

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

No: PMEGP/Mechanism/2012-13/Vigilance

Date: 23.11.2012

C I R C U L A R

Sub:- A. Mechanism for regular verification and effective monitoring for PMEGP.

B. Undertaking to be taken from the applicant alongwith applications form of PMEGP.

**Ref : Circular No. PMEGP/Vig/Corrs//2012-13 dt. 19.6.12.

(A) Mechanism for regular verification and effective monitoring for PMEGP

To introduce a mechanism for regular verification and effective monitoring for PMEGP, detailed guidelines were issued vide above mentioned circular dated 19.6.2012.

2. The issue has since been reviewed and it is felt that constituting a large number of Verification Teams from Central Office to verify PMEGP units is not practical on account of limited technical staff available in the Central Office and this would hamper the day to day working of the Industry / Programme Directorates in the Central Office.

3. Accordingly, superseding the earlier circular dated 19.6.2012, the following directions are issued on the subject:

- i. A team consisting of one Accountant and one technical staff i.e. DO/ADO and headed by Asstt. Director /Accounts Officer from the respective States will conduct physical verification of units under inquiry as well as other units on random sample basis.
- ii. At least five units on random sample basis per month per State / Divisional office should be verified. Zonal Dy.C.E.O. can decide higher number of Units for verification if required.
- iii. The units verified will be those sponsored by KVIC under PMEGP. Zonal Dy.C.E.O. should request CEO, KVIBs and Commissioner Industries to introduce similar system of verification for units sponsored by KVIB and DIC under PMEGP.

- iv. The unit being verified should have been sanctioned from 2010-11 and 2011-12 onwards.
However, in case of specific complaints any unit can be verified by the Team as per requirement.
- v. The team shall be constituted by Zonal Dy.C.E.O. with assistance of concerned State Director.
- vi. To conduct inspection in respect of unit under inquiry, team from State other than where the unit is located will be utilized by the Zonal Dy.C.E.O. as per the guidelines issued vide Circular No.PMEGP/Policy General/2011-12 dated 3.08.2011
- vii. The team shall submit its report directly to concerned Zonal Dy.C.E.O. who shall alongwith his recommendation forward it to Directorate of PMEGP for further necessary action.
- viii. The expenditure for the verification team towards TA/DA will be met out from the head of physical verification under B & F Linkages of PMEGP.

(B) Undertaking to be taken from the applicant alongwith applications form of PMEGP.

1. It has been observed that certain irregularities are taking place in implementation of PMEGP at field level. Applications are being forwarded directly to Banks without routing them through DTFC thus violating the scheme norms.
2. Beneficiaries are also representing that they are not aware of the irregularities and the operational modalities of implementation. Accordingly, it has been decided to obtain an undertaking alongwith applications for financial assistance under PMEGP wherein the applicant gives an undertaking that he /she has read all the terms and conditions of the PMEGP scheme and is ready to forgo the margin money subsidy in case he /her unit is not fulfilling the scheme requirements and guidelines observed at any point of time. Format for the undertaking is enclosed which may also be circulated to Commissioner Industries and CEO, KVIB for adoption.

3. Adequate publicity by State /Divisional Directors, KVIC, should be given for the benefit of potential beneficiaries on operational details of the scheme including forwarding of applications through DTFC and the lock in period of margin money and the right of KVIC to call back margin money in case the unit is found not working /not traceable /old existing units or not fulfilling the PMEGP scheme norms like availment of working capital and capital expenditure.

4. State /Divisional Directors are requested to comply with the above directions. Zonal Dy.C.E.O.s /Zonal Incharges are requested to constitute verification team and take necessary action on the above guidelines and monitor compliance. **They should also circulate these guidelines to Commissioner Industries and CEO, KVIBs for implementation at their level.**

5. Action taken report on the above guidelines may be sent to Directorate of PMEGP within 10 days from the date of receipt of this Circular.

6. This is issued with the approval of FA & CEO, KVIC.

Sd/-

(K.S.Rao)
Director(PMEGP)

To

1. Joint CEO, Zonal Dy. CEOs, KVIC...
2. State/Divisional Director, KVIC
3. C.E.O. KVI Boards _____

Copy to:

1. Zonal Members
2. C.V.O.
3. Secretary to Chairperson.
4. OSD to CEO
5. All Programme /Industry Directors, KVIC, Mumbai
6. State /UT KVI Boards
7. Director Industries,
8. Director, Publicity

UNDERTAKING BY PMEGP APPLICANT

(To be furnished by the applicant and is mandatory)

Declaration is to be made by the beneficiary while submitting application for financial assistance for setting up project under PMEGP.

