

**DIRECTORATE OF PMEGP/REGP
KHADI AND VILLAGE INDUSTRIES COMMISSION
IRLA ROAD, VILE PARLE (WEST), MUMBAI – 56**

No.REGP/PMEGP/Scheme/2008-09

Dt. 01-10-2008

STANDING ORDER NO.1673

**SUB:- Implementation of Prime Minister's Employment
Generation Programme (PMEGP) - reg.**

Consequent upon the approval communicated by the Ministry of MSME, Govt. of India and subsequent decision taken by the Commission in its 561st meeting held on 24-9-2008, following guidelines are issued for implementation of PMEGP scheme through KVIC, KVIB and DICs.

1. KVIC will be the nodal agency at National level for implementation of PMEGP scheme. The scheme will be implemented through KVIC field offices & KVIBs in the rural areas of the country and through DICs in both rural and urban areas.
2. KVIC will provide State/Division/UT wise physical and financial targets in respect of No. of Projects, Margin Money (Govt.subsidy) and Employment to be generated through its field offices as well as through KVIBs and DICs every year.
3. The State/Divisional Directors of KVIC, CEO/Managing Director, KVIB and Director of Industries (for DICs) will reallocate the above targets Districtwise/Bankwise in consultation with SLBC. While doing so, they have to give more weightage for backward districts in the state. It should be ensured by DIC that atleast 50% of the target should be implemented in rural areas of the district.

3. Commission will place funds (subsidy) as per the total States targets (inclusive of KVIC, KVIB and DICs) with the State Director, KVIC who will deposit the same in the main account of KVIC i.e KVIC-S.O- PMEGP main Account. It should be a Saving Bank Account in a Bank situated at the State Head Quarter. Thereafter, the State Director in consultation with KVIB, Directorate of Industries of respective State (for DICs) and SLBC will identify and open Nodal Branch Bank Saving Accounts separately i.e KVIC – PMEGP, KVIB-PMEGP and DIC -PMEGP in each Public Sector Bank and release subsidy to these accounts proportionately from main account of S.O., KVIC. The State Director, KVIC will also intimate all the details of Nodal Branch Bank Account to the concerned authorities.
4. As regards the Divisional offices of KVIC, the Divisional Director will open a main account i.e KVIC-D.O-PMEGP in the 'town' where Divisional office is situated. Subsidy will be released by the Central Office to the said Account as per the target allocated. Further, he will also identify nodal branch of Public Sector Banks for placing Margin Money (Govt. Subsidy) in the pattern to be followed by State Offices mentioned above. Divisional Directors need not to open any account in favour of KVIB & DICs.
5. The State/Divisional Directors while identifying the nodal branches of Public Sector Banks will ensure that only such Banks who have good track and performance record are identified. While placing the Funds in the nodal branches, past performance of the Banks under REGP should be taken into cognigence.

6. For the above purpose, the State Directors are authorized to open new S.B. Accounts in each identified nodal branches of Public Sector Banks in the name KVIC/KVIB/DICs separately with authorized signatories of respective offices. The Head of the Office of KVIB and DICc will identify the authorized signatories in respect of their accounts and intimate the same to the State Director, KVIC.
7. The Central Office of KVIC will release Margin Money (subsidy) to State/Divisional offices on quarterly basis and further releases to Banks should be done by the field offices only after obtaining expenditure statement, utilization certificate from the nodal branch of the Banks for the funds released earlier separately for KVIC/KVIB & DICs.
8. Each State/Divisional Directors, State KVIBs and Director of Industries of respective state should reconcile the accounts on monthly basis with nodal branches of the Banks and monthly report on reconciliation be furnished to Director (Accounts), KVIC, Mumbai as well as to Director (REGP) by 15th of every month for the preceding month under intimation to respective State Director of KVIC.
9. The State/Divisional Directors are directed to render Accounts Statements placed with them on quarterly basis to the Director (Accounts) and in no case, it should be allowed to accumulate. This has to be ensured by them from the beginning itself to avoid a situation of unsettled account.

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10. The interest earned from the main account, nodal branch accounts of KVC/KVIB/DICs on unspent balance of PMEGP accounts is to be remitted to Director Accounts on half yearly basis without fail by 31st July for the first six months and by 31st January for second six months.
11. All the nodal branch accounts so opened shall be non operative (without cheque facility) i.e. adjustment should be only through letter of correspondence.
12. KVIC keeps separate fund under Forward and Backward Linkages which will be released separately. However, this fund will be released in favour of DICs only after obtaining an undertaking from the State Government that the funds already provided under the erstwhile PMRY Scheme's Training and Pre motivational campaigns have been fully utilized by the DICs.

