



PM Formalization of Micro Food Processing Enterprises Scheme

For Prelims: PM Formalisation of Micro Food Processing Enterprises Scheme, One District One Product (ODOP), Aspirational Districts, Foreign Direct Investment (FDI), NABARD.

For Mains: Features of the PMFME Scheme, Status of the Food Processing Industry in India.

Why in News?

The [Ministry of Food Processing Industries \(MoFPI\)](#) is implementing a **centrally sponsored PM Formalisation of Micro Food Processing Enterprises Scheme (PMFME) Scheme** for providing **financial, technical, and business support to micro food processing enterprises in India.**

- This scheme is a part of the Atmanirbhar Bharat Abhiyan - [Vocal for Local Initiative in the food processing sector.](#)

What are the Features of the PMFME Scheme?

- **About:**
 - The PMFME scheme aims to **enhance the competitiveness of new and existing individual micro-enterprises** in the **unorganized segment** of the food processing industry and promote formalization of the sector.
 - The PMFME scheme is operational for a period of five years from **2020-21 to 2024-25** with an outlay of Rs. 10,000 Crore.
- **Focus Areas:**
 - The scheme adopts the [One District One Product \(ODOP\)](#) approach to reap the benefit of scale in terms of procurement of inputs, availing common services and marketing of products.
 - Other Focus areas include **Waste to wealth products, minor forest products and Aspirational Districts.**
- **Assistance Available under PMFME Scheme:**
 - **Support to Individual/Group Category Micro Enterprises:**
 - **Credit-linked capital subsidy of 35%** of the eligible project cost, with a maximum ceiling of Rs.10 lakh per unit.
 - **Support to Self-Help Groups (SHGs) for Seed Capital:**
 - **Seed capital up to Rs. 40,000/- per member of SHG** engaged in food processing for working capital and purchase of small tools, subject to a maximum of Rs. 4 lakh per SHG.
 - **Support for Common Infrastructure:**
 - **Credit-linked capital subsidy of 35%**, with a maximum of Rs. 3 crore, to support FPOs, SHGs, Cooperatives, and any Government agency for **setting up of common infrastructure.**
 - **Capacity Building:**
 - The scheme envisages training for **Entrepreneurship Development Skilling**

- (EDP+), a program modified to meet the requirements of the food processing industry and product specific skilling.
- **District Resource Persons (DRPs)** have been appointed to provide handholding support to micro food processing enterprises for the compliance of FSSAI and other statutory requirements.

What is the Status of the Food Processing Industry in India?

▪ About:

- Food processing is a type of **manufacturing in which raw materials are processed into intermediate foods** or edible items using scientific knowledge and technology.
- It improves the **storability, portability, palatability, and convenience** of the finished product.

▪ Significance:

- During the last five years ending FY21, the food processing industries sector has been growing at an **average annual growth rate of around 8.3%**
- As per the latest **Annual Survey of Industries (ASI) 2019-20**, **12.2%** of persons in the registered manufacturing sector were employed in the food processing sector.
- The value of agri-food exports, including processed food exports, was about **10.9 % of India's total exports** during 2021-22

▪ Issues:

- **Lack of Infrastructure:** The food processing industry in India faces challenges with infrastructure, including **inadequate cold storage facilities**, transport facilities, and processing plants.
- **Limited Access to Finance: Many small and medium-sized food processing businesses** in India struggle to access finance to invest in their operations and improve their products.
 - This limits their ability to expand and compete with larger players in the industry.
- **Inadequate Quality Control:** There are concerns about the quality of food processing in India, particularly in relation to **food safety and hygiene standards**.
 - This is a major challenge for the industry, as it **affects consumer confidence and limits export opportunities**.

▪ Government Initiatives:

- **100% Foreign Direct Investment (FDI)** approval under automatic route has been permitted for the food processing sector
- A **Special Food Processing Fund** of Rs. 2000 crore was set up with **National Bank for Agriculture and Rural Development (NABARD)** to provide affordable credit for investments in setting up **Mega Food Parks (MFP)** as well as processing units in the MFPs.
 - In 2019, the coverage of the fund was extended to the setting up of **Agro-Processing Clusters** along with setting up of individual manufacturing units.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. With what purpose is the Government of India promoting the concept of “Mega Food Parks”? (2011)

1. To provide good infrastructure facilities for the food processing industry.
2. To increase the processing of perishable items and reduce wastage.
3. To provide emerging and eco-friendly food processing technologies to entrepreneurs.

Select the correct answer using the codes given below:

- (a) 1 only
- (b) 1 and 2 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Ans: (b)

Mains

Q. What are the reasons for the poor acceptance of a cost-effective small processing unit? How will the food processing unit be helpful to uplift the socioeconomic status of poor farmers? **(2017)**

Source: PIB

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