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Khadi and Village Industries**
Ministry of Micro, Small, & Medium Enterprises
Government of India
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No:PMEGP/Policy/Modification of negative list/2014-15 Dt:11.05.2015

CIRCULAR

Sub: PMEGP Modifications in the Negative list under
operational Guidelines - reg.

In order to make the PMEGP scheme more beneficiary friendly Ministry of MSME, Govt. of India, has modified the negative list is as follows:-

Negative List of activities: The following list of activities will not be permitted under PMEGP for setting up of micro enterprises / projects / units.

- (a) Any Industry/business connected with Meat (slaughtered) i.e. processing, canning and/or serving items made of it as food, production/manufacturing or sale of intoxicant items like Beedi/Pan Cigar/Cigarette etc. any Hotel or Dhaba or sales outlet serving liquor preparation/producing tobacco as raw materials, tapping of toddy for sale.
- (b) Any Industry/business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc sericulture (cocoon rearing), Horticulture, Floriculture. Value addition under these will be allowed under PMEGP.
- (c) Any industry/business connected with Animal Husbandry like Pisciculture, Piggery, Poultry etc.
- (d) Manufacturing of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing of packaging of food stuff and any other item which causes environmental problems.

2. Further, Clause 4(ix) of the guidelines provides that "Existing units (under PMRY, REGP or any other scheme of GOI or

State Govt) and the units that have already availed Government Subsidy under any other schemes of GoI or State Govt. are not eligible for PMEGP MM subsidy. **It is however clarified here, that such units are open to schemes available for other purposes like, guarantee benefits under CGTMSE scheme and other schemes of MSME for their growth and development as well as for making them more productive and competitive.**

3. On the above mentioned modification in the negative list Ministry of MSME has further clarified for operational guidelines of PMEGP which is given as under:

(i) Industries such as processing of pashmina wool and other products like hand spinning and hand weaving have been removed from the negative list, which means that khadi units are permitted under PMEGP. KVICs proposal for keeping handloom/powerloom out of the purview of PMEGP has not been agreed to and therefore, in addition to Khadi units, handlooms and powerlooms units are eligible for funding under PMEGP. However, the subsidy/benefits for setting up of such units can be claimed from one Scheme of Govt. of India only.

(ii) In order to encourage the setting-up of manufacturing units under PMEGP, a ceiling of 10% on the extent of projects to be financed for transport activities may be imposed in the states/UTs except in specific regions (hilly region, NER, A&N Islands, GOA, Puducherry, Lakshadweep, Daman & Diu, Dadra Nagar Haweli, J&K and LWE affected districts).

(iii) Ceiling on trading projects; No change has been made in the negative list in respect of trading activities as convened earlier vide Circular No:PMEGP/Ministry/2/2011-12 dated 28.08/04.09.2012. The contents of said circulars are reproduced as under:

a. Business/trading activities in the form of sales outlets may be permitted in NER, LWE-affected districts and A&N Islands. The LWE-affected districts, the extant classification on MHA may be adopted. The same was recently obtained from MHA's ID dated 08.02.2012.

- b. Retail outlets backed by manufacturing (including processing) / service facilities may be permitted (Across the country)
Note: That the retail outlets are backed by bonafide manufacturing / service facilities may be certified to be so by the districts level task force committee which recommends the case and specifically checked and certified to be so by the bank which sanctions the loan.
- c. The maximum cost of the project for business / trading activities as above (a and b) may be Rs.10 Lakhs (at par with the maximum project cost for service sector).
- d. Maximum 10% of the Margin Money allocation in a year in a State may be used for business / trading activities as above (a, b and c).
- e. The products sold from these sales outlets/retail centers may not fall in the negative list of PMEGP.
- f. It may be ensured that the trading / business units should not exceed 10% of the financial allocation of the margin money allocated for the year to the state including the targets of KVIC, KVIB and DIC.
- g. Further at para ii retail outlets backed by manufacturing / service facilities can be sanctioned only to new units / projects being submitted for sanction under PMEGP.
- h. This will be a single composite project. For manufacturing with retail outlets the project cost should not exceed Rs.25.00Lakhs. For service projects with sales outlets the project cost should not exceed Rs.10.00Lakhs.

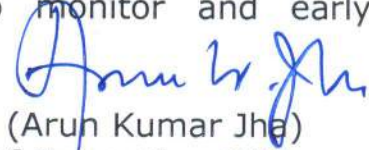
Hence the existing instructions on this issue may continue.

(iv) Items/activities banned by Govt. of India or other competent Govt. Authority will also be treated as banned under PMEGP, as provided under the existing instructions issued by KVIC.

4. The rest of PMEGP operational guidelines as issued in past will remain unchanged.

5. The above inclusion may be publicized and included in all leaflet, pamphlets and printed material of PMEGP scheme in the interest of public at large in a regional languages. State/Divisional Directors should take follow up action on the above modified list as a part of operational guidelines of PMEGP scheme and contents of this modified list may be brought to the knowledge of SLBC/SLMC/State Government /Bank/DICs/ KVIBs etc.

Zonal Dy. CEOs are requested to monitor and early compliance.



(Arun Kumar Jha)

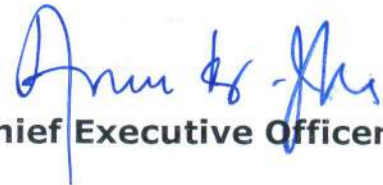
Chief Executive Officer

To

1. All State/Divisional Offices, OCKVI
2. All State/UT KVI Boards
3. All Zonal Dy. CEOs
4. All Director , Industries, State Govt.

Copy for kind information to-

1. OSD to CEO, OCKVI
2. Dy. Director, CVO Cell, KVIC, Mumbai
3. AO (FA Cell), KVIC, Mumbai
4. All Industry/Programme Directors, KVIC, Mumbai
5. Director (IT) with a request to place the Circular on KVIC/PMEGP website.
6. Director (Publicity) with a request to publish the same in the ensuing "JAGRITI".
7. Director (Hindi Cell) for translation in Hindi
8. Master file for record.



Chief Executive Officer