

# PM Formalisation Of Micro Food Processing Enterprises Scheme (PM FME Scheme)

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| <b>Objectives</b>   | Increased access to credit by existing micro food processing entrepreneurs, FPOs, Self Help Groups and Co operatives.  |
| <b>Eligible Borrowers</b>   | Farmer Producer Organization(FPO)<br>Self Help Groups<br>Co-operatives<br>Existing and New Micro Food Processing Entrepreneurs<br>Units supported for One District One Product (ODOP) will get preference  |
| <b>Eligible Projects</b>  | <p><b>Eligibility criteria for individual micro enterprises under the scheme:</b><br/>Existing micro food processing units in operations, with investment not exceeding Rs.1 crore and turnover not exceeding Rs.5 crore.<br/>The applicant should be above 18 years of age and should possess at least VIII standard pass educational qualification.<br/>Only one person from one family would be eligible for obtaining financial assistance. The "family" for this purpose would include self, spouse and children</p> <p><b>Eligibility Criteria for Co-operatives/FPOs :</b><br/>It should preferably be engaged in processing of ODOP produce.<br/>It should have minimum turnover of Rs. 1 crore.<br/>The cost of the project proposed should not be larger than the present turnover.<br/>The members should have sufficient knowledge and experience in dealing with the product for a minimum period of 3 years.<br/>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> <p><b>Eligibility Criteria for Credit Linked Grant for Capital Investment for SHGs :</b><br/>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.<br/>The SHGs members should have a minimum period of 3 years' experience in processing of the ODOP product.</p> <p><b>Support for Common Infrastructure, Marketing and Branding:</b><br/>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, critically to value chain, etc. Preference would be given for ODOP product.</p> |
| <b>Nature of facility</b>   | Term Loan  |
| <b>Quantum of Loan and Margin Money/ Beneficiary Contribution</b> | The project under the PM FME scheme shall be eligible for loan upto 90% of the estimated/actual project cost on submission of viable projects be eligible beneficiaries.   |
| <b>Interest Subvention</b>  | 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.   |
| <b>Credit Linked Grant/Subsidy</b>                                | Credit linked grant @35 %<br>for the existing Micro food processing enterprises subject to a maximum of Rs.10 lakh.<br>Credit linked capital investment Grant 35 % to FPOs/SHGs/ Cooperatives.<br>Credit linked grant @ 35% for common infrastructure development by groups, government agencies or private entities.  |
| <b>Credit Guarantee Coverage</b>                                  | Benefit of credit guarantee coverage for loans offered under this Scheme shall be provided to the borrower under the Credit Guarantee Trust for Micro & Small Enterprises under their usual terms & conditions.  |
| <b>Security</b>   | <p><b>Primary Security:</b><br/>Hypothecation of assets created out of Bank finance.</p> <p><b>Collateral Security:</b><br/>Mortgage of immovable property as per Bank's policy guidelines.<br/>No collateral for limit upto Rs.10 lakhs.<br/>SHGs for limits above Rs. 10.00 lakhs and for limits up to Rs.20.00 lakhs to be covered under CGFMU.</p>   |
| <b>Personal Guarantee</b>   | Personal guarantee of the Proprietor, Partners of the Firm, Directors of the company and of owners of collateral security.   |
| <b>Repayment period</b>   | The term loan component will be normally repayable within a period of 10 years inclusive of moratorium period of 1 year depending on the type of activity / investment in line with the projected cash flows.  |
| <b>Security documents</b>   | Appropriate DPN note, Term loan agreement ,General Term loan agreement ,Letter of continuity, Letter of general lien and setoff , CIBIL undertaking , third party guarantee , letter of undertaking not to alienate hypothecated goods , Mortgage deed and any other document stipulated in sanction.  |