

665

Khadi and Village Industries Commission
3, Irla Road, Vile Parle (West), Mumbai-56

No: PMEGP/RBI/M-954/2010-11

Date:26.7.2010

C I R C U L A R

**Sub: - Increase in limit of collateral free loans from
Rs. 5.00 lakhs to Rs.10.00 lakh by RBI**

Instances have come to the notice that PMEGP entrepreneurs are facing hardships on account of having to furnish collateral guarantee for availing loan from banks. Accordingly KVIC took up the matter with Reserve Bank of India and clarification was sought from RBI regarding whether collateral free loan upto Rs.5.00 lakhs are mandatory to be followed by Public Sector banks. RBI has clarified that loan upto Rs.5.00 lakhs are collateral free which is mandatory to be followed by public sector banks. The same has been circulated by KVIC to all CMDs of banks vide letter No:PMEGP/RBI/M-954/10-11 dated 24.9.2009.

2. Further, with the persuasion of KVIC and Ministry of MSME the Working Group constituted to review Credit Guarantee Scheme for MSME suggested to increase the present level of Rs.5.00 lakhs to Rs.10.00 lakhs for collateral free loan to MSME sector and make it mandatory for banks for implementation. Accordingly, RBI has issued the Circular No:RPCD.SME & NFS.BC No:79/06.02.31/2009-10 dated 6th May, 2010 which is enclosed for your kind perusal and to bring it to the notice of all Implementing Agencies like DIC, KVIB, Banks and for publicizing in Awareness Camps and Workshops for the benefit of potential beneficiaries of PMEGP.

This may be taken up on priority please.

J.S. Mishra
26.7.2010

(J.S.Mishra)
Chief Executive Officer

Encl: As above

To

1. All State /Divisional Directors of KVIC
2. All CEOs of State/UT KVI Boards
3. All Zonal Dy.Chief Executive Officers
4. Director/Commissioner Industries State Government

: 2 :

Copy to : (i) All Members of the Commission
(ii) Jt. Secretary, Ministry of MSME, GOI, New Delhi.

Copy in Central Office:

1. Secretary to Hon'ble Chairperson
2. O.S.D to C.E.O, KVIC.
3. A.O to F.A cell ,KVIC .
4. P.A. to Jt.C.E.O, KVIC
5. Director (IT) for web-site
6. Director (Publicity) for publishing in Jagriti

hmv
26.7.7
(J.S.Mishra)
Chief Executive Officer