This has led to renewed confidence in India's capabilities among potential partners abroad, business community within the country and citizens at large. The plan behind Make in India was one of the largest undertaken in recent history. Among several other measures, the initiative has ensured the replacement of obsolete and obstructive frameworks with transparent and user-friendly systems. This has in turn helped procure investments, foster innovation, develop skills, protect intellectual property and build best-in-class manufacturing infrastructure.

· **Atal Innovation Mission (AIM)**: AIM is the Government of India's endeavour to promote a culture of innovation and entrepreneurship, and it serves as a platform for promotion of world-class Innovation Hubs, Grand Challenges, start-up businesses and other self-employment activities, particularly in technology driven areas. In order to foster curiosity, creativity and imagination right at the school, AIM recently launched Atal Tinkering Labs (ATL) across India. ATLs are workspaces where students can work with tools and equipment to gain hands-on training in the concepts of STEM (Science, Technology, Engineering and Math). Atal Incubation Centres (AICs) are another programme of AIM created to build innovative start-up businesses as scalable and sustainable enterprises. AICs provide world class incubation facilities with appropriate physical infrastructure in terms of capital equipment and operating facilities. These incubation centres, with a presence across India, provide access to sectoral experts, business planning support, seed capital, industry partners and trainings to encourage innovative start-ups.

· **Support to Training and Employment Programme for Women (STEP)**: STEP was launched by the Government of India's Ministry of Women and Child Development to train women with no access to formal skill training facilities, especially in rural India. The Ministry of Skill Development & Entrepreneurship and NITI Aayog recently redrafted the Guidelines of the 30-year-old initiative to adapt to present-day needs. The initiative reaches out to all Indian women above 16 years of age. The programme imparts skills in several sectors such as agriculture, horticulture, food processing, handlooms, traditional crafts like embroidery, travel and tourism, hospitality, computer and IT services.

· **Jan Dhan- Aadhaar- Mobile (JAM)**: JAM, for the first time, is a technological intervention that enables direct transfer of subsidies to intended beneficiaries and, therefore, eliminates all intermediaries and leakages in the system, which has a protential impact on the lives of millions of Indian citizens. Besides serving as a vital check on corruption, JAM provides for accounts to all underserved regions, in order to make banking services accessible down to the last mile.

· **Digital India:** The Digital India initiative was launched to modernize the Indian economy to makes all government services available electronically. The initiative aims to transform India into a digitally-empowered society and knowledge economy with universal access to goods and services. Given historically poor internet penetration, this initiative aims to make available high-speed internet down to the grassroots. This program aims to improve citizen participation in the digital and financial space, make India's cyberspace safer and more secure,abd improve ease of doing business. Digital India hopes to achieve equity and efficiency in a country with immense diversity by making digital resources and services available in all Indian languages.

·**Biotechnology Industry Research Assistance Council (BIRAC):** BIRAC is a not-for-profit Public-Sector Enterprise, set up by Department of Biotechnology to strengthen and empower emerging biotechnology enterprises. It aims to embed strategic research and innovation in all biotech enterprises, and bridge the existing gaps between industry and academia. The ultimate goal is to develop high-quality, yet affordable, products with the use of cutting edge technologies. BIRAC has initiated partnerships with several national and global partners for building capacities of the Indian biotech industry, particularly start-ups and SME's, and has facilitated several rapid developments in medical technology.

· **Department of Science and Technology (DST): T**he DST comprises several arms that work across the spectrum on all major projects that require scientific and technological intervention. The Technology Interventions for Disabled and Elderly, for instance, provides technological solutions to address challenges and improve quality of life of the elderly in India through the application of science and technology. On the other hand, the *ASEAN-India Science, Technology and Innovation* Cooperation works to narrow the development gap and enhance connectivity between the ASEAN countries. It encourages cooperation in science, technology and innovation through joint research across sectors and provides fellowships to scientists and researchers from ASEAN member states with Indian R&D/ academic institutions to upgrade their research skills and expertise.

