

Discuss the status of Food Processing Sector in India? Also critically discuss the role of PM Formalization of Micro Food Processing Enterprises (PM FME) scheme in this regard.

Introduction - Food Processing Sector

The Food Processing Industry in India has a large production base and a wide variety of food products, which is possible due to the age-old food culture and the combined efforts of the modern food processing units in the country.

- India is credited for being the
- Largest milk producing nation in the world
- Largest producer, consumer and exporter of spices in the world
- Second largest producer of food grains, fruits and vegetables in the world

To further support the food processing industries in the country, the PM FME scheme was launched on 29th June 2020.

The scheme is a part of the Atmanirbhar Bharat Abhiyan and the “Vocal for Local” campaign initiated by the Hon’ble Prime Minister Shri Narendra Modi.

PM FME scheme

- Launched under the Atmanirbhar Bharat Abhiyan, the Pradhan Mantri Formalisation of Micro food processing Enterprises PM FME is a centrally funded sector scheme with an aim to provide financial, technical and business support to micro food processing units in the country.
- With an outlay of Rs. 10,000 crores over a period of five years from 2020- 21 to 2024-25, the scheme envisions to directly assist the 2,00,000 micro food processing units for providing financial, technical, and business support for upgradation of existing micro food processing enterprises.

Benefits

- Formalization of micro units by means of GST, Udyog Aadhar and FSSAI registrations.
- Financial assistance to individual units for upgradation of food processing facilities
- Quality improvement and skill development through trainings and technical knowledge
- Financial assistance to Farmer Producer Organizations (FPO's), Self Help Groups (SHG's), producer's cooperatives for setting up common infrastructure facilities
- Branding and marketing support to FPO's, SHG's and producer cooperatives
- Support and assistance in availing bank loans and preparation of detailed project reports (DPR)

Challenges

- The Ministry of Food Processing Industries has identified six key challenges faced by the food processing industry
- Gaps in supply chain infrastructure (i.e., lack of primary processing, storage and distribution facilities)
- Inadequate link between production and processing
- Seasonality of operations and low-capacity utilisations
- (Institutional gaps in supply chain, viz., dependence on APMC markets, etc.
- Inadequate focus on quality and safety standards; and
- Lack of product development and innovation

Way Forward

Four major factors play a role in the growth of the food processing sector

- Strong domestic demand: Changing lifestyle and food habits due to Increased disposable income
- Supply side advantages: High level of agricultural production - large livestock base, wide variety of crops, inland water bodies and a long coastline, that help increase marine production

- Export opportunities: Proximity to key export destinations, greater integration with the global economy.
- Proactive government policy and support

Conclusion

The Food Processing Industry sector in India is one of the largest in terms of production, consumption, export and growth prospects.

The government has accorded it a high priority, with a number of fiscal reliefs and incentives, to encourage commercialisation and value addition to agricultural produce. This sector is having ample sector to prosper in future years ahead.