MOFPI

AATMANIRBHAR BHARAT

GUIDELINES FOR IMPLEMENTATION OF

"PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME Scheme)"

Registration


Handholding Support


DPR and FUPs


Application for the Subsidy

Banking Linkages


Technological Upgradation


Support to FPOs/ SHGs/ Cooperatives


Common Facilities


Branding & Marketing

VOCAL FOR LOCAL

सत्यमेव जयते

MINISTRY OF FOOD PROCESSING INDUSTRIES
GOVERNMENT OF INDIA

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Abbreviations and Acronyms

DPR	Detailed Project Report
DLC	District Level Committee
FPI	Food Processing Industry
FPO	Farmer Producer Organisation
FUP	Firm level Upgradation Plan
GOI	Government of India
FME	Formalization of Micro Enterprises
IA	Implementing Agency
IMEC	Inter Ministerial Empowered Committee
IIFPT	Indian Institute of Food Processing Technology
MIS	Management Information System
MOFPI	Ministry of Food Processing Industries
MoU	Memorandum of Understanding
MSDE	Ministry of Skill Development and Entrepreneurship
MSME	Micro, Small and Medium Enterprise
NABARD	National Bank for Agriculture and Rural Development
NCDC	National Co-operative Development Corporation
NIFTEM	National Institute for Food Technology Entrepreneurship and Management
NGO	Non-governmental Organizations
NRLM	National Rural Livelihood Mission
ODOP	One District One Product
PEC	Project Executive Committee
PIP	Project Implementation Plan
PMU	Project Management Unit
PMKSY	Pradhan Mantri Kishan Sampada Yojana
PMU	Project Management Unit
R&D	Research and Development
RP	Resource Person
SC	Schedule Caste
ST	Schedule Tribe
SHG	Self Help Group
SIDBI	Small Industries Development Bank of India
SLAC	State Level Approval Committee
SNA	State Nodal Agency
SRLM	State Rural Livelihood Mission
TOR	Terms of Reference
UT	Union Territory

Background

Overview

The unorganized food processing sector in the country comprises nearly 25 lakh food processing enterprises which are unregistered and informal. With only 7% of investment in plant & machinery and 3% of outstanding credit, the unorganized enterprises contribute to 74% of employment (a third of which are women), 12% of output and 27% of the value addition in the food processing sector. Nearly 66% of these units are located in rural areas and about 80% of them are family-based enterprises[1]. Most of these units falls under category of micro manufacturing units in terms of their investment in plant & machinery and turnover.

The unorganized food processing industry in India faces challenges that limit its development and weakens performance. These challenges include: (a) lack of productivity and innovation due to limited skills and access to modern technology and machinery for production and packaging; (b) deficient quality and food safety control systems, including lack of basic awareness on good hygienic and manufacturing practices;(c) lack of branding & marketing skills and inability to integrate with the supply chains, etc.;(d) capital deficiency and low bank credit.

Unorganized micro food processing units, need intensive hand holding support for skill training, entrepreneurship, technology, credit and marketing, across the value chain, necessitating active participation of the state government for better outreach. In the last decade, Central and State Governments have made intensive efforts to organize farmers in Food Processing Organisations (FPOs) and women's Self Help Groups (SHGs). SHGs have achieved considerable progress in thrift and their repayment record with 97% NPA level is among the best. Governments have made efforts to enable SHGs to undertake various manufacturing and service sector activities including food processing. However, there are few Government schemes to support FPOs and SHGs to make investment and upscale their operations.

This scheme is a centrally sponsored scheme that is designed to address the challenges faced by the micro enterprises and to tap the potential of groups and cooperatives in supporting the upgradation and formalization of these enterprises.

Aims

The scheme aims to:

i) Enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote formalization of the sector; and

[1]NSSO, 2015

ii) Support Farmer Producer Organizations (FPOs), Self Help Groups (SHGs) and Producers Cooperatives along their entire value chain.

Objectives

The objectives of scheme are to build capability of microenterprises to enable:

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) Support for transition of existing 2,00,000 enterprises into formal framework;

iv) Increased access to common services like common processing facility, laboratories, storage, packaging, marketing and incubation services;

v) Strengthening of institutions, research and training in the food processing sector; and

vi) Increased access for the enterprises, to professional and technical support.

Outlay

The scheme envisages an outlay of Rs. 10,000 crore over a period of five years from 2020-21 to 2024-25. The expenditure under the scheme would to be shared in 60:40 ratio between Central and State Governments, in 90:10 ratio with North Eastern and Himalayan States, 60:40 ratio with UTs with legislature and 100% by the Center for other UTs.

Coverage

Under the scheme, 2,00,000 micro food processing units will be directly assisted with credit linked subsidy. Adequate supportive common infrastructure and institutional architecture will be supported to accelerate growth of the sector.

One District One Product

The Scheme adopts 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. ODOP for the scheme will provide the framework for value chain development and alignment of support infrastructure. There may be more than one cluster of ODOP product in one district. There may be cluster of ODOP product consisting of more than one adjacent district in a State.

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 produce based product or cereal based product or a food product widely produced in a district and their allied sectors. Illustrative list of such products includes mango, potato, litchi, tomato, tapioca, kinnu, bhujia, petha, papad, pickle, millet based products, fisheries, poultry, meat as well as animal feed among others. In addition, certain other traditional and innovative products could be supported under the Scheme. For example, honey, minor forest products in tribal areas, traditional Indian herbal edible items like turmeric, amla, haldi, etc. Support for agricultural produce would be for their processing along with efforts to reduce wastage, proper assaying and storage and marketing. Support for innovative products including for waste to wealth would also be provided in the Scheme.

