OFFICE OF THE COMMISSIONER
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No.PMEGP/PV.Gen.Corr./2011-12 Date: 19.09.2011

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CIRCULAR

Sub: Directions for implementation of PMEGP scheme as per norms set up under PMEGP guidelines.

The PMEGP scheme launched in 2008-09 is in fourth year of implementation and the Ministry has so far released an amount of ₹.2897.38 Cr. under the Scheme. 1,29,736 projects have been sanctioned till 23.8.2011. 100% physical verification is being carried out in all the States in the country for verifying the actual establishment and setting up of PMEGP units in the country and to ascertain whether they are fulfilling PMEGP guidelines and norms. Various guidelines and instructions have also been issued under signature of CEO, KVIC in this regard for expeditious completion of 100% physical verification, uploading PMEGP applications into e-tracking system, sample verification by KVIC Field Directors to check working capital utilization etc.

2. Ministry of MSME is also regularly reviewing the implementation and progress of PMEGP in various review meetings chaired by Secretary, MSME. Certain Key areas have been emphasized as a part of corrective midcourse action by Ministry of MSME vide letter D.O.No. PMEGP/Cor./1/2011(pt) dated 1st September 2011, of Joint Secretary & Economic

Advisor, Ministry of MSME, New Delhi and attention is drawn of all implementing agencies of PMEGP scheme for their immediate compliance, the same are detailed below:

i. As per para 11(ii) of PMEGP guidelines, the margin money subsidy is credited to the borrowers loan account after three year from the date of first disbursement. Also, para 13 provides for 100% physical verification of each of the unit set up under the PMEGP as regards their actual establishment and working status to be done by KVIC. As the process of verification is on, adjustment of TDRs should be allowed by KVIC only in case of PMEGP units where physical verification has confirmed that the units have been found to be actually established and is working.

ii. Also as per para 11(ii) (1) of PMEGP guidelines, the margin money subsidy released in favour of beneficiary is required to be kept in TDR for three years at Bank branch level in the name of beneficiary. No interest is to be charged on the TDR and no interest charged on the loan on the corresponding amount of TDR. Thus, the guidelines provide for banks to charge interest only on that part of loan by which it exceeds the TDR amount. It may be ensured that Banks are complying with these guidelines and matters be taken at SLBC, DLBC, SLMC and separately in Bankers review meetings for follow up and strict compliance of the provisions with no exceptions whatsoever, with Banks.