

## Formalization of **MICRO FOOD PROCESSING** Enterprises in Punjab



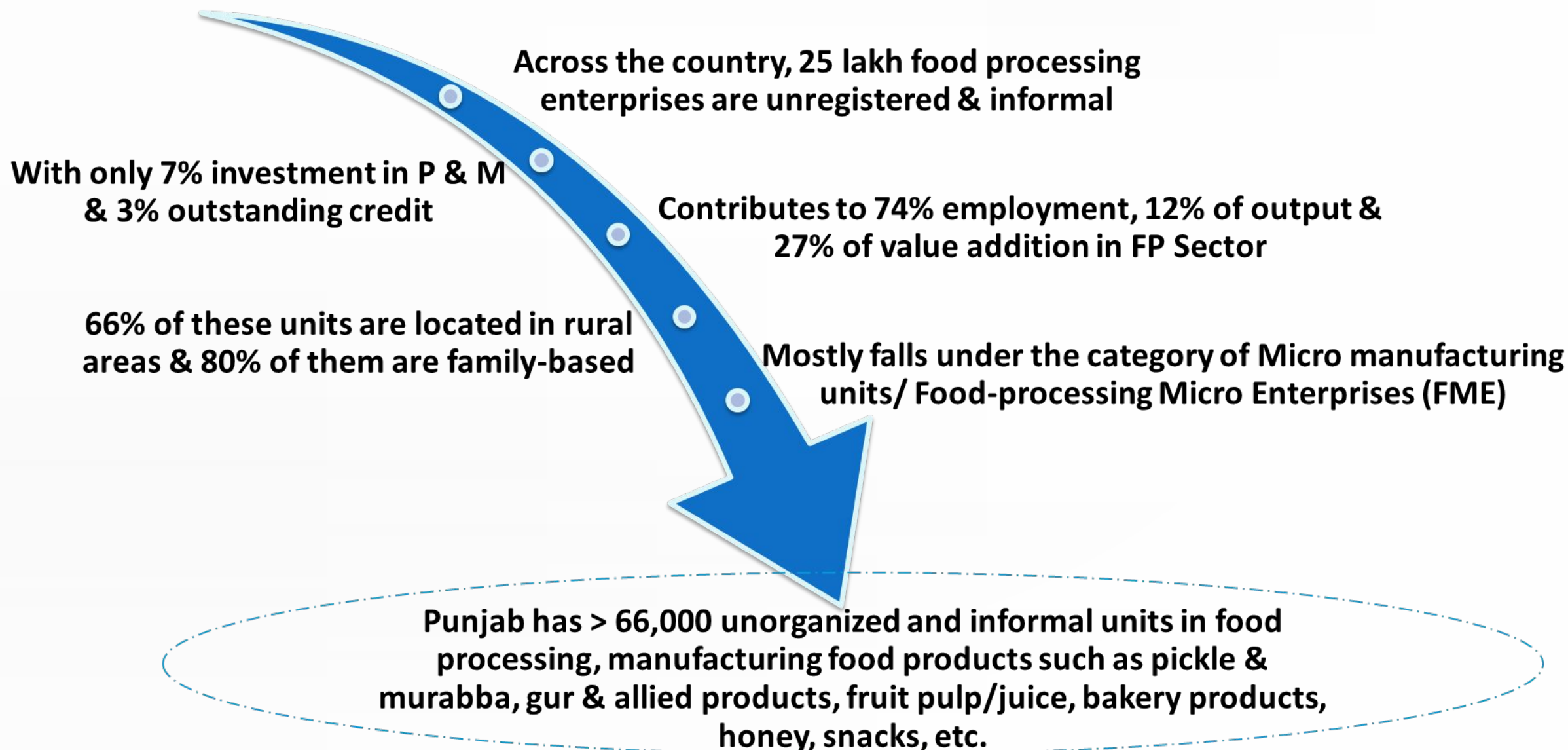
# PM FME Scheme Overview by Rajnish Tuli Punjab Agro

