

GOVERNMENT OF INDIA  
MINISTRY OF FOOD PROCESSING INDUSTRIES  
**RAJYA SABHA**  
**STARRED QUESTION NO. \*99**  
ANSWERED ON 10.02.2023

**CREDIT ACCESSIBILITY TO FOOD PROCESSING MSMEs**

**\*99. SHRI MASTHAN RAO BEEDA:**

Will the Minister of *FOOD PROCESSING INDUSTRIES* be pleased to state:

- (a) whether Government is taking measures for easing access to credit for food processing based MSMEs given that access of MSMEs to finance is a perennial problem due to lack of proper credit history mechanism for MSMEs;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor; and
- (d) the details of other measures being taken for promotion of food processing based MSMEs?

**ANSWER**

THE MINISTER OF FOOD PROCESSING INDUSTRIES  
(SHRI PASHUPATI KUMAR PARAS)

(a) to (d): A statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) OF RAJYA SABHA STARRED QUESTION NO. \*99 FOR ANSWER ON 10<sup>TH</sup> FEBRUARY, 2023 ON “CREDIT ACCESSIBILITY TO FOOD PROCESSING MSMEs”**

**(a) to (d):** The Government of India has taken several measures to ensure credit availability to food processing based MSMEs. The major initiatives include:

- (i) Food Processing Sector has been included under Priority Sector Lending (PSL) norms under the ‘agriculture’ category by Reserve Bank of India (RBI). As per extant PSL guidelines, loans for food and agro-processing up to an aggregate sanctioned limit of Rs.100 crore per borrower are eligible for classification under the priority sector lending.
- (ii) A Special Fund for food processing sector was set in 2014-15 at NABARD with a corpus of Rs 2000 crore for providing direct term loans at affordable rates of interest to the designated food parks and food processing units in such parks.
- (iii) Ministry of Micro, Small and Medium Enterprises is implementing Credit Guarantee Scheme for Micro & Small Enterprises through Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE). Under this scheme, credit guarantee coverage ranges from 75% (others) to 85% (for micro units) for making available collateral free loans. Both term loans and/ or working capital loan is covered for micro & small enterprises.
- (iv) Emergency Credit Line Guarantee Scheme (ECLGS) was announced, as part of the Aatma Nirbhar Bharat package, in May, 2020 to provide collateral free automatic loans for businesses, including MSMEs. The ECLGS is extended up to March 2023 with guarantee coverage of Rs. 5 lakh crore.
- (v) Scheduled Commercial Banks have been mandated by RBI not to accept collateral security in case of loans up to Rs 10 lakh extended to units in the micro and small sector.
- (vi) For improving flow of working capital requirements of micro & small units, minimum 20% of projected annual turnover of the unit up to borrowing limit of Rs 5 crore has been allowed.

The Ministry of Food Processing Industries (MoFPI) is implementing a centrally sponsored scheme - PM Formalisation of Micro Food Processing Enterprises (PM-FME)- for providing financial, technical and capacity building support for formalization/ upgradation of unorganized micro food processing units in the country. The scheme is being implemented on a One District One Product (ODOP) basis. Under the PMFME, credit linked capital subsidy, seed capital, capacity building support, branding & marketing support is provided to the eligible entities. The scheme is being implemented from 2020-21.

The Ministry also implements a Production Linked Incentive Scheme for Food Products from year 2021-22 onward to promote manufacturing competitiveness, promote investment, exports and employment in the sector. The second component of the scheme provides incentives for production of Innovative/ Organic products by SMEs