



PM Formalization of Micro Food Processing Enterprises Scheme

Why in News

The **Pradhan Mantri Formalisation of Micro food processing Enterprises (PMFME)** Scheme, launched under the [Atmanirbhar Bharat Abhiyan](#), completed its one year on 29th June.

- The PMFME Scheme is currently being **implemented in 35 States and Union Territories (UTs)**.

Key Points

- **Nodal Ministry:**

- Ministry of Food Processing Industries (MoFPI).

- **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:**

- **Upgradation of Individual Micro Food Processing Units:** 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.
- **Seed Capital to SHG:** Initial funding of **Rs. 40,000- per [Self Help Group \(SHG\)](#)** member would be provided for working capital and purchase of small tools.

- **Implementation:** 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](#).
- 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.

▪ **Status of Indian Food Industry:**

- The Indian food and grocery market is the **world's sixth largest**, with retail contributing **70% of the sales**.
- The **Indian food processing industry accounts for 32% of the country's total food market**, one of the largest industries in India **and is ranked fifth** in terms of production, consumption, export and expected growth.
- It contributes around 8.80 and 8.39% of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13% of India's exports and 6% of total industrial investment.

▪ **Other Schemes Related to Food Processing:**

- **Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)**: Aims to give companies incentives on incremental sales from products manufactured in domestic units.
- **Mega Food Park Scheme**: Mega Food Parks create modern infrastructure facilities for food processing along the value chain from farm to market with strong forward and backward linkages through a cluster-based approach.

Source: PIB

PDF Referenece URL: <https://www.drishtias.com/printpdf/pm-formalization-of-micro-food-processing-enterprises-scheme-1>