# Informal & Unregistered Units

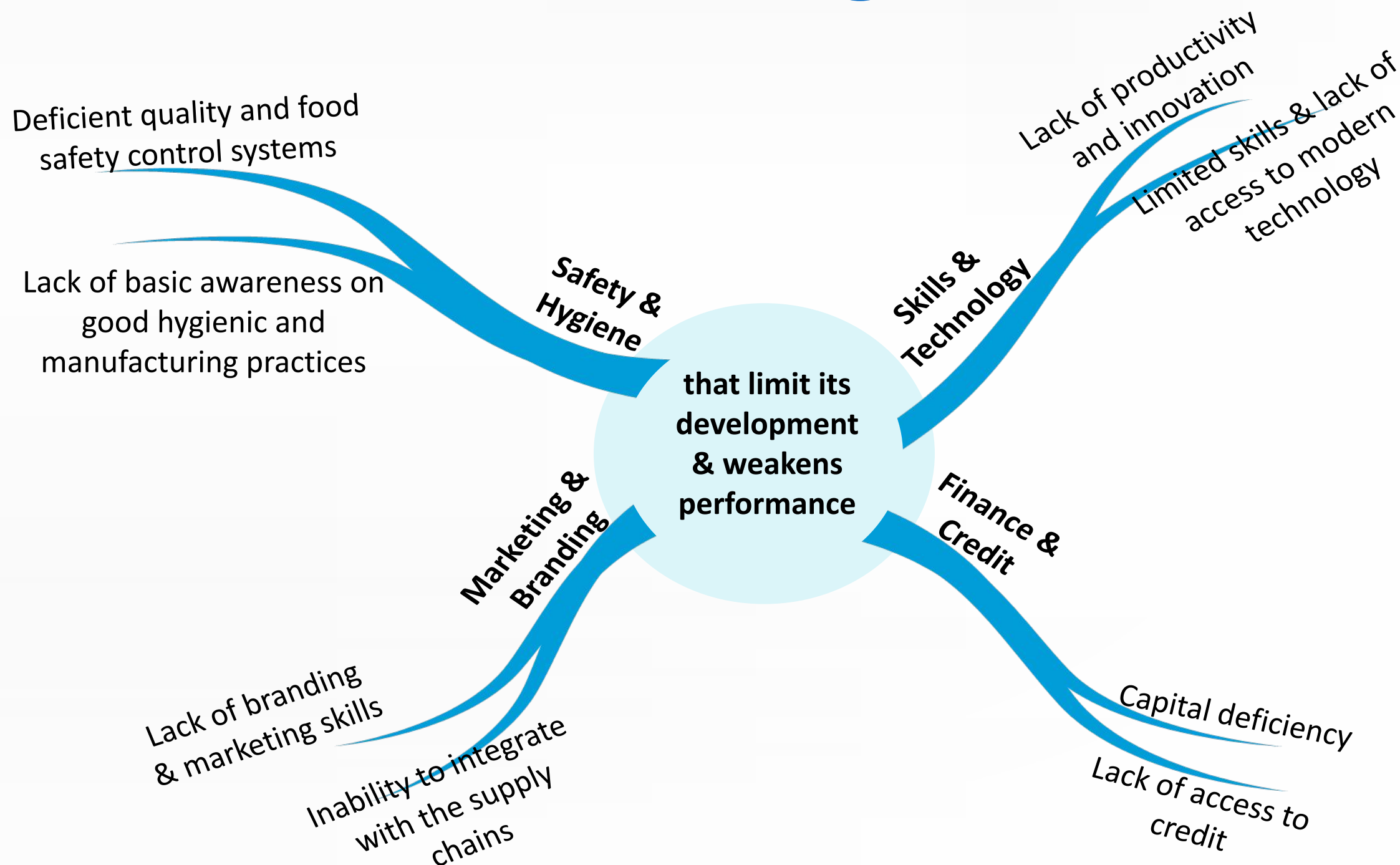
- Micro manufacturing category
- Investment < 1 Cr. & Turnover < 5 Cr.
- Enterprise will be called 'Udyam'
- Registration process will be called 'Udyam Registration'
- 'Udyam Registration Portal' - Udyam Registration Number & Udyam Registration Certificate
- Aadhaar Number of Proprietor/Managing Partner/Karta/GSTIN,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

