



MODULE 1 INTRODUCTION TO FOOD PROCESSING SECTOR

AATMANIRBHAR BHARAT

PM Formalisation of Micro Food Processing
Enterprises Scheme (PM FME Scheme)

Contents

01 | Status and Market Size of Food Processing Sector

**02 | Understanding the Supply Chain and Various Opportunities
in the Food Processing Sector**

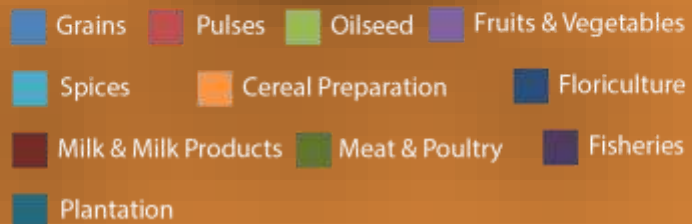
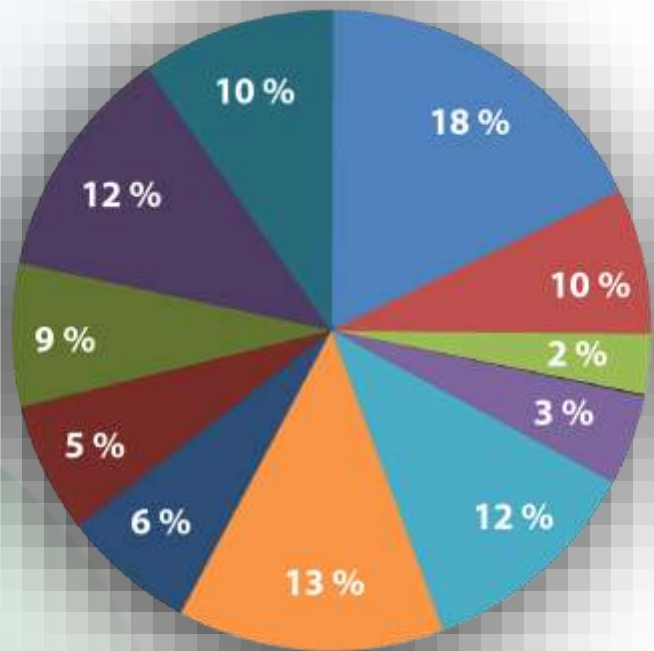
**03 | Various Government Schemes supporting food processing
enterprises**

01

Status And Market Size of Food Processing Sector

Overview of the Food Processing sector

- ❖ India is the largest country in terms of Food production, processing, supply, and consumption.
- ❖ The Indian food industry was valued at USD 143.51 Billion in 2020 and is projected to reach USD 235.67 Billion by 2028, growing at a CAGR of 6.6% from 2021 to 2028.
- ❖ The food processing sector will be led by the demand in retail and the rise of health-conscious consumers.
- ❖ The Ministry of Food Processing Industries (MOFPI), under the government of India, is taking all the necessary steps to boost investments in the food processing industry In India.
- ❖ The Food processing industry includes many forms of processing foods, from grinding grains to make raw flour to processed food by complex industrial methods that are employed to make convenience foods.
- ❖ The Food Processing sector with a higher level of processing helps in
 1. Reduction of Food Losses
 2. Improves value addition
 3. Promotes crop diversification
 4. Ensures better return to the farmers
 5. Promotes employment
 6. Increases foreign exchange



India's Food Processing industry market by sector

DOMAIN	PERCENTAGE (%)
Grains	18
Pulses	10
Oilseeds	2
Fruits and Vegetables	3
Spices	12
Cereal Preparation	13
Floriculture	6
Milk and Milk Products	5
Meat and Poultry	9
Fisheries	12
Plantation	10

Consumer Preferences in the Indian Market

- ✓ Nutrition
- ✓ Novel Product Range
- ✓ Convenience & Taste
- ✓ Value for Money
- ✓ Awareness about Health Concerns

Market Growth of Various Food Sub Sectors

FRUITS AND VEGETABLE

- India is the second-largest producer of Fruits and Vegetables processing sector.
- The government expects the processing in this sector to grow from 10% in 2010 and 25% of the total produced by 2025.

MEAT AND POULTRY

- India has a livestock population of 470 million which includes 205 million cattle (1/6th of the goat population) and 90 million buffaloes (50%).
- The demand for processed meat products continue to be in the unorganized sector are rising due to urban families living in smaller units.

Market Growth of Various Food Sub Sectors

MILK AND MILK PRODUCTS

- India has the largest livestock population in terms of cows and buffaloes and is the world's largest milk producer i.e. 221.06 million tonnes annually.
- Though the share of the organized sector is less than 15% and it is expected to rise rapidly, especially in the urban regions.