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. In case of capital investment by groups, predominately those involved in ODOP products would be supported.

Support to groups processing other products in such districts would only be for those already processing those products and with adequate technical, financial and entrepreneurial strength.

New units, whether for individuals or groups would only be supported for ODOP products.

Support for common infrastructure and marketing & branding would only be for ODOP products. In case of support for marketing & branding at State or regional level, same products of districts not having that product as ODOP could also be included.

Department of Commerce is focusing on agriculture crops on a cluster approach for support for exports under the Agriculture Export Policy and Ministry of Agriculture is also focusing on cluster approach for development of specific agri-produce in districts having comparative advantage. A number of states have adopted similar cluster based development. The ODOP approach of the Scheme would lead to ease in providing common facilities and other support services.

Programme Components

The programme has four broad components addressing the needs of the sector:

i) Support to individual and groups of micro enterprises;

ii) Branding and Marketing support;

iii) Support for strengthening of institutions;

iv) Setting up robust project management framework.

Details of each of these components are described below.

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:

i) Existing micro food processing units in operations;

i) Existing units should be those identified in the SLUP for ODOP 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;

ii) 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 ownership right of the enterprise;

vi) Ownership status of enterprise could be proprietary / partnership firm;

vi) The applicant should be above 18 years of age and should possess at least VIII standard pass educational qualification;

vi) 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 contribute10% of project cost and obtain Bank loan;

x) 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.

Selection Process for Individual Micro Units

Identification of existing Units to be supported would be by a two-pronged process. Based on One District One Product approach, support would preferably be provided to the Units engaged in that product in the district. Other units, who have potential, would also be supported.

Applications would be invited at the district level on an ongoing basis for Units, from those interested in availing the benefits under the Scheme. Resource Persons (RPs) would undertake survey of various clusters and identify units that show potential for availing benefits under the Scheme. For applications received directly, RPs would undertake field verification and due diligence to assess their potential.

All the potential cases based on identification of Units directly by RPs and application received would be submitted before the District Level Committee. District Level Committee should study the report submitted by RP for each Unit and interview the interested persons.

Due diligence to be carried out by the RP for each Unit should have the following details:

i) Annual Turnover of the enterprise;

ii) Track Record of payments by the enterprise;

iii) Existing infrastructure;

iv) Backward and Forward Linkages;

v) Proximity to clusters;

vi) Marketing linkages of the enterprise.

For the cases recommended by the District Level Committee/SNA, RPs should help them in preparation of DPR for availing bank loan for upgradation of the Unit. The DPR along with necessary documents should be submitted to the Banks for sanction of loan.

The procedure delineated above would apply for selection of new units also, provided the ODOP baseline study throws up a need / potential for such new investments.

State Governments should decide at what level they would want to finalize individual micro units list to be supported, by DLC or at SNA level. Similarly, for applications for capital investment by groups, common infrastructure & marketing & branding, the states should decide the role of DLC/SNA in routing of applications.

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.

Farmer Producer Organizations (FPOs)/Producer Cooperatives

FPOs and Producer Cooperatives would be provided the following support:

i) Grant @35% with credit linkage;

ii) Training support;

iii) Maximum limit of grant in such cases would be as prescribed.

Eligibility Criteria for Co-operatives/FPOs:

i) It should preferably be engaged in processing of ODOP produce;

ii) It should have minimum turnover of Rs.1 crore;

iii) The cost of the project proposed should not be larger than the present turnover;

iv) The members should have sufficient knowledge and experience in dealing with the product for a minimum period of 3 years.

v) 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;

Self Help Groups (SHGs)

A number of SHGs are undertaking food processing activities. The Scheme proposes to provide following support to SHGs:-

Seed capital:

i) Seed capital @ Rs40,000/- per member of SHG for working capital and purchase of small tools would be provided under the scheme;

ii) Priority would be given for SHGs involved in ODOP produce in giving seed capital;

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;

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.

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, upgradation of units, DPR preparation, handholding support, etc.

Eligibility Criteria for Seed Capital for SHGs:

i) Only SHG members that are presently engaged in food processing would be eligible;

ii) 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;

iii) Before providing the seed capital, SHG Federation should collect the following basic details for each of the members:

   a) Details of the product being processed;

   b) Other activities undertaken;

   c) Annual turnover;

   d) Source of raw materials and marketing of produce.

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

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;

ii) The SHG members should have for a minimum period of 3 years' experience in processing of the ODOP product.

Support for Common Infrastructure

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.

Types of Common infrastructure to be funded under the scheme: The following common infrastructure would be funded under the Scheme:

i) Premises for assaying of agriculture produce, sorting, grading, warehouse and cold storage at the farm-gate;

ii) Common processing facility for processing of ODOP produce;

iii) **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.

Procedure for groups to send proposals for Common Infrastructure and capital investment by FPOs/SHGs/Cooperatives:

The following procedure should be followed for seeking funding for common infrastructure and capital investment by FPOs/SHGs/Cooperatives under the Scheme:

i) A DPR for seeking assistance under the Scheme for capital investment and common infrastructure should be prepared, based on the format as prescribed;

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.;

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.

iv) After approval of the proposal by MoFPI, the proposal should be forwarded to the financial institution for sanction of loan;

v) The DPR may also contain proposal for training support to the group members based on the training hours & modules, as prescribed and the cost norms of Ministry of Skill Development and Entrepreneurship. Component of training and capacity building would be fully funded under the Scheme;

vi) Assistance of Rs. 50,000/- per case would be provided to FPOs/SHGs/ Cooperatives for preparation of DPR;

vii) Disbursement of grant should take place to the bank account of the applicant organization after sanction of loan by the bank.

