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| **Head Office**  **MSME Deptt.**  10, BTM Sarani, 2nd floor  Kolkata – 700 001 | **UCO BANK**  (A Govt. of India Undertaking)  **HONOURS YOUR TRUST** | |  | | --- | | **CRN**  **/2016-17** |   **Circular No.**  **CHO/MSME/ 01 /2016-17**  **Dated: 16.08.2016** |

**TO ALL BRANCHES / OFFICES IN INDIA:**

**Subject: Master Circular on Pradhan Mantri MUDRA Yojana (PMMY)**

Micro Units Development & Refinance Agency Ltd. (MUDRA) was launched by the Hon’ble Prime Minister on 8th April, 2015 as a new financial entity, for developing and refinancing last mile financial intermediaries like Banks, NBFCs, MFIs etc. who are in the business of lending to smaller of the micro enterprises in manufacturing, trading and service sector. Accordingly, MUDRA would be extending refinance to the Banks for their lending to Micro enterprises in the country.

As per National Sample Survey Office (NSSO) estimate, about 5.77 crore such units exists in the Country and a great majority of them are outside the formal banking fold and are unable to sustain or grow due to lack of finance or relying on informal channels which very expensive or unreliable.

On the same day, Pradhan Mantri MUDRA Yojana was launched whose prime objective is to “fund the unfunded‟ by bringing such enterprises to the formal financial system and extending affordable credit to them.

The segment mainly consists of non-farm enterprises in manufacturing, trading and services whose credit needs are below Rs.10.00 lakh. The loans to be given to this segment for income generation will be known as MUDRA loans under the Pradhan Mantri MUDRA Yojana (PMMY) and branded accordingly. The overdraft amount of Rs.5,000 sanctioned under PMJDY may also be classified as MUDRA loans under PMMY.

**Loans under the scheme are categorized under the following three Heads:**

1. **Shishu** — Loans up to Rs.50,000.
2. **Kishore** — Loans from Rs.50,001 to Rs.5.00 lac.
3. **Tarun** — Loans above Rs.5.00 lac to Rs.10.00 lac
4. **Salient features of PMMY are as under: -**

