CHAPTER III

PRIME MINISTER’S ROZGAR YOJANA - AN OVERVIEW
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The Prime Minister’s Rozgar Yogana is a self-employment scheme for educated unemployed youth. This government-sponsored scheme was launched on 2nd October 1993. It has completed 10 years since its launching. The scheme is still in operation throughout the country.

The objective of the scheme is to provide sustainable employment to educated unemployed youth through the establishment of micro enterprises. These enterprises will cover manufacturing, service and business ventures. The PMRY has a target of setting up seven lacs micro enterprises that are expected to generate employment for 1.4 million persons by the end of 8th Five Year Plan. The scheme was intended to cover only urban areas of the country during 1993-94. During the year 1994-95 the scheme has been extended to rural areas. The erstwhile Self Employment for Educated Unemployed Youth (SEEUY) scheme has been subsumed in PMRY from the year 1994-95.
The salient features of the scheme are:

**Urban Area**

The definition of "Urban Area" will be the same as given in the Population Census Report of 1991.

**Age**

The age limit for the applicants in general category is between 18 and 35 and for SC/ST, Ex-servicemen, Physically Handicapped and Women applicants the age limit is between 18 and 45. For determining the cut off date for reckoning the age limit of the applicants, the date of receipt of application for loan at the concerned DIC/Directorate of Industries should be taken.

**Family Income**

Beneficiaries having family income of less than Rs.24,000/- per annum would be eligible for assistance under the scheme. This limit has been raised to Rs.40,000/- during the financial year 1999-2000. Family for this purpose means spouse and parents of the beneficiary. Family income would include income from all sources including wages, salary, pension, agriculture, business, rent, etc.
The Task Force has to scrutinize and satisfy that the applicants meet the income limit criteria. Once the Task Force recommends a case, it is presumed that applicant satisfies the income criteria unless there is evidence to the contrary.

**Educational Qualifications**

Minimum educational qualification fixed for the applicants to apply for assistance under the scheme is matriculation (passed or failed).

During the financial year 1999-2000 the Central Government has modified this criteria. Accordingly persons who have passed VIII Standard can also apply for assistance under the scheme.

Those who have passed ITI and persons who have undergone the Govt. sponsored Technical course for a minimum duration of 6 months can also apply for assistance under the PMRY scheme. Applicants with higher qualifications or who are still pursuing further courses of studies after their matriculation are also eligible for assistance.
Area of Residence

Applicants should be permanent resident of the area for the last 3 years. For this purpose "area" means the district. If the applicant is desirous of setting up a venture at any place in the District in which he is residing for the last 3 years, he is eligible for assistance under the PMRY scheme. Ration Card is the proof of residence for the purpose of the resident of the area. In the absence of a Ration card, Residency Certificate issued by the Deputy Commissioner / District Magistrate or other appropriate authority designated by the State Govt. may be taken or any other document to the satisfaction of the District Committee / Sub Committee may be accepted as a proof of residency.

Defaulter

A defaulter to the Bank or Financial Institution is not eligible for assistance under the Scheme. Similarly when a member of the family is a defaulter to a Bank or Financial Institutions, other members of the same family will not be eligible for assistance under this Scheme.

However, an applicant will be denied assistance under the PMRY Scheme on the ground that another member of the same family having been assisted under any other Central / State / State owned Corporation sponsored scheme (with or without subsidy).
Implementation Of The Scheme

The implementation process involves identification of beneficiary, selection of specific vocation, identification of the support system required by the beneficiary, escort services and close liaison with the banks and other local agencies concerned with the industry, trade and service sectors.

The Scheme is implemented through the office of the Development Commissioner (Small Scale Industries) at the Central Level, The State / UTI Level and at the field level by District industries Centres (DICs). Separate PMRY Committees at State level and District level are set up for implementation of the Scheme.

State PMRY Committee

A Committee was constituted at State level to administer the scheme in the State. The Chief Secretary is the Chairman of the Committee. Other members in the Committee are Secretary, Department of Industries, Department of Finance, Department of Planning, Department of Rural Development, Department of Labour, and Representative of State Level Banking Institutions, including Reserve Bank of India and Commissioner/Director of Industries and Commerce who is the member
secretary. The committee can invite any person whether official or non-official if his presence is felt necessary in the meeting.

The State PMRY Committee provides leadership and guidance to the District PMRY Committees in planning and implementation and monitoring of the scheme. It co-ordinates the activities of various implementing agencies and reviews the physical targets and achievements. The State PMRY Committee has to monitor and evaluate the implementation of the scheme in the State.

District PMRY Committee

In each district in Kerala a District PMRY Committee is constituted under the chairmanship of District Collector or Deputy Commissioner. Other members in the Committee are District Employment Officer, Lead Bank Manager, Chairman of Task Force Committee, District Industries Manager, District Welfare Officer and any other person nominated by the Chairman if his presence is felt necessary.

