



Pradhan Mantri Formalization of Micro-Food Enterprise (PM-FME)

(pmfme.mofpi.gov.in)

(9254997101, 9254997102, 9254997103, 9254997104 & 9254997105)

AIM-

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

OBJECTIVES

- Increased access to credit by existing micro food processing entrepreneurs, FPOs, Self Help Groups and Co-operatives.
- Integration with organized supply chain by strengthening branding & marketing.
- Support for transition of existing 2,00,000 enterprises into formal framework.
- Increased access to common services like common processing facility, laboratories, storage, packaging, marketing and incubation services.
- Strengthening of institutions, research and training in the food processing sector.
- Increased access for the enterprises, to professional and technical support.

PROGRAM COMPONENTS

- Support to individual and groups of micro enterprises.
- Branding and Marketing support.
- Support for strengthening of institutions.
- Setting up robust project management framework.

A. Support to 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.
- The applicant should be above 18 years of age.
- 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.

B. 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) Farmer Producer Organizations (FPOs)/Producer Cooperatives

FPOs and Producer Cooperatives would be provided Grant @35% with credit linkage and Training support.

Eligibility Criteria for Co-operatives/FPOs

- It should preferably be engaged in food processing.

- 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)

- **Seed Capital-**

- Seed capital @ Rs40, 000/- per member of SHG for working capital and purchase of small tools would be provided under the scheme.
- 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.
- 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.
- 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.
- 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.
- Training & Handholding Support to SHGs: For support to SHGs, a large number of trained resource persons are available with State Rural Livelihood Missions (SRLMs). These local resource persons of SRLM having expertise in agro-produce would be utilized for training, up-gradation of units, DPR preparation, handholding support, etc.

Eligibility Criteria for Seed Capital for SHGs

- Only SHG members that are presently engaged in food processing would be eligible
- The SHG member has to commit to utilize this amount for working capital and purchase of small tools and give a commitment in this regard to the SHG and SHG federation
- Before providing the seed capital, SHG Federation should collect the following basic details for each of the members:

- Details of the product being processed
- Other activities undertaken
- Annual turnover
- Source of raw materials and marketing of produce

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 food processing

c. Support for Common Infrastructure

Support for common infrastructure would be provided to FPOs, SHGs, cooperatives, any Government agency. 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% with ceiling amount of 3Cr and the maximum total project cost can be 10Cr.

Types of Common Infrastructure to be funded under PM-FME

- Premises for assaying of agriculture produce, sorting, grading, warehouse and cold storage at the farm-gate
- Incubation Centre should involve one or more product lines, which could be utilized by smaller units on a hire basis for processing of their produce. The Incubation Centre may partly be used for training purpose. It should be run on commercial basis.

D. Branding and Marketing Support

Marketing and branding support would be provided to groups of FPOs/SHGs/ Cooperatives or an SPV of micro food processing enterprises under the Scheme.

Eligible items for support

- Training relating to marketing to be fully funded under the scheme
- Developing a common brand and packaging including standardization to participate in common packaging
- Marketing tie up with national and regional retail chains and state level institutions
- Quality control to ensure product quality meets required standards

List of Activities not Eligible under PM-FME Scheme

- Trading and selling of unprocessed Millets/Cereals/Spices etc.
- Unprocessed or Loose Milk (Selling of Milk Curd)
- Trading and selling of fruits and vegetables
- Trading and selling of unprocessed Minor Forest Product
- Bee Keeping/Loose selling of Honey
- Loose selling, trading and repacking of oil
- Trading and selling of groundnut, Arecanut (Exception: Any proposal for export variety would be reviewed on case to case basis. State Government to take prior approval from MoFPI for such cases.)
- Poultry, Piggery, Goatry or any other rearing activity of animals
- Trading and selling of fresh Fish/ meat/chicken etc.,
- Repacking of manufactures products
- Canteen, grocery, hotel, tiffin services, restaurants or any other food services enterprises