



# PRADHAN MANTRI FORMALISATION OF MICRO FOOD PROCESSING ENTERPRISES SCHEME (PMFME)



**MAKING INDIA  
"AATMANIRBHAR" IN  
FOOD PROCESSING**

#VocalforLocal



सूक्ष्म उद्यमों का संबल

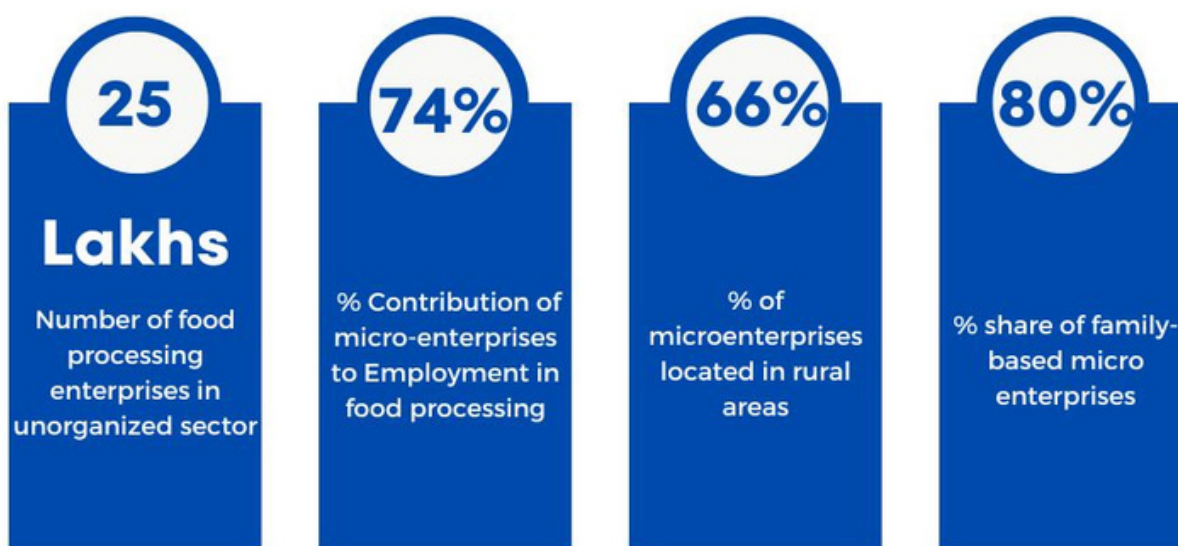
“

A COMBINED RESOLVE OF 130 CRORE CITIZENS IS TO MAKE INDIA SELF-RELIANT. THE WAY AHEAD LIES IN LOCAL- LOCAL MANUFACTURING, LOCAL MARKETS, LOCAL SUPPLY CHAIN. LOCAL IS NOT MERELY A NEED BUT A RESPONSIBILITY.”

NARENDRA MODI, PRIME MINISTER

## INDUSTRY INSIGHTS

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 reflects the country's rich civilizational history.



## CHALLENGES

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, and lack of branding and marketing for their produce. A large number of unskilled manpower also pose challenges to micro-enterprises.





## HOW CAN FOOD PROCESSING HELP?

### A Well-developed food processing sector



Helps in reduction of wastage



Improves value addition



Promotes Crop diversification



Better return to the farmers



Promotes employment

## GLIMPSE OF THE FOOD PROCESSING SECTOR

During the last 5 years ending 2019-20, the Food Processing sector has been growing at an Average Annual Growth Rate (AAGR) of around 11.18 percent. The sector constituted as much as 9.87 percent and 11.38 percent of GVA (Gross Value Added) in the Manufacturing and Agriculture sectors respectively in 2019-20.

**9.87 % GVA**  
**11.38 % GVA**

## A BOON FOR THE NATION

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.

# **PMFME SCHEME**

## **THE FIRST-EVER SCHEME TO UPGRADE AND SUPPORT THE MICRO-UNITS IN THE FOOD PROCESSING SECTOR.**

### **A SNAPSHOT**

The Scheme was launched in June 2020 and 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 seeks to support micro food processing enterprises through a package of support and services. These include:

**01**

Financial support for setting up a new food processing unit or upgradation of an existing unit.