GRAIN PROCESSING

- India produces more than 315.7 million tonnes of different food grains every year with a 40% share in food sector.
- The country is self-sufficient in grain production and is the second largest rice producer in the world with 20% of global share.

Market Growth of Various Food Sub Sectors

FISHERIES AND SEAFOOD

- India is the third largest fish producer in the world and the second largest in inland fish production.
- The fisheries sector contributes 36 million to the national income which is about 1.4% of the total GDP.
- In the past ten years, the corporate sector has increased its operations in the preservation, processing, and export of coastal fish.

KEY GROWTH DRIVERS

**Food
Delivery
apps**

**Nuclear
families
and
working
women**

**Automation
in food
processing**

**Increased
urbanization**

**Food
Safety
Concerns**

**Health
Awareness**

**Convenient
Packaged food**

**Whole
Grain
Diets**

**Ethics and
sustainability**

Exports of Processed Food in FPI Sector

- India's geographical situation gives it the unique advantage of connectivity (Europe, the Middle East, Japan, Singapore, Thailand, Malaysia, and Korea).
- The export goals for agricultural and processed food products for the fiscal years 2022-23 were set at 190 million of which 160 million i.e., 84% had been accomplished by December 2022.
- Also, the percentage share of the FPI sector has also increased from 9.6 % to 12 %.
- The value addition in all domains in India is about 7% compared to China (23%), the Philippines (45%), and UK (88%).
- The food-processing industry-leading sectors in the manufacturing sector.
- The Indian food industry is characterized by a small and unorganized sector that accounts for 75% of the total industry.

02

Understanding the supply chain and various opportunities in the food processing sector

FOOD SUPPLY CHAIN



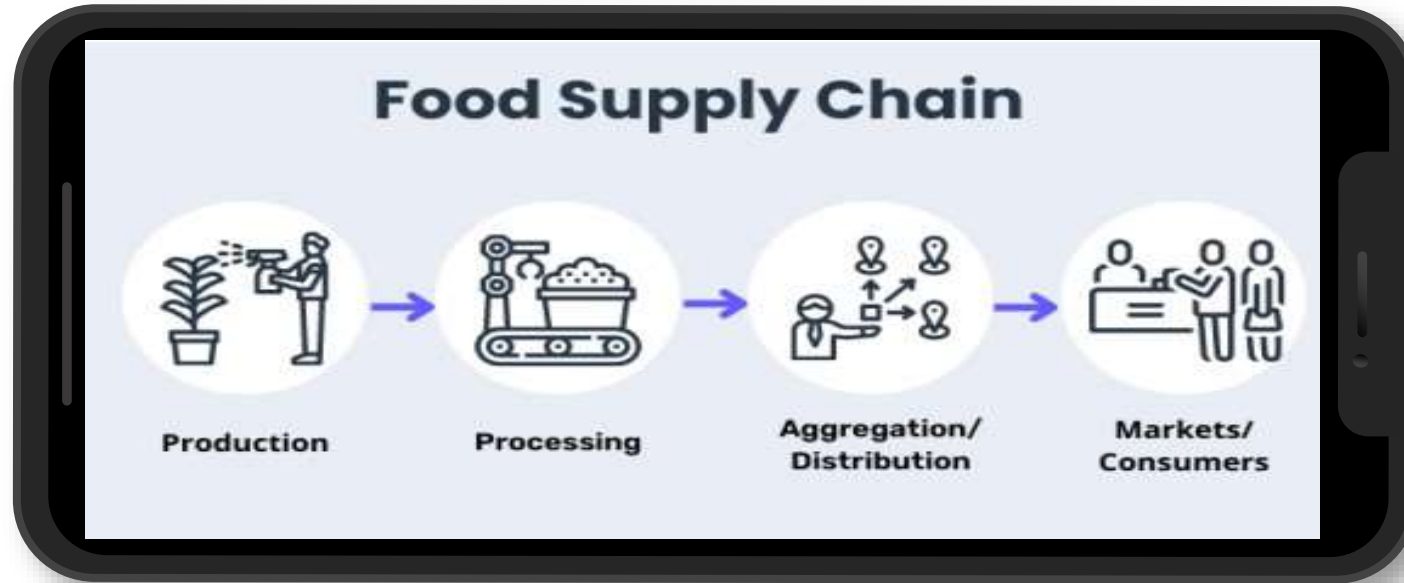
- It plays a vital role in ensuring food safety and traceability of products, meaning both manufacturers and consumers can easily trace food back to its origins.
- All of these processes from farming, processing, and packaging, and down to food delivery are a part of the food supply chain.



