

Minutes of the meeting held under the Chairmanship of Secretary (MSME) on 18.09.2008 at 03.30 PM in Room No.47, Udyong Bhavan, to consider the modalities of the proposed Prime Minister's Employment Generation Programme (PMEGP)

A meeting was held under the Chairmanship of Secretary (MSME) on 18.09.2008 at 03.30 PM in Room No. 47 of Udyong Bhavan to consider the modalities of the proposed Prime Minister's Employment Generation Programme (PMEGP). The list of participants is at Annex.

2. Secretary (MSME) welcomed the representatives from Banks, KVIC, State Industries Departments and State KVIBs and briefly explained the agenda for the meeting. He requested Shri Sesh Kumar Pulipaka, Joint Secretary (ARI) to brief the modalities of the proposed Scheme.

3. JS (SKP) made a brief power point presentation giving the background of the Scheme, explaining the modalities involved in the Scheme. He briefly explained the proposed method of target allocation, mechanism to be adopted, method of selection of beneficiaries, method of release of bank finance and margin money, training to be provided to beneficiaries and monitoring systems proposed.

4. Thereafter Secretary (MSME) requested the representatives of Banks to offer their views on the modalities proposed. Statewise and Districtwise allocation of targets was discussed at length. Banks and representatives of State Governments, KVIC and KVIBs opined that it would be better if the allocation of target at the State level may be done by the Ministry through KVIC and further allocation of targets to the Districts can be better entrusted to State Level Bankers Coordination Committee(SLBCC). It was suggested that the Bankwise targets also may be allotted accordingly by SLBCC. SLBCC will ensure that targets are evenly distributed within each district. The State-wise targets in respect of KVIC/KVIBs will be made available by KVIC to the SLBCC where the overall allocation of district-wise targets will be decided. Any modification of the targets for which KVIC is directly responsible will be permitted only with the concurrence of the Ministry. This was accepted by all the participants as a proper mechanism.

5. The issue of submission of applications directly to Banks without routing through the Task Force Mechanism was also discussed elaborately. It was pointed out that by-passing the Task Force may result in uneven distribution of targets among blocks and may also result in non fulfillment of commitment to different social categories. It was therefore decided that, the applications, directly submitted to Banks will also be referred back to Task Force for its consideration.

6. Regarding the constitution of the Task Force, it was opined that the Task Force should have the liberty to co-opt representatives of other lending institutions. The Task Force was also assigned the responsibility of reviewing the recovery/repayment of loans in its quarterly review meetings.

7. Incorporating skill Development Training besides Entrepreneurship Development Programme (EDP) after the sanction of the project was also discussed in detail. Finally it was concluded that the skill Development Training may be left to the discretion of the implementing agencies, thus making it not mandatory under the Scheme.

8. It was felt that Task Force mechanism may be equipped with a system to screen the beneficiaries. After discussion, it was decided that KVIC will devise a score card in consultation with SBI and RBI and forward the same to Task Force and other State/District functionaries. This score card will be the basis for selection of the beneficiaries. This score card will also be displayed on the websites of KVIC and Ministry of MSME.

9. The issue of involvement of Regional Rural Banks (RRBs) was also discussed in the meeting. It was observed that some of the RRBs who have suffered operational loss may not have the necessary potential and strength to implement the Scheme. Reserve Bank of India (RBI) was requested to issue guidelines as to which RRBs and other banks will be excluded from implementing the Scheme. RBI was also requested to issue appropriate advisory to all Banks to accord priority to PMEGP.

10.The issue of EDP training was also discussed. It was decided that KVIC will circulate the list of all the training institutions, i.e. Training Centres/institutions of KVIC, KVIB Training Centers as well as Accredited Training Centers run by Central Government, NSIC, the three national level Entrepreneurship Development Institutes (EDIs), i.e. NIESBUD, NIMSME and IIE and their partner institutions under the administrative control of Ministry of MSWME, State Governments, Banks, Rural Development and Self Employment Training Institutes (RUDSETI) reputed NGOs, etc. to all the implementing agencies/ Banks concerned, along with the details of training modules, duration, place of training, etc.

11.Banks opined that the time frame indicated for submission of Margin Money claim should be relaxed. It was accepted that no specific time frame will be kept. However, it will be ensured that the claims are submitted at the earliest possible time.

12.Secretary (MSME) stated that it has come to our notice that banks have been routinely insisting on credit guarantee coverage irrespective of the merits of the proposals. This approach needed to be discouraged.

13.E-Tracking of applications was discussed at length. While the participants were of the opinion that it will be a challenging process to track all the applications right from the stage of receipt of the applications at Banks, DICs, KVIC and KVIBs, CEO, KVIC in view of KVIC's REGP experience, assured that it will be possible since they are planning to outsource the same and KVIC will monitor the progress closely.

The meeting ended with thanks to all present.