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. Following the ODOP approach, marketing & branding support would only be provided for such product at the State or regional level.

Eligible items for support

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.

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 support to marketing and branding should be prepared by the SNA. Support for branding and marketing would be limited to 50% of the total expenditure. Maximum limit of grant in such cases would be as prescribed. No support would be provided for opening retail outlets under the scheme.

Vertical products at the national level could also be provided support for branding & marketing on the same lines as described above for ODOP focus. Such support for common branding/packaging and marketing would be provided at the national level. Proposal for that support should be sent to MoFPI by the states or national level institutions or organizations or partner institutions.

Eligibility criteria:

The proposals should fulfill the following conditions:-

i) The proposal should relate to ODOP;

ii) Minimum turnover of product to be eligible for assistance should be Rs 5 crore;

iii) The final product should be the one to be sold to the consumer in retail pack;

iv) Applicant should be an FPO/SHG/cooperative/ regional - State levels SPV to bring large number of producers together;

v) Product and producers should be scalable to larger levels;

vi) Management and entrepreneurship capability of promoting entity should be established in the proposal.

Procedure for applying for assistance under Branding & Marketing

Detailed Project Report preparation:

i) A DPR should be prepared for the proposal, comprising essential details of the project, product, strategy, quality control, aggregation of produce, common packaging and branding, pricing strategy, promotional details, warehousing and storage, marketing channel, plans for increase in sales etc.;

ii) Support up to Rs.5 lakh would be available from SNA for preparing DPR for proposals for marketing & branding;

iii) The proposal should also contain flow chart of activities from the procurement of raw material to marketing, critical control points, ensuring quality control, plans for five years in terms of promotional activities, increasing the number of participating producers and turnover;

There should be an agreement with a business plan, executed between the cooperatives/SHG/FPO/SPV, the lead buyer(s), if any, and the SNA, which would describe the capital and services needs of the producers and proposed improvements that would allow them to upgrade their production capacities and skills to strengthen their linkage with the market, i.e. the lead buyer(s).

Capacity Building & Research

Support to National Institutions:

Capacity building and training is a critical component in technical upgradation and formalization of micro food processing enterprises. At the National level, National Institute for Food Technology Entrepreneurship and Management (NIFTEM) and Indian Institute of Food Processing Technology (IIFPT) would play pivotal role in capacity building & research. They would be eligible for financial assistance towards research and capacity building. NIFTEM and IIFPT in partnership with State Level Technical Institutions would provide training and research support to the selected enterprises/groups/clusters. National level product specific institutions under ICAR, CSIR or premier institutes like DFRL and CFTRI will be partner institutions for providing support at the vertical level across the country for training and research.

NIFTEM and IIFPT would carry out the following activities**:**

i) Capacity building and training for MoFPI, State and District officials;

ii) Developing curricula and training modules and partner with State Level Technical Institutes for further trainings to micro enterprises and groups;

iii) Training of trainers;

iv) Development of online modules for training;

v) Preparation of standard Detailed Project Reports (DPRs) for typical products for micro units;

vi) Development of shelf of technology/ machines for up-gradation of typical micro units;

vii) Partnership with other research and training institutions for the above activities;

viii) Strengthening State Level Technical Institutions for delivery of the Scheme requirements.

NIFTEM and IIFPT would establish a PMU in their organization for the Scheme with composition as prescribed. For these PMUs, they would engage personnel on contract basis. Grant under the Scheme would be provided to NIFTEM and IIFPT to meet full cost of these PMUs.

NIFTEM and IIFPT should prepare Project Implementation Plan (PIP)for the activities they propose to undertake along budget and submit to MoFPI. Committee for Capacity Building & Research at MoFPI would examine the PIPs and seek approval of IMEC for them. MoFPI would provide funding support under the Scheme to NIFTEM and IIFPT for the activities approved in the PIPs.

Support to State Level technical Institutions

State Government should nominate a State Level Technical Institution for the Scheme. Their activities would include:

i) Prepare PIP for the State Level Technical Institution;

ii) Providing inputs to PIP being prepared by the SNA relating to capacity building and research;

iii) Conducting capacity building and training for State and District officials;

iv) Conducting training for District Resource Persons;

v) Provide inputs for Branding and Marketing plans being prepared by SNAs;

vi) Provide mentoring support to District Resource Persons for handholding micro enterprises, preparations of DPRs, etc.

The nominated State Level Technical Institution should prepare PIP including annual training calendar for the proposed activities and send that to MoFPI after approval from the State Level Approval Committee in consultation with the NIFTEM and IIFPT.

Criteria for selection of State Level Technical Institution: The State Level Technical Institution should be an existing institution involved in food processing technology. This Institute could be:

i) A college/institute under State Agriculture University or any other University;

ii) A State-owned food processing technology research Institute;

iii) An institute under CSIR or any Government of India institute focusing on food processing;

iv) If it is a college, it should have undergraduate/post graduate courses in food processing technology and necessary faculty;

v) The Institute should have a full-fledged laboratory with necessary testing and processing equipment;

vi) The Institute should have faculty undertaking research work and product development and machinery for food processing, especially for MSMEs;

vii) The proposal should be recommended by the State Government;

viii) The Institute should be willing to appoint a Nodal Officer and a dedicated team consisting of at least two faculty members focusing exclusively on the Scheme;

ix) The Institute should have sufficient built-up space to undertake training for beneficiaries under the Scheme;

x) The institute preferably should have pilot plants for processing few products under ODOP for the State.

Training support to individuals/groups

Training support would be provided to individual units and groups that are being provided support for capital investment. In addition, training support would also be provided to other existing units and groups in the districts that are processing ODOP products. Groups that are being provided support for marketing & branding under the Scheme would also be provided training support.

