



Formalization of MICRO FOOD PROCESSING

Enterprises in Punjab





(State Nodal Agency)







# PM FME Scheme Overview by Rajnish Tuli Punjab Agro



# Informal & Unregistered Units

- Micro manufacturing category
- Investment < 1 Cr. & Turnover < 5 Cr.
- Enterprise will be called 'Udyam'
- Registration process will be called 'Udyam Registration'
- 'Udyam Registration Portal' Udyam Registration
   Number & Udyam Registration Certificate
- Aadhaar Number of Proprietor/Managing Partner/Karta/GSTIN, PAN & Aadhaar



#### **Present Scenario**

Food Processing is key sector under 'Aatmanirbhar Bharat' initiative of Gol

Across the country, 25 lakh food processing enterprises are unregistered & informal

With only 7% investment in P & M & 3% outstanding credit

Contributes to 74% employment, 12% of output & 27% of value addition in FP Sector

66% of these units are located in rural areas & 80% of them are family-based

Mostly falls under the category of Micro manufacturing units/ Food-processing Micro Enterprises (FME)

Punjab has > 66,000 unorganized and informal units in food processing, manufacturing food products such as pickle & murabba, gur & allied products, fruit pulp/juice, bakery products, honey, snacks, etc.



# Challenges

Deficient quality and food safety control systems

Lack of basic awareness on good hygienic and manufacturing practices

Hygiene

Marketing

Brandingo

& weakens performance

Safety &

that limit its development

Lack of productivity Limited skills & lack of and innovation access to modern technology skills & Technology

Finance & Credit

Lack of branding & marketing skills Inability to integrate with the supply chains

Capital deficiency Lack of access to credit





Murabba processing





Carrot murabba processing





Jaggery manufacturing



#### Overview

Scheme is designed to address these challenges

- by intensive hand holding support for
  - skill training
  - entrepreneurship
  - technology
  - credit
  - marketing

And by tapping potential of groups/cooperatives in supporting upgradation and formalization of enterprises



#### Aims

- Enhance competitiveness of existing individual micro-enterprises and promote formalization of the sector
- Support FPOs, SHGs & Producer Co-operatives along their entire value chain



# Objectives

Increased access to common processing facility, laboratories, storage, packaging, marketing & incubation services

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





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Strengthening of institutions, research and training

Benefits to FPOs, Self Help Groups and Co-operatives





Special focus on SC, women and aspirational districts and FPOs, SHGs & producer cooperatives

Integration with organized supply chain





Cluster Approach – One District One Product – Focus on perishables

Increased access to credit



2020-21 to 2024-25 Rs.10,000 Cr



Credit linked capital subsidy & Seed capital to SHGs

# PUNJAB AGRO

# Outlay & Coverage Punjab

- \* Total Outlay: Rs. 306 Cr. (Gol: 184 Cr. & Punjab:122 Cr.)
- ★ Share of SC beneficiaries Rs. 25 Cr. (8.3%)
- ★ Individual units: 184 Cr (60%); Groups/Clusters: 45 Cr (15%); Seed capital: 24 Cr (8%); Strengthening Institutions: 13 Cr (4%); Hand holding: 12 Cr (3.8%); Branding/Marketing: 5 Cr (1.7%)...
  - ★ Coverage: 6,676 units (target for 2021-22:



#### **One District One Product**



Benefit of scale of procurement of inputs, availing common services & marketing of products



Provide framework for value chain development & alignment of support infrastructure



ODOP - perishable produce/cereal based product, poultry/meat/fish



Individual units producing ODOP would be given preference



Capital investment by groups involved in ODOP would be supported.



Groups producing other products & having adequate technical/financial/entrepreneurial strength would be supported



New units (individual/groups) would only be supported for ODOP



# Punjab: ODOP map





### Different Components

Support to individual and groups of micro enterprises;

- Credit-linked capital subsidy @35% (Rs.10 lakh)
  - Existing micro food processing units
  - Support for common Infrastructure
- Seed capital of Rs 40,000/- to SHG members



Branding and Marketing support;

- To groups of FPOs/SHGs/Cooperatives or an SPV of micro food processing enterprises
  - Limited to 50% of the total expenditure



Support for strengthening of institutions;

