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**DIRECTORATE OF PMEGP  
KHADI AND VILLAGE INDUSTRIES COMMISSION  
3, IRLA ROAD, VILE PARLE (WEST), MUMBAI - 56**

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No. KVIC/Govt. Policy/PMEGP/2012-13

Dt. 01.10.2012

**OFFICE ORDER**

**Sub: - Prime Minister's Employment Generation Programme (PMEGP) - Proposed Mechanism to bring in greater transparency and accountability in implementation of PMEGP - Reg.**

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To bring in greater transparency and accountability in implementation of Prime Minister's Employment Generation Programme (PMEGP), it has been decided to reiterate the steps to be taken for processing the applications at the level of implementing agencies, District Task Force Committees (DTFCs) as well as Banks. This will be mandatory for compliance by all the implementing agencies of PMEGP i.e. KVIC, KVIB, DIC and DTFCs as well as by Banks. KVIC will act as national level nodal agency.

**1. Applications received by the Implementing Agency i.e. KVIC/KVIB/DIC either by hand or by post:**

The beneficiaries can submit their applications in the prescribed format, accompanied by the requisite documents, to their nearest KVIC/KVIB/DIC office. They can also submit their applications to the Bank. However, the Bank will forward the same to either of the agencies for its consideration.

- i) An "Unique Identification Number" (UIN) has to be provided to each application of PMEGP, immediately on receipt by the implementing agency on "First-in-First-Service" (FIFS) basis and entry has to be made in the concerned Register.
- ii) It will be the responsibility of respective agency to enter the data in the web enabled e-tracking system, developed by KVIC, on the same day. In case receipt after office hours, entry should be made on the next working day.
- iii) **While feeding the data by the concerned agency, if any small discrepancy noticed in the application such as male/female, phone number, e-mail ID, District etc, same may be corrected if the applicant submits application personally. In case**

**of applications received by post/mail, same may be got corrected as early as possible.**

- iv) After the application is entered in the e-tracking system, an electronic receipt and an Unique ID will be automatically generated and communicated to the applicant (including via SMS over his/her Cell phone), which will be used for all future references.
- v) Acknowledgement /Receipt along with Unique ID should be sent by post/e-mail, within 7 working days from the date of receipt of the application by the implementing agency.
- vi) In case of **applications received on-line**, the system will automatically generate a Unique ID. The same should be communicated to the applicant through SMS over his/her Cell phone, by indicating the date and time of the receipt of On-line application.

The applicant shall submit the requisite documents along with hard copy of the 'System generated Receipt' either by post or in person, within 15 working days from the date of filling the on-line application to the implementing agency.

- vii) Processing of applications received on-line, however, starts after receipt of the documents, complete in all respects from the beneficiary. Priority for FIFS in such

cases, will however be the date of receipt of documents complete in all respects by the implementing agency. In cases, where the documents complete in all respects received by the implementing agencies within the stipulated time, the date of priority for FIFO will be the date of filing of complete set of application. In other cases, the date of priority will be the date on which, the documents received by the implementing agencies, complete in all respects.

viii) Document should be complete in all respects i.e. As per the "Check List" along with the Application Form:

<b>S. No.</b>	<b>Enclosure</b>
1.	Colour Code application form prescribed for each agency
2.	Age Proof
3.	Address Proof with Tel./Mobile Numbers
4.	Proof of the location - Rural/Urban
5.	Project site address alongwith Village Surpanch Certificate.
6.	Qualification of the beneficiary (Xerox copy of the education qualification may be enclosed).
7.	Caste Certificate in case of beneficiaries other than General and women category
8.	Certificate of training, if already trained
9.	Brief profile of the project to be set up

10.	An undertaking from the beneficiary that he/she has not defaulted on any previous loan
11.	Any other relevant documents

ix) A computerized receipt will be issued invariably.

## **2. Forwarding of applications to DTFC by implementing agencies:**

Applications received and entered in the e-tracking, after completion of preliminary scrutiny of the applications, fulfilling the eligibility criteria as per the scheme guidelines, have to be forwarded to the DTFC within 7 working days from the date of receipt of applications by the implementing agency. **While forwarding applications to DTFC, concerned agency should certify each application separately stating that all the criteria prescribed in the scheme guidelines are fulfilled.** In case of the delay **reasons for**, the same should be recorded in the remarks column of the system by the implementing agency.