·**Stand-Up India:** Launched in 2015, Stand-Up India seeks to leverage institutional credit for the benefit of India's underprivileged. It aims to enable economic participation of, and share the benefits of India's growth, among women entrepreneurs, Scheduled Castes and Scheduled Tribes. Towards this end, at least one women and one individual from the SC or ST communities are granted loans between Rs.1 million to Rs.10 million to set up greenfield enterprises in manufacturing, services or the trading sector. The Stand-Up India portal also acts as a digital platform for small entrepreneurs and provides information on financing and credit guarantee.

· **Trade related Entrepreneurship Assistance and Development (TREAD):** To address the critical issues of access to credit among India's underprivileged women, the TREAD programme enables credit availability to interested women through non-governmental organizations (NGOs). As such, women can receive support of registered NGOs in both accessing loan facilities, and receiving counselling and training opportunities to kick-start proposed enterprises, in order to provide pathways for women to take up non-farm activities.

·**Pradhan Mantri Kaushal Vikas Yojana (PMKVY):** A flagship initiative of the Ministry of Skill Development & Entrepreneurship (MSDE), this is a Skill Certification initiative that aims to train youth in industry-relevant skills to enhance opportunities for livelihood creation and employability. Individuals with prior learning experience or skills are also assessed and certified as a Recognition of Prior Learning. Training and Assessment fees are entirely borne by the Government under this program.

· **National Skill Development Mission:** Launched in July 2015, the mission aims to build synergies across sectors and States in skilled industries and initiatives. With a vision to build a 'Skilled India' it is designed to expedite decision-making across sectors to provide skills at scale, without compromising on quality or speed. The seven sub-missions proposed in the initial phase to guide the mission's skilling efforts across India are: (i) Institutional Training (ii) Infrastructure (iii) Convergence (iv) Trainers (v) Overseas Employment (vi) Sustainable Livelihoods (vii) Leveraging Public Infrastructure. Click here to download the framework for implementation.

·**Science for Equity Empowerment and Development (SEED):** SEED aims to provide opportunities to motivated scientists and field level workers to undertake action-oriented, location specific projects for socio-economic gain, particularly in rural areas. Efforts have been made to associate national labs and other specialist S&T institutions with innovations at the grassroots to enable access to inputs from experts, quality infrastructure. SEED emphasizes equity in development, so that the benefits of technological accrue to a vast section of the population, particularly the disadvantaged.

SWAROJGAR CREDIT CARD

The Scheme is called Swarojgar Credit Card Scheme (SCC Scheme) Objectives

SCC Scheme aims at providing adequate and timely credit i.e. working capital of block capital or both to small artisans, handloom weavers, service sector, fishermen, self employed persons, rickshaw owners, other micro-entrepreneurs, etc from the banking system in a flexible, hassle free and cost effective manner. The facility may also include a reasonable component for consumption needs.

Participating banks

The Scheme is to be implemented by all Commercial Banks, RRBs State Cooperative Banks DCCBs / PACS, SCARDBs/ PCARDBs and Scheduled Primary Cooperative banks. The banks will have to actively market the scheme to the eligible clientele.

Nature of financial accommodation

The credit facility extended under the Scheme is in the nature of a composite loan including term loan/ revolving cash credit.

Sanction of term loan / Fixation of working capital limit

The term loan will be provided for meeting the investment requirements and it will be repaid within five years in suitable installments. The Revolving cash credit will be fixed taking into account the operating cycle/nature of the investment and shall be fixed based on available balance after sanction of term loan.

Quantum of limit

Rs. 25,000/- per borrower as composite loan. The initial investment in fixed assets and /or working capital requirement/recurring expenditure of the borrower is to be taken as the base for fixing the limit. The working capital/ recurring expenditure limit may be in the form of a revolving cash credit and fixed as percentage of the turnover divided by the turnover of operating cycles per annum. A component for consumption credit could be built in keeping in view the value of the family labour in the productive activity. The total limit would have a relationship with the projected net earning and the repayment capacity of the borrower.

