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Transforming India's Food Processing Sector: A Comprehensive Guide to the CEFPPC Scheme under The Pradhan Mantri Kisan Sampada Yojana (PMKSY)

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Introduction

The Pradhan Mantri Kisan Sampada Yojana (PMKSY) is a flagship initiative by the Government of India aimed at transforming the food processing sector. One of its key components is the Scheme for Creation/Expansion of Food Processing & Preservation Capacities (CEFPPC). This scheme, notified on January 22, 2025, provides detailed instructions for implementing a central sector scheme to enhance food processing and preservation capacities in India. The scheme aims to reduce food loss, add value to agricultural products, and increase farmers' income. It is implemented by the Ministry of Food Processing Industries (MoFPI).

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Purpose of the Scheme

The primary objective of the CEFPPC scheme is to create and expand food processing and preservation capacities. This initiative aims to reduce food loss, increase value addition, and enhance farmers' income by supporting the establishment and expansion of food processing units.

Eligible Segments

The scheme covers a wide range of food processing sectors, including:

- Fruits and vegetables processing
- Milk processing
- Meat, poultry, and fish processing
- Ready-to-eat and ready-to-cook food products
- Food grains, pulses, and oilseed milling
- Spices, condiments, and mushroom processing
- Honey and fruit-based wines
- Food flavors, additives, and extracts
- Jaggery and value-added products
- Animal feed manufacturing in approved Mega Food Parks or Agro Processing Clusters

Eligible Activities

Eligible activities under the scheme include:

- Sorting, grading, washing, peeling, cutting, and sizing

- Blanching, crushing, extraction, pulping
- Drying, de-husking, de-hulling, splitting, depodding, deseeding, color sorting, pulverization, extrusion, freeze drying, and dehydration
- Frying, pasteurization, homogenization, evaporation, concentration
- Packaging lines for approved processing units
- Chemical preservation, pickling, fermentation, and other specialized preservation activities
- Individual quick freezing (IQF), blast freezing, plate freezing, spiral quick freezing
- Controlled temperature transport like coolers and refrigerated/insulated/ventilated transport

Ineligible Items

Items not eligible for financial assistance include:

- Compound walls
- Approach roads/internal roads
- Cost of land and site development
- Administrative office buildings
- Canteens
- Labor restrooms and quarters for workers
- Security/guard rooms or enclosures
- Non-technical civil works unrelated to the scheme
- Margin money, working capital, and contingencies
- Fuel, consumables, spares, and stores
- Transport vehicles (except controlled temperature vehicles)
- Pre-operative expenses
- Service charges, carriage and freight charges, or other such charges/fees
- Expenditure on painting of machinery
- AC ducting, furniture, computers, and allied office items
- Closed Circuit TV Camera and security system-related equipment
- Consultancy fee, taxes, etc., on plant and machinery
- Stationery items
- Plant & machinery not directly related to components of the scheme
- Flycatchers, hand washers, laundry
- Reconditioned/refurbished/second-hand/old plant & machinery

Eligible Entities

Entities eligible for financial assistance under the scheme include:

- Individuals
- Central & State PSUs
- Joint Ventures
- NGOs
- Cooperatives
- Self Help Groups (SHGs)
- Farmer Producer Organizations (FPOs)
- Farmer Producer Companies (FPCs)
- Public & Private Sector Companies
- Limited Liability Partnerships (LLPs)
- Partnership Firms
- Proprietorship Firms

Proposals from Scheduled Caste (SC)/Scheduled Tribe (ST) promoters holding at least 51% stake in the entity are treated under the SC/ST category.

Eligible Locations

Projects under the scheme can be proposed inside Mega Food Parks (MFPs), Agro-processing Clusters (APCs), or anywhere outside these areas.

