



VOCAL FOR LOCAL

MAKING INDIA 'AATMANIRBHAR' IN
FOOD PROCESSING

PMFME

PRADHAN MANTRI FORMALISATION
OF MICRO FOOD PROCESSING
ENTERPRISES SCHEME



“

This economic package is for our cottage industry, home based industry, our small-scale industry, our MSME, which is a source of livelihood for millions of people, which is the strong foundation of our resolve for a self-reliant India

”

- Prime Minister Narendra Modi



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INTRODUCTION

India's food economy, in many respects, mirrors the country's rich regional, cultural, and agricultural diversity. From sweets to cereals, from vegetables to fruits, from pickles to herbs, from traditional confectionaries to local drinks, from meat and poultry to aquatic products, the national food map of India is a resplendent microcosm of the country's rich civilizational history.

A well-developed food processing sector with a higher level of processing helps in the reduction of wastage, improves value addition, promotes crop diversification, ensures a better return to the farmers, promotes employment as well as increases export earnings. This sector is also capable of addressing critical issues of food security, food inflation, and providing wholesome, nutritious food to the masses.



The food processing sector is one of the important segments of the Indian economy in terms of its contribution to GDP, employment, and investment. From 2016-17 to 2020-21, Food Processing sector has been growing at an Average Annual Growth Rate (AAGR) of around 8.38 per cent .The sector constituted as much as 10.54 percent and 11.57 percent of GVA (Gross Value Added) in Manufacturing and Agriculture sectors respectively in 2020-21.

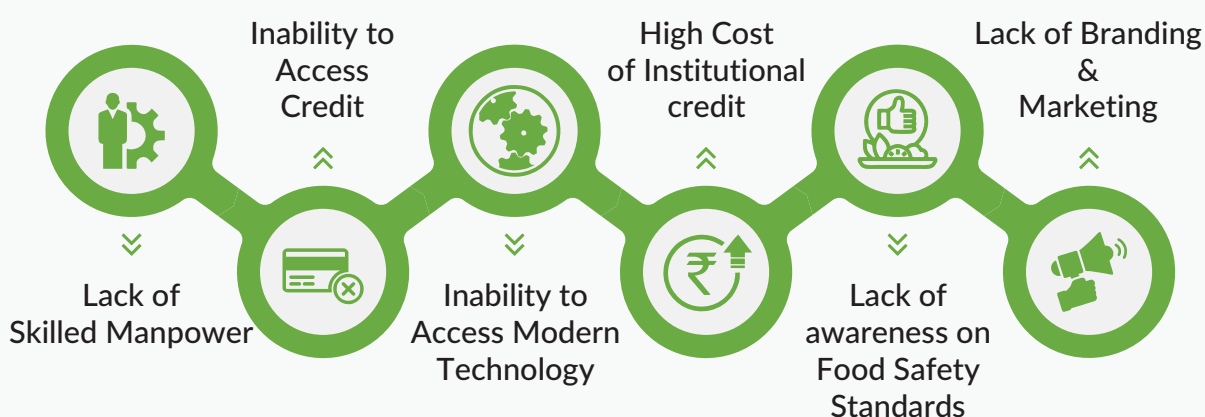
Micro Food Processing Enterprises in India

Number of food processing enterprises	% Contribution of micro enterprises to Employment in food processing	% of microenterprises located in rural areas	% share of family-based micro enterprises
25 Lakh	74%	66%	80%



CHALLENGES AND OPPORTUNITIES

The micro food processing sector faces several challenges including the high cost of institutional credit, lack of access to modern technology, and value addition opportunities. Other challenges being faced by this segment are lack of awareness about food safety standards, lack of market knowledge, lack of branding and marketing for their produce. A large number of unskilled manpower also pose challenges to the micro-enterprises.



PROBLEMS FACED BY MICRO FOOD ENTERPRISES

However, the potential for growth of India's food processing industry is immense as the organised retail sector is growing, young demography, change in consumption pattern, rise in disposable incomes, rapid urbanisation, rise in nuclear families with a growing demand for functional and nutraceutical foods.



PMFME SCHEME



The scheme seeks to support micro food processing enterprises through a package of support and services. These include:

- **Financial support for setting up a new food processing unit or upgradation of an existing unit**
- **Subsidy available under the scheme may be clubbed with interest subvention/ non-overlapping components of other GoI schemes or top-up provided by various state Govts**
- **Training & capacity-building support**
- **Support to Farmer Producer Organizations (FPOs), Self Help Groups (SHGs), and Producers Cooperatives along their entire value chain**
- **Support for transition of existing enterprises into formal framework for registration under regulatory framework and compliance**
- **Marketing support for their integration with the organized supply chain**

The Scheme is to be implemented for a period of five years from 2020-21 to 2024-25 with an outlay of Rs. 10,000 Crore. The Scheme adopts One District One Product (ODOP) approach, as part of a broader strategy of concentrated agro and industrial development focused on each district, offering an array of fiscal incentives, credit, marketing, and policy support. However, the benefits of the scheme can be availed for Non ODOP Products also.