Validity

SCC is normally valid for 5 years subject to satisfactory operation of the account and turnover on a yearly basis through simple review process. The operation in the account should be regular.

Issue of cards

The beneficiaries under the scheme will be issued with a laminated credit card and a pass book as per specimen enclosed (Appendix). This will serve as an identity card as well as facilitate recording of the transactions on an ongoing basis. The pass book would contain the repayment schedule of the term loan also. A passport size photograph of the holder willbeaffixedon the card at the space provided for. The card holder would be required to produce the card and pass book whenever he/she withdraws cash from the account. Self Help Groups (SHGs) can also be issued cards in their name and they will be liable jointly and severally for repayment.

As far as possible cluster approach will be followed in implementing the scheme. Fees towards issue of card/processing may not exceed Rs. 50/-

Renewal of Working Capital Limits

Limits will be renewed annually based on the amount credited to the cash credit Account and the repayment performance in the term loan account.

Under the Scheme, term loan component could be enhanced within the over all limit in case of need subject to satisfactory repayment performance of the borrower.

The Revolving cash credit to the extent of working capital repaid may be renewed within the overall ceiling of Rs. 25,000/- and it should be normally repaid within 12 months from the date of drawl, however, the minimum discipline expected is that applicable to cash credit accounts. Where necessary, the working capital component could be enhanced within the overall ceiling to provide for escalation in the cost of inputs, etc subject to satisfactory repayment performance.

Withdrawal will be permitted if revolving cash credit remains outstanding for more than 12 months. The aggregate credits in the account during the 12 months period should normally be equal to the maximum outstanding in the working capital component plus the installment of the term loan availed of, if any.

Insurance

Beneficiaries under the scheme would automatically be covered under the group insurance scheme and the premium would be shared by the bank and the borrower equally. Each bank may negotiate the terms of insurance with a company of its choice on a national or regional basis.

Security / Margin / Rate of interest / Prudential norms

Security, Margin /Rate of interest and Prudential norms are applicable as per RBI / NABARD norms. The interest rate would not exceed that for comparable farm loans. At present the rate is 9 % per annum. The rate of interest may be linked to BPLR as per RBI directives. Interest linked incentives may be given for timely repayment. Women borrowers may be given preference and some concession in the rate of interest. Joint liability groups could be encouraged as a collateral substitute.

KHADI AND VILLAGE INDUSTRIES RURAL EMPLOYMENT GENERATION PROGRAMME (GRAMODYOG ROJGAR YOJANA) THROUGH PUBLIC SECTOR BANKS AND REGIONAL RURAL BANKS

THE SCHEME:-

The scheme envisages that:-

25 % of the project cost for the project up to Rs. 10.00 lakhs will be provided as “Margin Money”

For project above Rs. 10.00 lakhs and up to Rs.25.00 lakhs, rate of Margin Money will be 25% of Rs.10.00 lakhs plus 10% of the remaining cost of the project .(Project cost beyond Rs.25.00 lakhs not eligible for financing under the Scheme)

In the case of weaker section beneficiary, viz. SC/ST/OBC/Women/Physically Handicapped/Ex-servicemen and Minority Community beneficiary and for Hill, Border and Tribal Areas, North Eastern Region, Sikkim, Andaman & Nicobar Islands, Lakshadweep, Margin Money grant will be at the rate of 30% of the project cost up to Rs.10.00 lakhs and above this amount up to 25 lakhs it will be 10% of the remaining cost of the project. A certified copy issued by the Competent Authority is required is required to be produced with the Margin Money Claim

The Institutions/Co-operative Societies/Trusts specifically registered as all SC/ST/OBC/Women/ PH/Ex-Servicemen and Minority Institutions with necessary provision in the bye-law to that effect alone are eligible for Margin Money @ 30% of the project cost up to Rs.10.00 lakhs. Certified copies of by-laws are to be appended to Margin Money Claim, Project cost will include Capital Expenditure and one cycle of Working Capital. Projects without Capital Expenditure are not eligible for financing under the Scheme. Projects of more than Rs.5.00 lakhs, which do not require working capital, need clearance from the Reg. Office or Controller of the Bank’s Branch and claims are required to be submitted with such certified copy of approval from Regional Office or Controller as the case may be Cost of the land should not be included in the Project. Cost of the ready built as well as long lease or rental Work shed/Workshop/Building/Shop can be included in the project. Gramodyog Rojgar Yojana is applicable for all viable Village Industries projects except village industries as given in the negative list of Village Industries.

