

## Directorate of Entrepreneurs and Loans

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## GENERAL

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This Dte serves as the facilitator for the ESMs who wish to start their own enterprise. Since entrepreneurship/business is a world different from service, stepping into it requires indepth knowledge/study of the project, one desires to venture into, source of finance and recovery thereof. The enterprise can be in agriculture/industry or service sector. **This Dte provides guidance and information of only financial part.** Each individual has to decide on the project he wants to undertake.

Government of India under the two flagship institutions ie National Agriculture bank for Agricultural Reconstruction and Development (NABARD) and Khadi Village and Industries Commission (KVIC) offers a large number of schemes every year in priority sectors. These schemes include the offer of subsidy and lower rate of interest on the finance (loan) available through these institutions. ESMs desirous of venturing into self-employment schemes should make use of these offers. Sphere of business is wide open.

## SELF EMPLOYMENT SCHEMES FOR EXSERVICEMEN(SEMFEX) AND WIDOWS

In self-employment, avenue lies in manufacturing activities, small-scale service establishments, agriculture, cottage and village industries. Directorate General Resettlement has launched a few self-employment Schemes for the resettlement of ex-servicemen and widows. Among the self-employment schemes, SEMFEX, II / III and PMEGP are the prominent Schemes.

### (SEMFEX) II (Arms to Farms)

This Scheme has been promoted with the assistance of National Bank for Agriculture and Rural Development (NABARD). It provides refinance to Banks for financing for development of agriculture and allied activities, such as

minor irrigation, farm mechanisation, mushroom cultivation, dairy, poultry, sheep and goat rearing, fisheries, plantation/ horticulture, Agro-processing units including food processing, forestry, wasteland development, etc.

In addition, NABARD supports bio-gas, agro-industries, small scale industries, tiny, cottage and village industries, handloom and handicrafts and service sector activities in rural areas. Under the Scheme, Soft loan Assistance for Margin Money (SLA-MM) will be available to all ex-servicemen borrowers irrespective of their rank and income to undertake all schemes under farm and non-farm sectors

Eligible ex-servicemen/widows desirous of getting loans will have to apply to the concerned NABARD with a copy to Zila Sainik Board/Rajya Sainik Board (ZSB/RSB) on the prescribed form along with the project reports.

Loan amount ranges from 10,000/- to Rs 10,00,000/- and rate of interest 8.5% to 10.5%, at present. Subsidy is provided on interest charged on loan availed, only on completion of project.

### (SEMFEX) III (Sena Se Gramodyog)

This Scheme has been launched to help rehabilitate the ex-servicemen and widows in rural industries. This Scheme is operative in collaboration with the Khadi and Village Industries Commission. The ex-servicemen will be sanctioned loan on preferential basis.

The borrower would be required to contribute only 5% of the project cost as margin money and the KVIC/KVIB/Banks would sanction the remaining 95 % of the project cost. All the schemes will be financed through the State Khadi and Village Industries Board or Scheduled Commercial Banks/RRBs/SCAB including Sainik Sahakari Bank Ltd.

The lending institutions would be fully responsible for recovery of consortium bank credit. Free training facilities are also available at the KVIC/KVIB training centers.

Eligible ex-servicemen/widows desirous of getting loans will have to apply to the concerned KVIC with a copy to Zila Sainik Board/Rajya Sainik Board (ZSB/RSB) on the prescribed form along with the project reports.

Guidelines regarding application format for various disciplines and level of manufacturing/service units are amended suitably from State to State to take care of some local needs. In general, a common format in this regard is available with ZSBs/RSBs/KVIBs/KVICs/Banks/DGR.

## PRIME MINISTERS EMPLOYMENT GENERATION PROGRAMME(PMEGP)

Prime Minister's Employment Generation Programme has been launched by the KVIC for the benefit of a large section of population of the country to generate employment for self in rural, semi urban and urban areas and limit migration from rural to urban areas by providing self-sustaining employment in rural areas. Loan limit has been raised to Rs 1 Crore in this scheme. Normal interest rate is 8.5% to 10.5% p.a. A large number of ventures have been launched under this scheme. 4% to 6% subsidy is provided against interest on loan, on completion of project by the KVIC.

5400 servicemen have obtained benefits of this scheme in the last 3 yrs. Since all Ex servicemen are eligible to utilize the benefit of these schemes, the website [kvic-regppmegp.in](http://kvic-regppmegp.in) may be seen for further details.

Eligible ex-servicemen/widows desirous of getting loans will have to apply to the concerned KVIC either direct or through ZSB/RSBs in this scheme.