Ministry of Skill Development & Entrepreneurship (MSDE)have fixed per hour rate to be spent on trainings. The same benchmark rate would be utilized for the Scheme. Type of training and number of hours of training should follow the prescribed norms.

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

i) Entrepreneurship development, essential functions of enterprise operations, marketing, book keeping, 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.;

Mode of Training

i) Online modules would be used for the general training applicable to all Units;

ii) Product specific training would be provided for the districts for ODOP using RSETI physical infrastructure to the extent possible;

iii) Training should be organized in short modules on a weekly basis using audio-visual support within the district so that the disturbance to the existing business operations is least;

iv) An important component of the training would be work on the machines that Units are going to purchase and training on hygiene and packaging. Therefore, a specific component for training is being introduced for such beneficiaries in the existing units using those machines within the district or outside for a short duration.

Handholding Support: The Scheme envisages engaging Resources Persons (RPs) at the district/ regional level for providing hand-holding support to the micro food processing enterprises. These RPs would carry out the following functions:

i) Handholding micro enterprises in preparation of DPRs, getting bank loan, training, upgradation of the unit, getting necessary regulatory approvals, hygiene, etc.;

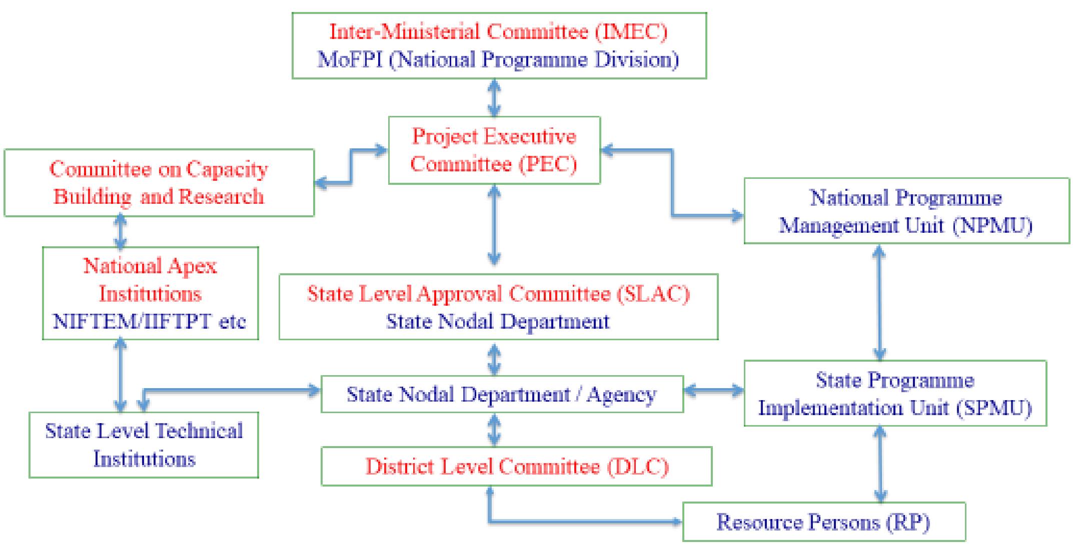
ii) Provide inputs for PIPs and ODOP and Cluster studies and study of groups;

iii) Identification and facilitation of applications for subsidies and seed capital to individual micro enterprises and groups and common facilities;

Institutional Architecture

Robust institutional architecture at all administrative levels would be set up for the scheme. There would be committees at the National, State and District levels (for policy guidance) for implementation and to monitor the progress of the Scheme. These committees would oversee the performance of the National Programme Division at MoFPI and the State Nodal Agencies. In addition to these, there would be PMUs set up comprising consultants and experts engaged on full time basis to support the National Programme Division at MoFPI and the State Nodal Agencies. Institutional structure is illustrated in the chart below and described in the section below:

Figure 1: Institutional Architecture



National Level Structures

Inter-Ministerial Empowered Committee:

At the national level, there would an Inter-Ministerial Empowered Committee (IMEC) chaired by Minister for Food Processing Industries with the following composition.

Table 1: Composition of IMEC

	Composition	Designation
1.	Hon'ble Minister of Food Processing Industries	Chairman
2.	Hon'ble Minister of State of Food Processing Industries	Vice Chairman
3.	Secretary, Ministry of Food Processing Industries, Government of India (GoI)	Member
4.	Secretary, Department of Agriculture, Co-operation, & Farmers' Welfare, GoI	Member
5.	Secretary, Department of Animal Husbandry and Dairying, GoI	Member
6.	Secretary, Department of Agriculture Research and Education, GoI	Member
7.	Secretary, Department of Fisheries, GoI	Member
8.	Secretary, Department of Urban Development & Housing, GOI	Member
9.	Secretary, Ministry of Rural Development, GoI	Member
10.	Secretary, Ministry of Skill Development & Entrepreneurship	Member
11.	Secretary, Ministry of MSME, GoI	Member
12.	Chairman, FSSAI	Member
13.	Chairman, NSDC	Member
14.	Representative of NABARD	Member
15.	AS&FA, Ministry of Food Processing Industries	Member
16.	Representative of NITI Aayog	Member
17.	Mission Director, (Officer of the rank of Additional/ Joint Secretary and above), Ministry of Food Processing Industries.	Member Secretary

MoFPI may nominate any other member to IMEC, PEC and Committee on Capacity Building & Research. The IMEC would meet at least once in a quarter and would be the policy making body giving overall direction and guidance for implementation of the scheme and would monitor and review its progress and performance.

