

Formalisation scheme to benefit 8 lakh micro food enterprises

On June 29, 2020, the Union Ministry for Food Processing Industries launched the PM Formalization of Micro Food Processing Enterprises (PM FME), which was announced as part of the Rs. 20 lakh crore economic package for Atma Nirbhar Bharat in May 2020.

The government expects the scheme, which will be implemented over a period of five years from 2020-21, to generate Rs. 35,000 crore investment and benefit 8 lakh micro food processing enterprises through training in product development, packaging and access to machineries. To put things in perspective, there are nearly 25 lakh unorganized food processing units, which is three times the number of units that may benefit from this scheme. Around 66% of these 25 lakh units are located in rural areas and 80% of them are family owned enterprises, according to a press release by the Ministry of Food Processing Industries.

According to the press release, the scheme will also generate nine lakh skilled and semi-skilled employment. Under this scheme, eligible micro food enterprises can apply for financial, technical and business support with the nodal agencies in their respective states. Eligible applicants will be provided credit-linked capital subsidy at the rate of 35% of the eligible project cost with a maximum ceiling of Rs.10 lakh per unit. The scheme also provides seed capital of Rs. 40,000 per self help group member for working capital and purchase of small tools.

While selecting applicants for this scheme, the government will give preference to those units that produce ODOP products. ODOP, which stands for One District One Product (ODODP), are those food products that are widely produced in a district. State governments will identify food product for every district based on the existing clusters and availability of raw materials. These products could be prepared from a perishable ingredient or from cereals or a food product widely produced in a district.

Some of the goods that may fall in the ODOP list are fruits and vegetables such as mango, potato, litchi and tomato. The list also covers processed food and snacks such as bhujia, petha, papad, pickle and millet based products. Products of allied sectors such as fisheries, poultry and livestock, including animal feed, will also be eligible under the ODOP list. The scheme will also benefit micro enterprises producing minor forest products and waste to wealth products.

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