

Pradhan Mantri Formalisation of Micro Food processing Enterprises (PMFME)

“A landmark initiative under Aatmanirbhar Bharat Abhiyan offering golden opportunity for micro food entrepreneurs, FPOs/ SHGs/ Co-operatives to benefit from the Scheme for Formalization of Micro Food Processing Enterprises.”

Background:

The unorganized food processing sector contains major source of employment in rural area. most of them are family-based enterprises supporting livelihood in rural household and minimizing their migration to urban areas. These units largely fall with in the category of micro enterprises.

These units face a number of challenges which limit their performance and growth. These challenges include lack of access to modern technology & equipment, training, access to institutional credit, lack of basic awareness on quality control of products, and lack of branding & marketing skills, etc. Therefore, the unorganised food processing sector contributes much less in terms of value addition and output despite its huge potential.

Objectives:

To overcome the challenges faced by unorganized food processing sector Ministry of Food Processing Industries (MoFPI) has launched “PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME Scheme)” through a package support and services. The objectives under the scheme, inter alia, include:

- Capacity building of entrepreneurs through technical knowledge, skill training and hand holding support services.
- Increased access to credit to existing micro food processing entrepreneurs for technology upgradation.
- To support unorganized food processing sector to enable microenterprises to avail common services.
- Support for transition of existing enterprises into formal framework for registration under regulatory framework and compliance.

It is an All India Centrally Sponsored Scheme, so incentives are same across India.

Initially when the scheme was launched in the year 2020-21 One district one product (ODOP) concept was there Considering availability of Raw material, backward & forward linkages different ODOP was given to all the districts. So if you wants to start a new business, it should be ODOP of that district. Or If you wants to expand any existing food processing business it can be any food processing business, but now the concept of ODOP is relaxed, irrespective of ODOP of the district one can set up any food processing business, but preference will be given to ODOP.

Support to Food processing Units under the scheme:

1. 35% of Project cost is granted as Subsidy

- Credit Linked grant at 35% of the project cost Maximum 10 Lacs to new business as well as existing Micro food processing business for upgradation.
- Credit linked grant at 35% of the project cost to SHGs/FPOs/cooperatives for capital expenditure maximum up to 10 Lac.
- Credit linked grant at 35% of the project cost for common infrastructure maximum up to three crore.
- Bank loan is compulsory for application under the scheme.
- Subsidy come after full disbursement, so interest is charged on outstanding balance less subsidy.
- Subsidy gets adjusted into loan after 3 years of regular repayment.

2. 3% Interest subvention under AIF Scheme

- Simultaneously eligible businesses can apply under Agriculture Infrastructure fund & get the benefit of both the schemes together.

3. Paperless Application process

- Fully digital application, no need to visit government offices.
- Very minimum documents required for application

4. Handholding support by DRP

- DRP will support application submission & other government & bank approval processes.

5. Sales & Marketing support by Government

- You can participate in various trade fairs organised by the government.

Eligibility Criteria:

- **Constitution**
Individual Beneficiary
Group Beneficiary (Bachat Gat/FPO/ Co-op. Society)
Corporate Beneficiary (Partnership Firm/ Pvt Ltd Co)
- The applicant should be above 18 years of age and should possess at least VIII standard pass educational qualification.
- Only one person from one family is eligible for obtaining financial assistance. The “family” for this purpose would include self, spouse and children.

Procedure for applying under the scheme:

Anyone can register on the portal approach the DRP & submit the application along with required documents, considering the eligibility criteria & other things DRP will help in application submission.

