

PRIME MINISTER'S ROZGAR YOJANA (PMRY)

GENERAL FEATURES

Introduction

Prime Minister's Rozgar Yojana was launched on 2nd October 1993 to assist educated unemployed youth to set up self-employment ventures. The scheme targeted for setting up of nearly 7 lakh enterprises and consequent employment generation to more than one million educated unemployed youth in the last four years of the 8th Five Year Plan. Initially, the scheme was implemented only in the urban areas of the country. Since 1994-95, it is in operation in both urban as well as rural areas. The scheme continued in the 9th Five Year Plan with the plan target of 11.00 lakh beneficiaries with annual target of 2.20 lakh beneficiaries. The PMRY is continuing in the 10th Five Year Plan also with the plan target of 11.00 lakh beneficiaries.

Common Minimum Programme (CMP) of the UPA Government envisages creation of additional employment opportunities in the rural non-farm sector. Accordingly, the target for the year 2004-05 & 2005-06 under the Yojana has been enhanced from 2.20 lakh beneficiaries to 2.50 lakh beneficiaries per annum.

Objective

The PMRY aimed to provide employment to more than a million persons by setting up of 7 lakhs micro enterprises by the educated unemployed youth during the last four years of VIII Five Year Plan i.e. 1993-94 to 1996-97. The Scheme has been continuing in the X Five Year Plan. It relates to the setting up of the self-employment ventures in all economically viable projects (except direct agricultural operations). The

Scheme also seeks to associate reputed non-governmental organizations in implementation of PMRY Scheme especially in the selection, training of entrepreneurs and preparation of project profiles.

Target Group/Eligibility

1. Age:

i) 18 to 35 years for all educated unemployed.

ii) 18 to 40 for all educated unemployed in North-East States, Himachal Pradesh, Uttaranchal and J&K.

iii) 18 to 45 years for Scheduled Castes/Scheduled Tribes, Ex-servicemen, Physically Disabled and Women.

2. Educational Qualification:

VIII pass. Preference will be given to those who have been trained for any trade in Government recognized/approved institutions for duration of at least six months.

3. Family Income:

Neither the income of the beneficiary along with the spouse nor the income of parents of the beneficiaries shall exceed Rs.40,000/- per annum.

4. Residence:

Permanent resident of the area for at least 3 years. (Relaxed for married men in Meghalaya and for married women in rest of the country. For married men in Meghalaya and for married women in rest of the country, the residency criteria applies to the spouse or in-laws.

5. Defaulter:

Should not be a defaulter to any nationalized bank/financial institution/co-operative bank. Further, a person already assisted under other subsidy, linked Government schemes would not be eligible under this scheme.

6. Activities Covered:

All economically viable activities including agriculture and allied activities but excluding direct agricultural operations like raising Crop, purchase of manure etc.

7. Project Cost:

Rs.1.00 lakh for business sector.

Rs.2.00 lakh for other activities, loan to be of composite nature. If two or more eligible persons join together in a partnership, project upto Rs.10.00 lakh are covered. Assistance shall be limited to individual admissibility.

Self Help Groups can be considered for assistance under the Scheme provided:

- Educated Unemployed Youth satisfy the eligibility criteria laid down under the Scheme volunteers to form SHG to set up self-employed ventures (Common Economic Activity).
- A Self Help Group may consist of 5-20 educated unemployed youth.
- No upper ceiling on loan.
- Loan may be provided as per individual eligibility taking into account requirement of the project.
- SHG may under take common economic activity for which loan is sanctioned without resorting to onward lending to its members.
- Subsidy may be provided to the SHG as per the eligibility of individual members taking into account relaxation provided in North Eastern States, Uttaranchal, Himachal Pradesh and Jammu & Kashmir.

- Required margin money contribution (i.e. subsidy and margin to be equal to 20 per cent of the project cost) should be brought in by the SHG collectively.
- The exemption limit for obtention of collateral security will be Rs.5.00 lakh per borrowal account for projects under Industry Sector. Exemption from collateral will be limited to an amount of Rs.1.00 lakh per member of SHG for projects under Service & Business Sectors. Banks may consider enhancement in limit of exemption of collateral in deserving cases.
- Implementing agencies may decide necessity of predisbursal training for all the members/majority of the members of the group.

8. Subsidy & Margin Money: i) Subsidy will be limited to 15% of the project cost subject to ceiling of Rs.7,500/- per entrepreneur. Banks will be allowed to take margin money from the entrepreneur varying from 5% to 16.25% of the project cost so as to make the total of the subsidy and the margin

money equal to 20% of the project cost.

For North Eastern States, Himachal Pradesh, Uttaranchal and J&K.

ii) Subsidy @ of 15% of the project cost subject to a ceiling of Rs.15,000/- per entrepreneur for north-eastern States, Himachal Pradesh, Uttaranchal and Jammu & Kashmir. Margin money contribution from the entrepreneur may vary from 5% to 12.5% of the project cost so as to make the total of the subsidy and the margin money equal to 20% of the project cost.

9. Collateral:

No collateral for units in industry sector with project cost upto Rs.2.00 lakh (the loan ceiling under the PMRY). For partnership projects under Industry Sector, the exemption limit for obtention of collateral security will be Rs.5.00 lakh per borrowal account. For units in service and business sector no collateral for project upto Rs.1.00 lakh. Exemption from collateral in case of partnership project will also be limited to an amount of Rs.1.00 lakh per person participating in the project.

10. Rate of interest & repayment: Normal rate of interest shall be charged. Repayment schedule

may range between 3 to 7 years after an initial moratorium as may be prescribed.