### COMPARISON OF SEMFEX II AND III

<b>SEMFEX II</b>	<b>SEMFEX III</b>
* The Scheme is formulated jointly by the DGR and NABARD	* The Scheme is formulated jointly by the DGR and KVIC.
* The Scheme is operative in rural areas. No restriction of location for agro/ food processing units	* The Scheme is operative in rural areas. Mother units and Sales outlet/show room can be set-up even in urban area.
* Loan is available for agriculture, allied activities and to set up cottage and village industries.	* Loan is available for village industries and service activities except negative industries. For details see kvic web-site
* Soft Loan Assistance for Margin Money is available for all schemes under Farm Sector/ Non-Farm Sector activities.	* KVIC has placed lump-sum deposit of margin money in advance with the Banks to provide grant/ subsidy as per requirement.
* No upper ceiling for loans under farm sector.& Non-Farm sector can be assisted upto SSI limits ie 1 Crore.	* Loan is available for individual up to Rs.10 lakhs and Rs. 25 lakhs for institutions / co-operatives.

<p>* No Margin Money required for loan up to Rs.10,000/- under farm sector and Rs 50,000/- for Non Farm sector. Above this it ranges from 5% to 25%.</p>	<p>*Margin Money requirement is only 5% of the project cost. 30% subsidy is available on interest of loan up to Rs. 10 lakhs and above this 10% of the interest on remaining loan. KVIC Margin Money is provided as subsidy/grant.</p>
<p>* No upper age limit to set-up units.</p>	<p>* No upper age limit to set-up units.</p>
<p>* Interest on term loan ranges from 8.5% TO 10.5%</p>	<p>* Interest rate for village industries varies from 8.5% TO 10.5%</p>
<p>* Loan is available through Banks/SCAB/RRB/DCB</p>	<p>* Loan is available through KVIB/ KVIC/ Banks/RRBs/DCB</p>
<p>* An individual can undertake even an independent project under Transport Scheme. Loan ceiling is Rs. 10 lakhs per borrower.</p>	<p>* Loan is available for expansion of the project including Transport Van</p>
<p>* Application along with project report needs to be submitted to NABARD through ZSB/RSB.</p>	<p>*. Application along with project report needs to be submitted to KVIC through ZSB/RSB.</p>
<p>* Repayment of loans is based on income generation and decided as per project.</p>	<p>* Repayment of loan will be in 8 years including one year moratorium.</p>
<p>* Repayment of Soft Loan Assistance is along with the term loan.</p>	<p>* Repayment of all loans/margin money loan are with the term loan on commencement of commercial production/returns.</p>

## [AVENUES AVAILABLE FOR EXISTING ENTREPRENEURS](#)

### **MARKETING ASSISTANCE SCHEME**

Existing Ex-servicemen turned entrepreneurs, wanting to expand their business and look for new opportunities may get in touch with National Small Industries Corporation, (NSIC) under the Ministry of Micro, Small and Medium Enterprises, to view and evaluate their innovative schemes as offered to entrepreneurs to expand business. If interested, one may visit website [www.nsic.co.in](http://www.nsic.co.in) to view more.

### **CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES (CGTMSE)**

Availability of Co-lateral is one of the challenges faced by the entrepreneurs in the Micro Small and Medium Industries, especially for the first generation entrepreneurs. To Facilitate collaterals free lending to the sector, the Government and the Small Industries Bank of India has set up the CGTME. for details website [www.cgtmse.in](http://www.cgtmse.in) be seen.

## **GOVT DEPTTS IN AND OF ESMS INVOLVED AGRICULTURE**

Some of the technical support providing government organization in agriculture fields are given hereunder :-

- (a) For growing Medicinal plants on commercial basis – provided by National Medicinal Plants Boards. For details long on to [www.nmpb.nic.in](http://www.nmpb.nic.in).
- (b) For commercial harvesting of Oil seeds – provided by National Oil Seeds and Vegetable Oil Seeds Development Boards. For details long on to [www.novodboard.org](http://www.novodboard.org)
- (c) For commercial harvesting of Horticulture products – provided by National Horticulture Boards. For details long on to [www.nhb.gov.in](http://www.nhb.gov.in)
- (d) For Floriculture – provided by National Horticulture Boards. For details long on to [www.nhb.gov.in](http://www.nhb.gov.in)
- (e) For Animal Husbandry - provided by Deptt. of Animal Husbandry. For details long on to [www.dahd.nic.in](http://www.dahd.nic.in)
- (f) For exporting agricultural and processed food products - provided by The Agricultural and Processed Food Products Export Development Authority. For details long on to [www.apeda.gov.in](http://www.apeda.gov.in)
- (g) For export of marine product – provided by Marine Product Export Development Authority. For details long on to [www.mpeda.com](http://www.mpeda.com)

## **FOR INFORMATION OF AGRICULTURAL ENTREPRENEUR**

Every year, from 01 to 03 March, an agricultural fare is organized in the Indian Council of Agricultural Research Institute (ICARI) Pusa New Delhi. All ESMS having interest in agriculture should visit the fare so as to reap the best from the farms. Be it traditional items of produce, medicinal plants, oil seeds, horticulture and Floriculture etc.

Know about the latest developments in the agricultural field, fertilizers, harvesting, storing, reducing post harvest losses and hybrid variety of fruits/vegetables to get more in limited land, the government and private players in the field.

Make use of the stalls/information centers put up in this fare by the private and government bodies specializing in the field, for their own benefits.