**02**

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

**03**

Training & capacity building support

**04**

Support to Farmer Producer Organizations (FPOs), Self Help Groups (SHGs), and Producers Cooperatives along their entire value chain.

**05**

Support for transition of existing enterprises into formal framework for registration under regulatory framework and compliance;

**06**

Marketing support for their integration with the organized supply chain



## SCHEME BENIFITS FOR ALL

1

Disbursement of credit linked subsidy to existing and new micro-enterprises.

2

The transition of existing unorganized enterprises into formal frameworks

3

Increased access to credit for existing and new micro food processing entrepreneurs, women entrepreneurs, and entrepreneurs in Aspirational Districts.

4

Expected to generate skilled and semi-skilled jobs at the local level..

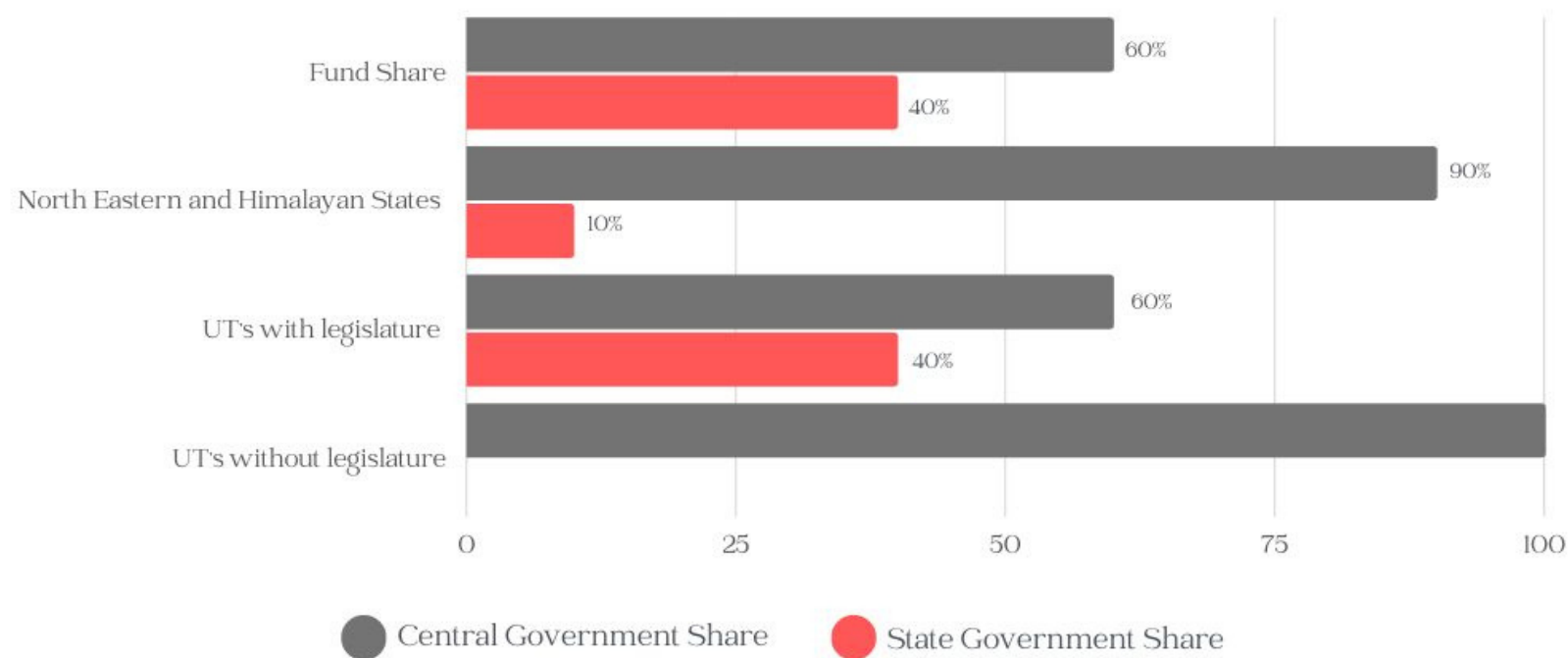
5

Increased access to common services like food testing, storage facilities, and access to high-end machinery, technologies, and incubation services.