JOURNEY SO FAR

Setting up the Institutional Mechanism for Implementation of the scheme –

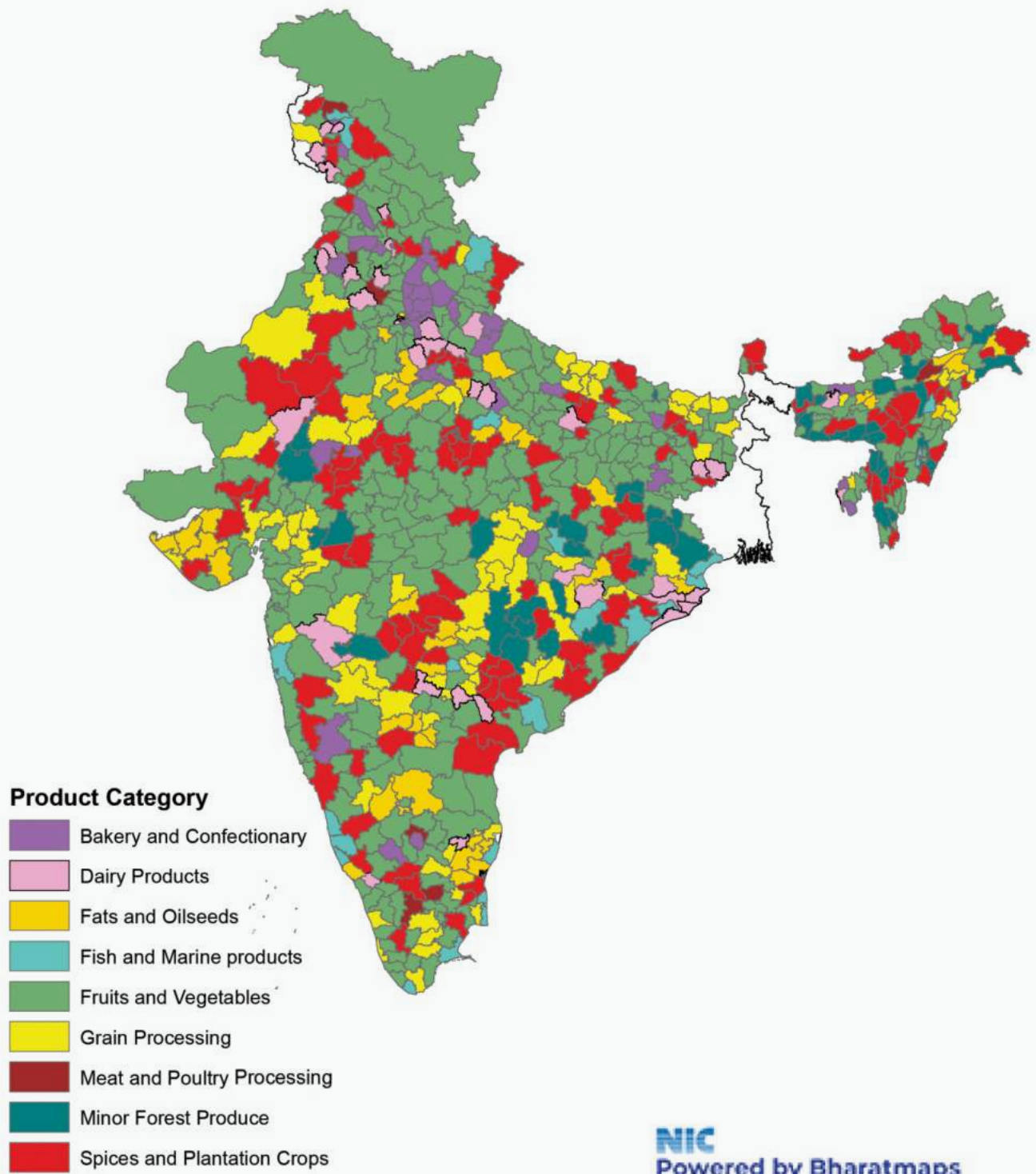
PMFME is a centrally sponsored scheme and is implemented in close collaboration with State Nodal Agencies of respective States. All the States/UTs have appointed Nodal Agencies for the implementation of the scheme. Applications for credit-linked subsidies for individual enterprises are approved at the district level, while applications for groups are approved at the State Level. MIS portal for PMFME Scheme is receiving individual applications for credit linked subsidy for up-gradation of food processing units. For monitoring & approvals, Committees at the state and district level in the States/UTs have been constituted. Collaboration and Convergence in the implementation of the scheme, is being done with the Ministry of Rural Development, Ministry of Tribal Affairs and Ministry of Housing and Urban Affairs (MoHUA) and MoUs with Department of Animal Husbandry and Dairying (DAHD), Indian Council of Agriculture Research (ICAR), National Cooperative Development Corporation (NCDC), National Agricultural Cooperative Marketing Federation of India (NAFED), National Scheduled Castes Finance & Development Corporation (NSFDC), National Scheduled Tribes Finance & Development Corporation (NSTFDC), Food Safety and Standards Authority of India (FSSAI), Convergence Committee has been constituted with the Department of Fisheries and Agricultural & Processed Food Products Export Development Authority (APEDA). Standard Operating Procedure signed with Agriculture Infrastructure Fund (AIF) Scheme for interest subvention to PMFME beneficiaries.

