

Guidelines for Support of Individual Micro Food Processing Enterprises under the PMFME Scheme

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1.0 Background

1.1. Overview:

1.1.1. Ministry of Food Processing Industries (MoFPI), in partnership with the States, has launched an all India centrally sponsored "PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME Scheme)" for providing financial, technical, and business support for upgradation of existing micro food processing enterprises.

1.2. Aim of the scheme:

1.2.1. Enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote formalization of the sector.

1.3. The objectives of the scheme

- i) Support for capital investment for upgradation and formalization of micro enterprises with registration for GST, FSSAI hygiene standards, and Udyog Aadhaar;
- ii) Capacity building of micro enterprises through skill training, imparting technical knowledge on food safety, standards & hygiene, and quality improvement;
- iii) Handholding support for the preparation of DPR, availing bank loans, and upgradation.

1.4. One District One Product

1.4.1. The Scheme adopts the One District One Product (ODOP) approach to reap the benefit of scale in terms of procurement of inputs, availing common services and marketing of products. The States would identify food product for a district keeping in view the existing clusters and availability of raw material;

1.4.2. With respect to support to existing individual micro units for capital investment, preference would be given to those producing ODOP products. However, existing units producing other products would also be supported;

1.4.3. New units for individual enterprises would only be supported for ODOP products.

2.0 Support for Individual Enterprises

2.1. The major components of support to the individual enterprises are:

- 1) Credit Linked Subsidy support;
- 2) Capacity Building/Training support.

2.2 Credit Linked Subsidy:

2.2.1.1 Individual micro food processing units desirous of upgradation of their unit can avail of credit-linked capital subsidy @35% of the eligible project cost with a maximum ceiling of Rs.10 lakh per unit. The beneficiary contribution should be a minimum of 10% and the balance should be a loan from a bank.

2.3 Capacity Building /Training support for the micro enterprise

2.3.1 Training support would be provided to individual units that are being provided support for capital investment. In addition, training support would also be provided to other existing units in the districts that are processing ODOP products;

2.3.2 The following are the focus areas for capacity building under the Scheme:

- i) Entrepreneurship development, essential functions of enterprise operations, marketing, bookkeeping, registration, FSSAI standards, Udyog Aadhar, GST Registration, general hygiene, etc.;
- ii) Specific training designed for ODOP product or the product produced by the unit including operations of necessary machines, hygiene issues, packaging, storage, procurement, new products development, etc.

3.0 Eligibility criteria for individual micro enterprises

Eligibility criteria for individual micro enterprises for availing credit-linked subsidy support under the scheme:

- i) Existing micro food processing units in operations;
- ii) Existing units should be those identified in the SLUP for ODOP products or by the Resource Person on physical verification. In the case of units using electrical power, the electricity bill would support it being in

operations. For other units, existing operations, inventory, machines, and sales would form the basis;

- iii) The enterprise should be unincorporated and should employ less than 10 workers;
- iv) The enterprise should preferably be involved in the product identified in the ODOP of the district. Other micro enterprises could also be considered;
- v) The applicant should have an ownership right of the enterprise;
- vi) Ownership status of enterprise could be proprietary / partnership firm;
- vii) The applicant should be above 18 years of age and should possess at least VIII standard pass educational qualification;
- viii) Only one person from one family would be eligible for obtaining financial assistance. The “family” for this purpose would include self, spouse, and children;
- ix) Willingness to formalize and contribute 10% of project cost and obtain Bank loan;
- x) The cost of the land should not be included in the Project cost. The cost of the ready-built, as well as long lease or rental workshop, could be included in the project cost. Lease rental of workshop to be included in the project cost should be for a maximum period of 3 years only.

4.0 Process for availing the benefit

4.1 The process for availing the benefit under the scheme has broadly five components:

- 1) Applicant registration;
- 2) Application filling and submission;
- 3) Recommendation of application at the District Level;
- 4) Bank Linkage;
- 5) Credit linkage.

5.0 Procedure for registering into the scheme portal.

5.0.1 The applicant should register themselves into the scheme portal for availing support under the scheme. Following are the steps, the applicant should follow for registering into the portal:

5.0.1.1 The applicant needs to visit the PM FME home page for their registration. On the home page, the applicant needs to click on the Login tab and should select the applicant login option.

5.0.1.2 The applicant would then be directed to the login page. The applicant needs to create an account by clicking on the signup button provided on the login page.

5.0.1.3 Once the applicant is successfully registered, they would receive their username and password through email Id;

5.0.1.4 The applicant should use their username and password for logging into the scheme portal for availing the benefits under the scheme.

6.0 Procedure for filling and submission of application:

6.0.1 Upon successful login into the portal, the applicant needs to select the type of application form, he/she would be filling up for applying for credit linked subsidy.

6.0.2 In cases where the enterprise is an existing enterprise with a turnover of more than Rs 1 Crore, the applicant should select the type of application as “Individual Applicant (Present Business Turnover More than 1 Cr)”. In cases where an enterprise is an existing enterprise with a turnover of less than Rs 1 Crore, the applicant should select the type of application/DPR as “Individual Applicant (Present Business Turnover Less than 1 Cr)”. In cases where the enterprise is a new enterprise, then the applicant needs to select the type of application/DPR as “Individual New Food Processing Enterprise”.