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| **Sl.No.** | **Particulars** | **Guidelines** |
| **1.** | **Objective** | Most of the Micro & Small enterprises in our country are outside the formal Banking system, and hence forced to borrow from informal sources or use their limited owned funds. To bridge this gap a new scheme named as Mudra Loan scheme has been formulated.  The aim of the scheme is to increase the confidence of the aspiring young person to become first generation entrepreneurs as also of existing small businesses to expand their activities. Mudra Loan will provide funding to the non-corporate small business sector through various Last Mile Financial Institutions like Banks, NBFCs and MFIs. |
| **2.** | **Eligibility** | * All **“Non-farm enterprises”** engaged **in manufacturing, trading and services** whose **credit needs are up to Rs.10.00 lacs** under “Micro Enterprises” and “Small Enterprises” segment.   **&**  **“Activities allied to Agriculture”** e.g. pisciculture, bee-keeping, poultry, livestock, rearing, grading, sorting, aggregation agro industries, dairy, fishery, Agri-clinics and Agribusiness centers, Food & Agro-Processing, etc. (excluding crop loans, land improvement such as canals, irrigation, wells ) and services supporting these, which promote livelihood or are income generating shall be eligible for coverage under PMMY.   * These enterprises must be engaged in **“income generating activities”.** * **Eligible borrowers: - Individuals, Proprietary concern, Partnership Firm, Private Ltd. Company, Public Company & Any other legal forms** fulfilling the eligibility criteria under the different schemes covered under Pradhan Mantri MUDRA Yojana. * **The applicant should not be defaulter to any Bank or Financial Institution and should have a satisfactory credit track record.** |
| **3.** | **Quantum of Finance** | * **No Minimum amount.** * **Maximum Amount - Rs.10.00 lacs** |
| **4.** | **Categorization of MUDRA Loans** | |  |  | | --- | --- | | **Category** | **Stipulated Credit limits** | | **SHISHU** | Loans sanctioned under the scheme up to Rs.50000 | | **KISHORE** | Loans sanctioned under the scheme from  Rs.50001 to Rs.5.00 lacs | | **TARUN** | Loans sanctioned under the scheme from Rs.5,00,001 to Rs.10.00 lacs | |
| **5.** | **Rate of Interest** | **MCLR of 1 Year + 0.15% i.e. Presently 9.60%** |
| **6.** | **Processing Charges** | |  |  | | --- | --- | | **Amount of Advance** | **Processing Charges** | | **SHISHU -** Up to Rs. 50000/- | **NIL** | | **KISHORE –** AboveRs.50000/- upto Rs.5.00 lacs | **0.40% of the sanctioned amount.** | | **TARUN -** AboveRs.5 lacs upto Rs.10 lacs | **Rs. 357 per lac** | |
| **7.** | **Mudra Card** | MUDRA Ltd has formulated a “**MUDRA CARD**” scheme for meeting the working capital needs of micro enterprises in form of cash credit/overdraft.  MUDRA card will be a debit card hosted on RuPay platform co-branded with the issuing Bank and MFI, along with MUDRA Ltd. The card can be issued by the Bank directly, or in association with an MFI.  **(Detailed guidelines/features of the Mudra Card is mentioned in a separate table below).** |
| **8.** | **Schemes eligible under PMMY** | **Indicative List:**  UCO Trader, UCO Commercial Vehicle, UCO Doctor, UCO Mahila Pragati Dhara (UMPD), Artisan Credit Card (ACC), Swarojgar Credit Card (SCC), Laghu Udyami Credit Card (LUCC), UCO Udyog Mitra, Weaver Credit Card (WCC), PMEGP, UCO Roop Sangam, Agricultural allied activities etc.  **Agricultural allied activities** **eligible under PMMY: -**   |  |  | | --- | --- | | **LA613 - TL – POULTRY / DUCKERY** | **LA602 - TL – CALF REARING** | | **LA615 - TL – SERICULTURE** | **LA603 - TL – DAIRY** | | **LA618 - TL – AGRO CLINIC** | **LA606 - TL – FISHERY** | | **LA619 - TL – BULLOCK** | **LA607 - TL – GOAT/SHEEP REARING** | | **LA620 - TL – BULLOCK WITH CART** | **LA608 - TL- HORTICULTURE** | | **LA621 - TL – BULLOCK CART** | **LA612 - TL- PIGGERY** | | **LA601 - TL – BIO GAS** | **LA803 - AGRICULTURE ALLIED** |   **Branches should ensure proper classification of such accounts under MSE by providing correct RBC Code circulated vide HO Circular No. CHO/ARBD/87/2012-13 dated 11.02.2013.** |
| **9.** | **Repayment** | **Term Loan: - To be repaid in suitable installments with suitable moratorium period as per guidelines under the different schemes of the Bank covered under Pradhan Mantri MUDRA Yojana.**  **OD & CC: -** Repayable on demand & renewal/annual review as per the guidelines ofdifferent schemes covered under Pradhan Mantri MUDRA Yojana. |
| **10.** | **Disbursement** | **For term loans** – Cheques are to be issued in favour of the suppliers/parties directly.  **Working capital** – a daily limit has been fixed for withdrawal for checking any misuse.  **\*However in case of Shishu Loan, which is mostly used as composite loan, Branches can provide some relaxation regarding end use verification based on the genuineness of the need/situation.** |
