

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

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No: PMEGP/KVIC/DLTFC/2010-11

January 6, 2011

**C I R C U L A R**

**Sub:- Promoting viable PMEGP projects through DLTFC**

During various review meetings and workshops it has been revealed that in many cases specifically in North Eastern Region there has been tendency to reduce the size of project proposals received at DLTFC level to accommodate larger number of projects. This reduces the viability of the project and also employment potential and discourages bank from sanctioning them. The issue was discussed in detail in the zonal review meeting at Guwahati on 5<sup>th</sup> Oct.2010 and on 16<sup>th</sup> Dec.2010. Principal Secretary, Assam informed that special guidelines have also been issued to DLTFC to ensure the minimum of Rs. 5.00 lakhs project size under service projects and minimum of Rs. 10.00 lakhs size for manufacturing projects should be recommended to ensure proper viability and greater employment potential.

2. The analysis of the project size available during 2009-10 reveals that projects upto Rs. 2.00 lakhs are 35% of the total sanction. As such small projects are not viable and also do not generate the employment required for creating rural and urban industrialization required by the scheme.

3. Accordingly it is brought to the notice of all the State/Divisional Directors, Zonal Dy. CEOs to take up the matter seriously and ensure the following in the matter:-

(i) Prepare viable model projects in the range of Rs. 5.00 lakhs to Rs. 10.00 lakhs for service projects and Rs. 10.00 lakhs and above for manufacturing projects in consultation with KVIB, DIC and banks and forward the same in soft copy to Directorate of PMEGP to upload on the website. The project should be state specific and take into account the local raw materials, local skills

