

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

No: PMEGP/Mechanism/2012-13/Vigilance

Date: 23.11.2012

C I R C U L A R

Sub:- A. Mechanism for regular verification and effective monitoring for PMEGP.

B. Undertaking to be taken from the applicant alongwith applications form of PMEGP.

Ref : Circular No. PMEGP/Vig/Corrs//2012-13 dt. 19.6.12.

(A) Mechanism for regular verification and effective monitoring for PMEGP

To introduce a mechanism for regular verification and effective monitoring for PMEGP, detailed guidelines were issued vide above mentioned circular dated 19.6.2012.

2. The issue has since been reviewed and it is felt that constituting a large number of Verification Teams from Central Office to verify PMEGP units is not practical on account of limited technical staff available in the Central Office and this would hamper the day to day working of the Industry / Programme Directorates in the Central Office.

3. Accordingly, superseding the earlier circular dated 19.6.2012, the following directions are issued on the subject:

- i. A team consisting of one Accountant and one technical staff i.e. DO/ADO and headed by Asstt. Director /Accounts Officer from the respective States will conduct physical verification of units under inquiry as well as other units on random sample basis.
- ii. At least five units on random sample basis per month per State / Divisional office should be verified. Zonal Dy.C.E.O. can decide higher number of Units for verification if required.
- iii. The units verified will be those sponsored by KVIC under PMEGP. Zonal Dy.C.E.O. should request CEO, KVIBs and Commissioner Industries to introduce similar system of verification for units sponsored by KVIB and DIC under PMEGP.

- iv. The unit being verified should have been sanctioned from 2010-11 and 2011-12 onwards.
However, in case of specific complaints any unit can be verified by the Team as per requirement.
- v. The team shall be constituted by Zonal Dy.C.E.O. with assistance of concerned State Director.
- vi. To conduct inspection in respect of unit under inquiry, team from State other than where the unit is located will be utilized by the Zonal Dy.C.E.O. as per the guidelines issued vide Circular No.PMEGP/Policy General/2011-12 dated 3.08.2011
- vii. The team shall submit its report directly to concerned Zonal Dy.C.E.O. who shall alongwith his recommendation forward it to Directorate of PMEGP for further necessary action.
- viii. The expenditure for the verification team towards TA/DA will be met out from the head of physical verification under B & F Linkages of PMEGP.

(B) Undertaking to be taken from the applicant alongwith applications form of PMEGP.

1. It has been observed that certain irregularities are taking place in implementation of PMEGP at field level. Applications are being forwarded directly to Banks without routing them through DTFC thus violating the scheme norms.
2. Beneficiaries are also representing that they are not aware of the irregularities and the operational modalities of implementation. Accordingly, it has been decided to obtain an undertaking alongwith applications for financial assistance under PMEGP wherein the applicant gives an undertaking that he /she has read all the terms and conditions of the PMEGP scheme and is ready to forgo the margin money subsidy in case he /her unit is not fulfilling the scheme requirements and guidelines observed at any point of time. Format for the undertaking is enclosed which may also be circulated to Commissioner Industries and CEO, KVIB for adoption.

