



drishti

PM Formalization of Micro Food Processing Enterprises Scheme

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Why in News

Recently, the **Ministry of Food Processing Industries (MoFPI)** has launched the **PM Formalization of Micro Food Processing Enterprises (PM FME) scheme** as a part of '**Atmanirbhar Bharat Abhiyan**'.

The Scheme is expected to generate a total investment of Rs. 35,000 crore and 9 lakh skilled and semi-skilled employment.

Key Points

- **Features:**
 - **One District One Product (ODOP) Approach:**
 - The States would identify food products for districts keeping in view the existing clusters and availability of raw material.
 - The ODOP could be a perishable produce based or cereal based or a food item widely produced in an area. **E.g.** mango, potato, pickle, millet based products, fisheries, poultry, etc.
 - **Other Focus Areas:**
 - Waste to wealth products, minor forest products and **Aspirational Districts.**
 - **Capacity building and research:** Academic and research institutions under MoFPI along with State Level Technical Institutions would be provided support for training of units, product development, appropriate packaging and machinery for micro units.
 - **Financial Support:**
 - Existing individual micro food processing units desirous of upgrading their units can avail credit-linked capital subsidy at 35% of the eligible project cost with a maximum ceiling of Rs.10 lakh per unit.
 - Support would be provided through credit linked grants at 35% for development of common infrastructure including common processing facility, lab, warehouse, etc. through FPOs/SHGs/cooperatives or state owned agencies or private enterprise.
 - A seed capital (initial funding) of Rs. 40,000- per **Self Help Group (SHG)** member would be provided for working capital and purchase of small tools.
- **Duration:** It will be implemented over a period of **five years from 2020-21 to 2024-25.**
- **Funding Details:**
 - It is a **centrally sponsored scheme** with an **outlay of Rs. 10,000 crore.**
 - The expenditure under the scheme would 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 Centre for other UTs.**

- **Need:**

- The unorganized food processing sector comprising nearly 25 lakh units contributes to **74% of employment** in the **food processing sector**.
- Nearly **66% of these units are located in rural areas** and about **80% of them are family-based enterprises** supporting livelihood of rural households and minimizing their migration to urban areas. These units largely fall within the category of micro enterprises.
- The unorganised food processing sector faces a number of challenges which limit their performance and their growth. The **challenges** include lack of access to modern technology & equipment, training, access institutional credit, lack of basic awareness on quality control of products; and lack of branding & marketing skills etc.

Source: PIB