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PM Formalization of Micro Food Processing Enterprises Scheme

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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