



Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME)

“Vocal for Local in Food Processing Sector”

Key Takeaways

As of *June 2025*,

- **Rs. 3,791.1 crore** released by the **Centre** to the **States/ UTs** for implementation of various components across **FY 2020-21 to FY 2025-26**.
- A total of **1,44,517** loans of amount **Rs. 11,501.79 crore** has been sanctioned to individual micro food processing units and groups for credit linked subsidy across the country.
- **1,16,666** beneficiaries have been trained across the country under the **PMFME** scheme.
- For **FY 2024-25**, **50875** loans sanctioned under the Credit Linked Subsidy.
- **Seed capital support** approved for **1,03,201 SHG members**, amounting to **₹376.98 crore** during **FY 2024-25**.

Introduction

Ruby Fresh Snacks in Ernakulam, Kerala, tells the story of how a small dream became a thriving enterprise. Founded by **Mr. P M Jaleel** in 2011 with groundnut laddoos, the unit grew with the support of the **PM Formalisation of Micro Food Processing Enterprises Scheme**. A loan of over **3 lakh** rupees in 2021 helped him buy new machines, double production, and expand his product range. Daily profits rose from about **12,000 rupees** to nearly **20,000**, and his turnover crossed **32 lakh rupees** in 2021-22. Today, Ruby Fresh Snacks is not only a source of quality local treats but also a symbol of how government support can transform small entrepreneurs into inspiring success stories.



Progress under PMFME

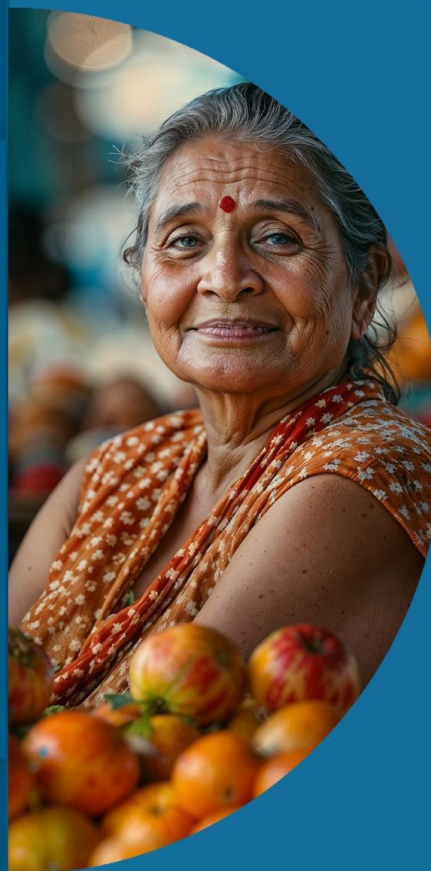


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Source: Ministry of Food Processing Industries

As of June 2025

The Pradhan Mantri Formalisation of Micro Food Processing Enterprises

Scheme was launched on **29 June 2020**. It is a Centrally Sponsored Scheme that focuses on the growth and formalisation of micro food units across the country. The scheme is part of the **Atmanirbhar Bharat Abhiyaan** and supports the **Vocal for Local vision** in the food processing sector. It provides financial, technical and business assistance to entrepreneurs for setting up new units or upgrading existing ones. The scheme runs from **2020-21 to 2025-26** with an outlay of **Rs. 10,000 crores**. Its goal is to make micro enterprises more competitive, bring them into the organised sector and unlock new opportunities for growth.




The expenditure under the scheme is to 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 the Center for other UTs.

The scheme aims to provide direct support to **2 lakh** micro food processing units through credit linked subsidies. It also seeks to create common infrastructure and strengthen institutional support to drive faster growth in the sector.

India's food processing industry has seen a remarkable growth over the past **11 years**, shaped by its strong farm base, growing demand, and supportive government policies. The country is set to become a global leader in this sector, with steady growth ahead. Agriculture remains the backbone of food processing, while the sector itself has become vital to the economy through its rising share in GDP, jobs, and exports.

As of July 2025, for **FY 2024-25**, agriculture and processed food exports reached approximately **USD 49.4 billion** with processed food exports constituting around **20.4%**, positioning India as a rising global leader in food processing. The number of registered food business operators has expanded from **25 lakh to 64 lakh**, reflecting growing formalisation. **Infrastructure** has also strengthened with establishing **24 mega food parks**, **22 agro-processing clusters** and completing **289 cold chain projects** and **305 processing and preservation units**, creating significant additional capacity. Further, **10 projects** under **Operation Greens** have enhanced value addition, while **225 R&D** projects have yielded **20 patents** and **52 commercialised technologies**.



PM FORMALISATION OF MICRO FOOD PROCESSING ENTERPRISES SCHEME (PMFME)

KEY FEATURES OF THE SCHEME

- Micro-enterprises to get credit-linked subsidy @ **35%** of the total eligible project cost with ceiling of **Rs. 10 lakh** for upgradation of infrastructure and capacity addition.
- SHGs to get Seed Capital for giving loans to members for working capital and small tools.
- On site Skill Training and Handholding
- Transition from the Unorganized sector to the Formal sector
- **2,00,000** FPOs/SHGs/Cooperatives and working micro enterprises to be directly benefited
- Connecting enterprises with organised supply chains by improving branding and marketing.
- Providing wider access to common services such as processing facilities, laboratories, storage, packaging, marketing and incubation centres.

