**UNION MUDRA**

**(for MICRO Enterprises)**

| **S. No.** | **Particular** | **Details** |
| --- | --- | --- |
| **1.** | **Eligibility** | 1. All Micro enterprises engaged in manufacturing, trading and service sector including professionals (like CA/ICWA/CS/Architect/Medical professionals etc) will be eligible under the scheme. 2. Activities allied to Agriculture, e.g. Pisciculture, beekeeping, poultry, livestock, rearing grading, sorting, aggregation agro industries, dairy, fishery, agriculture and agribusiness centers, food & Agro processing etc (excluding crop loans, land improvement such as canals, irrigation wells).  * All business units irrespective of constitution i.e. Individuals, Proprietorship, partnership concerns (including limited liability partnership), Pvt. Limited Companies, Public company and any other eligible legal entities classified under Micro enterprise category as per MSMED Act 2006. * In case of individual and proprietary concern, relative of the individual/ proprietor i.e. spouse, father, mother, son, daughter etc. may joined as co-borrower (Please refer Loan Policy of bank for definition of relative). * Applicant should not be defaulter in any Bank/Financial institution. * Branches may refer to previously issued various circulars on Mudra Yojana (PMMY). * Application form and Document checklist is given as Annexure I |
| **2.** | **Purpose** | * Need based term loan/ OD Limit/ Composite loan to eligible borrowers for acquiring capital assets and/ or working capital/ marketing related requirements. * **Term loan/ OD Limit/ Composite loan to be provided only for income generating small business activities and not for consumption purposes.** |
| **3.** | **Nature of Facilities** | Composite Loan. Term Loan and / or Working capital (Fund Based and Non-Fund Based) |
| **4.** | **Quantum of Finance** | * Maximum limits upto **Rs.10.00 lacs** can be sanctioned to meet need based requirement.   Mudra loan are categorized as under depending on exposure.   |  |  | | --- | --- | | Shishu | Loan amount upto Rs.50,000/- | | Kishore | Loan amount exceeding Rs.50,000/- and upto Rs.5.00 lacs | | Tarun | Loan amount exceeding Rs.5.00 lacs and upto Rs.10.00 lacs | |
| **5.** | **Margin** | * 5% for loans falling under the ‘Shishu’ loan category * 10% for loans falling under the ‘Kishore’ and ‘Tarun ‘loan category. |
| **6.** | **Repayment** | Repayment to be made in Equated Monthly Installments (EMI).  Branches to obtain Undertaking from the borrower and guarantors as per the **Annexure - II**. |
| **7.** | **Interest rate** | |  |  | | --- | --- | | **Particulars** | **For Micro Enterprises** | | Advance Upto Rs.50,000/- | MCLR + 0.40% | | Advance above Rs.50,000/- upto Rs.2.00 lakhs | MCLR + 0.90% | | Advance above Rs.2.00 lakhs | MCLR + 1.65% |   Rate of interest is subject to change from time to time. Branches are advised to take note of the same. |
| **8.** | **Processing charges** | NIL |
| **9.** | **Security** | **Primary:** All assets created out of Bank’s finance shall be charged in favor of Bank by way of hypothecation / mortgage etc. |
| **Guarantee**   1. Personal guarantee of all borrower(s), promoter directors, proprietor, partners of the firm. 2. **No third party guarantee shall be taken, since the loan is to be covered under CGFMU scheme.** |
| **10** | **Credit Guarantee Coverage** | CGFMU (Mandatory)  Annual Guarantee fee payable under CGFMU is to be fully recovered from the borrower. |