| **11.** | **Security** | 1. **Primary Security: -** First charge on all assets created out of the Bank’s loan to the borrower and the assets which are directly associated with the business/project for which credit has been extended. 2. **Collateral Security:** - No collateral or Third Party Guarantee is to be taken. 3. CGTMSE coverage wherever felt desirable/MUDRA Guarantee Cover.   **NOTE: - Govt. is in process to launch a separate MUDRA Guarantee Cover for all the loans under Pradhan Mantri MUDRA Yojana very shortly.** **However, till such time all such loans, eligible for coverage under CGTMSE shall continue to be covered under CGTMSE coverage like service & manufacturing sector.** |
| **12.** | **Flagging of Accounts** | All the **accounts** opened under Pradhan Mantri MUDRA Yojana (PMMY) will be **flagged as ‘Y’ by default in Finacle System.** So, that all the schemes guidelines will automatically apply which leads to changes in the Interest rate to “applicable interest rate” & to applicable “Processing Charge”.  **Maximum limit & other guidelines will also be automatically taken care of by the system. DIT is going to introduce this facility in Finacle system shortly.** |
| **13.** | **Linkage of accounts with Aadhaar** | All the accounts opened under PMMY is to be linked with Aadhar No. in Finacle system by using the menu option AADHAR. |
| **14.** | **Disposal of Loan Application & Customer’s Complaint** | **Following methods are to be adopted by Branches/Offices for proper and timely disposal of Loan applications & Customer’s Complaint:-**   1. It must be ensured that all the loan applications under MUDRA scheme are recorded properly in a register. 2. **Branches must enter the particulars of the loan application submitted by prospective customers through CPTS menu in Finacle and update the status from time to time. The reference number generated must be integral part of the process note. A job card on Loan Tracking Module has also been circulated and is available in UCO Online.** 3. Loan application should be disposed off within two weeks for loan limit of upto Rs. 5 lacs and within three weeks for loan limit above Rs. 5 lacs on merit of the case from the date of its receipt as the matter is highly sensitive and being strictly monitored by Mission Mudra, Department of Financial Services, Ministry of Finance, Govt. of India, provided the application is complete in all respects and is accompanied by documents as per the ‘check list’ provided. 4. Ensure issuance of MUDRA Card in all eligible accounts opened under CC-130 scheme. 5. Customer’s complaint on any issue particularly under MUDRA scheme is to be settled / redressed within one week’s time from the date of its receipt. 6. Concerned branches / Zonal Offices should intimate the complainant about the action taken by them and its outcome within the said stipulated period of 7 days. 7. Immediately after redressal of the customer’s complaint the matter should be intimated to Head Office together with observation / recommendation of the Zonal Office / Circle Office as the case may be for necessary review of the matter at Head Office level and its closure in time. |
| **15.** | **Information of trainees of Skill Development Programmes and beneficiaries under PMEGP Programme** | One of the thrust area under PMMY is to provide finance to the candidates who have undertaken various skill development training, particularly under PMEGP programme.  **Branches can access the data pertaining to above mentioned programmes under the following links: -**   |  |  | | --- | --- | | **Skill Development Programme** | **www.kviconline.gov.in/hrd/hrdweb** | | **PMEGP Programme** | **www.kviconline.gov.in/pmegp** |   Both “User name” & “Password” to access these links is “kvichq”. The above mentioned links have been hosted in Mudra’s web site ([www.mudra.org.in](http://www.mudra.org.in)) also, in the home page under the Tab: Skill Trained – PMMY. |
| **16.** | **Application Form** | **As per the communication from the IBA a common loan application form has been approved for sanctioning of all the loans under Pradhan Mantri MUDRA Yojana (PMMY).**  The format of common loan application form for Pradhan Mantri MUDRA Yojna (PMMY) along with Check list duly approved by IBA is enclosed.  **NOTE**: Branches must include a separate field for Udyog Adhaar Registration No. in common loan application form of Pradhan Mantri MUDRA Yojana (PMMY). |
| **17.** | **Appointment of Nodal Officer** | **Circle Office: -** Deputy Circle Head will be the Nodal Officer for all the work related to MUDRA Loan.  **Zonal Office: -** Deputy Zonal Head will be the Nodal Officer for all the work related to MUDRA Loan.  **Branches: -** BH/ABH will be the Nodal Officer for all the work related to MUDRA Loan.  **\*Large Branches should establish a separate counter for MUDRA Loans so that there is no inconvenience to the persons seeking loan under the scheme.** |