Functions of IMEC would be:

i) Approval of the following:

a) Scheme Guidelines;

b) PIPs being submitted by States after due approvals from SLAC;

c) Empanelment of Expert Institutions;

d) Approval of all proposals with project size above Rs.10 lakh;

e) PIP for capacity building and research;

ii) Review of the following:

a) PIP implementation;

b) Various studies;

c) Capacity Building activities of MoFPI and State agencies;

d) Trainings on skills and EDP imparted to enterprises and groups- broad review of timely trainings as per Training committee feedback;

e) Activities being undertaken for strengthening of State institutions;

f) Timely subsidy disbursal for micro enterprises and groups with Nodal Banks.

iii) Apart from the above approval and review activities, the IMEC would also undertake the following activities

a) Review and set quarterly targets;

b) Monitor inter-ministerial co-operation and convergence;

c) Oversee the overall scheme progress;

d) Oversee performance of States;

e) Any other matter relating to implementation of the Scheme.

Project Executive Committee:

A Project Executive Committee would be constituted at the operational level in the Ministry of Food Processing Industries for regular monitoring and implementation of the scheme with the following composition:

Table 2: Composition of PEC

(i)	Additional Secretary, MOFPI	Chairperson
(ii)	Additional/Joint Secretaries - Ministry/Department of Commerce, Agriculture, Rural Development, Animal Husbandry & Dairying, Fisheries, MSME, MSDE, Urban Development & Housing and NITI Aayog	Members

(iii)	AS&FA, Ministry of Food Processing Industries	Member
(iv)	Representatives of APEDA, MPEDA, NIFTEM, IIFPT, CFTRI, National Horticulture Board (NHB), FSSAI, NABARD	Members
(v)	Experts in Food Processing, Banking/Finance and Marketing	Members
(vi)	Nominees of the Partner Institutions TRIFED, NCDC, NSCFDC and SFAC	Members

The Executive Committee would meet once every month and will have the following functions:

i) Approval of the following:

a) Examination of all the proposals submitted to IMEC for approval including PIPs of States, National institutions, State Level Technical Institutions and projects for approval above Rs 10 lakh proposed by the States;

b) Setting up of NPMU.

c) Approve projects under the scheme for items to be spent by Government of India and those with 100% central share up to a limit of Rs 10 lakh;

d) Release of 60% of the matching grant as GOI share to the individual beneficiaries;

e) IEC proposals

f) MIS related decisions;

ii) Review of the following:

a) Timely subsidy disbursal for micro enterprises and groups with Nodal Banks and escalation to IMEC in case of need;

iii) Apart from the above approval and review activities, the PEC would also undertake the following activities:

a) Set monthly targets for the scheme in line with the annual targets being set by the IMEC;

b) Monitor the progress of the scheme through the portal and through effective dashboard monitoring;

c) Inter Ministries cooperation.

Committee on Capacity Building & Research:

There would be a Committee for Capacity Building and Research at the national level to oversee the training and research aspects. This Committee would be chaired by a prominent industry expert. The Committee would have following the members:-

Table 3-Composition of Training Committee at MoFPI

(i)	Industry Expert	Chairperson
(ii)	Vice Chancellor, NIFTEM / Director, IIFPT	Member
(iii)	JS, MOFPI dealing with skill training	Member
(iv)	JS, MSDE	Member
(v)	Representative of Food Sector Skill Council	Member
(vi)	Representatives of CFTRI/DFRL/relevant ICAR institutes.	Member
(vii)	Representative of M/o Rural Development	Member
(viii)	Experts in Banking/Finance and Marketing/Branding as nominated by Programme Director, MoFPI.	Members

The Committee on Capacity Building & Research would have the following functions:

1. **Approval of the following:**
   i) Guidance for the carrying out capacity building & research activities under the Scheme.
   ii) Proposals of Capacity Building activities of MoFPI, State and District agencies for further financial approvals from PEC/IMEC
   iii) Calendars and syllabus for training being given by National and State Agencies for enterprises and groups
   iv) Curriculum for handholding support modules for FUPs and DPRs for the enterprises.
2. **Review of the following:**
   i) Trainings being provided as per approved training calendars by National, State agencies and District Resource persons.

National Programme Management Unit (NPMU): There would be a PMU housed at the National level comprising professionals engaged on contract basis. The PMU would provide all support to the Programme Division of MoFPI for carrying all the functions listed above. The specific functions of the NPMU will include the following:

i) Prepare necessary templates, closely coordinate with, mentor and monitor State PMUs and SNAs, for timely completion of studies and PIPs;

ii) Capacity building activities of MoFPI, State and District Agencies and placing the proposals for due approvals of the training committee and PEC;

iii) Development of the National Portal and MIS and ensuring timely flow of information in the Portal;

iv) Trainings being provided as per approved training calendars by National, State agencies and District Resource persons for further review by Training Committee;

v) Strengthening of National and State Level Technical Institutions;

vi) Timely disbursal of subsidies to enterprises through the National Portal;

vii) Appraisal of DPRs submitted by the States and other agencies to MOFPI for approval;

viii) Timely provision of seed capital support to groups;

ix) Timely submissions of Branding and Marketing plans from SNA;

x) Timely setting up of the SPMUs and District Resource Persons.

Nodal Bank: MoFPI would select a Nodal Bank for facilitation and ensuring smooth flow of subsidies from the Banks to the micro enterprises. The functions of the Nodal bank would include the following:

i) Monitoring and Liaising with Banks for target driven approvals of applications and timely disbursal of subsidies to individual micro enterprises and groups;

ii) Transfer of subsidy from the central and state governments to the bank accounts of beneficiary in the lending bank branch.