Union Bank of India has been selected as the Nodal bank for the PMFME scheme and a Memorandum of Understanding has been signed with 15 banks as lending banks.

One District One Product (ODOP) Approach – 713 districts of 35 States/UTs in the country have selected ODOPs consisting of 137 unique products ranging from fruits and vegetables, makhana, moringa, milk products, bakery items, jaggery, pickles, papad, etc. A GIS ODOP digital map of India has been prepared that provides details of ODOP products of all the States and UTs. It will enable stakeholders to identify resources and map their value chain.

* The PMFME Scheme updation is as on 31.03.23

Type of Products chosen as ODOPs across India



District specific products can be seen at the following site
<https://odop.mofpi.gov.in/odop>

Credit linked subsidies for capital investment to micro food processing enterprises: 1,14,324 applications have been received so far from 35 States/ UTs 98335 applications are sent to the bank. Out of which 31,123 loans are sanctioned with an eligible project cost of Rs 3128.14 cr and Loans sanctioned amount of Rs. 2553.82 cr. An amount of Rs. 201.168 has been provided as subsidy to 9,240 beneficiaries.

Seed Capital to SHG members – Seed Capital is being provided to members of SHGs engaged in food processing. An amount of Rs. 363.02 Cr of seed capital has been released for 1,13,376 individual members of SHGs under State Rural Livelihood Missions and State Urban Livelihood Missions.

76 Incubation Centres with an Outlay of Rs. 205.95 cr have been approved by MOFPI for providing production, processing, training, and demonstration services to micro food processing enterprises. Two Incubation centres have been Commissioned.

Capacity Building - Major components of capacity building relevant to the target beneficiaries (food processing entrepreneurs, SHGs/ FPOs/ Cooperatives, workers of existing micro-food processing enterprises) are EDP (Entrepreneurship Development Program) training and ODOP/Domain training. These unique ODOPs have been covered in 9 domains namely Fruits & Vegetables, Milk Processing, Grain Processing, Fats & Oilseed Processing, Fish and Marine Processing, Meat and Poultry Processing, Minor Forest Produce, Bakery and Confectionary, Spices and Plantation Crop. Two National Level Technical Institutions of MOFPI - NIFTEM Thanjavur & NIFTEM Kundli along with ICAR institutions have developed training content for capacity building including training materials consisting of trainer's guide, participant handbook, multimedia tutorials- audio & videos, PowerPoint Presentations, DPR, etc. 760 training modules (ODOP) have been developed which include 190 Presentations, 190 Videos, 190 DPRs and 190 Course Content/Handbooks. 42 State Level Technical Institutes (SLTI) of 35 States/ UTs have been approved by the Ministry for supporting the implementation of Capacity Building. 486 Master Trainers (in 34 States/UTs) and 994 district-level trainers (in 26 States/UTs) trained on EDP and Food Processing, 32271 beneficiaries (in 29 States/UTs) trained Food Processing Entrepreneurship Development Programme. 1735 District Resource Persons (DRPs) have been appointed in 35 States/UTs and 1406 DRPs have been trained in 32 States/UTs under PMFME scheme.

Branding and Marketing proposals from NAFED, have been approved by the Ministry. Under the component 13 ODOP Brands have been launched, so far. 6 State level proposals, one from the State of Punjab under the brand name "AASNAA", one from the State of Maharashtra under the brand name "BHIMTHADI", 2 from the State of Karnataka under the brand name "Seemi" and "Bhima" and 2 from the State of Andhra Pradesh under the brand name "Madugula Halwa" and "Aamodam" have been approved.

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PMFME- BENEFITS FOR ALL

1. Disbursement of credit linked subsidy to 2,00,000 existing micro enterprises.
2. Formalization of existing microfood enterprises frameworks.
3. Increased access to credit for existing micro food processing entrepreneurs, women entrepreneurs, and entrepreneurs in Aspirational Districts.
4. Creation of skilled and semi-skilled jobs at the local level.
5. Increased access to common services like food testing, storage facilities, access to high-end machinery, technologies, and incubation services.
6. Increase in turnover of micro food processing enterprises.
7. Better integration of existing micro-enterprises with the organized markets.
8. Empowering of SC, ST, and through special focus on machinery, technologies, and incubation services.