6

Increase in turnover and better integration of existing micro-enterprises with the organized markets.

# FUND SHARING PATTERN



The expenditure under the scheme would be shared in a 60:40 ratio between Central and State Governments, in 90:10 ratio with North Eastern and Himalayan States, 60:40 ratio with UTs with the legislature, and 100% by the Center for other UTs.

## FUND SHARING

Expenditure in the first year 2020-21, whether incurred by the Centre or the States would be borne 100% by the Central Government. The expenditure made for the first year would be adjusted in ratio given above in the funds being transferred to the States equally in the next four years. Funds under the Scheme would be provided to the States based on the approved Project Implementation Plan (PIP)





# 35%

**CREDIT LINKED SUBSIDY**

**On the eligible project  
cost**

## ELIGIBLE BENEFICIARIES FOR SUPPORT



Individual Category (Support for New and Existing Micro Enterprise)

Individual/Proprietorship / Partnership / FPO/NGO/SHG/ Co-op / Pvt Ltd. Companies



Self Help Groups



Common Infrastructure - FPOs/SHGs/ Producer Cooperatives / Govt. Agencies

## SUPPORT TO FOOD PROCESSING UNITS

Credit linked grant at 35% of the project cost with maximum grant up to Rs 10.0 lakh to unorganised food processing units for upgradation or setting up of a new unit; (ii) Credit linked subsidy at @35% of eligible project cost with a maximum ceiling of Rs.3.00 Crore can be availed under the Common Infrastructure (iii) Seed capital @ Rs. 40,000/- per member to those engaged in food processing as a working capital; (iv) Support for branding and marketing up to 50% of the expenditure with maximum limit as prescribed.



## Individual Category (Support for New and Existing Micro Enterprise)

### SUPPORT DETAILS



Proposals for ODOP and Non-ODOP are eligible for assistance



For all Individual/Proprietorship / Partnership /FPO/NGO/SHG/ Co-op / Pvt Ltd. Companies may avail credit linked capital subsidy @35% of eligible project cost with a maximum ceiling of Rs.10.00 Lakhs for eligible projects. The beneficiary contribution should be a minimum of 10% and the balance should be a loan from a bank. The Eligible project cost comprises the cost of plant & machinery and technical civil work but excludes any cost of land/rental or lease work shed.



Technical Civil Work should not be more than 30% of the eligible project cost.



Applicant is also eligible for Interest Subvention and Top Up Convergence with other relevant Govt. sponsored schemes.








Applicant/enterprise is eligible for a bank loan under the Scheme, even if he has availed bank loan in other Subsidy Linked Schemes of Govt.

### ELIGIBILITY CRITERIA

- (i) Individual, Partnership Firm, Proprietorship firms, Farmer Producer Organisations, Self Help Group, NGO, Cooperative, Private Limited Company.
- ii) The applicant should be Above 18 Years, with no minimum educational qualification.
- (iii) Only one person from one family is eligible for obtaining financial assistance. The “family” for this purpose would include self, spouse and children

## Common Infrastructure

### SUPPORT DETAILS

-  Support provided in clusters to groups such as FPOs/SHGs/ producer cooperatives / Govt. Agencies along their entire value chain.
-  Credit linked capital subsidy @35% of eligible project cost with a maximum ceiling of Rs. 3.00 Crore can be availed. Eligible Cost to Comprise the Cost of Plant & Machinery and Technical civil work. Technical Civil Work should not be more than 30% of the eligible project cost.
-  FPOs/ SHGs/ Producer Cooperatives /Govt agencies would also be supported for the creation of common infrastructure including for common processing facility, incubation centre, laboratory, warehouse, cold storage, etc
-  Eligibility of a project under this category would be decided based on benefit to farmers and industry at large, viability gap, criticality to value-chain, etc.
-  Applicant/enterprise is eligible for a bank loan under the Scheme, even if they have availed the bank loan in other Subsidy Linked Schemes of Govt

### ELIGIBILITY CRITERIA

- (i) Proposals for ODOP and Non-ODOP are eligible for assistance
- (ii) No minimum turnover or experience is required.
- (iii) Cost of land /rental or lease work shed to be excluded.
- (iv) Total eligible project cost should not exceed Rs. 10 Crore.
- (v) The SHG / cooperative / FPO should have sufficient internal resources to meet the 10% of the project cost and margin money for working capital.