State Level Structures

At the State level, a State Level Approval Committee would oversee the implementation of the scheme and the scheme would be operated by a nominated State Nodal Agency, supported by a State PMU. The details are given below.

State level Approval Committee:

The State Level Approval Committee would be chaired by the Chief Secretary or his nominee and would have the following composition:

Table 4: SLAC Composition

(i)	Chief Secretary	Chairperson
(ii)	Finance Secretary	Member
(ii)	ACS/Pr Secretary/Secretaries of Food Processing, Agriculture, Industries, MSME, Fisheries, Animal Husbandry, Skill Development	Members
(iii)	Mission Director, SRLM	Member
(ii)	Representative of State Level Technical Institution	Member

(iv)	Institutions – Representatives from key State Technical Institutions.	Members
(v)	Representatives of NABARD, NSDC, SLBC, NCDC	Member
(vi)	Experts in Banking/Finance and Marketing/Branding as nominated by the State Government	Member
(vii)	State Nodal Officer	Member Secretary

The State Government may nominate any other member to SLAC or DLC.

The State Level Approval Committee would be responsible for approval of the following:

i) Surveys/Studies;

ii) PIP submitted by SNA;

iii) Capacity building activities of State and District officials;

iv) Training and skill development calendars for State level agencies, enterprises;

v) Strengthening of State institutions;

vi) Subsidy proposals for groups for recommending to MOFPI;

vii) Proposals for provision of Common Facilities, groups and marketing & branding;

viii) Seed Capital to groups;

ix) The SLAC will have power to sanction project expenditure up to Rs. 10 lakh on various activities included in the PIP;

Apart from the above approvals, the SLAC would also undertake the following activities

i) Set monthly targets for the scheme in line with the overall scheme targets.

ii) Monitor the progress of the scheme through the portal.

iii) Ensure synergy with other relevant organizations.

iv) Ensure inspection of Units/ CFC funded under the scheme.

State Nodal Department: Each State Government should appoint a Nodal Department at the Governmental level and a State Nodal Officer to oversee the implementation of the Scheme. The selection of the Nodal Department should be undertaken keeping in view the relative strength and experience of various departments in the State involved in the food processing sector at micro & cluster levels. The State Nodal Officer should be of the rank Secretary or Director/HOD. The potential nodal departments could be Agriculture or Horticulture Department, Food Processing Department, Industries Department, MSME Department or Rural Development Department.

State Nodal Agency: Each State should appoint a State Nodal Agency. The State Nodal Agency (SNA) could be a Directorate or a Mission or an entity of the State Government. The SNA would be the operational agency at the State level for implementing the Scheme. Role and Responsibilities of the SNA shall include:

i) Conducting various studies;

ii) Getting PIP prepared;

iii) Monitoring the training and capacity building activities undertaken by State Level Technical Institute and District Resource Persons;

iv) Carrying out strengthening of State Level Technical Institution;

v) Ensuring timely submission of Subsidy proposals by District Committees;

vi) Ensuring timely submission of plans for provision of Common Facilities;

vii) Ensuring timely submission of Seed Capital proposals of groups;

viii) Developing Branding and Marketing proposals;

ix) Monitoring the handholding support being given by District Resource Persons to enterprises for DPRs;

x) Setting up of SPMU;

xi) Monitoring and approvals for hiring of District Resource Persons;

xii) Furnishing Utilization Certificates (UCs) and regular Progress Reports to MoFPI in the prescribed formats;

xiii) IEC;

xiv) Sharing of best practices.

State Project Management Unit (SPMU): The State Nodal Agency (SNA) should appoint a State Project Management Unit (SPMU). The SPMU could be appointed by recruiting the staff on contract basis or on deputation or own staff of SNA. The SPMU staff should be engaged on full-time basis for the work of the Scheme. SNA may decide to appoint a private agency also as a SPMU through competitive bidding process.

SNA would be provided 2% of the Scheme expenses as administrative expenses. The expenses of the SPMU would be borne by the SNA from 2% for administrative cost allowed under the Scheme. Details of staff of SPMU along with qualification would be as prescribed.

SPMU would have the key responsibility of supporting the SNA in all the functions as indicated in para 3.3.6.

District Level Structures

District Level Committee: At the district level, a District Level Committee (DLC) would be constituted under the Chairmanship of District Collector. The Committee would have representation from panchayats, banks, subject experts, academia, community institutions, FPOs/SHGs, etc. The District Collector may co-opt any other person as a member of DLC. The composition of the District Level Committee would be :

Table 5: Composition of DLC

(i)	District Collector	Chairperson
(ii)	GM, DIC, District Agriculture Officer, District Horticulture Officer	Member
(iii)	Sarpanch of one GP	Member
(iv)	One Block Development Officer	Member
(v)	District Lead Bank Manager	Member
(vi)	SHG/FPO representatives	Members
(vii)	Representative of NABARD	Member
(viii)	District representative of SRLM	Member
(viii)	Any other persons nominated by Collector	Member

The DLC would be responsible for the following:

i) Approvals of applications for loan and subsidy to individual micro enterprises;

ii) Recommend applications for common infrastructures & groups to SNA;

iii) Monitor handholding support being rendered to micro enterprises by District Resource Persons;

iv) Monitor the progress of the Scheme through the portal and through effective dashboard monitoring;

v) Ensure synergy with all relevant Institutions.

District Resources Persons

At the district/regional level, Resources Persons should be appointed by SNA for providing handholding support to the beneficiaries.

RPs should have the following qualifications:

i) Diploma/degree in Food Technology/ Food Engineering from reputed National/ International University/Institute

ii) 3-5 years' experience in providing consultancy services to food processing industries for technology upgradation, new product development, quality assurance, food safety management;

iii) If persons qualified in food technology are not available, persons with experience in food processing industry, banking, DPR preparation and training may be engaged.