This will come into force with immediate effect.

(J.S.Mishra)

CHIEF EXECUTIVE OFFICER

The above is being sent to the following for necessary action:

1. All Principal Secretaries of Industries/IDC/Secretary, Industries of State/UT Administration
2. All State/Divisional Directors of KVIC
3. All State/UT KVI Boards

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Copy for information to :

1. All Members of the Commission
2. P.S. to Chairperson
3. OSD to CEO Cell
4. A.O., F.A. Cell
5. A.O., Vigilance cell
6. Jt. Secretary, Ministry of MSME, Govt. of India, Udyog Bhavan,
New Delhi – 110 011.
7. All Zonal Dy. CEOs, KVIC
8. General Manager (RPCD), Reserve Bank of India, Mumbai
9. CMDs of 27 Public Sector Banks.
10. CEO, CGTMSE, Mumbai.
11. Director (Accounts), KVIC
12. Director (REGP), KVIC
13. Director (Finance), KVIC
14. All Industry/Programme Directors, KVIC
15. PRO, KVIC
16. Director (Publicity) with a request to publish in 'Jagrati'
17. Director (IT) with a request to put in web-site of KVIC-REGP.

CHIEF EXECUTIVE OFFICER

**DIRECTORATE OF PMEGP/REGP
KHADI AND VILLAGE INDUSTRIES COMMISSION
IRLA ROAD, VILE PARLE (WEST), MUMBAI – 56**

No.REGP/PMEGP/Scheme/2008-09

Dt. 01-10-2008

OFFICE ORDER NO.2027

**SUB:- Implementation of Prime Minister's Employment
Generation Programme (PMEGP) - reg.**

The Commission in its meeting held on 24-9-2008 has approved the operational guidelines for implementation of PMEGP scheme through its State/Divisional offices, KVIBs and DICs. The said guidelines are provided below.

1. Inviting applications :-

The State/Divisional Directors of KVIC in consultation with KVIB and Director of Industries of respective states (for DICs) will give advertisements locally through print & electronic media inviting applications along with project proposals from prospective beneficiaries desirous of establishing the enterprise/ starting of service units under PMEGP. The expenditure for said advertisements will be met out from Backward & Forward Linkages fund.

The beneficiaries can submit their applications in the prescribed format at nearest KVIC/KVIB/DIC offices. The beneficiary can also submit application directly to the Bank. However, the Bank will forward the same to respective District Task Force Committee for consideration purpose. The format of application may also be down loaded from the KVIC Web-site in www.kvic.org.in and www.pmegp.in.

2. Selection of Applications :-

- i) KVIC/KVIB/DIC offices, after ascertaining that the applications and the project fulfills the criteria laid down under the scheme will forward the same to the respective District Task Force Committees within seven working days of the last date of receipt of applications.
- ii) The District Task Force Committee will meet once in a month to scrutinize the applications, conduct interviews for the prospective beneficiaries and short list the applications forwarding to the banks for sanctioning purpose. The District Task Force Committee may also call for further details, if any, required from the beneficiaries for the consideration.
- iii) After short listing the applications received through KVIC/KVIB/DIC or any other sources, the same will be bifurcated and the District Task Force Committee will forward the same to respective Banks as per the choice of the beneficiary in the designated colour code (KVIC – White, KVIB – Yellow & DIC – Blue).

3. Sanction of Applications :-

After receiving the applications duly recommended by the District Task Force Committee, the financing branch will take their own credit decision for sanction the project under PMEGP scheme. Once sanctioned, a sanctioning order will be issued in favour of beneficiary under intimation to KVIC/KVIB/DIC as the case may be i.e from whom the Government subsidy will be availed.

4. EDP Training :-

- i) After issuance of the sanction order by the financing branch of the Bank and receipt of the copy of the same, the beneficiary must have to under go EDP training for the purpose of release of funds.
- ii) The State/Divisional Directors of KVIC, KVIB & DICs will arrange the EDP training to the beneficiaries through KVIC/KVIB/DIC/Ministry of MSME/ Accredited Training Centers within a period of one month of the receipt of the intimation.
- iii) After completion of the EDP training, the Principal of the concerned training center will issues a Certificate to the effect in favour of the beneficiary and also forward a copy to the financing branch of the beneficiary.