**NOTE: - Other scheme details of the loans which are financed under Pradhan Mantri Mudra Yojana (PMMY) and not mentioned in this circular will be applicable as per the individual guidelines of the particular scheme. e.g. Margin, Repayment Period etc.**

1. **Issuance of UCO MUDRA Card under MUDRA Card Scheme of Pradhan Mantri MUDRA Yojana (PMMY).**

MUDRA Ltd has formulated a “**MUDRA CARD**” scheme for meeting the working capital needs of micro enterprises in form of cash credit/overdraft. MUDRA card will be a debit card hosted on RuPay platform co-branded with the issuing Bank and MFI, along with MUDRA Ltd. The card can be issued by the Bank directly, or in association with an MFI.

In view of the above our Bank has decided to issue Mudra Card on our own in association with Mudra Ltd in order to meet the working capital requirement **up to Rs. 10,000/- (Rupees Ten thousand only)** for **micro entrepreneurs engaged in income generating non-farm activities.** Accordingly, a separate product is envisaged for the said purpose under the brand name **“UCO MUDRA CARD”.**

1. **Salient Features of “UCO MUDRA CARD” Scheme:**

MUDRA Card will be issued up to maximum credit limit of Rs.10000/-(Ten thousand only) in cash credit account having a scheme code **CC130 (CC-Mudra Card)** with following features:

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| **Sl.No.** | **Type of Facility** | **Cash Credit** |
| **1.** | **Scheme Code** | CC130 (CC-Mudra Card) |
| **2.** | **Objective** | To provide hassle - free working capital credit to the micro enterprises without any insistence on collateral security. |
| **3.** | **Type of Borrower** | Micro enterprises in manufacturing, trading and services engaged in income generating non-farm activities. |
| **4.** | **Limit** | Maximum Rs. 10000/-(Ten thousand only) |
| **5.** | **Security** | * Hypothecation of stock. * No collateral and/or third party guarantee. * To be covered under special guarantee scheme being established by MUDRA. |
| **6.** | **Rate of Interest** | MCLR of 1 Year + 0.15% i.e. Presently 9.60% |
| **7.** | **Processing Fee** | **NIL** |
| **8.** | **Repayment** | Operative facility for 3 years. Short review once in a year. |
| **9.** | **Margin** | **NIL** |
| **10.** | **Sanctioning Authority** | Branch Head. |
| **11.** | **Classification** | Priority Sector-Micro Enterprises. |
| **12.** | **GL Sub Head Code** | 41046 |

1. **Operational guidelines for Issuance of MUDRA RuPay Card:**
2. **The card will be issued to an individual, proprietor of the firm up to the limit of Rs.10000/- (Rupees Ten thousand only).**
3. The card shall be issued free of charge.
4. HO BPR Department will make arrangement for supply of MUDRA Card to the branches as per their requirement.

Branches should note that the above scheme is specially meant for issuing “UCO MUDRA Card”.

1. Let’s assume that a customer wants to avail a working capital limit of in excess of Rs. 10000/- under PMMY.
2. Then Branches have to open two cash credit account if customer wants to avail “UCO MUDRA Card”.
3. One of the Cash Credit account have a maximum limit of upto Rs. 10,000/- under the scheme code, CC 130 (CC – Mudra Card) under GL Sub Head Code 41046 for issuance of Mudra Card to the borrower.
4. Rest of the limit of working capital which is above Rs. 10,000/- will be opened in a separate cash credit account.

**Example**

* **A borrower avails a working capital facility under PMMY. His working capital limit = Rs. 1 lac & he wants to avail the MUDRA card facility under the MUDRA Scheme.**
* **Then Branches will have to open a separate cash credit account under scheme code CC 130 under GL Sub Head Code 41046 to issue the UCO Mudra Card.**
* **Maximum working capital limit of this cash credit account for Mudra Card will be Rs.10000/-.**
* **Rest working capital limit of Rs. 90000/- will be opened in another cash credit account as per the guidelines of the particular scheme opened under Pradhan Mantri Mudra Yojana (PMMY).**

**NOTE: - A job card has been enclosed with the circular for issuance of UCO Mudra Card.**

It is, therefore, requested that all advances granted on or after 8th April, 2015 falling under this category be classified as MUDRA loans under the PMMY. For this purpose a flagging is available in Finacle system & all the accounts opened under Pradhan **Mantri Mudra Yojana (PMMY) are to be flagged** as ‘Y’ by default in Finacle system**. A separate job card is attached with this circular in this regard.**

Progress under the scheme will be monitored by SLBCs regularly. Circle/Zonal Offices are advised to submit Monthly Progress Report under the scheme to our Department for onward submission to the concerned Authorities.