6.0.3 Once the respective application type has been selected by the applicant, they should proceed with filling the application form. In General, the application form consists of seven sections, and depending on the type of application, the number of sections may vary. These seven sections are illustrated below;

- 1) The first section consists of applicant details, where the applicant needs to provide information about themselves.
- 2) The second Section consists of Existing Enterprise Details. Under this section, the applicant needs to provide the information related to existing enterprise name & location, existing product details, existing turnover and investment details, bank details, existing loan details, existing worker's details, etc.,
- 3) The third section consists of Proposed Business Details. Under this section, the applicant needs to provide the details about their proposed business/project to which they want to avail the credit linked subsidy support under the scheme. The details required under this section includes the name & location, workers for the proposed project, proposed product details, quotation details for the proposed machinery, etc.,
- 4) The fourth section consists of Financial Details. Under this Section, the applicant needs to provide financial information about both the existing enterprise and the new/proposed unit/project. The financial information related to existing enterprise includes profit & loss account, balance sheet, etc., The financial information related to proposed unit/project includes building details, machinery details, sales details, raw material details, wages details, salary details, working capital estimate, power estimate, etc.,
- 5) The fifth section consists of Lending Bank details. Under this section, the applicant needs to provide the details of their preferred lending bank for availing of the credit linked subsidy.
- 6) The sixth section consists of uploading of documents, where the applicant would upload the requisite document in support of the application.
- 7) The seventh section consists of Declaration and Submit, where the applicant would be providing their declaration in support of the information provided in the application form and would be finally submitting the application.
- 8) Once the application is submitted, then the applicant would not be allowed to modify the contents provided by them.

6.0.4 Upon the successful submission of the application, the applicant would be notified through SMS and email.

7.0 Process of the recommendation of applications at the District Level

- 7.0.1 Upon successful submission of application, the applications would be forwarded automatically to the District Resource Person (DRP) / District Level Committee (DLC), constituted under the scheme at the district level;
- 7.0.2 The District Resource Person would do a field visit to the respective enterprise of the applicant and would provide their observations with respect to the application.
- 7.0.3 DRP would be responsible for recommendation of applications of credit linked subsidy from individual micro enterprises to DLC and Similarly the DLC would be responsible for recommendation of applications to the lending banks.
- 7.0.4 The DRP/DLC has the authority to either approve or reject the application or can also issue a deficiency letter to the applicant. The Deficiency letter would be issued to the applicant if any further information or documents are required in support of the application.
- 7.0.5 The applicant would be notified about the approval/rejection/issue of deficiency letter through SMS as well as through e-mail id.

8.0 Process of application linkage with banks:

- 8.0.1 Upon the recommendation of DLC, the application would be forwarded to the first lending bank as per the applicant's preference specified during the application submission process;
- 8.0.2 The lending bank has the authority to either approve the proposal or reject the proposal;
- 8.0.3 If the proposal is found satisfactory to the lending bank, the application would be approved and the application would be processed further for credit disbursement as per the scheme guidelines;
- 8.0.4 If in case, the proposal is not found satisfactory to the first lending bank, the application would be rejected by the first lending bank and would be forwarded to the second preferred lending bank as per the applicant's preference specified during the application submission process. If the proposal is not found satisfactory

by the second lending bank also, then the application would be rejected and would not be considered any further;

8.0.5 The applicant would be notified about the status of the application with respect to the bank through both the SMS as well as through email.

9.0 Process of disbursement of credit from the banks:

9.0.1 When an application for an individual enterprise is approved by the lending bank, the following process would be carried out for disbursement of credit to the beneficiary;

9.0.2 The lending bank sanctioning the loan would open a mirror account in the name of the beneficiary. The lending bank would report the fact of sanction of loan to the Nodal Bank at the national level. After receipt of this information, the Central and State Government should respectively transfer their share of the grant to the Nodal Bank. The Nodal Bank would transfer the Central share and State share of the grant together to the concerned lending Bank branch. That 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/supplier;

9.0.3 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;

9.0.4 Benefit of credit guarantee coverage for loans offered under this Scheme should be provided to the borrower under the Credit Guarantee Trust for Micro & Small Enterprises through the National Credit Guarantee Trustee Company under their usual terms & conditions. Interest subvention of 2% under the Interest Subvention

Scheme for incremental credit to MSMEs 2018 would also be available to the borrowers on the outstanding balance.

10.0 Handholding Support

10.0 The Scheme envisages engaging Resources Persons (RPs) at the district/ regional level for providing handholding support to the micro food processing enterprises in terms of support in the preparation of DPRs, getting a bank loan, training, upgradation of the unit, getting necessary regulatory approvals, hygiene, etc.;

10.1 The individual applicant who desires to avail of the benefits under the scheme would contact their respective DRPs for getting assistance in the application submission process, support in DPR preparation, getting a bank loan, etc.

11.0 Guidelines & Contact

11.0.1 Detailed guidelines of the scheme may be viewed at Ministry's website mofpi.nic.in. Individual entrepreneurs and other stakeholders may contact the State Nodal Agencies of their respective State / UT regarding the roll-out of the scheme and contact points at the district level. The applicant may also contact the Helpline number +91 1302281089 or mail to support-pmfme@mofpi.gov.in for any queries.