

Scheme for financing facility under PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME Scheme)

Scheme	PM Formalization of Micro Food Processing Enterprises Scheme (PM FME Scheme)				
Aim	<p>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.</p> <ol style="list-style-type: none"> i) Support for capital investment for upgradation and formalization with registration for GST, FSSAI hygiene standards and Udyog Aadhar. ii) Capacity building through skill training, imparting technical knowledge on food safety, standards & hygiene and quality improvement. iii) Hand holding support for preparation of DPR, availing bank loan and upgradation. iv) Support to Farmer Producer Organizations (FPOs), Self Help Groups (SHGs), producers cooperatives for capital investment, common infrastructure and support branding and marketing. 				
Objective	<ol style="list-style-type: none"> i) Increased access to credit by existing micro food processing entrepreneurs, FPOs, Self Help Groups and Co-operatives ii) Integration with organized supply chain by strengthening branding & marketing iii) Increased access to common services like common processing facility, laboratories, storage, packaging, marketing and incubation services iv) Strengthening of institutions, research and training in the food processing sector; and v) Increased access for the enterprises, to professional and technical support. 				
Maximum Limit	Need based funding to be considered looking to the requirement of the project/borrower.				
Nature of Facility	Term loan and Working Capital in the form of Term Loan/Demand Loan/Cash Credit/Bank Guarantee/Letter of Credit/BP/BD, Export Credit pre-shipment and post shipment.				
Rate of interest	Internal Credit rating	Immovable Property security coverage (Including both primary and collateral immovable properties)			
		Above 100%	Above 75% to 100%	50% to 75%	Below 50%
	CR-1 to CR-3	BRLLR+SP+0.50 % i.e. 7.75% p.a. at present.	BRLLR +SP+ 0.65% i.e. 7.90% p.a. at present.	BRLLR +SP+ 0.95% i.e. 8.20% p.a. at present.	BRLLR +SP+ 1.25% i.e. 8.50% p.a. at present.
	CR-4 to CR-6	BRLLR +SP+ 0.95% i.e. 8.20% p.a. at present	BRLLR +SP+ 1.25% i.e. 8.50% p.a. at present	BRLLR +SP+ 1.55% i.e. 8.80% p.a. at present	BRLLR +SP+ 1.80% i.e. 9.05% p.a. at present

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	CR-7 & below	BRLLR 3.90% 11.15% p.a. at present	+SP+ i.e. at	BRLLR 4.25% 11.50% p.a. at present	+SP+ i.e. p.a. at present	BRLLR +SP+ 4.75% i.e. 12.00% p.a. at present	BRLLR +SP+ 5.00% i.e.12.25% p.a. at present
Processing Charges/Documentation charges/ Upfront fee	<p>For Working Capital (Fresh/Review) Fund Based: Above Rs. 3 lacs to Rs. 10 Lacs – Rs.250/- per lac or part thereof +GST Above Rs. 10.00 lacs – Rs. 350/- per lac or part thereof + GST</p> <p>Non Fund Based : 50% of charges applicable for Fund Based Limit</p> <p>For Term Loan (Fresh): Above Rs. 3.00 Lacs – DL/TL 1% of the limit sanctioned + GST</p> <p>For Term Loan (Review) Above Rs. 3.00 lacs – Rs. 60/- per lac or part thereof + GST</p> <p>(The above service charges is as per circular no. HO/BR/112/286 dated 29.06.2020. The above charges is subject to change as per Bank's extant guidelines)</p>						
Margin	Beneficiary contribution should be minimum of 10% of the project cost with balance being loan from Bank.						
Period	-12- Months for Working Capital Upto 84 months for Term loan (including upto -12- months moratorium period) Subject to annual review.						
Repayment period	In suitable Monthly/Quarterly instalment after initial moratorium period						
Moratorium Period	Maximum upto -12- months						
Eligibility Criteria	<p>Eligibility Criteria for Individual Micro Enterprises :</p> <ul style="list-style-type: none"> - Existing micro food processing units in operations. - Existing units should be those identified in the SLUP for ODOP (One District One product)* 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 workshed could be included in the project cost. Lease rental of workshed to be included in the project cost should be for a maximum period of 3 years only. <p>Eligibility Criteria for Co-operatives/FPOs:</p> <ul style="list-style-type: none"> - FPO should have minimum turnover of Rs.1 crore and preferably be engaged in processing of ODOP produce. 						