11. Reservation: Preference should be given to weaker sections including women. The scheme envisages 22.5% reservation for SC/ST and 27% for Other Backward Class (OBCs). In case SC/ST/OBC candidates are not available, States/UTs Govt. will be competent to consider other categories of candidates under PMRY.

12. Training:

Each entrepreneur whose loan is sanctioned is provided training as per details given below:

i) For industry sector: Duration: 15-20 working days.

Stipend: Rs.300/-.

Training expenditure: Rs.700/-. Per beneficiary

ii) For service & business sector:

Duration: 7-10 working days.

Stipend: Rs.150/-

Per beneficiary

Training expenditure: Rs.350/-.

13. Implementing Agency: The District Industry Centers and Directorate of Industries are mainly responsible for implementation of the Scheme along with the banks.

14. Implementation:

The district being well-established geographical unit for many programmes the coordinated implementation of the programme is undertaken at the district level. The educated unemployed youth are expected to apply to the District Industries Centre/Directorate of Industries/O/o the Dy. Commissioner of their districts. Preliminary screening is done by a District Level Task Force Committee/Block Level Task Force Committee/Mandal Level Task Force Committee.

At district level, Task Force comprises of a Chairman who is a senior officer of the implementing agency preferably head of the agency e.g. General Manager of District Industries Centre, Director, in case of SISI, Addl. Director of Industries in case of Directorate of Industries, or Dy. Commissioner of the District. Other members of the Task Force are representatives of 1. Lead bank. 2. Two leading Banks. 3. District Employment Officer. 4. One member each from DIC/SISI (Other than the implementing agency). 5. One officer as a member secretary to be nominated by the chairman of the Task Force. 6. Chairman may co-opt one or more members from reputed non-governmental organizations.

To ensure that the welfare of the women is taken care of, State and UTs have been instructed to invite one woman associated

with the welfare of women in the meeting of the District Task Force Committee.

Besides, the lead bank and the leading banks, other implementing banks should be invited to attend the District Task Force Committee meetings on rotational basis.

Implementation of the scheme involves identification of beneficiary, Selection of specific avocations, identification of the support system required by the beneficiary,- escort service and close liaison with the banks and other local agencies concerned with industry, trade and service sectors. The Task Force is responsible for (i) motivating and selecting the entrepreneurs, (ii) identifying and preparing schemes in industry, service and business sectors, (iii) determining the avocations/ activities (iv) recommending loan (v) getting speedy clearance, as necessary from the authorities concerned.

15. Monitoring:

The Scheme is being monitored at district level by [District PMRY Committee](#), at State / UT level by [State/UT PMRY Committee](#) and at Central level by [High Powered Committee](#) under the Chairmanship of Secy. (SSI & ARI).

16. Involvement of Non-Governmental Organizations:

State/UT Governments may involve reputed Non-Governmental Organizations, Chambers of Commerce and Industry, Trade and Industry Associations etc., right from the identification, motivation and selection of beneficiaries by nominating them in the Task Force, preparation of project profiles. They can also help the borrowers in proper management of the assets,

marketing of the products, repayment of loan installments etc. Training of beneficiaries is another area where they can play a very useful role. State/UT Governments should work out the methodologies to associate the reputed NGOs in a manner, which will bring the scheme to the doorstep of the potential beneficiaries. Industry Associations should also be requested to urge their members to adopt at least one unit and act as mentor.

OPERATIONAL GUIDELINES

Immediately on receipt of targets from the Central Government, State/UT Governments would convey district wise targets to each district. During the year 1993-94, it was proposed to cover 40,000 beneficiaries under PMRY in urban areas only. Since 1994-95 the scheme has been continuing with annual plan target of 2.20 lakhs persons. The target for 20054-05 has been enhanced to 2.50 lakh.

1. Basic Target are distributed by giving 50% weightage to population and 50% weightage to the educated unemployed youth registered in the Employment Exchanges of the State/UT. Additional targets are also allocated to States/Uts depending upon the (a) past performance of the State/UT, (b) special need of the State/UT, (c) Assurance to address to loan recovery, (c) other issue like furnishing of utilization certificates etc.
2. The Task Force would invite applications in **Prescribed Form** from eligible persons through advertisements in local newspapers. Bank branches have also been authorized to receive applications directly under the scheme. Publicity would also be given by display on Notice Boards in the Banks and BDO's offices. (Prescribed

application form is an indicative one and can be suitably modified if need be, in the District Level Bankers Committee).

3. The applicant is required to submit application form duly filled along with an '**Affidavit**' on plain paper.
4. These applications will be approved by the District Task Force Committee and would be recommended to the concerned bank branches. The names of the beneficiaries approved by the Task Force would be displayed on the Notice Board in the office of the Chairman of the Task Force immediately after the meeting.
5. All the cases received by the Branch Managers after recommendation by the Task Force Committee would be disposed of expeditiously.
6. The successful applicants are required to submit the 'Affidavit' on the relevant non-judicial stamp paper (Value being determined as may be applicable to the concerned state). The affidavit should be duly attested by a Notary and not by the Oath Commissioner.
7. Training Institutions should be identified and modules for training should be kept ready by the time the loan is sanctioned by banks.
8. As soon as the cases are sanctioned intimation will be sent to DICs etc. (i.e. implementing agency) by the banks so that training activity can start.
9. In order to ensure that the desired results are achieved all activities should be completed in a time bound manner and difficulties experienced should be sorted out in the District PMRY Committee.
10. State/UT Governments may provide necessary infrastructure support like provision of industrial sites, shops, water on preferential

basis to these entrepreneurs. Provisions of sites and sheds at concessional rate to service ventures in urban areas will be essential for the success of service ventures. Many State/UT Govts. are providing various tax concessions and incentives under their Industrial policy. Such concessions should also be extended to the beneficiaries under the scheme.