# Seed Capital for the Self Help Group Members

## SUPPORT DETAILS



Proposals for ODOP and Non-ODOP are eligible for assistance



The scheme envisages the provision of Seed Capital @Rs. 40,000/- per member of SHG engaged in food processing for working capital and purchase of small tools. Seed capital as a grant would be provided at the federation level of SHGs which, in turn, will be extended to members as a loan.



For channelling funds to SHGs, the seed money would be provided to Community Based Organisations (Cluster Level Federation/ Village Organizations) by SRLMs as a grant and in turn provided to the SHG members as a loan. The repaid loans will be in the corpus of the SHG networks.




## ELIGIBILITY CRITERIA

For Seed Capital, only SHG members who are presently engaged in food processing would be eligible.



# Branding and Marketing Support to develop and market State level Brands.

## SUPPORT DETAILS

-  Branding and Marketing support will be provided to FPOs/SHGs/Cooperatives or an SPV of micro food processing enterprises under the scheme following the cluster approach for developing a common packaging & branding with provision for quality control, standardization and adhering to food safety parameters for consumer retail sale.
-  Support for branding and marketing would be limited to 50% of the total expenditure with a maximum limit as prescribed. These organizations would be supported based on DPR prepared and submitted by them indicating essential details of the project.
-  Applicant should be an FPO/SHG/cooperative/ regional State level SPV to bring large number of producers together;

## ELIGIBILITY CRITERIA

- (a) Central/ State entities can include non ODOP products in the basket of products, and may also include products that have acquired a GI tag.
- b) Private entities can include multiple ODOPs of the state (in which the entity is registered) or non-ODOPs that are perishable.
- c) For private entities, the applicant must demonstrate net worth equivalent to their share of contribution in the proposal. If any of the applicant's portion is through term loan, then an 'in principal' sanction letter from the lending bank must be furnished and later followed by an actual sanction letter. The net worth certificates shall be furnished along with the submission of the proposal.

# Capacity Building

## SUPPORT DETAILS

The training for the following categories of persons would be provided under capacity building component of the scheme:

- Individual micro-food processing entrepreneurs (both new and existing food processing entrepreneurs) & Members of SHGs/ FPOs/ Cooperatives receiving credit link subsidy under the PMFME Scheme
- Beneficiaries benefitted under Seed Capital and Marketing & Branding component.

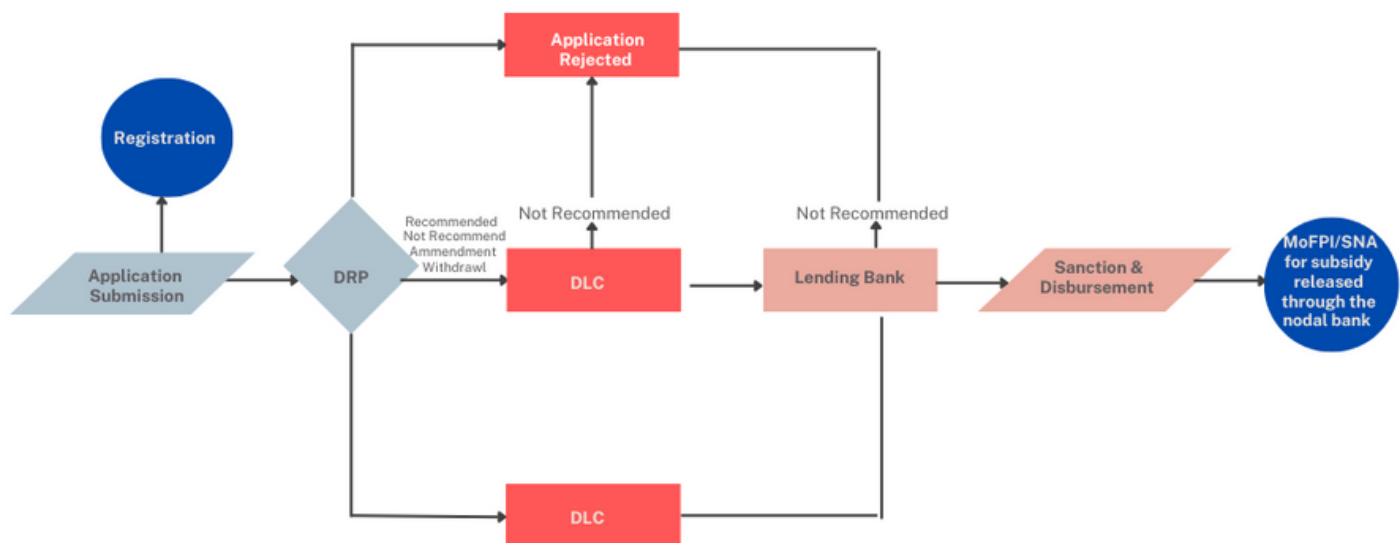
Major components of capacity building relevant to the target beneficiaries are EDP (Entrepreneurship Development Program) and Food Product Processing training with the focus on establishing an enterprise, essential functions of enterprise operations, inventory and financial management, legal compliance i.e registration, Udyog Aadhar, GST Registration, FSSAI safety and hygiene standards, packaging and labelling, branding and marketing etc.