		<ul style="list-style-type: none"> - 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. <p>Eligibility Criteria for Seed Capital for SHGs:</p> <p>i) Only SHG members that are presently engaged in food processing would be eligible as per PM formulation of Micro and food processing units.</p> <p>Eligibility Criteria for Credit Linked Grant for Capital Investment for SHGs:</p> <p>i) 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.</p> <p>ii) The SHG members should have for a minimum period of 3 years experience in processing of the ODOP product.</p> <p>*One District One product (ODOP): The States would identify the food product for a district, keeping in perspective the focus of the scheme on perishables. A baseline study would be carried out by the State Government. The ODOP product could be a perishable agri produce, cereal based product or a food product widely produced in a district and their allied sectors.</p>
Subsidy		<p>Support to Individual Micro Enterprises</p> <p>Individual micro food processing units (proprietary / partnership firm) 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.</p> <p>Support to 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.</p> <p>FPOs and Producer Cooperatives would be provided the following support:</p> <p>i) Grant @35% with credit linkage (As per guidelines of PM Formalization of Micro Food Processing Enterprises Scheme (PM FME Scheme))</p> <p>Support to Self Help Groups (SHGs) :</p> <p>A number of SHGs are undertaking food processing activities. The Scheme proposes to provide following support to SHGs.</p> <p>Seed capital:</p> <p>(i) Seed capital @ Rs40,000/- per member of SHG for working capital and purchase of small tools would be provided under the scheme.</p> <p>(ii) Priority would be given for SHGs involved in ODOP produce in giving seed capital.</p> <p>(iii) All the members of an SHG may not be involved in the food processing. Therefore, seed capital would be provided at the federation level of SHGs.</p> <p>iv) This would be given as grant to the SHG federation by SNA/SRLM. SHG federation would provide this amount as a loan to the members of SHGs to be repaid to the SHG.</p>

	<p>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.</p> <p>Support for capital investment at federation of SHG level, with credit linked grant @35%. Maximum limit of grant in such cases would be as prescribed by implementing agency.</p>
<p>Support for Common Infrastructure</p>	<p>Support for common infrastructure would be provided to FPOs, SHGs, cooperatives, any Government agency or private enterprises. Common infrastructure created under the scheme should also be available for other units and public to utilize on hiring basis for substantial part of the capacity. Eligibility of a project under this category would be decided based on benefit to farmers and industry at large, viability gap, absence of private investment, criticality to value chain, etc. Credit linked grant would be available @ 35%. Maximum limit of grant in such cases would be as prescribed by Government authority.</p> <p>Types of Common infrastructure to be funded under the scheme:</p> <ul style="list-style-type: none"> - Premises for assaying of agriculture produce, sorting, grading, warehouse and cold storage at the farm-gate. - Common processing facility for processing of ODOP produce. <p>Procedure for groups to send proposals for Common Infrastructure and capital investment by FPOs/SHGs/Cooperatives:</p> <p>i) A DPR for seeking assistance under the Scheme for capital investment and common infrastructure should be prepared, based on the format as prescribed by implementing agency.</p> <p>ii) The DPR should have necessary details of the proposal, detailed project cost, proposed manpower, turnover, marketing channel, sources of raw material, estimated profit & loss account, cash flow statement, etc.</p> <p>iii) The DPR should be sent to State Nodal Agency (SNA). After approval of the proposal by SLAC, SNA should recommend the proposal to MoFPI. Any proposal for assistance to a group for grant above Rs.10 lakh should be sent to MOFPI for approval.</p> <p>iv) After approval of the proposal by MoFPI, the proposal should be forwarded to the financial institution for sanction of loan.</p>
<p>Branding and Marketing Support</p>	<p>Marketing and branding support would be provided to groups of FPOs/SHGs/Cooperatives or an SPV of micro food processing enterprises under the Scheme. Following the ODOP approach, marketing & branding support would only be provided for such product at the State or regional level.</p> <p>Eligible items for support</p> <ul style="list-style-type: none"> i) Training relating to marketing to be fully funded under the scheme ii) Developing a common brand and packaging including standardization to participate in common packaging; iii) Marketing tie up with national and regional retail chains and state level institutions; iv) Quality control to ensure product quality meets required standards. <p>Support for marketing and branding requires developing a common brand, common packaging and product standardization. The appropriate level for common branding and packaging would differ from place to place, case to case and product to product. Whether it should be district, regional or state level would be decided by the concerned SNA in each case. Therefore, the proposal for marketing and branding should be prepared by the SNA. Support for</p>