DIRECTORATE OF PMEGP
KHADI AND VILLAGE INDUSTRIES COMMISSION,
3-IRLA ROAD, VILE PARLE (W) MUMBAI – 400 056

No.PMEGP/Implementation of PMEGP/2010-11 March 3, 2011

CIRCULAR

Sub : Improving the quality of implementation of PMEGP Programme.

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During the National Monitoring Committee meeting held on 22.2.2011 at Udyog Bhavan, New Delhi, under the Chairmanship of Secretary, MSME, detailed discussions were held with implementing agencies and Banks on the issue pertaining to implementation of PMEGP. After deliberation, the following recommendations were made for improving the quality of implementation of PMEGP.

1. To study the rate and reasons for rejection at bank level, a rejection analysis study will be conducted by Directorate of PMEGP through an independent agency selected as per GFR norms. The study will cover two states per zone, one best performing in the zone and one poor performing in the zone for the purpose of study. Concerned State/Divisional Directors will provide support and list of financing branches of bank and required data from KVIC, KVIB, DIC for carrying out the study successfully.

2. To bring transparency in information of PMEGP in public domain, all implementing agencies have to put up statewise, bankwise performance including details of applications received, forwarded to DLTFC, sanctioned at DLTFC, forwarded to banks, sanctioned by banks etc. on KVIC website for information of all concerned.

Director, PMEGP and Director, DIT should take necessary action for compliance. Field Directors should ensure sending the said information by e-mail to Director, PMEGP for uploading the same on regular basis in the format already stipulated under PMC and by weekly information system of PMEGP.

3. Secretary, MSME has directed that full-fledged e-tracking system should be on-line by June, 2011. In this regard, it has been decided that in case DICs/KVIBs are not forthcoming to take this responsibility, State Directors, KVIC should go in for an independent agency through open tender process as per GFR norms for data collection, data entry and uploading the information pertaining to KVIC, KVIBs, DICs and Banks in the e-tracking system. This work should be completed by 31st May, 2011, without fail. Director, DIT should ensure e-tracking training and technical support for the system to ensure that e-tracking is successful. Director, PMEGP should monitor and ensure compliance in the field offices by the stipulated date.

4. One bank one nodal branch concept has been introduced in Maharashtra, U .P. and M.P. with Union Bank of India. An amount of Rs.10.00 crores Margin Money has been deposited against which margin money claims of Rs.87.00 lakhs has been adjusted by Maharashtra and Rs.3.00 crores margin money claims are under process for settlement at U.P. No progress has so far been achieved in Madhya Pradesh, which is of serious concern. State Director, Madhya Pradesh is directed to immediately coordinate with KVIB, DIC and UBI to ensure settlement of the margin money of Rs.2.50 crores provided to them and give status report within a week time. State Directors of Maharashtra and Uttar Pradesh are directed to ensure full settlement of the available margin money with Union Bank of India by 31.03.2011. Director, PMEGP to monitor and put up position for compliance.

5. Achievement of social category target is responsibility of all the organizations including banks under PMEGP. The State/Divisional Directors should ensure that social category target are monitored and ensured at DLBC and SLBC level. Adequate applications should be sponsored by all the 3 agencies so that the target of social category is achieved. The issue should also be regularly monitored in SLMC and SLBC meeting.

6. It has been noted that Bank sanction rate of application is around 40 per cent of applications forwarded to the banks.

Accordingly, all the 3 agencies have to ensure proper filtering of applications at DLTFC level so that the sanction rate increases and rejection rate comes down.

7. It was also emphasized in the meeting that apart from the disbursement, implementing agencies should also focus on setting up of units, their performance, employment and income generated sustainability etc. while Physical verification and concurrent verification will be giving exact details of the position, it is directed that data readily available with banks about beneficiaries, their performance, income and employment generated etc. should be collected by the State/Divisional Directors as well as sample verification of units, say 5 per cent through the State/Divisional offices should be conducted. Compiled report should be immediately sent to Directorate of PMEGP to study the status of setting up of units. This should be done within 30 days without fail.

8. Complaints have been received from certain states like Andhra Pradesh that banks are charging interest on margin money kept under TDR, which is against the norms of PMEGP. Further it is also reported that in Maharashtra certain banks are not keeping margin money in TDR for the lock in period as per the scheme. State/Divisional Directors are directed to monitor this aspect and also raise issue in SLBC and DLBC meeting so that such violations do not take place.

9. Issue of non timely releases of 2nd instalment by banks has also been observed and Field Directors are directed to take up the issue with banks in SLBC & DLBC meeting and also in the bankers meeting so that timely releases of 2nd installment are effected and viability of unit is not adversely affected due to delayed releases. This aspect should also be monitored by SLMC.

10. The target of PMEGP is disbursement of margin money and not number of projects, which is to be noted by the implementing agencies and banks. This will ensure that projects are not downscaled at DLTFC or banks level to achieve the number of projects targeted during the year. State/Divisional Directors should monitor this aspect and also highlight this issue in DLTFC and SLBC meeting. SLMC to monitor this issue in its meetings.

11. The above directions are circulated for immediate compliance by all State/Divisional Directors. They should bring the contents of the circular to the notice of all concerned, viz. KVIBs, DICs and banks, DLTFC, SLBC etc. Zonal Dy. CEOs should monitor the compliance of the above circular.

5.3.2011

(J.S. Mishra)
Chief Executive Officer

To

1. All State/Divisional Directors, KVIC
2. Principal Secretary, Industries
3. All CEO/State/UT KVIB

Copy for information to :

1. All Members of KVIC
2. Financial Advisor, KVIC, Mumbai
3. CVO, KVIC, Mumbai
4. All Zonal Dy. Chief Executive Officers
5. All Director, Industries
6. Secretary to Chairperson
7. CEO Cell
8. All Programme/Industry Directors, Central office, KVIC.
9. Director (IT) for website
10. Director (Publicity) for publishing in Jagriti

5.3.11

Chief Executive Officer