The District PMRY Committee provides necessary information to other implementing agencies about the basic parameters and requirements of the scheme and tasks to be performed by them. It formulates the training programme and prescribes the terms and conditions of training and periodically
reviews the same. Monitoring and evaluation of the scheme at district level and co-ordination of the activities of the various agencies are the important functions of the District PMRY Committee.

The PMRY committee will be similarly constituted in four metropolitan cities. The responsibilities of the PMRY committee are:

1. Motivating and selecting the entrepreneurs
2. Identifying and preparing scheme in trade, service establishments and cottage and small industries.
3. Determining the vocation activities for each entrepreneur.
4. Recommending loan for the entrepreneurs.
5. Getting speedy clearance, as necessary for the authorities concerned.

**Eligible Activities**

**Nature of Activity**

The assistance under the scheme can be availed of for all economically viable activities, including agriculture and allied activities but excluding direct agricultural operations, buying manure, etc. Banks can finance any activity that is economically viable and bankable including setting up of enterprises relating
to servicing, business and manufacturing. Existing activities being financed under SEEUY will also qualify for assistance.

**Group Activity**

Group activities have a better chance of success because of their backup support and market linkages. Group activities should therefore be encouraged. If more than two applicants join together and form a partnership firm then they will be eligible for assistance.

**Loan Amount**

**Individual**

An entrepreneur eligible under the scheme can take a composite loan from a bank upto Rs.1 Lakh for business activities and Rs.2 Lakhs for service and industrial activities. The borrower is required to give personal guarantee for the loan taken from the bank.

**Partnership**

If two or more applicants join together and form partnership firm such firm will be eligible for a total loan and subsidy. The loan amount in such case is limited upto Rs.10 Lakhs. But the loan amount and subsidy to each beneficiary
does not exceed the prescribed limit. The maximum number of beneficiaries to join the partnership will be as per the provisions of the Partnership Act.

**Project Cost**

For getting assistance under the scheme the project cost should not exceed the prescribed limit. This limit at the time of launching the scheme in 1993 was Rs.1 Lakh. But after considering the increase in the general price level and income conditions the Govt. has revised the limit during the financial year 2000-2001 to Rs.2 Lakhs.

**Margin**

The beneficiary would be required to bring in 5% of the project cost as margin money. In case of partnership, each partner has to bring in the margin money.

**Collateral Security / Guarantee**

Under the scheme, apart from the margin and the personal guarantee of the borrower, Assets created out of the bank loans availed under the scheme are to be hypothecated / mortgaged / or pledged to the bank till full repayment of the loan. Banks have been advised that they should not insist on any collateral security or guarantee in respect of loans sanctioned under the PMRY.
Scheme. Borrowers are not required to give any collateral security or guarantee for getting loans under the Scheme.

Rate of Interest

The rate of interest chargeable on the loan granted under the scheme would be as per the direction or interest rates issued by RBI from time to time on slab basis.

Scrutinizing the Applications

The task force committees set up at district level and subordinate task force constituted at sub-divisional level or block level are entrusted with the work of scrutinizing the applications received from eligible persons and interview the candidates. The applications approved by the task forces are referred to the banks for providing loans. The banks will sanction the loans after satisfying themselves about viability and bankability of the project.

In addition to sponsoring of application by task forces, banks themselves may also receive applications directly from the eligible persons under the scheme. However, such applications should be sent to sponsoring agency, with their observation on the viability and bankability of the project. Sponsoring
agents would formally sponsor such applications back to the bank branches for sanction of loans.

**Disbursement of the loan**

The loan sanctioned under the scheme for each programme has to be disbursed within the stipulated time schedule / reasonable time, provided the borrower completes the required formalities.

Where loans sanctioned in a particular year remain undisbursed in the following year for various reasons such as borrowers lose interest or are absorbed in other avocations etc. Banks may treat such loans as lapsed after a period of 9 months in the financial year following from the date of sanctioning the loan.

**Repayment**

The assistance under the scheme would be given for a definite period ranging from 3 to 7 years depending on the nature and profitability of the venture. The loan sanctioned should be repaid within the prescribed time limit. Initial moratorium of 6 to 18 months is to be allowed. The moratorium period may be reduced in cases where surplus income generated out of the profits justifies commencement of repayment. Working capital limit should be reviewed periodically.
Training

The entrepreneur selected under the scheme would be provided with training and other entrepreneurial development assistance by the Government. Training is compulsory for industrial and service ventures.

The beneficiaries have to attend the training programme before the disbursement of the loans by the banks. Training and infrastructure expenses at the rate of Rs 1500/- per beneficiary will be given to the State Government / Union Territories after getting confirmation that loans have been sanctioned by banks.

The banks have been instructed to disburse loans only to those beneficiaries who have attended the training programmes organized under the scheme.

The beneficiaries exempted from training shall not be eligible for a stipend and no training expenses shall be incurred in such exempted cases.

