

मिनहाज आलम भा.प्र.से.  
अपर सचिव  
**MINHAJ ALAM I.A.S.**  
Additional Secretary



भारत सरकार  
GOVERNMENT OF INDIA  
खाद्य प्रसंस्करण उद्योग मंत्रालय  
MINISTRY OF FOOD PROCESSING INDUSTRIES  
नई दिल्ली-110 049  
New Delhi -110 049

RefNo. AS (MA) /2024-FME/

Dated: 18th October, 2024

**The Managing Director & CEOs,  
All Scheduled Commercial Banks**

Dear Sir/Madam,

**Re: Rate of Interest for loans under PMFME Scheme- convergence with AIF and Credit History of New to Credit (NTC) beneficiaries**

The 'Pradhan Mantri Formalization of Micro food processing enterprises (PMFME) Scheme' launched under AatmaNirbhar Bharat Abhiyaan with a target of supporting 2 lakh units during 2020-21 to 2024-25 (**since extended by one more year up to 31.03.2026**) through credit linked capital subsidy. The Banks have so far sanctioned 1,06,450 applications with 84,227 disbursements.

2. A joint Standard Operating Procedure (SOP) has been signed on 1<sup>st</sup> August, 2022 by Ministry of Food Processing Industries (MoFPI) with Ministry of Agriculture (MoA) for convergence between PMFME Scheme and Agriculture Infrastructure Fund (AIF) Scheme (enclosed). The beneficiaries under PMFME Scheme seeking credit linked subsidy are also eligible for additional benefit of Interest Subvention @3% for loans approved with interest rate up to 9% p.a.

3. Vide letter No. AS (MA) /2023-FME/ dated 7th Nov. 2023, the Banks were requested to consider PMFME loans @ 9% p.a (enclosed). Since most of the PMFME loans are sanctioned @ >9% p.a interest rate, they are not eligible for interest rate subvention under AIF Scheme.

4. It is also observed that the Banks are rejecting applications of New to Credit applicants as they have negative or below 650 CIBIL score.

It is, therefore, requested that:

- i) **The loans under PMFME Scheme are approved with interest up to 9% p.a. so as to provide maximum benefit of convergence between both the Schemes to the beneficiaries.**
- ii) **The New to Credit (NTC) applications are considered based on viability of the project.**

With regards,

Yours sincerely,

  
(Minhaj Alam)

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MINISTRY OF FOOD PROCESSING INDUSTRIES  
नई दिल्ली-110 049  
New Delhi -110 049

Dated: 7<sup>th</sup> November, 2023

Dear Sir,

**Re: Rate of Interest for loans under PMFME Scheme- convergence with AIF**

The ‘Pradhan Mantri Formalization of Micro food processing enterprises (PMFME) Scheme’ launched under AatmaNirbhar Bharat Abhiyaan with a target of supporting 2 lakh units during 2020-21 to 2024-25 through credit linked capital subsidy. The Banks have so far sanctioned 59,067 applications with 42,440 disbursements.

A Standard Operating Procedure (SOP) has been signed on 1<sup>st</sup> August 2022 by Ministry of Food Processing Industries (MoFPI) with Ministry of Agriculture (MoA) for convergence between PMFME Scheme and Agriculture Infrastructure Fund (AIF) Scheme. The beneficiaries under PMFME Scheme seeking credit linked subsidy are eligible for additional benefit of Interest Subvention @3% on the interest rate charged by the banks over and above the subsidy provided under PMFME Scheme.

The interest subvention benefit under AIF is being provided for loans approved with interest rate up to 9% p.a. But PMFME scheme provides support of credit linked grant by the Banks with no limitation on interest rate charged. Hence the banks approve the loans based on their own defined interest rate (s). The PMFME beneficiaries are eligible for AIF interest subvention only if the rate of interest is charged @9% p.a. However, since most of the loans under PMFME are sanctioned @ >9% p.a interest rate, they are not eligible to avail the benefit of interest rate subvention under AIF Scheme.

It is, therefore, requested that loans under PMFME Scheme are approved with rate of interest up to 9% p.a. so as to provide maximum benefit of convergence between both the Schemes to the beneficiaries.

With regards

Yours sincerely,

  
(Minhaj Alam)

**The Managing Director & CEOs,  
All Scheduled Commercial Banks**