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No.PMEGP/Policy/2020-21

Date: 06.05.2020

CIRCULAR

Sub: Simplification in PMEGP Scheme procedures – selection of application and flow of application through PMEGP e-portal – further simplification/strengthening..... reg.

This is in continuation to this office Circular dated 21.05.2018 regarding modified PMEGP Scheme guidelines and subsequent Circulars issued from time to time. In this regard, the Ministry of MSME has amended/modified in the existing Scheme guidelines as detailed under :

2. It is to inform that, Ministry of MSME vide letter dated 28.04.2020 informed that in order to further streamline the process of selection and to expedite the flow of applications under PMEGP, the Ministry has decided that the role of District Level Task Force Committee (DLTFC) as constituted under Clause 11.9 of the Scheme guidelines is discontinued for recommendation of proposal/applications to financing banks. The role of DLTFC should be limited to monitor the performance of PMEGP Scheme on the quarterly basis in their respective districts as per the Clause at 11.10 of Annexure-I.

3. The State/District level implementing agencies viz. KVIC, KVIB and DICs after receiving the applications will scrutinize the applications preliminary, examining the personal and factual details mentioned in the applications/ project reports and the corrected and complete applications alongwith the detailed project report may be forwarded by the implementing agencies directly to the Banks for taking credit decision. The Complete/ corrected applications must be forwarded to the Banks as soon as possible and in no case later than three weeks of receipt of applications by the implementing agencies. Banks are presently examining the applications both technically and financially and sanction the applications for loans as per their rules and norms. They will receive the applications directly from the implementing agencies, examine them and sanction the loans as per the existing procedures.

Contd....2/-

4. Further, the Ministry vide the aforesaid letter has informed that a scoring sheets as already mentioned in Clause 7 and Clause 11.8 of the existing Scheme guidelines may be developed by KVIC, immediately, in consultation with the Bankers Association of India and uploaded on the PMEGP-e-portal, which would enable the implementing agencies to scrutinize the applications and forward them to the banks based on a minimum prescribed marks scored by the applicant. The scoring sheet will also enable the applicants to judge their applications at their level and if the application is not upto the mark as per the prescribed score, the applicant may improve his project and re-submit the application in due course after making necessary improvements. The details of Score Card duly prepared and received from Indian Bank Association (IBA) is attached herewith at Annexure-2 for implementation.

5. Consequent to the above decision, necessary modifications have been made in Clause 7, Clause 11.8, Clause 11.9, Clause 11.10, Clause 11.11, Clause 11.12 and Clause 11.13 of the existing Scheme guidelines. Clause 11.18 and Clause 25 have also been modified slightly. The revised modifications are attached herewith.

6. It is therefore, requested to convey the above decision to all implementing agencies at State/District level and all other stakeholders for immediate necessary action accordingly. KVIC is in process to develop the scoring sheet as mentioned in para 3 above and upload the same on the PMEGP e-Portal.

7. All the PMEGP applications presently available and pending at DLTF level may also be withdrawn by the concerned implementing agencies and forwarded to the banks immediately for taking credit decisions.

8. It is, therefore requested that, the above directives may be taken note for compliance and requested to ensure that the above modifications may be implemented immediately for the current financial year 2020-21 by all concerned.

This is issued with the approval of Competent Authority.


(M. RAJAN BABU)
DY.CEO (PMEGP)

To,

1. All State/Divisional Offices, KVIC
2. All State/UT KVI Boards.
3. All Zonal Dy.CEOs. of KVIC.
4. All Director, Industries, State Govt.
5. All CMDs of Bank.

Copy for kind information to:

1. Jt. Secretary, Ministry of MSME, New Delhi
2. OSD to Chairman, KVIC
3. OSD to CEO, KVIC
4. Jt. CEO, KVIC, Mumbai
5. OSD to CVO Cell, KVIC, Mumbai
6. OSD to FA Cell, KVIC, Mumbai
7. Dy.CEOs in Central Office, KVIC, Mumbai
8. All Zonal Dy.CEOs, KVIC.
9. All Industry/Programme Directors, KVIC, Mumbai.
10. Director (IT) with a request to place the Circular on KVIC/PMEGP website.
11. Director (Publicity) with a request to publish the same in the ensuing "JAGRITI"
12. Director (Hindi Cell) for translation in Hindi
13. Master file for record.


