

Relationship beyond Banking

Date 25.01.2021

Ref.No. HO/Rural/KA/2020-21/ 000763

The Secretary,
Government of India,
Ministry of Food Processing Industries,
Panchsheel Bhawan,
August Kranti Marg,
New Delhi - 110 049.

Dear Sir,

**Signing of MoU as Lending Bank under
"Prime Minister Formalization of Micro Food Processing
Enterprises (PM FME) Scheme"**
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We request reference to your letter Letter No. PMFME/Misc/Bank/09 dated 14th January, 2021 on the captioned subject. Approval has been accorded by the competent authority for signing the MoU by our General Manager at NBG North-1 Office located at New Delhi. Accordingly, Shri Vivek Wahi, General Manager, NBG North-1 is authorised for signing the MoU on behalf of our Bank at New Delhi.

The address of our NBG Office, North-1 is as under:
Shri Vivek Wahi,
General Manager,
National Banking Group (NBG) North-1,
Star House, H-2, Middle Circle,
Connaught Circus
New Delhi - 110 001.

We also give below the details of our Head Office:
Bank of India,
Head Office,
Star House, C-5, G Block
Bandra Kurla Complex
Bandra East,
Mumbai - 400 051, Maharashtra.

Yours faithfully,



(NITIN DESHPANDE)
GENERAL MANAGER



Memorandum of Understanding

Between

Ministry of Food Processing Industries (MoFPI), Government of India, New Delhi,
India

and

Bank of India

Ministry of Food Processing Industries (MoFPI), Government of India, is involved in the development of infrastructure for storage, transportation, processing of agro-food produce, the introduction of modern technology into the food processing industries, encouraging R&D, capacity expansion/upgradation and other supportive measures for the growth of these sectors.

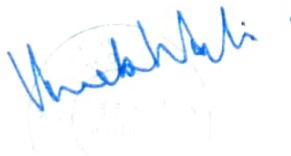
MoFPI has launched a centrally sponsored scheme titled as 'Pradhan Mantri Formalisation of Micro Food Processing Enterprises' (PM FME) Scheme. It is a landmark initiative under Aatmanirbhar Bharat Abhiyan to support Micro Level Food Entrepreneurs, FPOs/SHGs/Co-Operatives. The Scheme would formalize two lakh Micro Food Processing Enterprises with an outlay of Rs 10000/- Crore, over five years from 2020-21 to 2024-25. The scheme provides credit linked capital subsidy @35% of the eligible cost with a maximum ceiling of Rs. 10.00 lakh per unit.

The beneficiary contribution should be a minimum of 10% of the project cost with the balance being a loan from the Bank. The credit linked grant for groups is provided @ 35% for capital investment and common infrastructure. Support for branding and marketing would be limited to 50% of the total expenditure. These grants would be transferred to the lending bank after sanction of the loan by the bank. At the national level, a Nodal bank would be appointed for disbursement of subsidy to the lending banks and liaison with the banks.

The Bank of India having its Head Office at Star House, C-5, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra (Name and complete corporate office address of the lender bank) has agreed to lend under the Central Sector Scheme of financing facility under 'PM formalisation of Micro Food Processing Enterprises' Scheme.

1. Scope

The lending bank will provide credit support to the eligible beneficiaries in terms of the Lending Bank lending policies, and the credit linked grant would be released to the lending bank under PMFME Scheme through the Nodal Bank. Existing micro food processing enterprises as well as groups would be eligible as beneficiaries. Group category includes Self Help Groups (SHGs) / Farmer Producer Organisations (FPOs) and Producer Cooperatives. New enterprises under ODOP (One District One Product) approach will also be eligible. Common infrastructure would be funded for ODOP products through credit linked grant in the same manner.




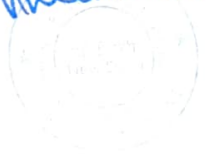
ATUL SAXENA
Joint Secretary
Ministry of Food Processing Industries
Government of India
Panchsheel Bhawan, August Kranti Marg
New Delhi-110049

2. Areas of Association

- 2.1. The preliminary assessment of the proposals would be done by MoFPI. The proposals would be in accordance with scheme guidelines. MoFPI will share the proposals received from the beneficiaries with the lending bank. The bank would appraise the proposals for the sanction of the loan. The complete system of inviting applications, preliminary appraisal by the State Governments and transfer of applications to the lending banks would be done through the online PM FME portal.
- 2.2. MoFPI will allocate unique application IDs to all the beneficiaries applying through PM FME Portal. The applicant details along with supporting documents submitted by the beneficiaries would be shared with the lending banks for the appraisal of the proposal and to take decision on loan sanction. The information regarding the loan sanction will be conveyed by the lending bank through PM FME Portal.
- 2.3. The lending bank would report the fact of sanction of loan to MoFPI. The Central and State Governments would respectively transfer 60% and 40% of its share of the grant to the Nodal Bank. The Nodal Bank would transfer 60% of the Central share of the grant and 40% of the State share of the grant together to the concerned lending Bank branch. The Bank branch should place this amount in the mirror-bank account of the beneficiary. The lending bank should disburse the sanction loan amount in accordance with normal banking practice to the beneficiary.
- 2.4. 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 bank account of the beneficiary. If the account becomes NPA prior to three years from the date of disbursement of the loan, the grant amount would be adjusted by the Bank towards repayment by the beneficiary. If the grant amount is adjusted after three years against the loan amount in case of standard account, 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. The status in this regard would be updated on the PMFME portal by the lending bank.
- 2.5. Applications will carry complete project details and the DPR should be commensurate with the economic viability of the locality after preliminary appraisal by the District Level Committee/ State Level Committee of the State Government in the first stage.
- 2.6. Bank may provide suggestions and take necessary measures to popularize the scheme to the beneficiaries.
- 2.7. Sanction of loan shall be at the sole discretion of Bank, in terms of its credit policies from time to time.

3. Review:

The signatories to the parties will review at their level, at least once in 3 months the activities undertaken under this MOU. A joint review by the heads of both the organizations shall be held once in six months.


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Joint Secretary
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New Delhi - 110 002

4. Procedure for amendment, cancellation, dispute resolution, and exclusivity:

No amendment, modification or addition to this MOU shall be effective or binding on any of the Parties unless the same has been set forth in writing and executed by them through their duly authorized representatives.

Either of the two parties can, at any time during the period of the MOU, rescind the same after giving a notice in writing recording cogent reasons for doing so. The notice will not be less than three months. This MoU shall be governed by the laws of India and all disputes shall be settle through mutual consent between First Party (MoFPI) and Second Party/Lender (Lending Bank).

For and on behalf of MoFPI



ATUL SAXENA
Joint Secretary
Ministry of Food Processing Industries
Government of India
Panchsheel Bhawan, August Kranti Marg
New Delhi-110049


For and on behalf of Bank

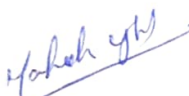
कृते बैंक ऑफ इंडिया
For Bank of India




विवेक वाही/VIVEK WAHI
महाप्रबन्धक/General Manager
नेशनल बैंकिंग ग्रुप-उत्तर-1/National Banking Group North-1

WITNESS


(RAKESH SHARMA)
1. Name and signature


MANESH KUMAR GUPTA
2. Name and signature


MOHIT JAIN
SENIOR MANAGER
Name and signature


HARISH C. KHURANA
ACOM-(CA)
Name and signature