To,
Mission Directors
All States/UTs.

Subject – Fund flow mechanism to be adopted for disbursement of Seed Capital in convergence of DAY-NULM with PMFME - reg

Sir/Madam,

The undersigned is directed to refer to the fund flow mechanism to be adopted for disbursement of Seed Capital to SHG Enterprises of DAY-NULM in convergence with PMFME. The Fund Flow Guidelines for transferring seed capital to SHG Enterprises involved in Food Processing under PMFME is enclosed at Annexure-I.

2. This issues with the approval of Competent Authority.

Yours sincerely,

(Madhukar Pandey)
Under Secretary to the Government of India
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Tel: 011 23063503

Copy to:
1. Sr. PPS to AS, NULM
2. PPS to JS, MoFPI
3. PPS to Director, NULM
PMFME FUND FLOW GUIDELINES
UNDER CONVERGENCE WITH
DAY-NULM

Seed Capital to SHG Enterprises involved in
Food Processing under DAY-NULM
1. Background

PM Formalisation of Micro food processing Enterprises (PMFME) Scheme, an initiative under Aatma Nirbhar Bharat Abhiyan, is being implemented by Ministry of Food Processing Industries (MoFPI) with an outlay of 10,000 Crore over a period of 5 years from 2020-21 to 2024-25. The Scheme aims to augment the existing micro-enterprises in the unorganized segment and support them in formalization.

Aiming to benefit urban SHG members promoted under DAY-NULM, who are involved in food processing, both the Ministry of Housing and Urban Affairs (MoHUA) and MoFPI have issued guidelines for convergence of Deendayal Antayodaya Yojana - National Urban Livelihoods Mission (DAY-NULM) and PMFME Scheme. This convergence is intended to support the SHGs and its members engaged in food processing.

As per Para 2.1. of the Joint Guideline, the Seed Capital released as Grant by SNA under PM FME Scheme would be provided at the ALF/ CLF level by the SULM and the federation will then disburse the amount as 'loan' to the SHG members. Further, MoFPI has clarified to all State Nodal Agencies (SNAs) of PM FME that SNA will be the only implementing agency under the PM FME scheme at the State/ UT level. Accordingly, the following paragraphs provide the fund handling procedure under this convergence.

2. Fund Flow under PMFME Scheme

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<td>PMFME Scheme Fund</td>
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<th>State Nodal Agency (SNA), PMFME Scheme</th>
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States/ UTs are required to follow the above fund flow for disbursing Seed Capital assistance to the SHG Enterprises involved in food processing.
3. Implementation Plan

- Creation of separate State Scheme in PFMS in coordination with PFMS State Directorate and SULM [Scheme Code: PMFME (3887)].
- Budget components of PM FME should be migrated in the State PFMS scheme code at State level by SULM.
- SULM to open a dedicated bank account for PM FME Scheme at state level in the Scheduled Commercial Bank authorized to conduct government business in PFMS.
- SULM need to register PM FME scheme under PFMS and enter new dedicated bank details accordingly at State level.
- After completion of registration by SULM, SNA of PM FME to approve the same in PFMS.

4. Fund Transfer to SULM

- State Nodal Agency (SNA) of PM FME to transfer the Approved Funds for Seed Capital assistance for urban SHG Enterprises under PMFME to SULM through PFMS.

5. Fund Transfer to ALF/CLF

- SULM to transfer sanctioned money to the concerned federation's (ALF/ CLF) bank account within 10 days through RTGS/ NEFT.

6. Fund Transfer to the Enterprise

- ALF/ CLF to disburse sanctioned amount to Enterprises' bank account for whom the seed capital assistance has been sanctioned within 2 weeks through RTGS/ NEFT.

7. Reporting and Compliance Mechanism

- The Reporting and Compliance Mechanism to be followed as per Para. 3 and Monitoring and Coordination as per Para 4 of the Convergence Guidelines dt. June 18, 2021 of PM FME and DAY-NULM.

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