DIRECTORATE OF PMEGP/REGP
KAHDI 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.
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.
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)

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
Please Tick (√) One of No.1 and any one of Number 2

1 Male Female 2 Gen SC ST OBC Minority Ex-Serviceman PH HBA

Bank

H.O./C.O

(Application Form cum Receipt for claiming "Govt. Subsidy" from Khadi & Village Industries Commission / Board / DIC by beneficiary and Bank -

(TO BE FILLED IN BLOCK LETTERS OR TYPED)

From:-
The Branch Manager,
Branch............................................
Tehsil............................................
District..........................................State...

Full Postal Address of the Branch
Vill./Town:-----------------------------
Road:---------------------------------
P.O............. Pin:---------------------
District:------------------
State:-------------------------

Ref. No.

Date:-

To
The State / Divisional Director
Khadi and V.I. Commission

OR

The Chief Executive Officer
State/UT KVI Board

OR

The Director of Industry,

-State

(THROUGH THE FINANCING BANK's NODAL BRANCH)

Sub:- Payment of "Govt. Subsidy" against the Bank Finance sanctioned under Prime Minister Employment Generation Programme of KVIC - regarding.

Sir,

I/We........................................ son/ daughter / wife of

........................................ Secretary / Chairman / President / Managing Trustee /

Proprietor of ................................ hereby inform that a Village Industry project has been sanctioned in my/our favour under the captioned Scheme by

........................................ (Name of the Financing Bank)

Branch........................................ Tehsil........................... District.

State of ..................................

<table>
<thead>
<tr>
<th>Details of Project Cost</th>
<th>Amount (Rs.)</th>
<th>Means of Finance</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Capital Expenditure:</td>
<td></td>
<td>Own Contribution</td>
<td></td>
</tr>
<tr>
<td>(i) Shed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Machinery/Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B) Working Capital</td>
<td></td>
<td>Cash Credit for Working Capital</td>
<td></td>
</tr>
<tr>
<td>TOTAL (Rs.)</td>
<td></td>
<td></td>
<td>TOTAL (Rs.)</td>
</tr>
</tbody>
</table>

Note: 1. Cost of land should not be included in the Capital Expenditure under the project cost.
2. Total Cost of the project should not exceed Rs.25.00 lakhs for manufacturing and Rs.10.00 lakhs for Business / Service Sector.

Signature of the beneficiary........................................
2. I / We, therefore request you to please advise the Bank to disburse an amount of Rs. .............................................................only being the Govt. Subsidy sanctioned by the KVIC/KVI Board/DIC. The detail of my / our project is as under:

2.1. (a) Full Name of the beneficiary/Society/ Institution/Trust :
(b) Father’s Name (In case of Individual) :
(c) Date of Birth of individual :
(d) Full Address (with Pin Code) :
(e) Legal Status/Constitution (Partnership firm not eligible) :
(f) Registration No. and date, if any :

2.2 Location of the Unit :
(Village,Taluka,Dist.and State with Pin Code)

2.3 Village Industry Activity (Please specify) :

2.4 (a) General Category or
(b) Whether the beneficiary belongs to SC/ST/Minority /OBC/Ex-Servicemen/PHC/Women/HBA. (Please specify)

2.5 Per Capita Fixed Investment
(C. E. divided by full time employment equal to Rs. 1,00,000 in plain areas & Rs 1,50,000 in hilly areas

2.6 Employment envisaged:-
(a) Full time :

2.7. Particulars of deposit of
Own Contribution:--
(a) Nature of Deposit : SB/CD
(b) Account No. :
(c) Date of deposit :
(d) Amount deposited: Rs. .................

2.8 Bank’s Sanction Letter No. : (Copy of sanction order to be enclosed) ......................
Date of Sanction : .................................

2.9 Date and amount of first disbursement :
(Certified copy of ledger extracts to be enclosed)

2.10 Whether the sanction is covered under Credit Guarantee Fund Scheme for Micro, Small Industries of CGTMSE :

3. I / We hereby agree to abide by the terms and conditions and instructions issued by the Khadi & V. I. Commission in this behalf from time to time and those to be issued in future with regard to PMEGP. I/We also agree to furnish quarterly progress report on production, sales, employment, wages paid etc. to the Bank which in turn will send the information on quarterly basis to the Khadi & V.I. Commission/Board for record and further information.

4. I / We hereby declare that the Govt. Subsidy has not been claimed either by me or by any other person of my family for the same or any other Project in the past and “one family one subsidy” norm has been followed. Further, the Bank credit has not been/will not be utilized to adjust or square off any previous loan / advance taken by me / us in the past.

