

Subsidy Scheme from Government of India for Food Processing Sector

Introduction

Ministry of Food Processing Industries, Govt. of India has announced a very lucrative scheme for capital investment by way of new creation/expansion of existing Food Processing units.

Title of the Scheme

The scheme is popularly known as “**Creation/Expansion of Food Processing and Preservation Capacities (CEFPPC)**” under Pradhan Mantri Kisan Sampada Yojana.

Eligible Sectors

It includes Fruits & vegetables processing, Milk Processing, Grains/pulses, Snacks/bakery, Modern Rice milling and many more sectors. Detail list is annexed vide **Annexure I**

Pattern of Assistance/Grant

- ✓ 35% of the eligible project cost in General Areas.
- ✓ 50% of the eligible project in difficult areas which includes - North Eastern States as well as for projects owned by SC/ST, FPOs and SHGs.

Note –

- In all cases maximum grant is Rs. 5.00 crore.
- SC/ST entrepreneurs having 51% stake will be treated as SC/ST proposals.

Eligible Locations of the Projects

Eligible Project Location	Fund Allocation
Mega Food Parks (MFPs)/Agro-processing Clusters (APCs)	60%
Anywhere outside MFPs/APCs	40%

Points to Remember

Particulars	Net worth criteria
For General Category	
Newly formed company	Net worth of individual promoters/directors/shareholders shall be at least 1.5 times of the grant
Existing Company	Net worth shall be ascertain based on the paid up share capital and reserves created out of profit and which shall be at least 1.5 times of the grant
Entities other than the companies (Proprietorship/Partnership firms/NGOs/Cooperatives/SHGs /LLPs/ FPOs)	Net worth will be ascertained on the basis of latest balance sheet of individual proprietor/partner(s)
Company/Firm/NGOs/ Co operative /LLPs owned by SC/ST, FPOs/SHGs or proposals from difficult areas	Net worth shall be equivalent to the grant.

Particulars	Funding pattern
Means of finance – General Category	1) Equity shall not be less than 20% of total project cost 2) Term Loan shall not be less than 20% of total project cost
Means of finance – SC/ST, FPOs, SHGs and difficult areas	1) Equity shall not be less than 10% of total project cost 2) Term Loan shall not be less than 10% of total project cost

Particulars	Minimum Eligible Project Cost
General Category units	Rs. 3.00 Cr.
SC/ST owned units and units from difficult areas	Rs. 1.00 Cr.

Particulars	Timeline/installment of claim of subsidy
Timeline for completion and operationalization of projects	18 Months from the date of approval
Installments for claiming the subsidy	2 installments

Annexure I

Food processing sectors eligible under the scheme includes -

- (i) Fruits & vegetables processing.
- (ii) Milk Processing.
- (iii) Meat/poultry/fish processing.
- (iv) Ready to Eat/Ready to Cook Food Products/Breakfast cereals/Snacks/bakery and other food products including nutritional health foods.
- (v) Grains/pulses, oil seed milling and processing based on modern technology.
- (vi) Modern Rice milling.
- (vii) Other agri-horti products including spices, coconut, soybean, mushroom processing, honey processing
- (viii) Fruits/Honey based wines.
- (ix) Natural food flavors, food additives/ food extracts & colours, oleoresins, guar gum, cocoa products etc.

- (x) Manufacturing jaggery from sugarcane and value added products from jaggery (as raw material) except sugar mills.
- (xi) Any other sector that makes food product fit for human consumption.
- (xii) Animal feed manufacturing units to be set up in Mega Food Parks and Agro Processing Clusters approved by the Ministry from time to time.
- (xiii) Carbonated drinks/beverages containing fruit juice/puld (more than 5% in case of lime/lemon and more than 10% in case of other fruits).

Note:

- i) Activities related to manufacturing of aerated water (other than that covered under serial no. (xiii) above and packaged drinking water will not be considered for financial assistance under the scheme.
- ii) Farming activities such as dairy, poultry etc. are not eligible.

If you have any query please feel free to contact the undersigned.

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