Handholding support should be provided by the Resource Persons to individual units and groups for preparation of DPR, taking bank loan, support for obtaining necessary registration and licences including food standards of FSSAI, Udyog Aadhar, GST etc.

Payment to the Resource Persons would be made on the basis of each beneficiary supported by them after sanction of loan to them by the bank. Payment to each Resources Person would be @ Rs.20,000/- per bank loan sanctioned. 50% of the payment would be made after sanction of bank loan and remaining 50% after the Units takes GST &Udyog Aadhar registration, takes standard compliance of FSSAI. Implement the project and is given training.

State Nodal Department should decide on the flow& approval process of applications and support under the Scheme. They should decide the respective roles of DLC, SNA & State Level Technical Institutions for the following:-

(i) Approval level for shortlisting of individual application;

(ii) Flow of application of groups & common infrastructure within the state level;

(iii) Training & capacity building activities and decision making between DLC, SNA & State Level Technical Institutions;

(iv) This decision on the flow of applications & process for support within the state would apply irrespective of the roles of the agencies specified in the Guidelines.

Partner Institutions for Convergence

The scheme lays special focus on SC/ST, women and aspirational districts and FPOs, SHGs and producer cooperatives. The following organisations have been working in these areas:

a) TRIFED;

b) National SC Development Finance Corporation;

c) National Cooperative Development Cooperation;

d) Small Farmer Agri-Business Consortium;

e) National Rural Livelihood Mission under M/o Rural Development.

The above institutions may converge their activities by facilitating identification of units / clusters of STs, SCs, cooperatives, FPOs and SHGs respectively. They should support preparation of DPRs and proposals for funding and development of such institutions under the Scheme and feed such proposals to the State PIPs. They should also provide handholding support to such supported units and work with the States in this endeavor. Each of the Partner Institutions would be member of the PEC.

Studies & Reports

State Level Upgradation Plan (SLUP): The SNA should conduct a State Level Upgradation Plan (SLUP) which will have the following two components:

Base-Line Assessments: The baseline study should focus on identifying ODOP. This study should get concluded by 31 July, 2020 in each State. For this study, Rs.2.5 – 10.0 lakh would be provided to the States.

State Level Upgradation Plan: Once decision is taken on the ODOP, detailed study should be carried out in the States detailing the number of units undertaking processing of that product in the district, farm level of operations, total volume and value of produce, technology, farm gate level processing, storage, warehousing, number of processing units, their details, etc. This study should be conducted by 31 December, 2020. The amount provided for the above study would be Rs.10.0

– 75.0 lakh to the States. The Terms of Reference (TOR) of the above studies would be as prescribed.

Study of FPOs/Producer Cooperatives/ SHGs: In parallel to the above study, SNAs in coordination with NCDC, SFAC, TRIFED, NSCFDC and SRLMs should collect data on the level of operation of SHGs, producer cooperatives, FPOs in the states.

Once the infrastructure and other facilities as envisaged in the State Level Upgradation Plan have been carried out, another study should be carried out for further course of action for ODOP in such districts. For any other studies to be conducted by the SNA, they should include the proposal for the study in Project Implementation Plan and send it for approval to MoFPI along with cost estimates.

Project Implementation Plan (PIP)

Each State should prepare a PIP for the year in the month of January of the previous year and send it to MoFPI for approval by 31st January of that year. The PIP should be placed before the Inter Ministerial Empowered Committee for approval. The State Level Approval Committee should recommend the PIP to MoFPI. MoFPI should approve the PIP by 31st March of the previous Financial year. In the year 2020-21, PIPs should be sent by the States to MoFPI for approval by 30th September 2020.

The PIP should contain the following details:-

i) Implementation arrangements for programme in the State including the agencies assigned, institutions selected etc;

ii) State Nodal Agency details along with officers assigned;

iii) Composition of SLAC/DLC;

iv) Details and plans for setting up of SPMU and manpower;

v) Details and plans for hiring of District Resource Persons;

vi) Details of State Level Technical Institution;

vii) Activities planned for the year as aligned with the scheme guidelines;

   a) Details of studies planned and timelines for completion;

   b) Details of trainings planned for the year with clear role matrix for the different institutions;

   c) Broad targets for subsidy disbursement and number of enterprises booth groups and individuals;

   d) Broad list of clusters district wise;

   e) Listing of SHGs/FPOs/Cooperatives in the State, identified as potential stakeholders in the programme;

   f) Abstract of Branding and Marketing plans for the products.

viii) Detailed cost estimates and budgets for all the activities for the year;

ix) Detailed flow chart of implementing the activities planned;

x) Stakeholder matrix with clear roles and responsibilities earmarked for each person.

PIP is a planning & budgeting exercise. After the approval of PIP, States should go ahead for incurring expenditure for the items subject to the delegation of powers given to the States.

State Level Approval Committee is empowered to sanction expenditure for individual items up to Rs.10 lakh and any proposal for expenditure above Rs.10 lakh should be sent to MoFPI for approval. That would include DPRs for projects with grant above Rs 10 lakh, expenditure on State Level Technical Institution that exceeds Rs 10 lakh, etc.

In case of NIFTEM and IIFPT, after approval of their PIP, the existing delegation of powers within the organization should be used for incurring expenditure up to Rs.10 lakh. Any proposal for incurring any expenditure above Rs.10 lakh should be sent to MoFPI for approval, as a specific proposal.