In case the beneficiary has undergone any training programmes as equivalent or higher Entrepreneurship Development training of same or longer duration conducted by a reputed institution or bank, the beneficiary may be
exempted from training under PMRY as required after the loan is sanctioned. In such cases the General Manager of the concerned District Industries Centre should issue a certificate stating therein the training that has already been attended by the beneficiary and exempting him from attending which will enable the banks to disburse loans.

The duration of the training programme is normally one month. However, the District PMRY Committee can change the duration and prescribe the duration for new trade

The training programme should take care of special needs of the educated. The training programme should consider the new trends and development in the society. The programme should aim at developing the taste and inborn talents of the beneficiary. Unemployment among women is higher than among men. The more suitable area where women can engage are manufacturing and repairing of electrical and electronic gadgets, watch assembly and spares. Computer software, Crèche, - Day Care Service, etc. They should be given larger access to the training facilities in manufacture of computer parts, software developments, repair of T.V. and electronic equipments, running of printing presses, pharmacies, dry cleaning and in small service industries like restaurants, small guest houses, etc.
In manpower development importance should also be given to the emerging requirement of skill. Industry and other users of skilled manpower, who are aware of emerging requirements of skill, should be involved in manpower development. Chamber of Commerce and Industry should also come forward to provide training in entrepreneurship and promote self-employment. It is intended that spare capacity available in ITI, Polytechnics and other suitable training institutes run by Government, private or voluntary organizations will be utilized by running double shifts and by suitable amendments in the curriculum.

The district being well-established geographical units for many programmes, it is proposed that the co-coordinated implementation of the programme will be undertaken at the district level. The District PMRY Committee will function as a nodal agency for the formulation of self-employment plans, their implementation and monitoring. The Committee could set up a sub-committee for the purpose.

**Subsidy**

Under this scheme the beneficiaries would be eligible for a subsidy of 15% of the project cost subject to a ceiling of Rs.7,500/- from the Government. The subsidy portion will be kept as fixed deposit with the bank in the name of
the borrower for the duration of the term loan component. However, the beneficiary will not get interest on the subsidy amount retained by the bank as fixed deposit in the name of the beneficiary. The bank would not charge interest on the portion of the loan that represents the subsidy.

The rate of interest to be charged will be decided on the basis of loan amount not of subsidy. The subsidy deposit will be available to the borrower for adjustment against the installment(s) due under the loan component. In any case the fixed deposit will be kept in the bank for a minimum period of 3 years and would be available for adjustment only thereafter.

Monitoring

The scheme will be monitored at district level by District PMRY Committee, Metropolitan City Committees or City Sub-Committees set up for the purpose at State level by State PMRY Committee and at Central level by High Powered Committee under the Chairmanship of Secretary (SSI & ASI). Problems of implementation, Co-ordination and monitoring are to be sorted out by this Committee who is to meet once in a month. The progress of the scheme will also be monitored by the District Consulting Committee (DCC) at the District Level and by the State Level Bankers committee (SLBC) at the State level during their periodic meetings.
Involvement of Non-Governmental Organizations

Non-Governmental Organizations can play a very important role in the implementation of the PMRY. They can be involved right from the identification, motivation and selection of beneficiaries. They can also help the borrowers in proper management of assets, marketing of products, repayment of loan installments, etc. Training of beneficiaries is another area where they can play a very useful role. States / UTs 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.

Evaluation

The Government of India will carry out concurrent evaluation on a regular basis. The Central Government fixes targets for each state government. Immediately on receipt of targets from the central government, state governments or union territories would convey district wise targets to each district. District consultation committee will allot target within the district to the banks. In the metropolitan cities, this work is to be undertaken by the metropolitan city committee. The District PMRY committee / Committees constituted for metropolitan cities or sub committees thereof would invite applications for eligible persons through advertisements in local newspapers.
Publicity would be given by display on Notice Board in the Banks or BDO's office.

The application forms for the assistance under the PMRY Scheme are available from the office of Taluk Industries centers and District Industries Centres. The applications can also be had through the Internet facilities. These applications are to be approved by the District PMRY Committee / Committee constituted for Metropolitan cities and would then be recommended to the concerned bank branches. These committees would screen loan applications and forward them to the concerned bank branches for appraisal and sanction. The responsibility of approval and sanctioning the loan applications would continue to be of the branches. The Committee would review the progress (including the recovery of loans) of the scheme. The number of applications recommended would be at least 100% more than the target fixed for the branch, to take care of rejections at the bank level.

Reservation

Emphasis is given for the protection of the weaker sections. The scheme provides 50% reservations. Government has decided to provide 22.5% for the scheduled caste and scheduled tribes and 27.5% for the other backward
classes. Further, not more than 30% of the micro entrepreneurs would be from the business sector.

The proportion of scheduled castes and scheduled tribes population to total population varies from district to district. Flexibility in fixing district targets for scheduled castes and scheduled tribes and other backward classes is permitted. It should however be ensured that for the state/union territories as a whole, the percentage of reservation for scheduled castes / scheduled tribes (22.5%) and for other backward classes (27.5%) is maintained while allocating targets.