# Present Scenario

**Food Processing is key sector under 'Aatmanirbhar Bharat' initiative of GoI**



# Challenges







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





# 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



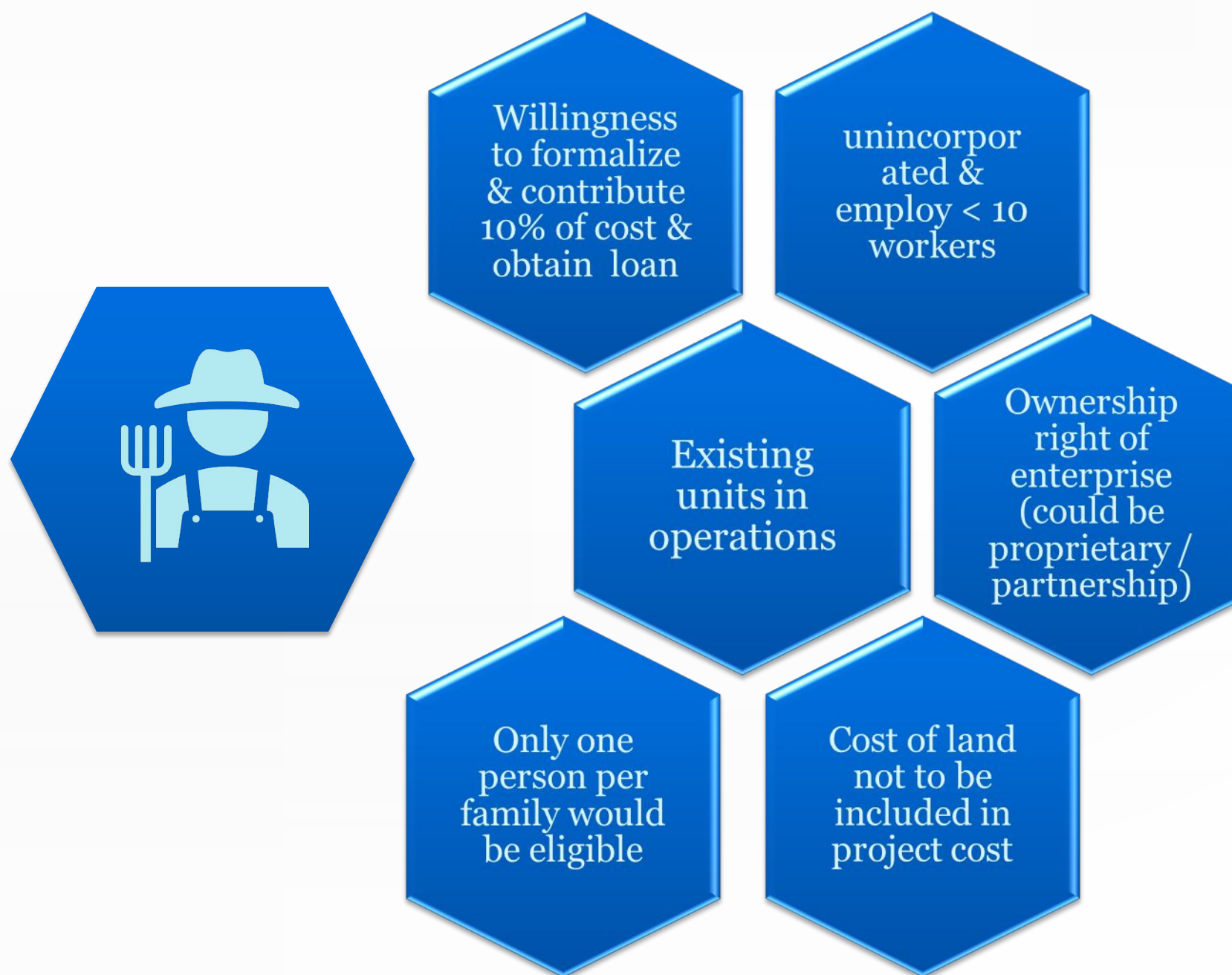
## Setting up robust project management framework

- 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

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

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

Support along entire value chain - sorting, grading, assaying, storage, processing, packaging etc.