DY.CEO (PMEGP)

The Modifications in PMEGP Scheme guidelines

7. Identification of beneficiaries:

The identification of beneficiaries will be done at the district level by **the State / district level implementation agencies viz.** KVIC/State KVIB and State DICs and Banks **etc.** The Bankers should be involved right from the beginning to ensure that bunching of applications is avoided. The applicants, who have already undergone training of at least 2 weeks under Entrepreneurship Development Programme (EDP) / Skill Development Programme (SDP) / Entrepreneurship cum Skill Development Programme (ESDP) or Vocational Training (VT) need not undergo EDP training again. Such applicants would also be given priority in selection.

Priority will also be given to the person affected by natural calamities/disaster in the areas which are declared as affected by "disaster" as defined under Section 2 (d) of the Disaster Management Act, 2005 (53 of 2005) by the Ministry of Home Affairs.

Exaggeration in the cost of the project with a view only to availing higher amount of subsidy should not be allowed.

IBA in consultation with KVIC has devised a scoring model (score card), which is being used by Member Banks for PMEGP Cases. This scoring model shall also be **uploaded on the PMEGP – e-portal so as to be made available to the implementing agencies and applicants** for evaluating the applications received/submitted. This scoring model will form the basis for the selection of beneficiaries to be sponsored to the Banks. This scoring model will also be will also be displayed on the websites of KVIC and Ministry.

- 11.8 Within five working days of receipt of application, the nodal officer of KVIC, State KVIB and DIC shall interact with the applicant personally on telephone or personal meeting and confirm the receipt/ acceptance of the application for preliminary scrutiny. The nodal officer will do all the required correction in the application in consultation/cross checking with the applicant and also provide hand holding to the applicant at every stage. **The implementing agencies, after preliminary appraisal of the application will forward the complete/corrected applications directly to one of the financing bank opted by the applicant for taking credit decisions alongwith a copy to the Lead Bank Manager (LDM) for information and monitoring. The complete/corrected applications must be forwarded to the Banks as soon as possible in no case later than three weeks of receipt of application by the implementing agencies. Forwarding of applications must be on-line on PMEGP e-portal only.**

11.9. The agencies will appraise the applications on same methodology as followed by Banks for approval of loan. The scoring model (card) devised by the IBA, **as mentioned in Clause 7 above** and being used by Member Banks for PMEGP cases, will also form the basis for the selection of beneficiaries at agency level. Applications which do not score more than 60 marks out of 100 marks will be rejected with reasons and their score card sent to the applicant for rectification in future. Only applicants scoring 60 marks and above will be sponsored to the Banks **by the agencies**. Applications which do not conform to the scheme guidelines or which remain incomplete or irrelevant ever-after consultation with the applicant will also be rejected by the concerned Nodal Officer, recording reasons for rejection. Reason of rejection will also be conveyed to the applicant. **Applicant can file grievance against such rejection to the State Director, KVIC.**

11.10 A Task Force, consisting of the following members, will be set up in each district to monitor the performance of implementation of PMEGP in their respective district on quarterly basis and submit report to the Commissioner/Principle Secretary (Industries) :

| | | |
|---|---|-----------------|
| a | Dist. Magistrate/Deputy Commissioner/Collector | Chairman |
| b | PD-DRDA / EO - Zilla Panchayat | Vice Chairman |
| c | Lead Bank Manager | Member |
| d | Representative of KVIC/KVIB/DIC | Member |
| e | Representative of NYKS/SC/ST Corporation | Special Invitee |
| f | Representative of MSME-DI, ITI/Polytechnic | Special Invitee |
| g | Representative from Panchayat (To be nominated by Chairman/District Magistrate/Collector by rotation) | 3 members |
| h | Director RSETI/RUDSETI | Member |
| i | General Manager, DIC of the District | Member/Convener |

11.11 There shall be an On-line Grievance Portal and a Grievance Cell to be setup by the KVIC, HQ. The Grievance Cell will act upon the on-line complaints within 48 hours and direct the concerned State Officers to take necessary action. Applicant, if not satisfied with the recommendations of the implementing **agency**, can file grievance against such rejection to the GM, DIC or State Director, KVIC of the concerned State, whoever is senior. CEO, KVIC, CEO, KVIB and Pr. Secretary (Industry) will be appellants authority for respective cases.