- Capacity Building & Research Institutes in partnership with State Level Technical Institutions
  - Training & Support to SLTIs

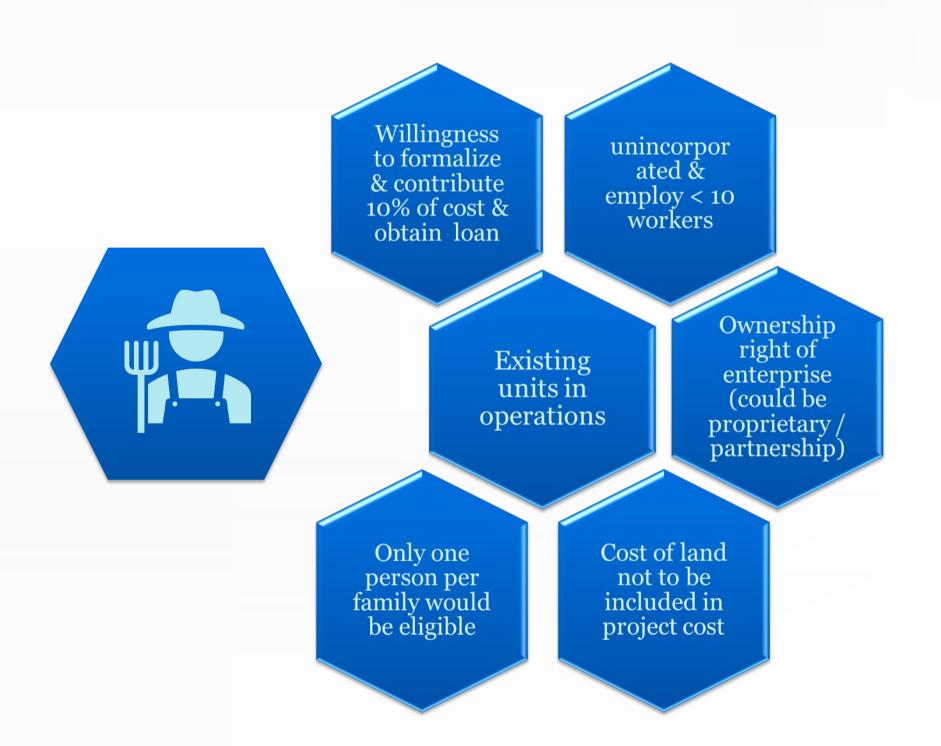


Setting up robust project management framework

- Monitoring & evaluation
- Project management support
- Convergence & handholding



# Eligibility — Individual Enterprises





# Due diligence by RP

- ☐ Annual Turnover (in 'Rs.' for existing & '0' for new)
- ☐ Track record of payments (std./irregular/NPA)
- Existing infrastructure (satisfactory/Unsatisfactory)
- ☐ Backward & Forward linkages (raw material Yes/No)
- ☐ Proximity to clusters (processing Yes/No)
- ☐ Marketing linkages (Yes/No)
- Applicant's enterprise & preferred bank should be in his district of residence
- ☐ Pics. of operations/machinery

# Verification of details by RP

- ☐ Type of Building shed (no RCC slab).
- Preliminary & pre-operatives professional fee, registration/licensing, certification cost, etc.
- ☐ Sales & raw material figures (in Rs.) to be added in annual basis. No grouping of products/raw materials
- ☐ Wages (skilled/un-skilled) in monthly basis
- For W.C., stock in process, finished goods & receivables by to be mentioned (in days)
- ☐ Miscellaneous expenditure as %age of sales
- Building rent in monthly basis

# Verification of details by RP...

- ☐ Rate of interest on loan amt. 11%
- Depreciation: P&M 15%, Building 10%.
- Period to repay back loan, min. 3 & max 10 yrs.
- ☐ Implementation period, min 1 & max. 9 mths.
- ☐ Capital expenditure, W.C. & total project cost should not show any zero or -ve value
- Means of Financing is computed by system



# Handholding Support by RP

- In preparation of DPR, getting bank loan, training, upgradation of unit, getting approvals, hygiene, etc.
- Provide inputs for PIPs, ODOP and Cluster studies & study of groups
- ☐ Identification & facilitation of applications for subsidies and seed capital to individual micro enterprises & groups and common facilities.



