



CHAITANYA GODAVARI GRAMEENA BANK
(A Government undertaking sponsored by Union Bank of India)
Head Office:: GUNTUR
Department: CREDIT

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PM FORMALISATION OF MICRO FOOD PROCESSING ENTERPRISES SCHEME (PM FME)

With a view to address the challenges faced by micro enterprises engaged in food processing in our areas of operation and in line with Govt of India directives, it is decided to introduce PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME), as per guidelines approved by the Board, vide its resolution no.3390, dated 05.07.2021, detailed hereunder:

S.No	Parameters	Particulars
1.	Scheme	PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME)
2.	Type of facility	Term Loan
3.	Objectives of the Scheme	<ul style="list-style-type: none">✓ Increased access to credit by existing micro food processing entrepreneurs, FPOs, Self Help Groups & Co-operatives✓ Integration with organized supply chain by strengthening branding & marketing✓ Support for transition of existing 2,00,000 micro food processing enterprises into formal framework✓ Increased access to common services like common processing facility, laboratory, storage, packaging, marketing and incubation services✓ Strengthening of institutions, research, and training in the food processing sector✓ Increased access for the enterprises, to professional & technical support
4.	Scheme Implementation Period	5 years starting from 2020-21
5.	Eligibility	Constitution: <ul style="list-style-type: none">± Farmer Producer Organizations (FPO)± Self Help Groups± Co-operatives± Existing Micro Food Processing Entrepreneurs± New Units, whether for individuals or groups would only be supported for One District One Product (ODOP)
6.	Eligible Projects	<ul style="list-style-type: none">± For Individual Micro Enterprises<ul style="list-style-type: none">✓ Only one person from the family would be eligible for obtaining financial assistance. Family for this purpose would include self, spouse & children✓ The applicant should be above 18 years of age & should possess at least 8th standard pass educational qualification✓ The applicant should have ownership right over the enterprise✓ The enterprise should be unincorporated and should employ less than 10 workers✓ Cost of the land should not be included in the project cost. Cost of the ready built as well as long lease or rental work shed could be included in the project cost. Lease rental of work shed to be included in the project cost for a maximum period of 3 years only



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		<ul style="list-style-type: none"> ± For Cooperatives or FPOs <ul style="list-style-type: none"> ✓ It should preferably be engaged in processing of ODOP produce ✓ It should have minimum turnover of Rs.1.00 crore ✓ The cost of the project proposed should not be larger than the present turnover ✓ The members should have sufficient knowledge & experience in dealing with the product for a minimum period of 3 years ± For SHGs <ul style="list-style-type: none"> ✓ The SHG should have minimum period of 3 years experience in processing of the ODOP product <p>Note: Eligible Projects & Eligible Applicants will be decided by the GOAP/GOI.</p>
7.	Loan Quantum	Minimum: No limit Maximum: Upto Rs.500.00 lakh
8.	Margin	Projects under PM FME Scheme shall be eligible for loan up to 90% of the estimated/actual project cost on submission of viable projects by eligible beneficiaries
9.	Scheme Code & GL Head	FMESU & GL 54260
10.	Rate of Interest	11.00% p.a
11.	Interest Subvention	2% Interest Subvention under the Interest Subvention Scheme for incremental credit to MSMEs 2018 would also be available to the borrowers under this scheme on the outstanding balance Note: Detailed Guidelines on Interest Subvention Claim will be provided in due course
12.	Penal Interest	2.00% over & above existing ROI for loan sanctions over & above Rs.25,000/-
13.	Repayment Tenure	Upto maximum of 10 years from the date of loan sanction inclusive of moratorium period
14.	Moratorium Period	Upto maximum of 1 year
15.	Reckoning of Income	Applicable as per existing guidelines for lending to Business Enterprises (BE)
16.	Security	<p>For Term Loans up to sanction limit of Rs.10.00 lakh:</p> <ul style="list-style-type: none"> ± Primary Security: Hypothecation of assets created out of bank finance and/or mortgage of land and building for which credit facilities have been extended/project has been established out of Bank Finance. ± Collateral Security: Nil <p>For Term Loans over & above Rs.10.00 lakh:</p> <ul style="list-style-type: none"> ± Primary Security: Hypothecation of assets created out of bank finance and/or mortgage of land and building for which credit facilities have been extended/project has been established out of Bank Finance. ± Collateral Security: Mortgage of immovable property (residential/commercial land/building) and/or assignment of life insurance policies, national savings certificates and/or lien on term deposits etc.
17.	Co-obligation/ Guarantee	<ul style="list-style-type: none"> ± Co-Obligation: <ul style="list-style-type: none"> ✓ Spouse of the applicant (in case of married applicants)/ Father of the applicant (in case of unmarried applicants) must join the loan as co-obligants.