I _____ Son/Daughter/Wife _____ of
_____ residing at _____ Village, _____ Post,
_____ Block/Tahsil, _____ District in _____ State hereby
declare that :

1. I have read and understood the guidelines and terms and conditions of PMEGP Scheme in detail, **more particularly the criteria such as nature of Industry, Per Capita Investment, Own Contribution, Rural Areas (projects sponsored by KVIC /KVIBs and Negative List (para 29 of the guidelines) before submitting the application for financial assistance under the PMEGP Scheme.**
2. I understand that KVIC is Nodal Agency at National Level for PMEGP Scheme and that the PMEGP Scheme is implemented through KVIC State /Divisional Offices and KVIBs in the rural area of the country and through District Industries Center (DIC) in both rural and urban area.
3. I understand that application has to be submitted either to KVIC or KVIB or DIC for applying for loan under PMEGP scheme.
4. **I understand that my application will be forwarded to Dist. Task Force Committee (DTFC) for scrutiny and shortlisting. I am also aware that the short listed applicants will be called for an interview by the DTFC** separately for rural and urban areas to assess their knowledge about the proposed project, aptitude, interest, skill and entrepreneurship abilities, market availability, **ability to repay and to run the** proposed project successfully and recommend **only meritorious** short listed applicants to Bank for sanction of project.
5. **I understand that Banks are the final authority to take the decision for sanctioning the project based on viability of the project, on which the KVIC/KVIB/DIC has no say. If the bank is not sanctioning the project for whatsoever reasons, KVIC/KVIB/DIC shall not be liable for the same and I shall not raise any claim whatsoever against**

KVIC/KVIB/DIC in any petition before a court of law.

6. Only one person from one family is eligible for obtaining financial assistance for setting up of projects under PMEGP. The 'family' includes self and spouse.
7. I **am fully aware** that Margin Money **is an** "one time assistance" from Govt. For any enhancement of credit limit or for expansion/modernization of the project, margin money assistance is not available.
8. I agree and abide by the condition that once the Margin Money is released in favor of the loanee, it will be kept in the Term Deposit Receipt of three years at Financing Branch level in the name of the beneficiary/Institution. No interest will be paid on the TDR and no interest will be charged on loan to the corresponding amount of TDR.
9. I agree and abide by the condition that though the margin money will be released by the designated Nodal Branch of the Bank, KVIC/KVIB/State DIC (sponsoring implementing agency) is the final authority to either accept or reject the claim based on the parameters of the Scheme. **I shall not initiate any legal proceedings against KVIC/KVIB/DIC before any court of law for rejecting the margin money claim on any justifiable ground.**
10. I declare that I have not availed any loan from any financial institutions for the project under consideration of PMEGP Scheme and not availed any subsidy from any State or Central Govt. Scheme.
11. It is also certified that the unit located at the address given in the application is a new unit and I am the sole proprietor of this unit. It is also declared that, it is not a Partnership Firm/Private Company, etc.
12. I agree and abide **by the condition** to attend the necessary EDP Training **within the stipulated time.**
13. I agree to display following sign-board at the main entrance of my/our project site :-

.....(unit
name)
Financed by.....(Bank)
Under PMEGP Scheme of KVIC

14. **I am also fully aware of the condition that** though Banks will claim Margin Money (subsidy) on the basis of projections of Capital Expenditure in the project report and sanction **accordingly**, Margin Money (subsidy) on the actual availment of Capital Expenditure only will be retained and excess, if any, will be refunded to KVIC, immediately after the project is ready for commencement of production.
15. **I agree with the condition that** working capital component should be utilized in such a way that at one stage it touches 100% limit of Cash Credit within three years of lock in period of Margin Money and not less than 75% utilization of the sanctioned limit. If it does not touch aforesaid limit, proportionate amount of the Margin Money (subsidy) is to be recovered by the Bank /Financial Institution and refunded to the KVIC at the end of the third year.
16. I agree to refund the part/full amount of Margin Money (subsidy) to financing Bank branch to remit the Govt. subsidy to KVIC/KVIB/DIC kept in the TDR in the event of non fulfillment of scheme guidelines/norms etc.
17. I agree that KVIC is a final authority to accept/reject or call back Margin Money **sanctioned in favour of me if the unit is found to be ineligible to claim margin money for any reasons whatsoever and in that event, I shall refund the entire/part M.M. received on my project to KVIC.**
18. I agree to permit officials of KVIC, KVIB, DIC, Bank and or an agency authorized **to conduct** physical verification of **the unit** and will provide all the information about my unit and produce/show required documents **including books of accounts** to them.
19. **I agree and abide by the condition that for taking any legal recourse against the KVIC on any matter**

concerning the Project, the Courts in Mumbai alone shall have exclusive jurisdiction.

20. It is hereby declared that all the information furnished by me with application are correct and if any information is found to be **false or misleading** and made with the ulterior motive of availing Govt. Subsidy, **KVIC/KVIB/DIC shall be free to prosecute me or to initiate any other legal proceedings** as deemed fit

Date:_____

(Signature of beneficiary)

Place:_____