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 already engaged in food processing activities

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

SHG Federation to compile details like product being processed, annual turnover, marketing of produce.

Support upto Rs. 40,000/- per member

# Eligibility etc. - Common Infrastructure

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

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

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

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

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/regional-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

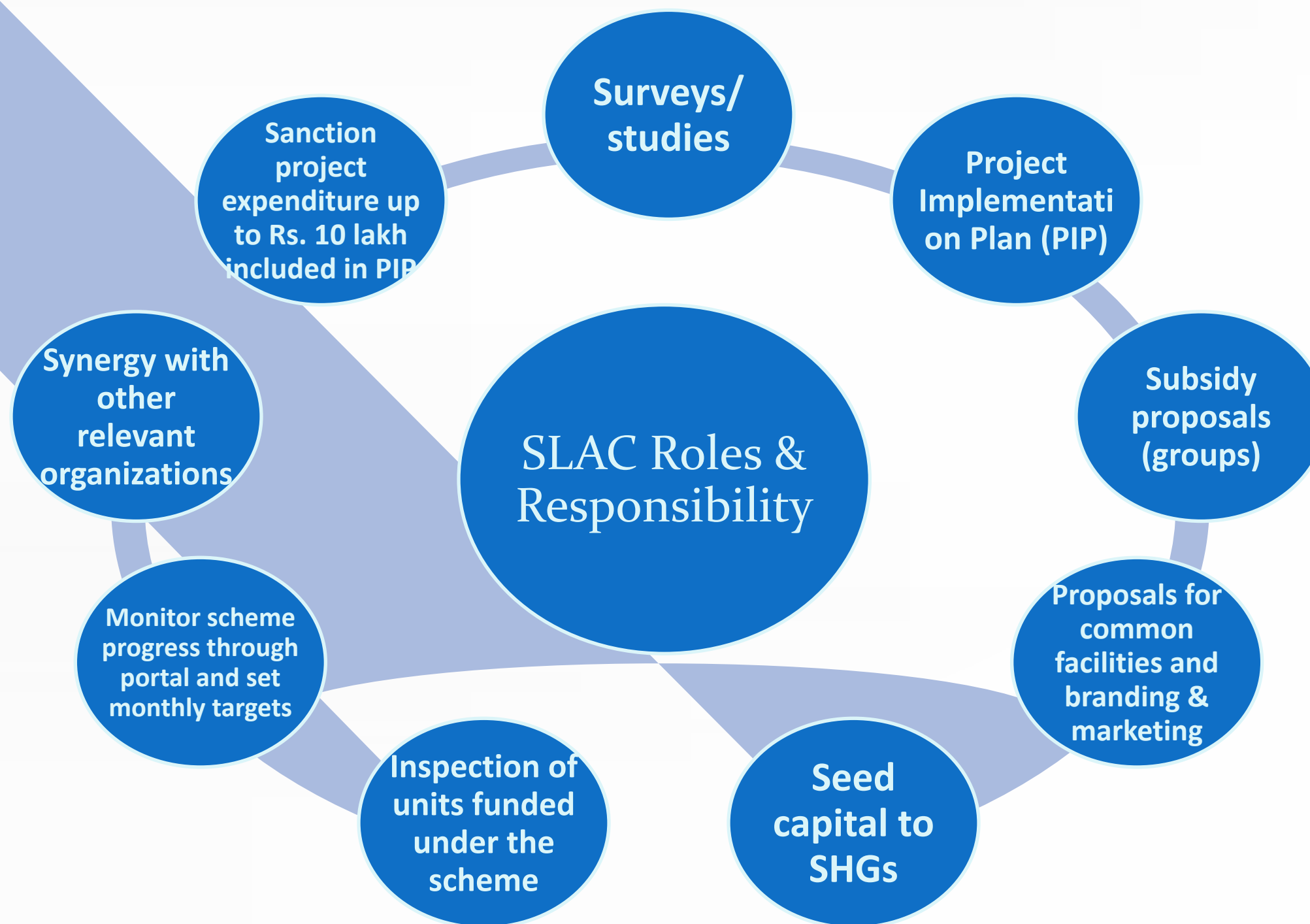
(PAIC has formed a new SPV - Panjab Agro Unati Grameen Marketing Pvt. Ltd for common Branding & Marketing of food products)

