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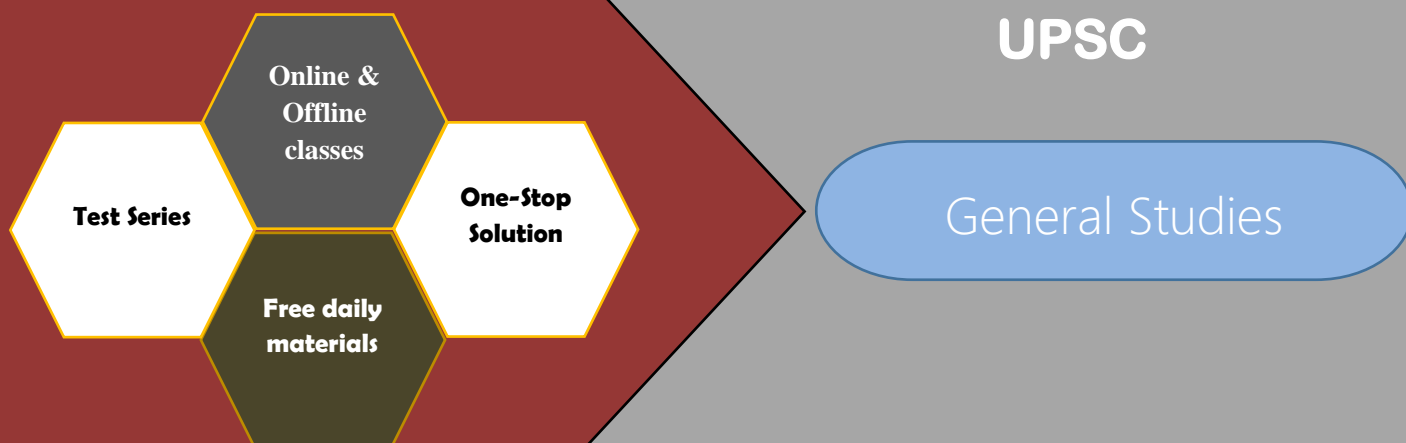
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PM Formalization of Micro Food Processing Enterprises Scheme

Notes for civil services preparation



PM Formalization of Micro Food Processing Enterprises Scheme

- 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 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. **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 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, through FPOs/SHGs/cooperatives or state owned agencies or private enterprise.
- A seed capital (initial funding) of 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 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.