IS IT IMPORTANT?

Yes, A recent study, shows that over 1.4 billion tons of food waste are generated every year. For effective food waste management and to ensure that food goes where it needs to go, an efficient food supply chain is of utmost important.

HOW IT WORKS?



In a simple way, we can say, that a farmer grows the food and transforms it into a specific ingredient that manufactures processes the ingredients and package the processed food and send to the distributors where they can sell the food to the consumers.

HOW IT WORKS?

There are a few new technologies that make the supply chain process easier and more effective:

- **Cloud-Based Communication:** This allows for real-time data exchanges that can help you make important decisions on inventory, procedures, and transportation.
- **Inventory System:** An efficient inventory system within supply chain management is crucial to profitability. It helps ensure you have the most accurate and updated numbers at all times.

What Are Backward And Forward Linkages?

BACKWARD LINKAGE

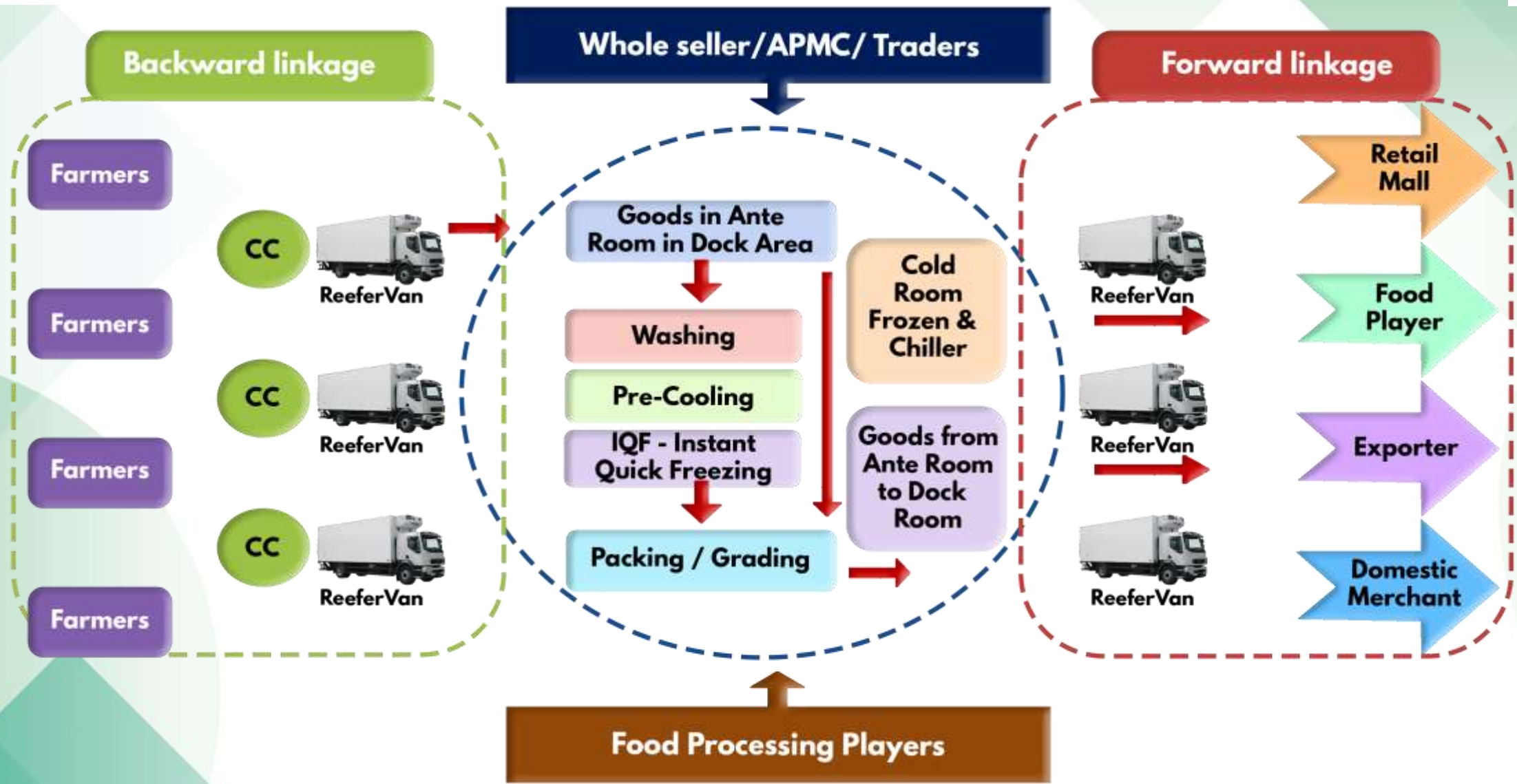
It refers to consolidating chains from farms to processing centers and to integrate with ancillary industries. It measures the impact of final demand changes on output

FORWARD LINKAGE

It refers to the part of the non-farm sector that uses agricultural output as an input. It measures the impact of value-added changes on price.