# Institutional Architecture





# SLAC- Roles & Responsibilities



# DLC & SNA- Roles & Responsibilities

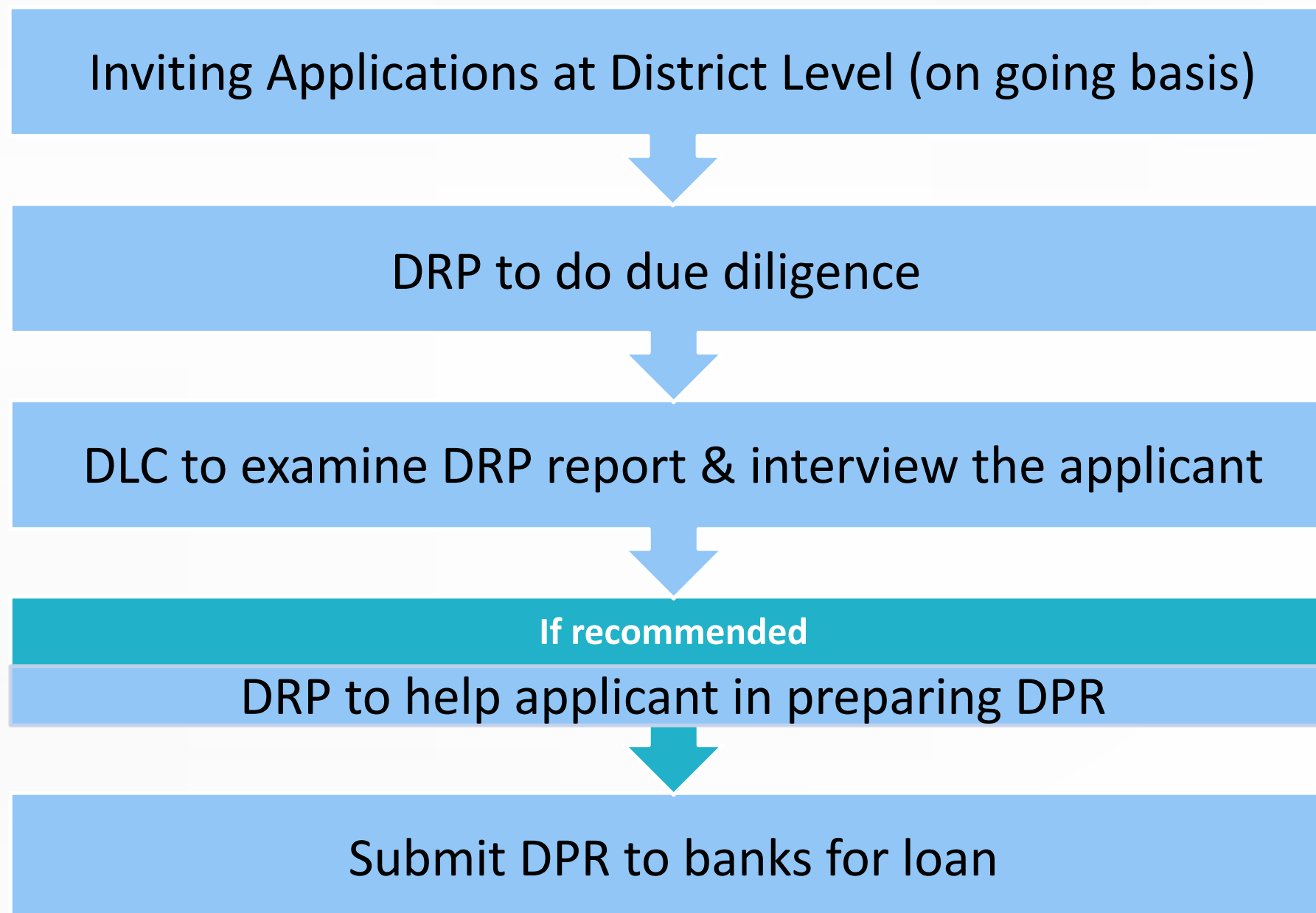
## DLC

- 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

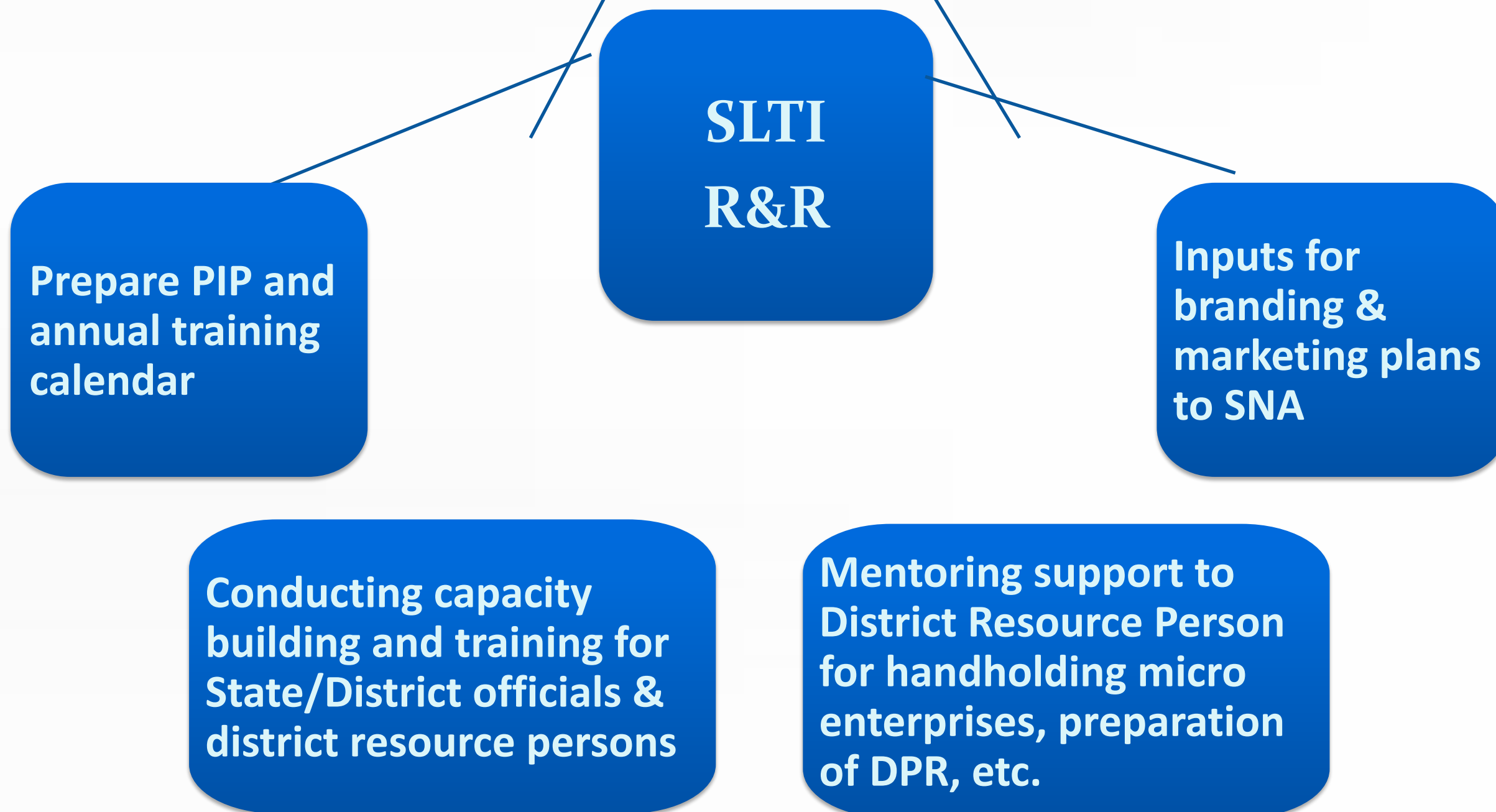


DRP: District Resource Person  
DLC: District Level Committee  
DPR: Detail Project Report



# SLTI- Roles & Responsibilities

(Department of Processing and Food Engineering, PAU)



# 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)



**THANK  
YOU!**