## **3. Scrutiny and sanction of applications by the DTFC:**

- (i) The convener of the DTFC will scrutinize the applications received from the implementing agencies and place them before the DTFC with his observations by following FIFS.

(ii) The DTFC will follow FIFS in considering the cases and will follow a 'Score Card' on various parameters of selection already communicated by KVIC as follows:

<b>S. No.</b>	<b>Details</b>
1.	Projects having greater potential to generate more employment
2.	Preference for young entrepreneurs
3.	Practical knowledge about the proposed project
4.	Bank worthiness of the proposal to filter out loan defaulters
5.	Applicants having EDP/Skill Development training
6.	Applicants belonging to the traditional artisans category
7.	Projects using innovative/proven technology
8.	Applicant belonging to the disadvantaged groups of the society
9.	Task Force may also accord preference for any notable features/special strength of the project

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- (iii) The DTFC will normally meet **twice in a month or as decided by the Chairman of the Committee i.e. District Collector** to consider the PMEGP applications. The recommended applications will be forwarded by the Convener, DTFC to the respective **agency with in 7 days and in turn the agency will have to forward the applications to concerned financing bank with in 7 days from the date of receipt of the application from the convenor, DTFC.** The cases not recommended will be sent back to the implementing agency with reasons **thereof** separately.
- (iv) In respect of applications rejected, reasons for rejection have to be entered in e-tracking within 3 (three) working days on receipt of the communication from the Convener, DTFC and simultaneously should be informed to the concerned applicants. The indicative reasons for rejection of applications could be as follows:

<b>S. No.</b>	<b>Reasons for rejection of application</b>
1.	Subsidy amount already availed by the beneficiary from any other Department/Ministry
2.	More than 'One Unit in One Family'
3.	DTFC interview not attended by the beneficiary
4.	Technically not feasible

5.	Higher Project Cost (More than the ceiling limit)
6.	Proposed activity is coming under the 'Negative List'
7.	Non availability of raw material locally
8.	Non fulfillment of enclosing any other required documents, submission of information etc.
9	Any other reasons (please specify)

#### **4. Scrutiny and sanction of applications by Banks:**

- i) Immediately after receiving applications duly recommended by the DTFC, the financing bank will acknowledge to the respective agency and take decision to sanction the projects under PMEGP, as per the RBI Master Circular (Lending to Priority Sector), dated 2.7.2012 issued to all the Scheduled Commercial Banks vide Section-IV (Point No. 4.1), which is as follows:

All loan applications for Micro and Small Enterprises (MSE) upto a credit limit of Rs. 25,000/- should be disposed of within 2 weeks and those upto Rs. 5.00 lakhs within 4 weeks, provided the loan applications are complete in all respects and accompanied by a "Check List".



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In all other cases, banks will take financing decision and convey sanction or otherwise within a period of 45 days otherwise Banks have to inform the reason in writing for holding applications beyond prescribed time of RBI guidelines.

**In case, bank rejects any application, same should be returned to respective agency within the above prescribed time limit with reasons thereof for rejection.**

- ii) The applications rejected by the Banks should be entered in the e-tracking system every month by the respective agencies, indicating the reasons thereof, against each case. However, Banks should not keep any case pending beyond 45 days.

#### **5. Release of Bank Loan:**

The financing branch of the Bank must ensure the deposit of the beneficiary's contribution and thereafter release the sanctioned amount in one or more installments under intimation to the concerned implementing agency i.e. KVIC/KVIB/DIC. However, the 1<sup>st</sup> installment should not be less than the Margin Money subsidy amount.

#### **6. Conducting of Entrepreneurship Development Programme (EDP) Training:**

After sanctioning of the loan by the financing branch of the bank, the implementing agencies should ensure that the entrepreneur completes EDP training preferably before the 1<sup>st</sup> disbursement and not in any case beyond one year from the date of release of 1<sup>st</sup> installment by the financing branch of the Bank.

**In case of small projects where financing branch intended to release fund in one installment, in such cases financing branch should obtain an undertaking from the beneficiary before release of fund stating that the unit will be kept in working condition at least for a minimum period of 5 years. However, after physical verification and completion of Training whenever applicable before adjusting the margin money, the bank should once again confirm about the existence and working of the unit. In case if it is found that the unit is not working or not in existence, margin money should be returned to nodal branch and the nodal branch should deposit the same in KVIC account.**

#### **7. Submission of Margin Money claims:**

- i) After release of the 1<sup>st</sup> installment out of the sanctioned amount, the financing branch of the Bank will prefer the Margin Money subsidy claims in the prescribed format to the designated Nodal Branch of the Bank

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within 15 days of the disbursement of the 1<sup>st</sup> installment.