11.12 The Bank will appraise the projects and take their own credit decision on the basis of viability of each project. **No collateral security will be insisted upon by Banks in line with the guidelines of RBI for projects involving loan upto Rs.10 lakh in respect of the projects forwarded to them by the agencies.** However, they will appraise projects both technically and economically after ensuring that each project fulfills *inter alia* the criteria of

- i. Industry
- ii. Per Capita Investment
- iii. Own Contribution
- iv. Rural Areas (projects sponsored by KVIC/ KVIBs/DICs) and
- v. Negative List (Para 30 of the guidelines)

11.13 The Banks will either sanction or reject the loan application within a stipulated period. Sanction will be issued based on the online sanction letter and copies of the sanction order will be sent to the applicant (by e-mail/hard copy) as well as to KVIC/ KVIB/DIC within 30 days from the receipt of application from the District Agencies. The sanction letter will also be automatically forwarded to the concerned RSETI, or where there is no RESTI the authorized training centre, for conduct of EDP training in case where the applicant has not undergone the training. The applicants also be encouraged for online EDP Training through the online EDP Portal Udyami Entrepreneurship Development. (<https://www.udyami.org.in>) The prescribed EDP training is mandatory before releasing of loan by the Banks.

25. Rehabilitation of Sick Units

Sick units under PMEGP for their rehabilitation will be linked with RBI's Guidelines for rehabilitation of sick small scale industrial units issued to all Scheduled Commercial Banks from time to time.

CREDIT SCORING CRITERIA - PMEGP

The model is based on a set of characteristics which are grouped as Personal, Business and Collateral.

The acceptable borrower should get a minimum score of 50 out of 100 for loan upto Rs.10 lakhs and for loan above Rs.10 lakhs minimum score of 60 out of 100.

Name of Firm/Borrower :**1. Personal details : (In case of non-individual details of main promoter to be captured)**

| Sr. No. | Parameters | Maximum marks | Marks scored | Criteria | Marks |
|---------|--|---------------|--------------|--|------------------|
| 1 | Age | 6 | | 25 to 40 18 to 24 41 to 49 50 & above | 6 5 3 2 |
| 2 | No. of dependents | 2 | | Upto 3 > 3 | 2 0 |
| 3 | Owing a house/parental house | 5 | | Yes No | 5 2 |
| 4 | Residing at the same address/location | 5 | | 5 years and above 2-5 years Less than 2 years | 5 3 2 |
| 5 | Academic qualification | 4 | | Graduation Intermediate or More Metric Below Metric | 4 3 2 1 |
| 6 | Experience in the line of trade | 8 | | = > 3 years 1 to 3 years < 1 year Nil | 8 6 3 0 |
| 7 | Any other source of Income incl. family | 5 | | Yes No. | 5 2 |
| 8 | Assessed for Income Tax | 2 | | Assessed Not assessed | 2 1 |
| 9 | Have life insurance policy (PMSBY, PMJJBY, APY or any other insurance policy) *Point 1 for each, max 3) | 3 | | Yes No | * 0 |
| | MARKS SCORED | 40 | | | |

2. New Venture/Firm

| Sr. No. | Parameters | Maximum marks | Marks scored | Criteria | Marks |
|---------|---|---------------|--------------|--|------------------|
| 1 | Relationship with lending Bank | 5 | | Above 3 years 1 to 3 years < 1 year New | 5 3 2 1 |
| 2 | Credit History | 5 | | Very Good Satisfactory No history | 5 4 3 |
| 3 | Location advantage (availability of infrastructure, raw materials, labour, proximity to markets etc.) | 5 | | Yes No | 5 3 |
| 4 | Skill Certification Course/RSETI/ITS/Computer Knowledge | 5 | | Yes No. | 5 2 |
| 5 | Marketing Tie Ups for sale of products | 5 | | Yes No | 5 2 |
| 6 | Line of activity | 5 | | Mfg/Service Trade & Others | 5 3 |
| 7 | Registered with Govt. authorities viz for sales Tax/Vat/licence from local bodies/shop act etc. | 5 | | Yes No** | 5 3 |
| 8 | Repayment period (not applicable for only working capital loans) | 5 | | Upto 5 years Above 5 yrs | 5 3 |
| 9 | Employment Generation | 5 | | Above 5 3 to 5 Self employed | 5 3 2 |
| 10 | Avg. DSCR (not applicable for working capital loans) | 5 | | > 2 1.5 to 2 < 1.5 | 5 3 2 |
| | MARKS SCORED | 50 | | | |

**** To be followed up and completed**

3. Security

| Sr. No. | Parameters | Maximum marks | Marks scored | Criteria | Marks |
|---------|--|---------------|--------------|--|--------------|
| 1 | Collateral securities coverage : Not covered under CGTMSE/CGFMU/CGSSI OR | 10 | | 100% & above 50% to < 100% Less than 50% | 10 8 6 |
| 2 | Covered under CGTMSE/CGFMU/CGSSI | 10 | | | 10 |
| | MARKS SCORED | 10 | | | |

Appraised by

Approved by

Name

Date