

F. No FM-11/53/2021-FME  
Government of India  
Ministry of Food Processing Industries  
Panchsheel Bhawan, August Kranti Marg,  
New Delhi-110049

Dated: 29th May, 2021

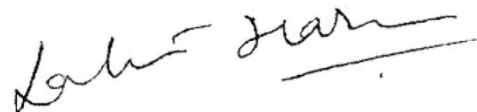
## Office Memorandum

**Subject: Process of release of credit linked grant under PMFME Scheme.**

As part of Aatmanirbhar Bharat Abhiyan, Ministry of Food Processing Industries (MoFPI) has launched an all India centrally sponsored "PM Formalisation 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.

2. The scheme envisages support to Individual Micro Enterprises as under:
  - i. i. Credit-linked capital subsidy @35% of the eligible project cost, maximum ceiling Rs.10 lakhs per unit
  - ii. ii. Beneficiary contribution - minimum of 10% of the eligible project cost, balance loan from Bank.
3. 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.
4. As per the scheme guidelines, after sanction of the loan, the grant (subsidy) would be transferred to the lending bank. However, after discussions with various financial institutions, Ministry is of the view that the subsidy would be released after the disbursement of first tranche of the loan. The subsidy disbursement procedure is as under:
  - i. 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.
5. It is requested that all the banks may take necessary action according to the said subsidy disbursement procedure.



(Rakesh Sharma)  
Deputy Secretary to the Government of India  
Tel. No. 26406528  
Email id: rakesh.sharma67@nic.in

To

All the Banks