

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

NO : PMEGP/Policy/M-939/08-09

Dt : 10/04/2008

C I R C U L A R

Sub : Introduction of Prime Minister Employment Generation Programme (PMEGP) in place of Rural Employment Generation Programme and PMRY – reg.

Further to this office Circular No. REGP/Gen/M-34/07-08 dated 31/3/2008 wherein it was instructed that REGP Scheme will cease to exist w.e.f 1/4/2008 and no proposal are to be accepted or sanctioned under REGP w.e.f. 01-04-2008, Ministry of MSME vide its letter No. G-21013/6/2007-KVI dated 01-04-2008 has communicated the following guidelines for compliance :-

- (i) REGP in its present form will cease to exist w.e.f. 01-04-2008.
- (ii) Applications, if any, received after 31-03-2008 can be considered under the PMEGP after its formal approval and launching around May-June, 2008.
- (iii) State Offices of KVIC/KVIBs and other implementing agencies of REGP including Banks may be advised not to accept / entertain any new project / loan under REGP w.e.f. 01-04-2008 and pending claims may be settled before 31-05-2008, through special efforts and close monitoring. No further funds will be released from the Ministry under REGP w.e.f. 01-04-2008 and only residual claims in respect of applications received upto 31-03-2008 which shall be kept at the bare minimum by KVIC, could be considered for sanction and settlement, as a special case, by the competent authority out of the unspent balance available with KVIC as on 31-3-2008. Broadly the targets including subsidy are likely to be allocated on 60:40 basis between KVIC and State DICs under PMEGP.
- (iv) Identify reputed voluntary organizations or NGOs to assist in identification of providing training to and verification of projects or units that would be set up under the merged scheme.
- (v) Consult some of the reputed banks which already have an effective system of electronically tracking loan applications such as Educational Loans, in place so as to have an effective interface between the system that would be used in KVIC for PMEGP and that by the participating banks.
- (vi) Initiate action for updating Project Profiles for PMEGP.

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While action is being initiated by Directorate of REGP on the policy issues, action may also be initiated by State / Divisional Director and CEOs of State Khadi and V. I. Boards on the above areas.

It is also requested that operational and policy issues that may arise due to switchover from REGP to PMEGP may be identified and forwarded to Directorate of REGP so that relevant issue could be communicated to Ministry of MSME for redressal.

Few issues identified by Directorate of REGP are enclosed for your perusal and feedback.

Compliance on the above circular may be brought to the notice of all concerned for immediate feedback.

Encl: As above.

(J.S. Mishra)
Chief Executive Officer

To,

1. C.E.O, State/UT KVIB
2. All Dy. CEOs
3. State/Divisional Directors
4. Director, REGP

Copy for favour of Information ;

1. Members of KVIC
2. Financial Advisor, KVIC, Mumbai
3. Jt.C.E.O., KVIC, Mumbai
4. Secretary to Chairperson
5. CEO Cell
6. Director (IT) for website
7. Director (Publicity) for publishing in Jagriti.

(J.S. Mishra)
Chief Executive Officer

ISSUES RELATING TO SWITCHOVER FROM REGP TO PMEGP

EDP Training

It is observed that EDP training is imparted to around 70% of the beneficiaries during each financial year and 30% is spread over to next financial year as around 30% project are sanctioned in the last month of the financial year. Since REGP has ceased to exist w.e.f. 1-4-2008, EDP in respect of the entrepreneurs whose project is sanctioned during the March 2008 will become backlog and financial provision for such EDP has to be made during 2008-09 under PMEGP. It is estimated that 30% of the total EDP sanctioned for 2007-08 i.e. Rs.319.86 lakhs may be around Rs.96.00 lakhs and may be provided during 2008-09.

Physical Verification :

As per the scheme of REGP the physical verification of the unit are to be conducted after 12 months of setting up of the units and before completion of 24 months. Physical Verification in respect of the unit sanctioned during 2007-08 and also the backlog if any pertaining to 2006-07 are to be conducted during 2008-09. This needs budget provision to the tune of Rs.55.00 lakhs during 2008-09 being 30% of total physical verification targets of 2007-08 i.e. Rs.183.40 lakhs.

Marketing Support :

Marketing support need to be provided to REGP units and this can be done under the exhibitions and Buyer-Seller Meet being sanctioned under Directorate of Marketing. Provision for exhibition will come in the place for PMEGP units which are likely to come w.e.f. 2009-10.

Setting up of database :

A detailed database has to be set up at field level both for REGP and PMEGP to meet the requirement of Parliament questions, Govt. reference, Ministry of MSME, Parliamentary Standing Committee etc. REGP website is being set up which will meet the requirement of setting up of database for REGP units and also facilitate marketing efforts. The same web-site will be useful for PMEGP as and when it is introduced.