



PMFME Scheme

For Prelims: PMFME, NAFED, FPOs, One District One Product, Initiatives related to food processing sector,

For Mains: Significance of PMFME Scheme in improving agricultural marketing.

Why in News?

Recently, the Ministry of Food Processing Industries and [NAFED \(National Agricultural Cooperative Marketing Federation of India Limited\)](#) launched **Three One District One Product (ODOP)** brands under the [Pradhan Mantri Formalisation of Micro food processing Enterprises \(PMFME\) Scheme](#).

- The Ministry of Food Processing Industries has signed an agreement with NAFED for developing 10 brands of selected 20 ODOPs under the branding and marketing component of the PMFME scheme.

What is PMFME Scheme?

▪ About:

- Launched under [Atmanirbhar Abhiyan](#) (in 2020), it aims **to enhance the competitiveness of existing individual micro-enterprises** in the unorganised segment of the [food processing industry](#) and to promote formalisation of the sector and provide support to [Farmer Producer Organisations](#), [Self Help Groups](#), and Producers Cooperatives along their entire value chain.
- 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.
- It will be implemented over a period of **five years from 2020-21 to 2024-25**.

▪ 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:**
 - 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.
 - Support would be provided through **credit linked grants at 35% for**

development of common infrastructure including common processing facility, lab, warehouse, etc. through FPOs/SHGs/cooperatives or state owned agencies or private enterprise.

- A **seed capital (initial funding) of Rs. 40,000-** per [Self Help Group \(SHG\)](#) member would be provided for working capital and purchase of small tools.
- **Funding:**
 - 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.

What is the Need of the Scheme?

- The unorganised 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 minimising their migration to urban areas.
- These units largely fall within the category of micro-enterprises.
- The unorganised food processing sector faces several 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.

What is NAFED?

- **About:**
 - It is an **apex organisation of marketing cooperatives** for agricultural produce in India.
 - It was founded on **2nd October 1958** and is registered under the Multi-State Co-operative Societies Act, 2002.
 - NAFED is one of the largest procurement as well as marketing agencies for agricultural products in India.
- **Objectives:**
 - To organise, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce.
 - To distribute agricultural machinery, implements and other inputs, undertake inter-state, import and export trade, wholesale or retail as the case may be.
 - To act and assist for technical advice in agricultural production for the promotion and the working of its members, partners, associates and cooperative marketing, processing and supply societies in India.

[Source: PIB](#)