



Circular No.152-2021-BC-CD

Date.02.06.2021

PM FORMALISATION OF MICRO FOOD PROCESSING ENTERPRISES (PMFME) SCHEME

SYNOPSIS

- PMFME scheme is a centrally sponsored.
- Individual Micro-enterprises, SHGs, FPOs and Cooperatives are eligible borrowers.
- The applicants are eligible for obtaining credit linked **capital subsidy @35%** of the eligible project cost with a maximum ceiling of **Rs.10.00 lakh** per unit.
- Beneficiary contribution should be minimum of **10%** of the project cost.
- The applicant should be above **18** years of age and should possess at least **VIII** standard pass educational qualification in case of Individual borrowers.
- It should have minimum turnover of **Rs.1 crore** in case of **Co-operatives/FPOs**.
- The members should have for a minimum period of 3 years' experience in processing of the One District One product in case of SHG borrowers.

The attention of Branches and Regional Offices is invited to the captioned subject. Prime Minister Formalization of Micro Food Processing Enterprises (PMFME) scheme is a centrally sponsored scheme under Aatmanirbhar Bharat Abhiyan designed to address the challenges faced by the micro enterprises and to tap the potential of Individual Micro-enterprises as well as institutions like SHGs FPOs and Cooperatives by supporting the upgradation and formalization of the enterprises. The applicants are eligible for obtaining credit linked **capital subsidy @35%** of the eligible project cost.

The Scheme aims to:

- Enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote formalization of the sector; and
- Support Farmer Producer Organizations (FPOs), Self Help Groups (SHGs) and Producers Cooperatives along their entire value chain.

Individual Micro Enterprises:

Individual Micro Food processing units would be provided credit-linked capital subsidy @35% of the eligible project cost with a maximum ceiling of **Rs.10.0 lakh** per unit. Beneficiary contribution should be minimum of **10%** of the project cost with balance being loan from Bank.

Eligibility criteria for individual Micro Enterprises under the scheme:

- Existing Micro Food processing units in operations;
- Existing units should be those identified in the SLUP (State level Upgradation Plan) for ODOP (One District One Product) products or by the Resource Person on physical verification. In case of units using electrical power, electricity bill would support it being in operations. For others units, existing operations, inventory, machines and sales would form the basis;
- The enterprise should be unincorporated and should employ less than **10** workers;
- The enterprise should preferably be involved in the product identified in the ODOP of the district. Other micro enterprises could also be considered;
- The applicant should have ownership right of the enterprise;
- Ownership status of enterprise could be proprietary / partnership firm;
- The applicant should be above 18 years of age and should possess at least **VIII** standard pass educational qualification;
- Only one person from one family would be eligible for obtaining financial assistance. The "family" for this purpose would include self, spouse and children;
- Willingness to formalize and contribute 10% of project cost and obtain Bank loan;
- Cost of the land should not be included in the Project cost. Cost of the ready built as well as long lease or rental work shed could be included in the project cost. Lease rental of work shed to be included in the project cost should be for a maximum period of 3 years only.

Group Category

The Scheme would support clusters and groups such as FPOs/SHGs/ producer cooperatives along their entire value chain for sorting, grading, assaying, storage, common processing, packaging, marketing, processing of agri-produce, and testing laboratories.

(a) Eligibility Criteria for Co-operatives/FPOs:

- It should preferably be engaged in processing of One District One product produce;
- It should have minimum turnover of **Rs.1 crore**;
- The cost of the project proposed should not be larger than the present turnover;
- The members should have sufficient knowledge and experience in dealing with the product for a minimum period of **3 years**.
- The cooperative/FPO should have sufficient internal resources or sanction from the State Government to meet 10% of the project cost and margin money for working capital;

(b) Self Help Groups (SHGs)

Support to individual SHG member as a single unit of food processing industry with credit linked grant @35% with maximum amount being Rs 10 lakh.

Eligibility Criteria for Credit Linked Grant for Capital Investment for SHGs:

- The SHGs should have sufficient own funds for meeting 10% of the project cost and 20% margin money for working capital or sanction of the same as grant from the State Government;

- The SHG members should have for a minimum period of 3 years' experience in processing of the One District One product.

Credit Linkage

- The main expenditure under the Scheme is credit linked grant @35% for the for micro food processing enterprises subject to a maximum of Rs.10 lakhs. Additionally, credit linked grant is being provided to groups @35% for capital investment, credit linked grant for common infrastructure @ 35%. 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 banks and liaison with the banks.
- The bank sanctioning the loan would open a mirror account (non-operative 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, Central and State Government should respectively transfer 60% and 40% of its share of 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. That Bank branch should place this amount in the mirror-bank account of the beneficiary. The lending bank should disburse sanctioned loan amount in accordance with normal banking practice to the beneficiary/supplier.
- If after a **period of three years** from the disbursement of 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.
- 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.

Miscellaneous Information

- Application processing: MOFPI is accepting applications online from individual Micro-enterprises at the following link. <http://pmfme.mofipi.gov.in/> for registration of applicants and filling of their application.
- Applications for groups are being accepted currently only in offline mode by district nodal points and state nodal points as per the list attached. Modalities and forms for filling group applications are available on this link. <https://mofpi.nic.in/pmfme/groupapp.html>

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- Post application submission, the individual applications shall be vetted and approved by the district level committees (DLCs) through the online MIS portal. After approval by DLCs, the applications would be forwarded to the banks on the MIS Portal.
- Ministry of food processing industries has provided all the banks with login ids on the MIS portal for processing and sanction of the loan applications. This would ensure hassle free communications and ease of doing business for both the applicants as well as the banks.
- Post sanction, the Central government part of the subsidy will be released via the Nodal Bank (Union Bank of India) and simultaneously the state government will release its part through the Nodal Bank (Union Bank of India) to the lending branch.
- The subsidy amount needs to be kept in a mirror account in the lending branch and no interest will be charged on the subsidy portion from the date of its receipt.

Note: (1) The detailed procedure for branches to login is attached as annexure-I
(2) The detailed guidelines for implementation of PMFME is attached as annexure-II

Clarifications in this regard, if any, may be sought from Head Office-Credit through respective Regional Offices, as per extant guidelines.



(K.VIJAYA BHASKAR)
GENERAL MANAGER