| **11.** | **Repayment** | **Working Capital**:  12 months subject to renewal as per extant guidelines.  Interest to be recovered as and when due.  **Term Loan:**   * To be repaid within maximum period of 84 months in equated monthly installments inclusive of maximum moratorium period of 6 (six) months. Period of Moratorium to be allowed judiciously. **Repayment Schedule in Finacle should invariably be mentioned as EMI.** * Branches may sanction for shorter tenor for the loan after evaluating the cash flow of the project/activities and the productive lifecycle of the asset created. |
| **12.** | **Due diligence** | * Statement of account with the existing bank, if any must be verified and commented upon. * KYC details should be thoroughly verified. * Pre-sanction inspection of residence and shop to be conducted as per norms. Business model of the borrower must be included in the report. * Units should have all statutory Approvals/NOCs as applicable on case to case basis * Wherever applicable units must be registered under GST Act, suitable explanation to be sought in case of non registration. * Compilation of Credit report of borrower(s) as per norms. Assets and liability should be thoroughly assessed. * CIBIL report of the borrowers, directors, promoters, partners to be generated, scrutinized and held on record. * Due diligence to be carried out strictly as per extant guidelines of the bank. * Compilation of credit report of the guarantor(s) (in case of personal guarantee of partners, directors) and generation of CIBIL report of such Personal Guarantor(s) and thorough scrutiny of the same to be ensured. |
| **13.** | **Insurance** | Comprehensive insurance of all the securities inclusive of Bank’s clause is to be obtained for 110% of assets value. |
| **14.** | **Computation of Drawing Power** | Drawing Power will be computed based on “Value of Stock (Not older than 3 months) plus Book debts (Not older than 3 months) minus Sundry (Trade) creditors. |
| **15.** | **Credit Appraisal**  **(Considering size of exposure and nature of business at the discretion of sanctioning authority)** | * Income proof like ITR/Balance sheet may not be insisted upon unless otherwise available. * Financial projections for Term Loan may be obtained for 1 year, which may be extrapolated for remaining tenor of the loan. * Branch to obtain invoice/bills for the loan amount disbursed to rule out the possibilities of diversion/ mis-utilization of funds. * TEV report or any other report should not be insisted upon, However viability of the project/ venture to be ascertained/ confirmed by the branch. * 20% of projected turnover may be considered for working capital requirement. * Overdraft limit may be allowed when obtaining stock statement is not feasible e.g. in cases of OD limits are given to professionals etc. * NO THIRD PARTY SHOULD BE ENGAGED ANY TIME, IN THE SANCTIONING/ DISBURSEMENT/ MONITORING OF THE LOAN. Any such incident reported will be dealt with seriously as per extant guidelines of bank. |
| **16.** | **Mudra Card** | The co-branded ‘MUDRA Card’ will be issued by the bank which will help the borrowers access credit on flexible manner to meet working capital needs (not to be issued for Term Loan).  These cards will work on Rupay platform and will be issued on standalone basis and not to be issued to general Cash Credit facility account holders.  Rupay card may be issued by earmarking sanctioned Working Capital limit to individual borrowers and proprietor of the proprietorship Firm for business activity as detailed below:   * 20% of sanctioned limit subject to minimum Rs.5000/- and maximum Rs.50000.   It will be mapped to the working capital limits of the borrowers. Part of the working capital limit subject to the maximum limit mentioned above shall be utilized in the form of Mudra Card. Hence, two accounts for working capital i.e. one for MUDRA Card limit and other OD/CC limit will have to be opened.  For more details on MUDRA Card, branches are advised to take note of IC no.224-2015 dt.16.09.2015. |