# Eligibility - Groups/Clusters

Support along

entire value

grading,

assaying,

storage,

processing,

**Turnover should** preferably be >Rs.1 Cr. **Project cost < present** turnover

> chain - sorting, packaging etc.

Members should have knowledge & experience of min. 3 vrs.

**Sufficient internal** resources or sanction from State Govt. to meet 10% of project cost & margin money for WC

Preferably be engaged in processing of ODOP produce

(Assistance of Rs.50,000/- for preparation of DPR is provided)



## Eligibility - Seed Capital

SHG member to commit to utilize the amount for working capital & purchase of small tools

SHG member already engaged in food processing activities

Support upto Rs. 40,000/- per member SHG Federation to compile details like product being processed, annual turnover, marketing of produce.



#### Eligibility etc. - Common Infrastructure

for assaying agri.
produce, sorting
/grading /warehouse
& cold storage,
processing facility &
incubation centre

Assistance of Rs.50,000/- for preparation of DPR

Support to FPOs, SHGs, Cooperatives, any govt. agency or private enterprise

Based on benefit to farmers/industry, viability gap, absence of pvt. investment, criticality to value chain etc

Grant: directly in bank account of FPOs / SHGs /Cooperatives

(submit DPR to SNA/SLAC. On approval, MoFPI reviews it and then send to bank for sanction of loan)



# Branding & Marketing

#### Eligible items

- Training relating to marketing, developing common brand & packaging & product standardization, marketing tie-up with retail chains/state level institutions and QC
- Support: 50% of total expenditure
- No support for opening retail outlets

#### **Eligibility**

- Proposal should relate to ODOP
- Min. turnover of product should be Rs.5 Cr.
- Final product in retail pack;
- Applicant FPO/SHG/Cooperative/regio
   nal-state level SPV;
- Product & producers should be scalable;
- Management & entrepreneurship capability of promoting entity