- ii) **Nodal Branch** after receiving the margin money claims from the financing branch, it will release margin money portion to financing branch with in 5 working days from the date of receipt of claims.
- iii) Immediately on receipt of the **Margin Money subsidy** from the concerned **Nodal Branch**, the financing branch will keep the same in fixed deposit in the name of the beneficiary for a period of 3 years with in 3 days from the date of receipt of money from the nodal branch.
- iv) **Financing branch** after keeping the MM portion in the fixed deposit in the name of beneficiary, will intimate to respective agency to upload in the e-tracking system. At the same time it should also intimate the same to concerned beneficiary without fail.
- v) No interest will be charged by the bank on loan (on equal amount of Margin Money) paid to beneficiary from the date of Fix Deposit.

### **8. Conducting of Physical Verification:**

The 100% physical verification should be **arranged by KVIC** through reputed outsourcing agency in order to ascertain

the actual establishment and working status of each unit set up under PMEGP. **This has to be conducted after 24 months and in any case before 36 months (3 years) from the date of release of 1<sup>st</sup> instalment.** This will enable to consider the adjustment of Margin Money in favour of the beneficiary or otherwise. E-tracking data base should be uploaded every month, based on the results of physical verification, by the respective agencies.

#### **9. Adjustment of Margin Money:**

After receipt of Physical Verification report, implementing agencies will issue letters to the financing branch of the banks, within 7 (seven) working days for adjustment of subsidy, which was kept under TDR, if the unit fulfills the parameters required for adjustment of Margin Money subsidy as per the scheme guidelines. If not, the financing branch will be informed to remit the Margin Money subsidy to the concerned Nodal Branch account and finally to KVIC account. Position in this respect will be uploaded in the e-tracking system every month. **However, till the adjustment letter received from the respective agency, financing branch will not adjust margin money against the corresponding loan amount.**

**10.** This system is introduced, with an idea that the applicants will be able to view the status of their cases on-line, at any point of time, which will bring complete transparency in the decision

making processes, lead to better governance in implementation. It will also ensure better accountability within all the implementing agencies i.e. KVIC, State Khadi & V.I. Boards, District Industries Centres (DICs) and Banks **besides arresting corruption.**

**11. Data entry in respect of the above para Nos. 1, 2, 3, 6, 7 and 8 above should be filled-up by the implementing agencies i.e. KVIC/KVIBs/DICs. Similarly, in respect of para Nos. 4, 5 and 9, it should be filled-up by Banks.**

**12.** CMDs of Banks, Principal Secretary/Commissioner, Industries of State Government, C.E.O./Secretary/M.D., State Khadi & V.I. Boards, Zonal Dy. C.E.Os and State/Divisional Directors, KVIC may kindly note the contents of the above Order and ensure compliance of each step for better transparency.

*D. C. Pattanayak*

**(D.C.Pattanayak)**  
**Chief Executive Officer**  
*Financial Adviser*

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

1. All Principal Secretaries of Industries/IDC/Secretary, Industries of State/U.T Administration
2. All C.E.O/Secretary/M.D., State/U.T KVI Boards
3. All State/Divisional Director, KVIC

**Copy for information to:**

1. All Members of the KVIC
2. Financial Advisor, KVIC, Mumbai
3. C.V.O., KVIC, Mumbai
4. Jt. Secretary, Ministry of MSME, Govt. of India, Udyog Bhavan, New Delhi
5. All Zonal Dy. Chief Executive Officers, KVIC
6. CMDs of 27 Public Sector Banks
7. General Manager, RPCD, Reserve Bank of India, Mumbai
8. All Programme/Industry Directors, KVIC, Mumbai
9. P.S. to Chairman
10. O.S.D., C.E.O. Cell
11. A.O., F.A. Cell
12. Dy. Director, Vigilance
13. Director, I.T., KVIC, Mumbai with a request to put in Web-site of KVIC-PMEGP
14. Director, Publicity, KVIC, Mumbai with a request to Publish in 'Jagirit'

**Chief Executive Officer**