Junak Agro
Producer
Company,
Assam

“PMFME scheme is bound to help the processors in the unorganized sector and in times like these, it will be of immense support”

Renu Mahanta

Kudambashree
Mission,
Kerala

“We expect that this scheme will have a unique impact on the majority of micro enterprises like ours in Kerala”

Ranjeena

Kheti
Virasat
Mission,
Punjab

“Youth will now be able to process their crop in their own village which will increase their income, lead to more employment, reduce migration to urban cities thereby contributing towards the prosperity of the village”

Umender Dutt

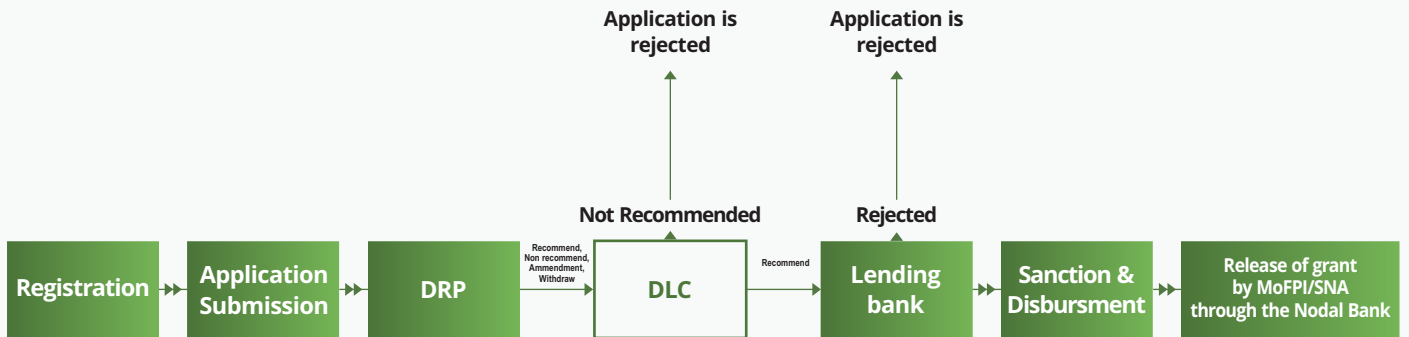
Trade
Promotion
Council
of India

“Those farmers are not industrial entrepreneurs by birth, and they need orientation and handholding to process in the direction of the industry demand”

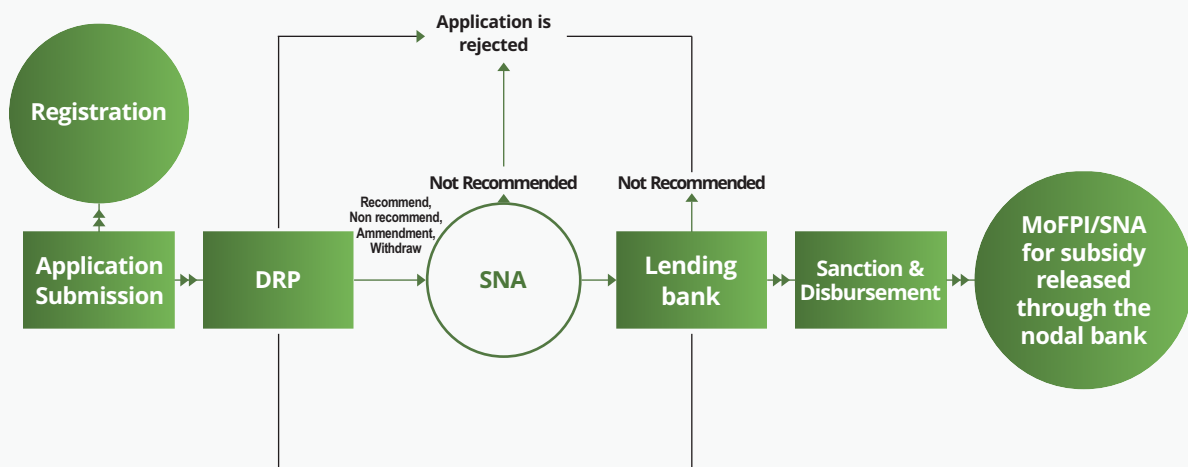
Mohit Singla

Process Flow for Providing Credit Linked Grant to Individual and Common Infrastructure

Individual Micro Enterprises Application Approval Flow Chart



Common Infrastructure Application Approval Flow Chart





Ministry of Information & Broadcasting
Government of India