



कृषि कारोबार विभाग AGRI-BUSINESS DEPARTMENT
केंद्रीय कार्यालय –(उपभवन) Central Office(Annexe)-हैदराबाद Hyderabad

Instruction Circular No. 02720/2021-22

दिनांक Date: 31-07-2021

प्रति TO

समस्त शाखाएं/कार्यालय/ ALL BRANCHES/OFFICES

Sub: Standard Operating Procedure for Loan Sanction, Disbursement and Release of credit linked grant under "Prime Minister Formalization of Micro Food Processing Enterprises (PMFME Scheme).

Ref: Instruction Circular No.2337-2020 dated 05-12-2020 issued by RABD.
Instruction Circular No.2453-2020 dated 26-02-2021 issued by RABD

As part of Atmanirbhar Bharat Abhiyan, Ministry of Food Processing Industries (MoFPI) has launched an all India centrally sponsored "PM Formalization of Micro food processing Enterprises (PMFME) Scheme" for providing financial, technical and business support for up gradation of existing micro food processing enterprises. It is to be implemented for a period of five years from 2020-21 to 2024-25 with an outlay of Rs. 10,000 cr. Two lakh micro food processing units will be directly assisted with credit linked subsidy. Based on the guidelines received from the Ministry of Food Processing Industries (MoFPI), our Bank has devised the Central Sector Scheme for financing facility under "PM formalization of Micro Food Processing Enterprises Scheme (PM FME Scheme). The detailed scheme guidelines has already been communicated via Instruction Circular No.2337-2020 dated 05-12-2020 and Instruction Circular No.2453-2020 dated 26-02-2021.

1. The scheme envisages support to Individual Micro Enterprises as under:

- Credit-linked capital subsidy @35% of the eligible project cost, maximum ceiling Rs.10 lakhs per unit
- Beneficiary contribution - minimum of 10% of the eligible project cost, balance loan from Bank.

2. The applicants shall be eligible for a loan up to 90% of the eligible project cost. Banks will finance the credit facility in the form of a Term Loan.

3. As per the scheme guidelines, after sanction of the loan, the grant (subsidy) would be released to the lending bank after the disbursement of first tranche of the loan. The subsidy disbursement procedure is as under:

- After the sanction of loan, the branch has to enter the sanction details like date of sanction, project cost, loan amount, interest rate, repayment period etc. in the portal. The branch has also to upload the copy of the Sanction Intimation duly signed by the Branch Manager and acknowledgment by the borrower to the terms and conditions of the credit facility.



- ii. The beneficiary should deposit his/ her contribution with the bank. Thereafter, the bank should release the first instalment of the loan /full loan to the beneficiary.
- iii. Bank branches can claim the credit-linked capital subsidy based on the first/full disbursement of the loan amount.
- iv. Bank branches have to enter the details of loan such as the date of disbursement, total loan amount sanctioned, loan amount disbursed, remaining amount to be disbursed, loan account no. and also to upload loan account statement in the portal
- v. Bank branches have to enter the details of the designated account for the receipt of credit linked subsidy like account no., IFSC code, contact no. of the Branch Manager, bank and branch details and to upload the bank account details.
- vi. Centre and State Government share of grant would be transferred to the Nodal Bank (At present Union Bank of India). The Nodal Bank would transfer the grant to the concerned lending bank branch within a period of two working days.
- vii. Once the subsidy amount is received at the branch level, the bank branch has to keep the fund in the Subsidy Reserve Fund account and has to acknowledge the receipt of the fund by updating the portal regarding the date of receipt and date of deposit.
- viii. Bank branches have to update the disbursement schedule in the portal till the full/ final disbursement for the loan account is done.
- ix. If after a period of three years from the disbursement of the last tranche of the loan, the beneficiary account is still standard, and the unit is operational, this grant amount would be adjusted in the loan account of the beneficiary.
- x. No interest would be payable by the borrower on the portion of the loan disbursed by the bank equal to the grant amount from the date of receipt of the grant amount by the lending bank.
- xi. If the account becomes NPA within three years from the date of disbursement of the loan, the grant amount would be adjusted by the bank towards repayment by the beneficiary.
- xii. Details of adjustment of the subsidy grant such as date of adjustment, the status of loan account, adjustment towards NPA or standard account to be updated in the portal.

Branches are advised to start processing of applications received through the portal and enter the sanction and disbursement details as per the procedure mentioned in user manual enclosed. ZOs/ROs to ensure that the branches shall sanction and disburse the applications received through the portal and ensure receipt of credit linked capital subsidy well within the prescribed time lines by following the above said Procedure. Further branches are advised to mobilize more no. of applications under this scheme and also explore the opportunities of lending to our existing micro food processing units.

The detailed Procedure for login, User Manual for Loan sanction and Loan disbursement are enclosed.

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