



Directorate of Prime Minister's Employment Generation Programme
KHADI AND VILLAGE INDUSTRIES COMMISSION
Ministry of Micro, Small, & Medium Enterprises
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No. PMEGP/ 2nd Loan/Policy/2018-19

Date: 03.01.2019

ADDENDUM

Sub: Clarification on the points raised on sanction of 2nd loan under PMEGP.


This is in continuation to this Office Circular No. PMEGP/Policy/2018-19 dtd. 07.06.2018 for 2nd financial assistance for PMEGP/Mudra units. It is to inform that during PMEGP Nodal Officers & Bankers meeting held on 08.10.2018, some of the representatives of financing banks raised some clarifications on sanction of 2nd loan under PMEGP/Mudra. The issues were referred to Ministry and the Ministry has conveyed following clarification:

- (i) For 2nd loan, clearance certificate from banks in respect of 1st loan is necessary. Since the Working Capital (WC) is a revolving capital in the form of CC limit and it is in continuous operation to run the activities, the component of repayment of WC may be exempted for obtaining the loan clearance certificate.
- (ii) The financing bank should generally be the same for availing 2nd loan, so that the beneficiary need not repay revolving WC for being eligible for availing 2nd Loan. However, in case, if beneficiary is interested to avail 2nd loan from other banks, the beneficiary may not necessarily repaid the entire loan (CE + WC) availed from 1st bank. Complete settlement of term loan only will suffice for availing 2nd loan under PMEGP.
- (iii) As per existing guidelines for 2nd loan, Margin Money (MM) adjustment is after 18 months. Under the 1st loan through PMEGP the lock in period of MM subsidy is three years and the MM adjustment is done after 36 months. Accordingly, the MM adjustment for 2nd loan may also be done at par with the 1st loan i.e. after completion of 36 months.
- (iv) Implementing agency (KVIC, KVIB, DIC, Coir Board) have their role limited to scrutiny of the applications for sanctioning of 2nd loan under PMEGP, by examining the completion of procedural aspect only. The beneficiary can choose any agency and that may be different from the agency chosen for the 1st loan.

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It is requested to take note of the above clarification and circulate among all concerned for implementation of the same immediately.

This is issued with the approval of Competent Authority.


(M. RAJAN BABU)
DIRECTOR (PMEGP)

To :

1. All State/Divisional Offices, KVIC
2. All State/UT KVI Boards
3. All Zonal Dy. CEOs
4. The Director, Coir Board, Ministry of MSME, GOI, Coir House, M.G. Road, Kochi-682016.
5. All Director, Industries, State Govt.
6. All CMDs. Of Banks.

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, Mumbai
8. Director (IT) with a request to place the Circular on KVIC/PMEGP website.
9. Director (Publicity) with a request to publish the same in the ensuing "JAGRITI".
10. Director (Hindi Cell) for translation in Hindi.
11. Master file for record.