Prime Minister’s Employment Generation Programme (PMEGP)

**Syllabus subtopic:** Welfare Schemes for Vulnerable Sections of the population by the Centre and States and the Performance of these Schemes

**Prelims and Mains focus:** about PMEGP and its significance; challenges faced by MSMEs

**Context:** In a meeting chaired by Minister of MSME, some of the key schemes of Ministry of MSME which generate large number of jobs with low capital investment were reviewed.

**About the meeting**

The focus of the meeting was on the **Prime Minister’s Employment Generation Programme (PMEGP)**, a flagship scheme of the Ministry of MSME, and **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**. In addition, the issue of restructuring of stressed loans to MSMEs was also discussed to find a way forward to support MSMEs.

**About PMEGP**

- PMEGP is a **credit linked subsidy scheme** which **promotes self-employment** through **setting up of micro enterprises**, where **subsidy up to 35 percent** is **provided by the Government** through Ministry of MSME **for loans up to Rs. 25 lakhs in manufacturing** and **Rs 10 lakhs in service sector**.

- Banks have been supporting setting up large number of enterprises under PMEGP over the past years, which has particularly seen a two-fold increase in last Financial Year when more than 73,000 micro enterprises were assisted.
• To give further boost to the scheme, the **target in the current year has been increased to support the establishments of 80,000 units.** In the current year, more than 46,000 units have already been provided with loans by the various Banks and additionally 22,000 loan applications have also been sanctioned and are awaiting disbursement. Banks were requested to release the loans in such approved cases immediately. Besides, the Banks were requested to take up about 1.18 lakh pending loan applications latest by 15th March, with special emphasis on North Eastern Region (NER). CMDs of the Banks, while supporting the scheme, confirmed that they will clear all pending cases by 15th March.

**Stresses loans challenge faced by MSMEs**

One of the **major challenges faced by MSMEs is in restructuring stressed loans** due to sector related problems or issues with the large industries to which they supply. There is a need for providing support to the MSMEs by suitably **restructuring the stressed loans at an early stage.** In accordance with the Budget announcement, the **cut-off date for restructuring of loans to MSMEs has been already extended up to 31st December 2020.**