



## PMEGP and CGTMSE

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### Why in News

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Ministry of **Micro, Small & Medium Enterprises (MSMEs)**, Finance Ministry and senior **management of all banks** held a meeting to review some of the key schemes of Ministry of MSME which generate a large number of jobs with low capital investment.

- The focus of the meeting was on the **Prime Minister's Employment Generation Programme (PMEGP)** and **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**.
- It was also emphasised that there is a need for providing support to the MSMEs by **suitably restructuring the stressed loans at an early stage** with the help of the banks.

### Prime Minister's Employment Generation Programme

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- Launched in **2008-09**, it is a **credit-linked subsidy scheme** which promotes self-employment through setting up of micro-enterprises, where subsidy up to 35% is provided by the Government through Ministry of MSME for loans up to ₹25 lakhs in manufacturing and ₹10 lakhs in the service sector.
  - The balance amount of the total project cost will be provided by the banks in the form of term loan and working capital.
- It is a **flagship scheme** of the Ministry of MSME.
- **Implementation:**
  - **National Level-** Khadi and Village Industries Commission (KVIC) as the **nodal agency**.
  - **State Level-** State KVIC Directorates, State **Khadi and Village Industries Boards** (KVIBs), District Industries Centres (DICs) and banks.

- **Eligibility:**
  - Any individual above 18 years of age, Self Help Groups, Institutions registered under **Societies Registration Act 1860**, Production Co-operative Societies and Charitable Trusts are **eligible**.
  - Existing Units and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are **not eligible**.  
Only new projects are considered for sanction under PMEGP.
- **Discussions on PMEGP in the meeting-**
  - Banks have supported setting up a large number of enterprises under PMEGP and it has particularly seen a two-fold increase in last Financial Year (2019-20) when more than 73,000 micro-enterprises were assisted.
  - Further, to boost the PMEGP, the target in the current year has been increased to support the establishments of 80,000 units.

### **Credit Guarantee Fund Scheme (CGS) for Micro and Small Enterprises**

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- It was launched in **2000** by the Government of India (GoI) to make available **collateral-free credit to the micro and small enterprise sector**.  
Both the existing and the new enterprises are eligible to be covered under the scheme.
- The corpus of CGTMSE is being contributed by the **GoI and SIDBI** in the **ratio of 4:1 respectively**.
- The Ministry of MSMEs, GoI and **Small Industries Development Bank of India (SIDBI)** established a trust named **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)** to implement the CGS.
- **Discussions on increasing the reach of CGTMSE in the meeting**  
Government has set a target of increasing credit guarantee to ₹50,000 crores under this scheme, which is a jump of about 67% over the last year.

**Source: PIB**