5. Certified that the unit financed by ...................................................(Name of Financing Bank) ..................................................(Name of the Branch) in my / our favour under ..................................................(activity/industry) is a new Village Industry unit and not an existing unit.

6. (*) It is also certified that the unit located at the address mentioned in the Govt. Subsidy is in my name only and I am the sole proprietor of this unit. It is also declared that, it is not a Partnership Firm/Private Company, etc.

Signature of the Beneficiary.................................

Contd....3/-
7. Certified that I/We have already undergone necessary EDP Training of ............... Days / Months during the year ................... conducted by ................................................................. (Name & Address of the training institute).

OR

8. Certified that I/we shall display following sign-board at the main entrance of my / our project site:

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

9. I/We are ready to bear the amount of Guarantee fee and Annual Service fee in respect of Credit Guarantee Fund Scheme for Micro, Small Industries operated by CGTMSE, if the Bank in its discretion decides to recover the same.

10. I/We, hereby undertake to refund proportionate amount of Govt. subsidy calculated on working capital loan/cash credit facility, if the said WC Loan/ CC facility is not adequately utilized as per stipulated norms of KVIC. The average utilization of working capital during the first year of operation of the unit should not be less than 75% of the sanctioned limit and the limit should touch at least one peak level utilization of 100% within two years' period before the Govt. Subsidy amount is adjusted with the loan amount.

11. It is hereby declared that all facts furnished above by me/us in the Govt. Subsidy claim are correct and if any information is found to be false or leads to misleading the authorities with ulterior motive of availing Govt. Subsidy, I /We should be subjected to any punishment as deemed fit in the eyes of law.

12. The Advance Stamp Receipt of Govt. Subsidy amount is also attached.

Yours faithfully,

Place:
Date:

Signature of the Beneficiary
SEAL

COUNTERSIGNED
BRANCH MANAGER

(Seal of the Bank Branch)
**RECEIPT**

Received Rs. .......................................................... (Rupees................................. only) from
the Chief Executive Officer, Khadi and Village Industries Commission Mumbai-56, towards
the payment of "Govt. Subsidy" in respect of project for
.......................................................... sanctioned for Rs. .......... by
.......................................................... Bank at ................................ Branch.

(Revenue Stamp)
(Signature of the Applicant)

*Note:* In case of a Co-operative Society/Institution, Seal has to be affixed.

---

<table>
<thead>
<tr>
<th>(For the use of the Bank/Branch)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In consideration of the project of the above beneficiary / Institution, our Bank / Branch has sanctioned a loan of Rs. ............... after proper appraisal of the project at this end. As against a loan of Rs. ............. (C.E. Rs. .......... W.C. Rs. ..............) the Bank has released first installment/full lump sum amount of loan of Rs. ............. on .............. The Bank shall arrange to deposit the amount of Govt. Subsidy in Term Deposit in the name of the beneficiary for 3 years from the date of release of first installment of the loan. It is confirmed that no interest will be paid on the amount of TDR by the Bank and no interest will be charged on the corresponding amount of the loan for a period of 3 years. The Bank is aware, that if the advance goes &quot;bad&quot; before 3 years, Govt. Subsidy will be adjusted to liquidate loan liability of the beneficiary with interest. Recovery, if any, effected later will be remitted to the Commission.</td>
</tr>
<tr>
<td>2. Certified that the unit sanctioned by our Bank Branch in favour of Shri/Smt/ M/s. .......................................................... is a new unit and not an existing unit. The instant Govt. Subsidy claim is in conformity with the guidelines and instructions issued by RBI, KVIC and our Bank. The instant project has not been sanctioned for utilization / adjustment partly or wholly, of any debt deemed bad or doubtful of recovery or to adjust / liquidate any past loan/advance.</td>
</tr>
<tr>
<td>3. Certified copy of the Sanction order of the Bank and certified ledger extracts of the borrower's Term loan A/c and Cash credit account is / are enclosed.</td>
</tr>
<tr>
<td>4. Shri/Smt.......................................................... Son/daughter / wife of .......................................................... has been undergone EDP training and a copy of the certificate is enclosed.</td>
</tr>
<tr>
<td>5. Certified that the unit sanctioned by our Bank Branch in favour of Shri/Smt/Ms. .......... and Govt. Subsidy amount released to the unit will be proportionately recovered and remitted to KVIC if the unit does not adequately utilize the WC/CC facility as per KVIC norms i.e. the average utilization of WC during the first year of operation of the unit should not be less than 75% of the sanctioned limit and the limit should touch at least one peak level utilization of 100% within 3 years' period before the Govt. subsidy amount is adjusted with the loan amount.</td>
</tr>
</tbody>
</table>

**(Signature)**

**(Designation of the Bank Official)**

**(Seal of the Bank)**

Enclosures: As above.