Only one person from one family is eligible for obtaining finance under the Gramodyog Rojgar Yojana.

THE BENEFICIARIES

1. Individual Entrepreneurs;
2. Self Help Groups;
3. Institutions;
4. Co-op. Societies;
5. Trusts and
6. Public Limited Companies owned by State/Central Government.

(Partnership firms/Private Limited Companies/Joint Borrowers/Co-Borrowers/Co- obligators/Joint Ventures/HUF do not come under the ambit of Gramodyog Rojgar Yojana)

OWN CONTRIBUTION :-

10% of the Project cost in respect of beneficiary of General Category. 5% of the project cost in respect of beneficiaries belonging to C/ST/OBC/Women/PH/Ex- Servicemen/Minority/HBT Area/ N.E. Region/Sikkim/A.& N. /Lakshadweep.

FINANCIAL INSTITUTIONS :-

- 1) 27 Public Sector Banks and their sponsored Regional Rural Banks
- 2) Private Sector Banks approved by the State/UT KVI Boards and
- 3) Co-op. Banks approved by the State/UT KVI Boards.

BANK FINANCE:-

The Bank will sanction 90% of the project cost in case of General Category of beneficiary/ Institution and 95% of the project cost in case of Weaker Section beneficiary/Institution and disburse full amount suitably for setting up of the project.

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 C.E. & W.C.

For further details and downloading different forms to be filled in for availing loan under the scheme you can visit following sites.

www.kvic.org.in http://update.kvic.org.in/regp/REGP_for_CKVI_Web1.doc

3. Credit Guarantee Fund Trust for Small Industries

SSI units particularly the first generation of entrepreneurs face difficulties in accessing bank credit because of their inability to provide adequate collateral security for loans. Considering this, the Government hence launched the Credit Guarantee Fund Scheme for Small Industries on 30th August, 2000 with a view to alleviating the problem of collateral security and impediment to flow of credit to Small Scale Industries (SSI) sector

Background:

The Government approved Credit Guarantee Fund Scheme for Small Industries on 19th May, 2000 with the objective of making available credit to SSI units. The Scheme is being operated by the Credit Guarantee Trust Fund for Small Industries.

(CGTSI) set-up by Government of India and SIDBI. The Trust was incorporated on 27.7.2000. The Scheme has been operationalised with effect from 1st January, 2001. The eligibility limit of loans to be guaranteed is up to Rs. 25 lakhs.

Salient Features of the Scheme:

A. Eligibility and Coverage

Any collateral free credit facility (both in terms of loan as well as working capital) extended by lending institutions on or after 1st June, 2000 to new as well as existing manufacturing SSI units, including Information Technology and Software Industry, particularly in the tiny sector, with a credit cap of Rs. 25 lakhs per operating unit, can be extended guarantee cover. With effect from September 1, 2003, the credit facilities up to Rs. 25 lakhs sanctioned without collateral security and/ or third party guarantee by the lending institutions to the new and existing Small Scale Service and Business (Industry Related) Enterprises (SSSBEs) have also been made eligible for coverage under the scheme. Any credit facility which has been sanctioned by the lending institution against collateral security and/ or third party guarantee, however, is not eligible for guarantee cover under the scheme. The guarantee cover available is up to 75% of the loans extended by the lending institutions. The Guarantee cap per borrower is Rs. 18.75 lakh. The rate of interest that can be charged to the borrower by the lending institution shall not be more than 3% over the prime lending rate of the lending institution Complete details of the scheme could be obtained from the website address given below :

www.cgtsi.org.in