		<ul style="list-style-type: none"> ± Guarantee: ✓ Personal Guarantee of the proprietor/partners of the firm/directors of the company and all mortgagors of the collateral securities is to be obtained ✓ Third party guarantee need not be insisted ✓ Benefit of credit guarantee coverage for loans offered under this scheme shall be provided to the borrower under the Credit Guarantee Trust for Micro & Small Enterprises through National Credit Guarantee Trustee Company under their terms & conditions. SHGs for limits above Rs.10.00 lakh to Rs.20.00 lakh will be covered under CGFMU <p>Note: Detailed guidelines for availing credit guarantee cover will be communicated in due course</p>
18.	Disbursement	<ul style="list-style-type: none"> ± Disbursement of loan amount with margin will be made directly to supplier through DD/NEFT/RTGS & original bills & receipts will be obtained. ± In case of disbursement in stages, end use verification must be done at every stage of disbursement.
19.	CIBIL Credit Rating Score	<ul style="list-style-type: none"> -Generation of CIBIL report is mandatory -Minimum CIBIL Credit Vision score of applicant & guarantor for eligibility is 650 -CIBIL Credit Vision score of -1 is also acceptable -Applications pertaining to applicants/concerns/firms/FPOs/ where CIBIL report indicates presence of accounts under Write-Off/Post-Write-Off Settled/Settled/Restructured/Overdue/NPA are not eligible for lending under this scheme
20.	Sanctioning Authority	As per existing guidelines for Term Loans to Business Enterprises
21.	Processing Charges and other charges	0.50% of loan quantum + GST for loan sanctions over & above Rs.25,000/- Other charges are as applicable as in the case of BE Term loans
22.	Credit Linked Grant/ Subsidy	<ul style="list-style-type: none"> ✓ Credit linked back end grant/subsidy @ 35% of the project cost, subject to a maximum of Rs.10.00 lakh, for existing micro food processing enterprises or individuals ✓ Credit linked back end capital investment grant/subsidy @ 35% to FPOs/SHGs/Cooperatives ✓ Credit linked back end grant/subsidy @ 35% for common infrastructure development by groups, government agencies or private entities <p>Note: The grant/subsidy would be transferred to the lending bank after sanction of the loan by the bank.</p>
23.	Adjustment of Subsidy/Grant	<ul style="list-style-type: none"> ✓ Branches must open SBSUB account for parking subsidy/grant ✓ The subsidy/grant has a lock-in period of 3 years after which the subsidy/grant may be adjusted to the beneficiary's loan account if the account is standard ✓ In case the account becomes NPA before completion of 3 years from the date of loan disbursement, the subsidy/grant may be adjusted to the loan immediately ✓ Interest must be levied only on the loan portion & not on the subsidy portion
24.	Documentation	As per existing guidelines for BESUB, BENEI, BENNI schemes
25.	Other terms &	➤ No deviations/relaxations from above guidelines to be



	conditions	<p>permitted</p> <ul style="list-style-type: none">➤ The guidelines of the scheme shall come into force from the date of issuance of the circular➤ A copy of PMFME Master Guidelines are enclosed in Annexure I to this circular for ready reference➤ The scheme would be administered through the PMFME portal: https://pmfme.mofpi.gov.in/pmfme/#/Home-Page. Detailed User Manual & branch login credentials are provided in Annexure II to this circular➤ Branches must update sanction/rejection particulars in the aforementioned website & relevant loan documents must also be uploaded into the portal
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Branches are advised to take note of the above circular and follow the guidelines scrupulously without any deviations.



T KAMESWARA RAO
Chairman

