



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

No.PMEGP/Pvt Cop.Bank/Scheme/09-10 Date: 17-06-2009

C I R C U L A R

**Subject : PMEGP scheme implementation through
Scheduled Commercial Banks under Private
Sector and Co-operative Sector -reg.**

Ref : i) Standing Order No.1673 dt. 1-10-2008
 ii) Office Order No. 2027 dt. 1-10-2008.

The role of Scheduled Commercial Banks under Private Sector and Co-operative Sector in the implementation of PMEGP is given in the guideline stating that Margin Money portion will be paid on actual reimbursement basis to such Banks by KVIC, references are receiving from various field offices regarding detailed operational guidelines for implementation of PMEGP scheme through Scheduled Commercial Banks under Private Sector and Co-operative Sector.

In this regard, the following steps may be followed while implementing the scheme through Scheduled Commercial Banks under Private Sector and Co-operative Sector.

1. The intended Scheduled Commercial Banks under Private Sector and Co-operative Sector are to be approved on case to case basis by State Level Task Force Committee(Monitoring committee) headed by Principal Secretary, Industries / Commissioner Industries after verification of intending banks' last 3 years balance sheet by ascertaining quantum of lending portfolio.

Cont.

2. Lendable portfolio covering the exact amount of Lendable fund by the Scheduled Commercial Banks under Private Sector and Co-operative Sector earmarked for implementation of PMEGP scheme in a particular year. This has to be ascertained by verification of last three years balance sheet about lending ratio towards various government Schemes of the particular bank.

3. The State Level Task Force Committee (Monitoring committee) will exercise utmost caution while approving Scheduled Commercial Banks under Private Sector and Co-operative Sector after due care based on their financial soundness.

4. The State Director in consultation with State/UT KVIB, Director of Industries of respective State (for DICs) and SLBC will identify one Nodal branch in any major Scheduled Commercial Banks under Private Sector and Co-operative Sector at State head quarters or where State Office of KVIC is located. Based on the need open one Saving Bank Accounts by KVIC/KVIB/DIC exclusively to deal with all Scheduled Commercial Banks under Private Sector and Co-operative Sector with consensus of all participating Financing Branch/Banks. This Branch will settle the Margin Money Claims of respective agencies of the State. The Nodal Bank should give monthly progress report (agency wise) to respective State Director.

5. The Divisional Director, KVIC may also identify one Nodal Branch in any Major Scheduled Commercial Banks under Private Sector and Co-operative Sector at Divisional headquarters with consultation of State Director and SLBC. The Divisional Offices

will entertain only the claims of KVIC' sponsoring projects within the target limit.

6. Target of Scheduled Commercial Banks under Private Sector and Co-operative Sector will be allotted by State Director in consultation with KVIB, Directorate of Industries of respective State (for DICs) and SLBC and proportionate total funds will be deposited in the identified Nodal Branch out of total allocation of the respective implementing agencies i.e. KVIC, KVIB and DIC in consultation with SLBC based on target allotted to such Scheduled Commercial Banks under Private Sector and Co-operative Sector.

7. In case if it is found that the unit is not fulfilling any criteria prescribed under PMEGP, or any vigilance/legal issues related to unit financed through Scheduled Commercial Banks under Private Sector and Co-operative Sector, the respective implementing agencies i.e, KVIC, KVIB and DIC will be the final authority to settle or call back the Margin Money within three years of lock in period in their jurisdiction.

8. The Financing Branch of the Scheduled Commercial Banks under Private Sector and Co-operative Sector should ensure all other formalities / norms of PMEGP viz. the project has been selected by District Task Force Committee (DTFC), imparting two weeks EDP training to the entrepreneur, colour coding of application, MM claim form, timely settlement of Claims etc.

9. The respective State/UT KVIB and State Industries Department should submit the progress report of Scheduled Commercial Banks under Private Sector and Co-operative Sector in addition to the report of public sector Bank to the concerned State office. State Office, KVIC while preparing monthly / annual

report of public sector Bank, the performance of Scheduled Commercial Banks under Private Sector and Co-operative Sector

may be included in the report of concerned implementing agencies i.e. KVIC, KVIB and DICs and consolidated report may be sent to Central Office based on the guidelines already issued in this regard.

10. Other guidelines issued vide Standing Order No.1673 and Office Order No.2027 dated 1-10-2008 may be followed simultaneously in all such cases.

11. This circular will be effective for projects sanctioned through Scheduled Commercial Banks under Private Sector and Co-operative Sector for the year 2008-09 and onwards.

(J. S. Mishra)
Chief Executive Officer

Copy for information and necessary action to:

1. All State/Divisional Directors of KVIC
2. C.E.O. KVIB of State / U.T.
3. Director / Commissioner, Industries, State Government

Copy for information to :

1. Jt. Secretary, Ministry of MSME, Udyog Bhavan, New Delhi
2. Members of KVIC
3. Financial Advisor, KVIC, Mumbai
4. C.V.O., KVIC, Mumbai
5. All Zonal Dy. Chief Executive Officers
6. Secretary to Chairperson
7. CEO Cell
8. All Programme / Industry Directors, Mumbai.
9. Director (IT) for website
10. Director (Publicity) for publishing in Jagriti.

(A. K. Dwivedi)
Director (PMEGP)

Tel-fax : 022-26713686