Training institutes of the State/ UT Govts., RSETI & RUDSETI under the aegis of Ministry of Rural Development, GOI, NGOs, autonomous and private training institutes/ agencies located at the State/district level will be utilized for imparting training.

# Procedure with Banks for the Grant

## PROCESS FLOW FOR PROVIDING GRANT TO INDIVIDUAL ENTERPRISES

Individual Application Approval Flow Chart



## PROCEDURE FOR THE GRANT

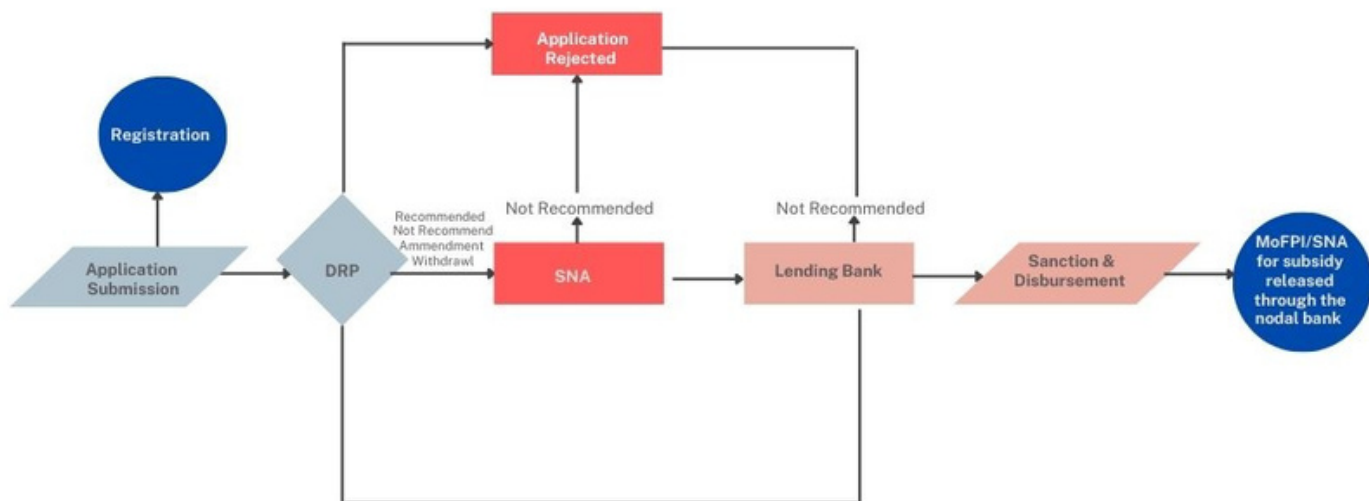
At the national level, Union Bank of India is appointed as the Nodal bank for the disbursement of subsidies to the banks and liaison with the banks extending a loan to the beneficiaries. The bank sanctioning the loan would open a mirror account in the name of the beneficiary. Grant by the Central and State Government in 60:40 ratio would be deposited in this account of the beneficiary in the lending bank branch by the State and Central Government. If after a period of three years from the disbursement of the last tranche of the loan, the beneficiary account is still standard and the unit is operational, this amount would be adjusted in the bank account of the beneficiary. Release of grants for groups and common infrastructure would also be done in their bank account following the same principle.



