



## 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](#)