Eligibility Criteria

To be eligible for financial assistance, applicants must meet the following criteria:

- **Net Worth:** The combined net worth of the applicant should be at least 1.5 times the grant sought under the scheme. For proposals from difficult areas or SC/ST category, the net worth should be at least equal to the grant sought.
- **Term Loan:** A term loan from a bank for at least 20% of the total project cost is required for proposals from general areas. For difficult areas or SC/ST proposals, the term loan amount should be at least 10% of the total project cost.
- **Equity Infusion:** At least 20% of the total project cost should be infused as equity for proposals from general areas. For difficult areas or SC/ST proposals, the equity infusion should be at least 10% of the total project cost.
- **Minimum Project Cost:** The minimum eligible project cost is Rs. 3 crore for proposals in general areas and Rs. 1 crore for proposals from difficult areas or SC/ST category.
- **Application Limit:** Only one application will be accepted from an entity against the Expression of Interest (EOI) of the scheme. However, promoters of Mega Food Parks and Agro-Processing Clusters approved by the Ministry can avail financial assistance for more than one unit.

Application Process

Applications must be submitted online on the SAMPADA Portal of the Ministry. Required documents include:

- Detailed Project Report (DPR)
- CA/Statutory Auditor certificate
- Final term loan sanction letter
- Detailed Appraisal Note from a Scheduled Commercial Bank/NABARD/SIDBI/NEDFi
- Certificate of incorporation/registration, Memorandum and Articles of Association, byelaws of the society/partnership deed, PAN, TAN, SC/ST caste certificate (whichever applicable)
- IEM registration/Entrepreneur's Memorandum/Udyog Aadhaar registration
- Bio-data/background/experience of the entity and its promoters
- Annual reports, Audited Financial Statement of Accounts, and Income Tax Return filed for the last two years (if applicable)
- Details of land (ownership or leasehold) along with relevant documents
- Proof of submission of requisite fee
- Quotations from Original Equipment Manufacturer (or its authorized dealer/supplier) for Plant & Machinery and equipment for the proposed project
- CA/Statutory Auditor certificate as per Appendix-II
- Item-wise and cost-wise details of technical civil works and Plant & Machinery envisaged, certified by Chartered Engineers
- Undertaking by the applicant as per Appendix-III
- Correspondences for possible forward or backward linkages
- Breakup of basic cost and taxes (Civil and Plant & Machinery) in all requisite documents

Selection Process

Proposals are invited through an Expression of Interest (EOI). The Ministry constitutes a Technical Committee (TC) and a Project Approval Committee (PAC) to evaluate proposals. The evaluation is based on technical parameters and assessment criteria. Proposals must score at least 60% (45% for SC/ST applicants) to be considered for grants.

Financial Assistance

The scheme provides grants-in-aid/subsidy as follows:

- **General Areas:** 35% of the eligible project cost, subject to a maximum of Rs. 5 crore.
- **Difficult Areas/SC/ST Proposals:** 50% of the eligible project cost, subject to a maximum of Rs. 5 crore.

No upward revision of approved grants is allowed. Grants are released in two equal installments, subject to project progress verification.

Monitoring and Evaluation

The Ministry may use a Program Management Agency (PMA) or consultants for project scrutiny, monitoring, and evaluation. Pre and post-inspections are conducted to assess physical, financial, and operational progress. The Ministry may also constitute a panel of consultants/experts for undertaking inspections.

Non-Implementation or Delay

Projects must be completed within 18 months from the date of issue of the approval letter. Delays beyond stipulated timelines result in deductions of up to 10% from the grant

Non-compliance or withdrawal from the project requires refunding of released grants with interest at 10% per annum.

Miscellaneous Provisions

- The Ministry's interpretation of guidelines is final and binding.
- The Ministry may inspect project premises at any time.
- Projects must comply with environmental and safety regulations.

Conclusion

The Scheme for Creation/Expansion of Food Processing & Preservation Capacities under PMKSY is a significant step towards modernizing India's food processing sector. By providing financial support and encouraging the adoption of advanced technologies, the scheme aims to reduce food waste, add value to agricultural products, and enhance the income of farmers and processors. With its inclusive approach, the scheme ensures that a wide range of entities, including marginalized groups, can benefit from the opportunities it offers. The comprehensive guidelines and robust monitoring mechanisms ensure that the scheme is implemented effectively, contributing to the overall development of the food processing industry in India.

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