# Procedure with Banks for the Grant

## PROCESS FLOW FOR PROVIDING GRANT FOR THE COMMON INFRASTRUCTURE

Common Infrastructure Application Approval Flow Chart



## PROCEDURE FOR THE GRANT

At the national level, a Nodal bank is appointed for disbursement of subsidies to the banks and liaison with the banks extending a loan to the beneficiaries. The bank sanctioning the loan would open a mirror account in the name of the beneficiary. Grant by the Central and State Government in 60:40 ratio would be deposited in this account of the beneficiary in the lending bank branch by the State and Central Government. If after a period of three years from the disbursement of the last tranche of the loan, the beneficiary account is still standard and the unit is operational, this amount would be adjusted in the bank account of the beneficiary. Release of grants for groups and common infrastructure would also be done in their bank account following the same principle.

# PMFME Scheme Beneficiaries Testimonial



*"The PMFME Scheme has enabled me to successfully upgrade my enterprise."*

*-Smt. Saroja N Patil, Tadhvanam, Davangere, Karnataka*



*"My dream of running a food processing enterprise has come true because of the PMFME Scheme."*

*- Mrs. Vimal Suresh Girme, Annapurna Gruh Udyog Ahmednagar, Maharashtra*



*"With the help of the PMFME Scheme, I was able to purchase the necessary machinery for my enterprise."*

*- Mrs. Radhika Kamat, Kamat Oil Industries, Uttara Kannada, Karnataka*



*"The Seed Capital support under the PMFME Scheme has enabled us to purchase tools for our Self Help Group."*

*- Mrs. Tandra Raju, Mrs. Mankalli Raju, Mrs. Mankalli Narsavva, Mrs. Mankalli Rajyalaxmi and Mrs. Marampally Nirosha, Spoorthy Food Products, Jagtial, Telangana*

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/MOFPI.

MIS portal for PMFME Scheme is receiving individual applications for credit linked subsidy for up-gradation and setting up of new food processing units. For monitoring & approvals, Committees at the state and district level in the States/UTs have been constituted.

For Collaboration and Convergence in the implementation of the scheme, Joint Letters and MoUs have been signed with the Ministry of Rural Development, Ministry of Tribal Affairs, and Ministry of Housing and Urban Affairs (MoHUA), and MoUs with the Indian Council of Agriculture Research (ICAR), National Cooperative Development Corporation (NCDC), Tribal Co-operative Marketing Development Federation of India (TRIFED), National Agricultural Cooperative Marketing Federation of India (NAFED), National Scheduled Castes Finance and Development Corporation (NSFDC), National Scheduled Tribes Finance and Development Corporation (NSTFDC), Food Safety and Standards Authority of India (FSSAI), Agricultural and Processed Food Products Export Development Authority (APEDA), Department of Animal Husbandry and Dairying (DAHD) and Ministry of Fisheries (MoF).



## JOURNEY SO FAR



Under the scheme, MoUs have also been signed with NAFED and TRIFED to take up the marketing and branding activities for supporting and handholding the beneficiaries through marketing and branding, training, processing, packaging, logistics and supply chain management of their products. Under the component 10 ODOP Brands in association with NAFED have been launched. Scheme also envisages Marketing support to State-level brands.

2 State level Brands, have been successfully launched so far, these include the brand “AASNAA” from the State of Punjab and the brand “BHIMTHADI” from the State of Maharashtra and many others are in the pipeline.

Under the Capacity Building component of the PMFME Scheme, the National Institute of Food Technology Entrepreneurship and Management, Kundli (NIFTEM-K) and the National Institute of Food Technology Entrepreneurship and Management, Thanjavur (NIFTEM-T) have been performing a key role in providing training and research support to selected enterprises/groups/clusters in partnership with the State Level Technical Institutions. Training of beneficiaries are being conducted on Food Safety & Hygiene and Entrepreneurship Development Programme (EDP). In addition to this, 75 Incubation Centers have been approved so far.



# Reach Us

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