Signature Code/P.A.No..................
APPLICATION FORM FOR FINANCIAL ASSISTANCE UNDER PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

Preference for sponsoring agency of the project to Bank: (mark ✓)

<table>
<thead>
<tr>
<th>KVIC</th>
<th>KVIB</th>
<th>DIC</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
</table>

TO

........................................

........................................

Details in blocks should be entered in CAPITAL LETTERS only

1. Name of the applicant/ Institution Name

2. Date of Birth

DD MM YYYY

3. Sex

Male  Female

4. Father's name / Spouse's Name / Contact Person Name (if Institution):

5. Communication Address:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Taluk/Block:</td>
<td></td>
</tr>
<tr>
<td>District:</td>
<td></td>
</tr>
<tr>
<td>Email:</td>
<td>Contact No</td>
</tr>
</tbody>
</table>

6. Address of proposed location of unit : Rural Urban

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Taluk/Block:</td>
<td></td>
</tr>
<tr>
<td>District:</td>
<td></td>
</tr>
</tbody>
</table>

7. Name of the preferred Bank Name & Address in the area for Project sanction

Bank Name:

Address:

Taluk/Block

District:

Branch Code:

8. Qualification

<table>
<thead>
<tr>
<th>Academic</th>
<th>Technical</th>
</tr>
</thead>
</table>

9. Whether Entrepreneur Development Programme (EDP at least 2 weeks) undergone: (mark ✓)

<table>
<thead>
<tr>
<th>Name &amp; Address of Training Institute</th>
<th>Period of training</th>
<th>Certificate Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From</td>
<td>To</td>
</tr>
</tbody>
</table>

10. Whether the applicant belongs to (mark ✓)

<table>
<thead>
<tr>
<th>SC</th>
<th>ST</th>
<th>OBC</th>
<th>PHC</th>
<th>Ex-Serviceman</th>
<th>Minority</th>
<th>Hill Boarder Area</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. Whether the project for (mark ✓)

<table>
<thead>
<tr>
<th>Manufacturing unit</th>
<th>Business/Service unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Name of the project / business activity proposed:

13. Amount of loan required (in Rs.)

<table>
<thead>
<tr>
<th>Building Type (own/leased/ Rented)</th>
<th>Capital Expenditure Loan</th>
<th>Working capital/cash credit Limit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work shed, Building etc</td>
<td>Machinery &amp; equipment Pre operative Cost</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. Details of earlier or current Loan/grant and subsidy availed from Central/state Govt. Scheme/or any other similar scheme.

<table>
<thead>
<tr>
<th>Activity of the Project with Address</th>
<th>Amount( in Rs.)</th>
<th>Year of Sanction</th>
</tr>
</thead>
</table>

I certify that all information furnished by me is true; and that I and any of my dependent have not borrowed any money under Subsidy Linked Scheme from any central/State Government or bank for establishing any such project.

Date: Signature of the applicant

NOTE:
- Own contribution must be invested 5% for SC/ST/OBC/PHC/woman/ Ex-serviceman/ North East Reason/Hill Boarder Area and 10% for General
- Total Project Cost should not exceed 25 lakhs for Manufacturing unit and 10 lakhs for Business/service unit.
- Applicant will not be entitled for additional Margin Money(Subsidy) in case of Own Contribution over and above the prescribed limit.
- VIIIth pass for Manufacturing Unit above Rs.10 lakhs project cost and under Service Sector above Rs.5 lakhs
- Application should be submitted complete in all respect along with attested copies of the following documents:
  1. Certificate of qualification-academic and technical (if project cost above 5 lakhs under business/service industry or above 10 lakhs under Manufacturing Industry)
  2. Relevant Certificate for SC/ST/OBC/Minority/Ex-Serviceman/PHC
  3. if Entrepreneur Development programme(EDP) training undergone (at least for two weeks) then submit photocopy of the certificate

For Official Use only (Rejected/ to be placed before District Task force committee)
Reasons (if rejected):
Place: Signature, Name and Designation of Officer
Date: KVIC/ KVIB/DIC