BACKWARD AND FORWARD LINKAGES

- These linkages involve the sale of goods and services from one business to another and are often the most efficient way of ensuring that the supply chain is working.
- As a result of interventions by the government, the sector is undergoing a formalization thus opening avenues for forward and backward integration.
- In context with Food Processing Industry, a Food Processing Unit needs to have strong backward linkages with the Farmers, Farmer Producer Organizations (FPOs), Self-help groups (SHGs), Farmer groups, etc.
- Further to be able to sell its processed food, it needs to develop strong forward linkages with wholesalers, Retailers, Exporters, etc.



BACKWARD LINKAGES AND FORWARD LINKAGES

DIFFERENT STAGES OF DEVELOPMENT IN FOOD PROCESSING INDUSTRY

- 1. The Initial Stage/Less Developed Countries:** In the early stages of development can be an important direct complement to agriculture as a source of employment for seasonal labor. For example: the Plantation Economy.
- 2. The Intermediate Stage/Middle-Income Countries:** In this stage, the presence of a well-developed food processing industry ensures stronger links with sectors other than agriculture. For example: Milling and canning.
- 3. The more advanced Middle-Income Stage:** The linkage with the marketing chain tends to be well established with both organizational and financial links between the producers and retail outlets.

OPPORTUNITIES & FUTURE PROSPECTS IN FOOD PROCESSING SECTOR

OPPORTUNITIES

- Indian consumers are rapidly changing their eating habits.
- Being developed and nurtured to become a global outsourcing hub.
- The ‘Make in India’ campaign has established more than 40 Mega Food Parks (MFP) and also provided fundamentals to operationalize new companies rapidly.

FUTURE PROSPECTS

Ministry of Food Processing has a vision to become a food factory of the world by 2025, where the level of processing would be 20% from the present one of merely 8%. The growth of the food processing industries is crucial for greater socio-economic development of our country, considering it is the first organized linkage between the farm and shelf.

03

Various Government Schemes supporting food processing enterprises

Ministry of Food Processing Industries (MOFPI)

The Ministry of Food Processing Industries (MOFPI) has a clear goal of attaining these objectives by facilitating and acting as a catalyst to attract quality investments from within India and abroad into this sector with the aim of making food processing a national initiative.



AIM OF MOFPI

- Enhance farmers' income by better utilization and value addition of agricultural produce.
- Minimize wastage at all stages in the food processing chain by the
- development of infrastructure for storage, transportation, and processing of agro-food produce.
- Introduce modern technology into the food processing industries from both domestic and external sources.
- Encourage R&D in food processing for product and process development and improved packaging.
- Provide policy support, and support for the creation of Infrastructure, capacity expansion/ Upgradation, and other supportive measures for the growth of these sectors.
- Promote the export of processed food products.

Schemes of MOFPI

2006-2023

Government other

Initiatives such as

- **NPDD**
- **PMMSY**
- **CGTMSE**

2015

PMKSY

(Pradhan Mantri
Kisan Sampda
Yojana)

2020

PMFME

(Pradhan Mantri
Formalisation of
Microfood
processing
Enterprises)

2021

PLISFPI

(Production Linked
Incentive Scheme for
Food Processing
Industry)

PMKSY (Pradhan Mantri Kisan Sampada Yojana)

- Creation of Modern infrastructure with efficient supply chain management from farm gate to retail outlet.
- Allocation of Rs. 4600 crores till 31.03.2026
- Expected to leverage investment of Rs. 11,095.93 crores, benefitting 28,49,945 farmers and generating 5,44,432 direct/ indirect employments in the country by the year 2025-26.



Components of PMKSY

Mega food
Park

Backward
and
Forward
Linkages

Food Safety
& Quality
Assurance

Cold
Chain

HR &
Institution

FP &
Preservation
capacities

Agro
Processing
Cluster

Operation
Greens

PMFME (Prime Minister – Formalization of Micro Food Processing Enterprises) Scheme

- All India Centrally Sponsored Scheme with an outlay of Rs. 10,000 crore for coverage of 2,00,000 enterprises over 5 years from 2020-21 to 2024-25.
- One District- One Product Approach (Now it is changed and anyone can apply for any product).
- Support to Food Processing Units.
- Creation of Common Infrastructure.
- Branding and Marketing Support.
- Capacity Building & Research.
- Upgradation of New/ Existing Micro-units.
- Partner Institutions



AIM

Enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry

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

Promote Formalization of the sector

OBJECTIVE

Integration with an organized supply chain by strengthening branding & marketing.