**Annexure – I**

**CHECK LIST:**

**(The check list is only indicative and not exhaustive and depending upon the local requirements at different places addition could be made as per necessity)**

**CHECK LIST : SHISHU**

1. Proof of Identity - Self certified copy of Voter’s ID card/ Driving Licence/ PAN Card/ Aadhar Card/ Passport/ Photo IDs issued by Govt Authorities etc.
2. Proof of Residence - Recent Telephone bill/ Electricity bill (not older than 2 months), latest property tax receipt, Voter’s ID Card, Aadhar Card, Passport of Individual/ Proprietor/Partners, Certificate issued by Govt Authority/Local Panchayat/Municipality etc.
3. Applicant’s recent photograph (2 copies) not older than 6 months.
4. Proof of SC/ST/OBC/Minority, if applicable.
5. Proof of identity/ Address of the Business Enterprises - if available.
6. Statement of Accounts from the existing banker for last six months, if any.
7. Quotation of Machinery/ other item to be purchased.
8. Name of suppliers/ details of machinery/ prices of machinery and and/or items to be purchased.

**CHECK LIST: KISHORE & TARUN**

1. Proof of Identity - Self certified copy of Voter’s ID card/ Driving Licence/ PAN Card/ Aadhar Card/ Passport/ Photo IDs issued by Govt Authorities etc.
2. Proof of Residence - Recent Telephone bill/ Electricity bill (not older than 2 months), latest property tax receipt, Voter’s ID Card, Aadhar Card, Passport of Individual/ Proprietor/Partners, Certificate issued by Govt Authority/Local Panchayat/Municipality etc.
3. Proof of SC/ST/OBC/Minority, if applicable.
4. Proof of Identity / Address for the Business Enterprises – Copies of relevant Licenses/ Registration Certificates/ Lease or Rent Agreement/ Other Documents pertaining to the ownership, identity of address of business unit/ Udyog Aadhar Memorandum.
5. Statement of Accounts from the existing bankers for the last six months, if any.
6. Last two years unaudited/audited balance sheet of the existing units along with income tax/ sales tax return etc. (Applicable for loan of Rs.2 lakhs and above).
7. Projected balance sheets of the start-ups/ existing units for one year in case of working capital limits and for the period of the loan in case of term loan (applicable for loan of Rs.2 lakhs and above).
8. Sales achieved during the current financial year up to the date of submission of application (in case of existing units).
9. Performa invoices/ Quotations for the assets to be purchased and estimates for the civil works, if any to be undertaken. Aspect of technical feasibility and economic viability may be discussed with borrower if felt necessary.
10. Asset & Liability statement of the borrower including Directors & Partners.
11. Memorandum and Articles of association of the company/ Partnership Deed of partners etc. wherever applicable.
12. Photos (two copies) of applicant/ proprietor/ partners/ directors not older than 6 months.

**Annexure - II**

**UNDERTAKING**

To, Place:

The Union Bank of India, Date:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Branch

I/We am/are thankful to Union Bank of India for sanctioning me/us a term loan of Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_(Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(in words), repayable in \_\_\_\_\_\_\_ months.

I/We understand that rate of interest of the Loan account is 1 Year MCLR +\_\_\_\_\_\_% (spread) and the rate is fixed for one year from the date of disbursement and the 1 Year MCLR is subject to reset at the end of each year, which will result in change in final effective rate at the start of each year. Final rate of interest as on today is \_\_\_\_\_\_\_\_\_\_\_which may increase or reduce at the start of each year till the end of loan.

I/We understand that Equated Monthly Installment (EMI) of the Loan is Rs.\_\_\_\_\_\_\_, which is fixed considering present effective interest rate of \_\_\_\_\_\_\_ which may be changed (increase or decrease) due to reset of 1Y MCLR at the start of each year till the end of loan.

In view of above, I/We authorize Union bank of India to increase or decrease the EMI at the start of each year due to increase or decrease in effective interest rate in view of yearly reset of 1YMCLR.

I/We undertake to pay the Union Bank of India as per the revised EMI at the start of each year due to yearly reset in 1YMCLR.

In case bank is not modifying (increasing or decreasing) the EMI due to reset of 1YMCLR at the start of each year, I/We undertake to pay at the end of Loan period along with the last EMI, the residual amount of loan with interest if any, which is payable to the Union Bank of India due to increase in MCLR during the tenure of the loan.

Signed, sealed and delivered by the

within named BORROWER and GUARANTOR