

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

No.PMEGP/Bank Cors./2011-12

March 13, 2012

C I R C U L A R

The Commission in its meeting held on 24.9.2008 has approved the operational guidelines for implementation of PMEGP scheme through the State /Divisional Offices, KVIBs and DICs. The said guidelines are issued vide office order No. 2027 dated 1.10.2008.

2. As regards operation of bank account under PMEGP scheme, you may be aware that under the scheme, Govt. subsidy ranging from 15% to 35% providing for the projects financed by the Bank to the beneficiary. For the purpose, the Ministry of MSME has been providing funds on yearly basis to KVIC.

3. The Ministry of MSME has been releasing Margin Money subsidy on installment basis to KVIC as per allocation made for the year by the Government.

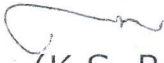
4. After receipt of the funds from the Ministry, KVIC, releases funds electronically to the State / Divisional Offices main account i.e. Saving bank PMEGP account with the Banks based on the target fixed for the States. Subsequently these PMEGP funds are transferred to Saving bank account KVIC – PMEGP, KVIB – PMEGP and DIC-PMEGP which are already opened for the purpose as per prescribed guidelines.

5. In this connection it is to inform that the saving bank account provides interest @ 4% only on the balance available in the SB account, and it is noticed that the PMEGP funds are lying unutilized in the banks for months together in the field. On the other hand had the funds been kept in the flexi account KVIC would have earned higher interest than Saving Bank account.

6. In view of the above facts, it is directed that all State /Divisional offices should keep the PMEGP funds (Margin Money and BFL) in the flexi account out of saving bank account (after retaining minimum balance in Saving Bank account required by Bank) to earn higher interest on the PMEGP funds. The interest earned should not be utilized for Margin Money or B & F Linkage purpose, but should be remitted to the Directorate of Accounts from time to time by electronic transfer under intimation to the Director Accounts and Director, PMEGP by the State /Divisional Directors.

The above direction should be strictly complied with. Zonal Dy.CEO/In-charges should monitor compliance .

This is issued with the approval of F.A. & C.E.O.



(K.S. Rao)
Director, PMEGP

To

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

Copy for information to :

1. All Zonal Dy.C.E.O.s
2. OSD to CEO Cell
3. A.O. to FA Cell
4. D.D. to CVO Cell
5. Sr.PA to Jt. CEO
6. All Industry/Programme Directorates Central Office
7. Director (IT) with a request to place the circular on KVIC website.
8. Director (Publicity) for publishing the same in the ensuing issue of Jagriti
9. Hindi Officer, KVIC, Mumbai to translate the same in Hindi version


(K.S. Rao)
Director, PMEGP