5. Release of Bank Loan :-

As soon as the financing branch received the EDP training completion certificate, Bank will release loan as per the scheme and copy of the release order should be endorsed to KVIC/KVIB/DIC as the case may be.

6. Release of Margin Money (Subsidy) :-

- i) After receipt of the Bank loan by the beneficiary, the beneficiary will submit the margin money claim format (enclosed at **Annexure-I**) to the financing branch of the Bank within a period of seven days.

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- ii) The financing branch with their recommendation will forward the claim format to respective nodal branch where KVIC/KVIB/DIC margin money is placed with within a period of 15 days.
- iii) As soon as the claim is received by the nodal branch, the nodal branch will release the margin money (subsidy) to financing branch within one month and forward the claim papers to respective offices of KVIC/KVIB/DIC for further necessary action.
- iv) The financing branch of the Bank, after receipt of the margin money (subsidy) from the nodal branch will place the said amount under TDR in the name of the beneficiary in the financing branch itself for a period of three years. During this period, no interest will be paid on the TDR and no interest will be charged on the corresponding amount of TDR.
- v) The time limit for submission of the margin money claim by the beneficiary at the financing branch of the Bank to release of subsidy by the nodal branch of the Bank and receipt of claims at KVIC/KVIB/DIC will be 60 days. Belated claims will have to be submitted to the Zonal Committee of KVIC with justification for consideration.

7. Physical Verification of PMEGP units :

- i) 100% physical verification will be done for the units financed under PMEGP. The KVIC will engage outsource agencies for the purpose.
- ii) Though the Margin Money (Subsidy) will be released by the designated nodal branch of the Bank, KVIC/KVIB/State DIC is the final authority to either accept the claim or reject it, based on the parameters of the scheme and considering the physical verification report.

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8. Adjustment of Margin Money (Subsidy) :-

After receipt of satisfactory physical verification report from the outsourcing agency, the KVIC/KVIB/DIC will issue the adjustment letter if the unit is fulfilling all the parameters of the scheme. If not, the financing branch will be advised to remit the margin money (subsidy) to nodal branch account which was kept under TDR.

9. Monitoring and Reporting :-

i) The Task Force Committee under the Chairmanship of District Magistrate/Dy. Commissioner/Collector will hold quarterly meetings with the banks at District Level to review the status of the project proposals.

ii) The State Director/Divisional Director of KVIC, KVIB & Director of Industries of the concerned state are the authority for reporting systems of their respective state (for all the Districts). The progress of state should be furnished through web based Monthly Progress Report System for which KVIC/KVIB/DIC will be provided a separate password and user name to enter the data in the web based reporting system. The State Director of KVIC will compile the over all performance of the State (including KVIB & DICs) and furnish consolidated report to Central Office. However, the Divisional Director of KVIC will compile the performance of KVIC under their jurisdiction and submit the report to Central Office. The concerned representative of KVIC/KVIB/DIC should ensure that the data entry of their respective state should be on or before 3rd of every month for preceding month.

iii) The State/Divisional Directors of KVIC/KVIB/Director of Industries will ensure all possible steps for successful implementation/ monitoring/ reporting in their State/Division.

iv) The State/Divisional Directors of KVIC/KVIB/DICs should attend SLBC/DCC meetings for finalization of annual credit plan under PMEGP and review of progress with Bankers periodically for smooth implementation of the programme.

v) The units financed under the scheme invariably mention "KVIC-National Nodal Agency of the PMEGP" in their labels, packaging material, office stationary and sign boards etc.

vi) For entering and updating the application Status at each District Level, KVIC will out source the agencies for the purpose. The agency updates the status at every stage and this will be monitored by KVIC/KVIB/DIC representative at each District. Till this system becomes operational KVIC/KVIB/DIC will continue to maintain the existing monthly reporting system through web-based/manually at their Head Quarters.

Encl: as above.

(J.S.Mishra)

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Industries of State/UT Administration
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New Delhi – 110 011.
7. All Zonal Dy. CEOs, KVIC
8. General Manager (RPCD), Reserve Bank of India, Mumbai
9. CMDs of 27 Public Sector Banks.
10. CEO, CGTMSE, Mumbai.
11. Director (Accounts), KVIC
12. Director (REGP), KVIC
13. Director (Finance), KVIC
14. All Industry/Programme Directors, KVIC
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