Disbursement of Funds

The scheme is a centrally sponsored scheme with the following sharing of resources between the Centre and the States:

i) Centre-State share at 60:40;

ii) 90:10 sharing between center and Himalayan and North Eastern States;

iii) UTs with legislature sharing would be 60:40 between the Centre and the States;

iv) UTs without legislature 100% funds would be provided by the Central Government.

The following components would be met 100% by the Central Government:

i) Capacity buildings & training;

ii) Administrative cost of national PMU for MoFPI;

iii) Training support in terms of audio-visual, development of print material, development of modules etc. at the national level;

iv) MIS;

v) Development of technologies, products, etc;

vi) Support to national level partner institutions;

vii) Promotional activities at the national level;

viii) Any other expenditure made directly by Govt. of India would be borne 100% by MOFPI.

Expenditure in the first year, whether incurred by the Centre or the States would be borne 100% by the Govt. of India. This is being done because the Scheme is launched after the State budgets have been approved. Therefore, the States may be able to provide funding only after Supplementary Budgets are approved. The expenditure made in the first year would be adjusted in 60:40 ratio in the funds being transferred to the States equally in the next four years.

The funds would be provided to the States based on the approved PIP in two installments in a year after Utilization Certificate (UC) for the installments other than the immediate previous release, have been given. There would be no such requirement of UC for the funds transferred in the year 2020-21.

To meet administrative expenditure for PMUs, studies & training, grant of would be provided to the States in the second/third quarter of 2020-21. Subsequently, after the approval of PIP, funds would be provided for the full year 2020-21 to the States in a single installment.

Allocation for Scheduled Caste (SC)/ Scheduled Tribe (ST)/ North Eastern Region (NER)

Specific allocations for SC/ST and NER would be made in the budget allocations under the Scheme. These funds would be allocated to the States based on population of SC/ST in the States. Such SC/ST allocations could only be utilized for giving benefits under the Scheme to the units owned by SC/ST persons respectively. In case of Groups, such funds could be utilized only if more than 50% of the members of such groups belong to SC/ST community. In case of North Eastern States, allocations would be made under the Scheme to comply with the norms of using such funds in such States.

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 lakh. 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 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, State and Central Government should respectively transfer 40% and 60% 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 and grant amount together as loan 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.

It should be ensured by the SNA that the applications are forwarded to the banks on a regular basis rather than forwarding a bunch of them together on a monthly or quarterly basis.

The proposals should be forwarded to the bank branches along with basic KYC of the applicant. To minimize the processing time, applications should be forwarded to the banks along with all the requisite documents required for loan applications such as lease/ownership documents of land for setting up the unit/machinery, registration and necessary Government clearances, etc. Applications should carry complete project details and the DPR should be commensurate with the economic viability of the locality. Project cost should be a realistic figure based on a reasonable assessment of the economic viability of the project.

MIS

The Scheme would to be monitored and the entire flow of data and approval of proposals, etc. would take place on an online system. An MIS would be developed by MoFPI for this purpose. The following information flow/approvals would take place on MIS:

i) Proposals for PIP sent by the States and their approval including any changes by MoFPI;

ii) Proposal of PIP by national level training institutions of their approval including any changes;

iii) Application for loans submitted by individual micro food processing enterprises;

iv) Uploading of DPRs and details of handholding support provided;

v) Details of training support provided to individual Units;

vi) Forwarding of loan proposals to the banks;

vii) Uploading of details of sanction of loan by the banks;

viii) Any payment made to any person or agency including groups and maintenance of accounts;

ix) Any support provided in terms of training, hand holding to groups and individuals;

x) A ledger should be there for each individual and group selected under the Scheme. This ledger should provide details of all the support to the individual and group, details their economic activities, disbursement of loans etc;

xi) All payments made by SNA/ MoFPI under the Scheme to any entity should be entered into MIS. All activities undertaken under the Scheme should be entered into the MIS;

xii) MIS would be developed by MoFPI. All expenditure for development, maintenance and monitoring would be met by MoFPI under the Scheme.

Empanelment of Expert Institutions

A large number of institutions, both in Government and private exist with expertise in marketing, research, product development, packaging, branding, training, handholding support, etc. For each of these activities, MoFPI would empanel institutions at the National level, whose services could be utilized by the States. The empanelment would be carried out by a transparent process for evaluation of expertise in the field. Award of work to these empaneled institutions by the States should be done after inviting financial proposals for the task involved by them.

Convergence Framework

Food Processing Enterprises being supported under the Scheme would be eligible for benefits under the following Government Schemes:

i) National Rural Livelihood Mission – providing seed capital, training, handholding support and interest subvention to SHGs;

ii) Start-up Village Entrepreneurship Programme (SVEP) –It is a Centrally Sponsored Scheme, a part of NRLM, provides capital and technical support to rural start-ups through training, handholding and support through Community Enterprises Fund (CEF) as a loan up to Rs.1 lakh for individual entrepreneur and Rs.5 lakh for group entrepreneurs at 12% interest;

iii) Interest Subvention Scheme for incremental credit to MSMEs 2018 – 2% interest subvention on outstanding balance;

iv) Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE) for collateral free loan up to Rs 2 crore;

v) PM MUDRA Yojana for loan up to Rs.10 lakh;

vi) A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE);

vii) Scheme for Fund for Regeneration of Rural Industry (SFURTI);

viii) Public Procurement Policy for MSEs;

ix) Benefits available under various other Schemes of MoFPI such as Backward & Forward Linkages, Agricultural Production Cluster, Cold Chain etc. would be used to provide support to clusters/groups.

x) Support from PMKVY and NRLM for skill training for SHGs, if falling within the guidelines would be taken. For shorter duration on site trainings, support would be provided from NRLM and the PM FME scheme, tailor-made for such purposes.

SHARAD

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