Increased access to credit to exiting micro food processing entrepreneurs for technology upgradation.

Capacity building of entrepreneurs through technical knowledge, skill training, and hand-holding support services.

Support for the transition of existing enterprises into a formal framework for registration under regulatory framework and compliance.

Support to Farmer Producer Organizations (FPOs), Self Help Groups (SHGs) and Producers Cooperatives & cooperative societies along their entire value chain to enable microenterprises to avail common services.

SCHEME COMPONENTS and Benefits of PMFME SCHEME

- Upgradation of Existing micro units and new micro food processing enterprises - Credit linked subsidy @ 35% to max Rs. 10 lakhs
- Seed capital support to SHGs- Support up to Rs, 40,000 as working capital to SHG members.
- Support for FPOs/SHGs/ Cooperatives – Credit-linked capital investment grant @ 35%.
- Support for establishing common infrastructure
- Support for marketing & branding - 50% grant



PLISFPI (Production Linked Incentive Scheme for Food Processing Industry)

- Central Sector Scheme with an outlay of Rs 10900 Crore.
- The first component relates to incentivizing the manufacturing of four major food product segments viz. Ready-to-cook/ Ready to Eat (RTC/RTE) foods including millet-based products, processed fruits & vegetables, Marine Products, and Mozzarella Cheese.
- Innovative / Organic products of SMEs including Egg & Egg Products, Poultry, and Meat in these segments are also covered under the above component.
- The scheme will be implemented over a six-year period from 2021-22 to 2026-27.
- Create employment for nearly 2.5 lakh persons by the year 2026-27.



Other Government Initiative

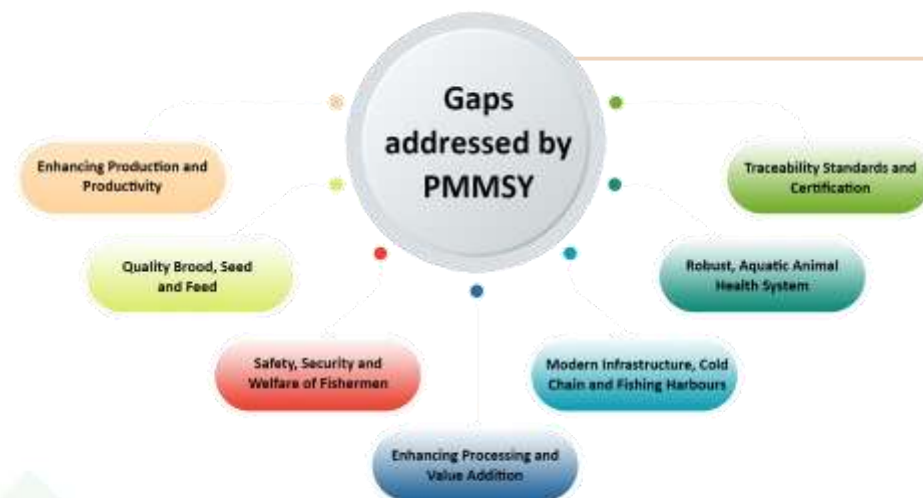
NPDD

The NPDD scheme aims to enhance the quality of milk and milk products and increase the share of organized milk procurement. The scheme has two components:

- 1. Component 'A'**- State Cooperative Dairy Federations/ District Cooperative Milk Producers.
- 2. Component 'B'**- Dairying Through Cooperatives

PMMSY (Pradhan Mantri Matsya Sampada Yojana)

Blue Revolution through sustainable and responsible development of the fisheries sector in India.



CGTMSE

The availability of bank credit without the hassles of collaterals / third party guarantees would be a major source of support to first-generation entrepreneurs to realize their dream of setting up a unit of their own Micro and Small Enterprise (MSE).

For more information:

Helpline Number: +91 9254997101 ,
+91- 9254997102

Email ids: support-pmfme@mofpi.gov.in
pmfme-fpi@gov.in

Weblinks:

<https://pmfme.mofpi.gov.in/pmfme/#/Home-Page>

<http://niftem-t.ac.in/olapp/pmfme/web/index.php>

<http://niftem-t.ac.in/olapp/pmfme/web/material.php>

Online application portal (MoFPI): <https://pmfme.mofpi.gov.in/pmfme/#/Login>

THANK YOU