**All the Branches/Offices are advised to take careful note of the mentioned instruction and ensure its meticulous implementation to enhance Bank’s Priority Sector Portfolio.**

**(R K Khanna)**

**General Manager**

**Retail Banking Department & MSME**

**Encl: 1. Check list of documents under different categories of Pradhan Mantri Mudra Yojana (PMMY).**

1. **Common Application form for Shishu category & Accounts opened under Kishore & Tarun.**
2. **Frequently asked questions for PMMY.**
3. **Job Card for issuance of Mudra Card.**

**References Circulars:**

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| --- | --- | --- |
| **Sl.No.** | **Subject** | **Circular No.** |
| **1.** | **Roll out of Pradhan Mantri MUDRA Yojana** | **CHO/ARBD/15/2015-16 Dated: 26.05.2015** |
| **2.** | **Common Loan Application Form for PMMY** | **CHO/ARBD/33/2015-16 Dated: 12.08.2015** |
| **3.** | **Issuance of UCO Mudra Card under Mudra Card Scheme of PMMY** | **CHO/ARBD/36/2015-16 Dated: 14.09.2015** |
| **4.** | **PMMY–Concession in Processing Charges & ROI** | **CHO/ARBD/37/2015-16 Dated: 14.09.2015** |
| **5.** | **PMMY– Disposal of loan applications & Customer’s Complaint** | **CHO/ARBD/05/2016-17 Dated: 28.04.2016** |

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* **Check list of documents under different categories of Pradhan Mantri Mudra Yojana (PMMY)**

**: (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)**

In line with the decision of the IBA Managing Committee, we are appending below the checklist for Shishu, Kishore and Tarun categories for adoption & implementation by the branches: -

**CHECK LIST: SHISHU**

1. **Proof of identity** - Self certified copy of Voter’s ID card / Driving License / PAN Card /

Aadhar Card/Passport /Photo IDs issued by Govt. authority etc.

1. **Proof of Residence** - Recent telephone bill, electricity bill, property tax receipt (not older than 2 months), Voter’s ID card, Aadhar Card & Passport of Individual / Proprietor/Partners, Bank Passbook or latest account statement duly attested by Bank officials, Domicile certificate, Certificate issued by Govt. authority/Loacl Panchayat/Municipality etc.
2. Applicant’s recent Photograph (2 copies) not older than 6 months.
3. Quotation of Machinery/other items to be purchased.
4. Name of supplier/details of machinery/price of machinery and /or items to be purchased.
5. Proof of identity/Address of the Business Enterprise – Copies of relevant licenses/registration certificates/other documents pertaining to the ownership, identity and address of business unit, if any
6. Proof of category like SC/ST/OBC/Minority etc.

**NOTE:**

1. No processing fee
2. No collateral
3. Repayment period of loan is extended up to 5 years.
4. Applicant should not be defaulter of any Bank/Financial institution.

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**CHECK LIST: KISHORE & TARUN**

1. **Proof of identity** - Self certified copy of Voter’s ID card / Driving License / PAN Card / Aadhar Card/Passport.
2. **Proof of Residence** - Recent telephone bill, electricity bill, property tax receipt (not older than 2 months), Voter’s ID card, Aadhar Card & Passport of Proprietor/Partners/Directors.
3. Proof of SC/ST/OBC/Minority if applicable.
4. Proof of Identity/Address of the Business Enterprise -Copies of relevant licenses/registration certificates/other documents pertaining to the ownership, identity and address of business unit.
5. Applicant should not be defaulter in any Bank/Financial institution.
6. Statement of accounts (for the last six months), from the existing banker, if any.
7. Last two years balance sheets of the units along with income tax/sales tax return etc. (Applicable for all cases from Rs.2 Lacs and above).
8. Projected balance sheets for one year in case of working capital limits and for the period of the loan in case of term loan (Applicable for all cases from Rs.2 Lacs and above).
9. Sales achieved during the current financial year up to the date of submission of application.
10. Project report (for the proposed project) containing details of technical & economic viability.
11. Memorandum and articles of association of the company/Partnership Deed of Partners etc.
12. In absence of third party guarantee, Asset & Liability statement from the borrower including Directors & Partners may be sought to know the net-worth.
13. Photos (two copies) of Proprietor/ Partners/ Directors.

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