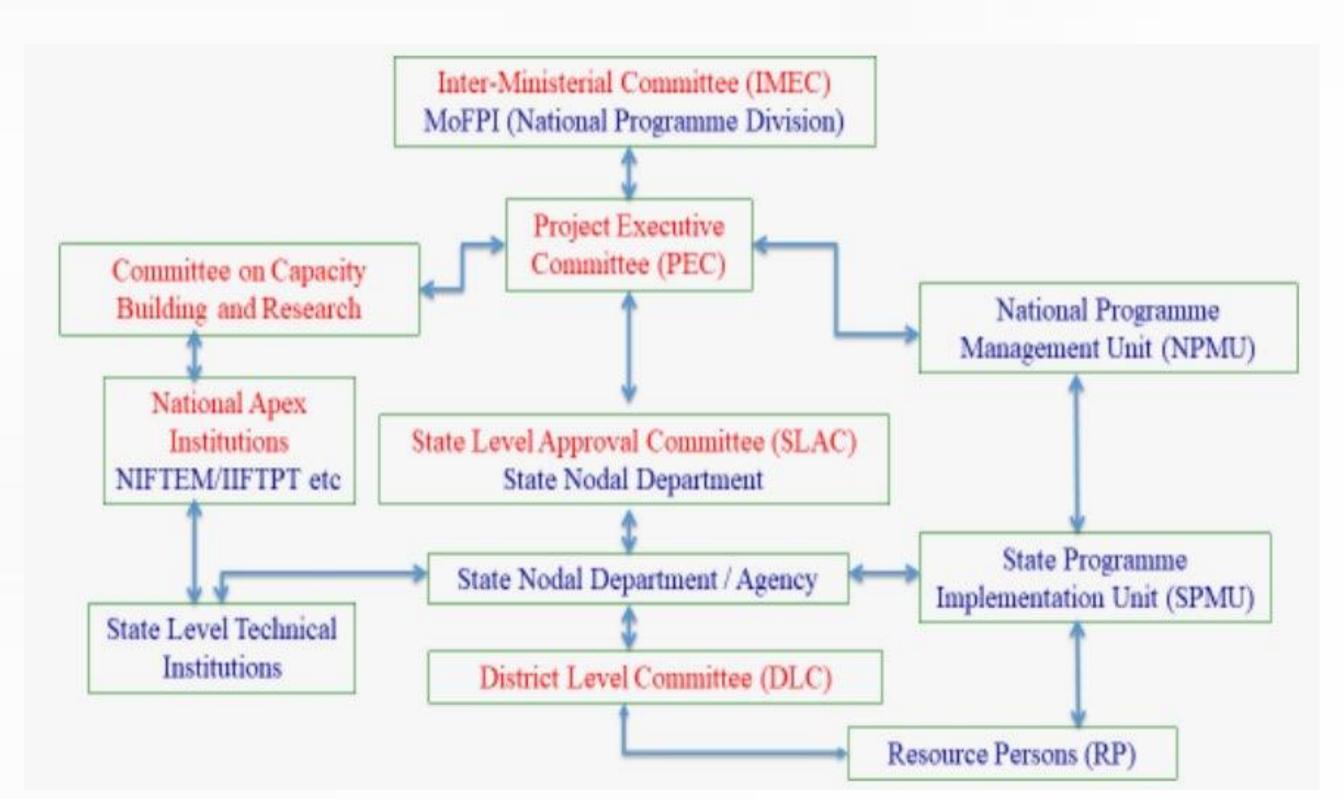
#### **Pre-requisite**

An agreement with a business plan, executed between FPO/ SHG/ Cooperative/SPV, the lead buyer(s), if any, and SNA, describing capital & services needs of producers to upgrade their skills/facilities etc. to strength their linkage with market/buyer.
Support upto Rs. 5 lakh will be given to SNA for DPR

(PAIC has formed a new SPV - Panjab Agro Unati Grameen Marketing Pvt. Ltd for common Branding & Marketing of food products)



#### Institutional Architecture





### **SLAC-Roles & Responsibilities**

Sanction project expenditure up to Rs. 10 lakh included in PIP Surveys/ studies

Project Implementati on Plan (PIP)

Synergy with other relevant organizations

SLAC Roles & Responsibility

Subsidy proposals (groups)

Monitor scheme progress through portal and set monthly targets

Inspection of units funded under the scheme

Seed capital to SHGs

Proposals for common facilities and branding & marketing



#### DLC & SNA- Roles & Responsibilities

#### DLC

- Approval of applications for loan/subsidy to micro enterprises
- Recommend applications for common infra. & groups to SNA
- Monitor hand holding support being rendered by DRPs to micro enterprises
- Monitor progress of scheme through portal

#### SNA

- Co-ordinate with SLAC, DLC, SLTI, IIFPT, NIFTEM
   & MoFPI
- Conducting various studies (ODOP, SLUP, etc.)
- Setting up of PMU
- Developing branding & marketing proposals
   Hiring district resource person and master
   trainers
- Monitoring handholding support being given by DRPs



#### **Subsidy Applications- Procedure**

Inviting Applications at District Level (on going basis)

DRP to do due diligence

DLC to examine DRP report & interview the applicant

If recommended

DRP to help applicant in preparing DPR

Submit DPR to banks for loan

**DRP: District Resource Person** 

**DLC: District Level Committee** 

DPR: Detail Project Report



#### **SLTI- Roles & Responsibilities**

(Department of Processing and Food Engineering, PAU)

SLTI R&R

Prepare PIP and annual training calendar

Inputs for branding & marketing plans to SNA

Conducting capacity building and training for State/District officials & district resource persons Mentoring support to District Resource Person for handholding micro enterprises, preparation of DPR, etc.



#### **National Institutions - Activities**

National level Training & Research Institutions (NIFTEM & IIFPT)

- Capacity building and training for MoFPI/State/District officials
- Developing curricula & training modules for further training to micro enterprises & groups
- Training of master trainers
- Development of online modules for training
- Preparation of DPRs for typical products
- Development of shelf of technology/machines for up-gradation of typical micro units



# **Training Support**

- Specific training for ODOP or product produced by unit
- operations of machines, hygiene issues, packaging, storage, procurement, new product development etc. (SLTI infra. shall be used)
- Groups availing Branding & Marketing support would also be provided training support

- ✓ General training on
  - entrepreneurship development,
- marketing,
- book keeping,
- FSSAI registration & standards, Udyam registration, GST registration, general hygiene etc.

(For individual units and groups that are being provided capital investment. It will also be provided to other existing units/groups that are processing ODOP products)



