No. PMEGP/ Policy/3/2014
Government of India
Ministry of Micro, Small& Medium Enterprises
(PMEGP Section)

Udyog Bhavan, New Delhi-110011
Date: - 06.05.2015

To,

The Chief Executive Officer,
Khadi and Village Industries Commission (KVIC),
Gramodaya, 3 Irla Road,
Vile Parle (West),
Mumbai- 400056

Subject:- **PMEGP – Modifications in the Negative list under operational guidelines – further clarification – reg.**

Sir,

I am directed to refer to your letter no. PMEGP/Policy/2014-15 dt.2nd March, 2015 and this Ministry's letter of even number dated 13.02.2015 on the above mentioned subject and to further clarify the position as follow:

(i) Industries such as processing of pashmina wool and other products like hand spinning and hand weaving have been removed from the negative list, which means that Khadi units are permitted under PMEGP. KVIC's proposal for keeping handloom/powerloom out of the purview of PMEGP has not been agreed to and therefore, in addition to Khadi units, handlooms and powerlooms units are eligible for funding under PMEGP. However, the subsidy/benefits for setting up of such units can be claimed from one Scheme of Govt. of India only.

(ii) In order to encourage the setting-up of manufacturing units under PMEGP, a ceiling of 10% on the extent of projects to be financed for transport activities may be imposed in the States/UTs except in specific regions (hilly region, NER, A & N Islands, Goa, Puducherry, Lakshadweep, Daman & Diu, Dadra Nagar Haveli, J & K and LWE affected districts).

(iii) Ceiling on trading projects; No change has been made in the negative list in respect of trading activities. Hence the existing instructions on this issue may continue.

(iv) Items/activities banned by GoI or other competent Govt. Authority will also be treated as banned under PMEGP, as provided under the existing instructions issued by KVIC.

Yours faithfully,

(ANIL KUMAR)
Under Secretary to the Government of India

Copy for information to:
(i) PS to Hon. Minister(MSME),
(ii) PS to Hon'ble MoS(MSME),
(iii) PS to Secretary(MSME)
(iv) PS to JS(ARI)