Source: Ministry of Food Processing Industries

Key components of the Scheme

The program has 4 broad components addressing the needs of the sector:

Support to individuals and groups of micro-enterprises.

Support for Individual Units

- Credit-linked capital subsidy of **35%** of the project cost.
- Maximum ceiling of **₹10 lakh per unit**.
- Minimum **10%** beneficiary contribution, balance through bank loan.

Support for Farmer Producer Organisations (FPOs) and Producer Co-operatives

- Grant support at **35%** with credit linkage.
- Training and capacity building provided.
- Maximum funding as prescribed under scheme norms.

Support for Self-Help Groups (SHGs)

Seed Capital Support

- **₹40,000** per SHG member for working capital and small tools.
- Priority for SHGs working on ODOP (One District One Approach) products.
- Seed capital given at federation level and disbursed as repayable loan to members.

Branding and Marketing Support

Marketing and branding support is extended to groups of **FPOs, SHGs, Co-operatives or SPVs (Special Purpose Vehicles)** of micro food processing units. This assistance follows the **ODOP (One District One Approach)** approach and is limited to products promoted at the State or regional level.

Eligible items for support

- Training in marketing fully funded under the scheme.
- Development of common brand, packaging and standardisation.
- Tie-ups with national and regional retail chains and state institutions encouraged.
- Quality control measures to ensure products meet set standards.

Detailed Project Reports (DPRs)

A Detailed Project Report (DPR) is required for proposals. It should include project details such as product profile, strategy, quality control, aggregation of produce, packaging and branding, pricing, promotion, storage, and marketing channels. Plans for sales growth must also be outlined.

Financial support of up to **₹5 lakh** is available from the State Nodal Agency (SNA) for preparing DPRs related to marketing and branding.

The DPR should also carry a flow chart showing activities from raw material procurement to marketing. It must highlight quality control points and present a five-year plan covering promotional work, expansion of producer participation, and turnover growth.

As part of the scheme, the Ministry provides **Guidelines (Model DPR's) for the preparation of Branding and Marketing DPRs**. This helps entrepreneurs, FPOs, SHGs, cooperatives, or SPVs develop

well-structured proposals with templates, technical terms of reference, and formats required to apply for branding and marketing support.

Support for Common Infrastructure

The following common infrastructure are being funded under the Scheme:

- Facilities for assaying agricultural produce, sorting, grading, warehousing, and cold storage at the farm gate.
- Common processing units for ODOP produce.
- Incubation centres with one or more product lines, available to smaller units on hire. Incubation centres may also be used partly for training. All incubation centres to be run on a commercial basis.

Under the PMFME Scheme, Component wise total number of units approved till 30th June 2025, are as follows:

S. No.	Component	No. of Applications Sanctioned	Amount Sanctioned (Rs. in Crore)
1.	Credit Linked Subsidy	1,44,517	11501.79
2.	Seed Capital	3,48,907	1182.48
3.	Common Infrastructure	93	187.20
4.	Branding & Marketing	27	82.82

Capacity Building & Research

Capacity building and training form an essential part of upgrading technology and bringing micro food processing units into the formal system. At the national level, National Institute for Food Technology Entrepreneurship and Management (NIFTEM) and Indian Institute of Food Processing Technology (IIFPT) lead capacity building and research, with financial support provided for these activities. In collaboration with State-level technical institutes, they offer training and research support to selected enterprises, groups, and clusters. Specialised institutions under ICAR, CSIR, and premier institutes like Defence Food Research Laboratory (DFRL) and Central Food Technological Research Institute (CFTRI) also partner in delivering product-specific training and research across the country.

As of June 2025, 1,16,666 beneficiaries have been trained across the country under the PMFME scheme.

ODOP focus

The scheme follows the **One District One Product (ODOP)** approach to scale up procurement, services, and marketing. States identify products, with priority on perishables such as fruits, vegetables, spices, fisheries, and traditional foods like honey and turmeric. Support is focused on processing, storage, branding, and reducing wastage. Capital investment is prioritised for ODOP units, while new enterprises are eligible only for ODOP products. The approach complements cluster-based initiatives under the Agriculture Export Policy and Agriculture Ministry, ensuring stronger value chains and common facilities.

Conclusion

The PMFME Scheme marks a major step in strengthening micro food enterprises and unlocking the potential of local produce. Through its ODOP focus, common infrastructure, skill training, and access to credit, it provides small entrepreneurs with the tools to grow and compete. By reducing wastage, improving value addition, and promoting branding, the scheme not only boosts farmers' and producers' incomes but also creates jobs and supports rural development. It stands as a bridge between tradition and modern markets, driving sustainable and inclusive growth in the food processing sector.

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Ministry of Food Processing Industries

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