

GRANT-IN-AID FOR FOOD PROCESSING SECTOR BY MOFPI

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The Ministry of Food Processing Industries (MOFPI) in India is responsible for formulating and implementing policies and plans to promote the food processing industry. Their primary aims include stimulating sector growth, increasing farmers' income, and generating employment opportunities. Recently, MOFPI issued an **Expression of Interest (EOI)** for the Food Processing Sector as part of the **Pradhan Mantri Kisan SAMPADA Yojana (PMKSY)**, a government initiative designed to strengthen the food processing industry. SAMPADA, which stands for "Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters," focuses on key objectives such as reducing post-harvest losses, enhancing supply chain management, and providing substantial support to the food processing sector.

This scheme includes the followings benefits for Food Processing Industries:

1. Creation of Infrastructure for the Agro Processing Cluster

- The scheme focuses on establishing common facilities that can be shared by multiple food processing units within a cluster. This includes infrastructure such as cold storage, warehouses, processing centers, packaging units, and quality testing laboratories.
- The Scheme envisages grants-in-aid @ 35% of eligible project cost in general areas and @50% of eligible project cost in the North East States including Sikkim and difficult areas namely Himalayan States (i.e. Himachal Pradesh, Jammu & Kashmir and Uttarakhand), State notified ITDP areas, Islands and SC/ST entrepreneurs subject to maximum of Rs. 10.00 crore per project.

2. Creation/Expansion for Food Processing & Preservation Capacities

- The main objective of the Scheme is creation of processing and preservation capacities and modernization/ expansion of existing food processing units with a view to increasing the level of processing, value addition leading to reduction of wastage.
- The Scheme envisages grants-in-aid @35% of eligible project cost in general areas and @50% of eligible project cost in the North East States including Sikkim and difficult areas namely Himalayan States (i.e. Himachal Pradesh, Jammu & Kashmir and Uttarakhand), State notified ITDP areas & Islands subject to maximum of Rs. 5.00 crore per project.

3. Integrated Cold Chain and Value Addition Infrastructure

- Special emphasis is placed on creating cold chain infrastructure to ensure the preservation of perishable items. This includes the development of cold storage units, refrigerated transport, and other facilities to maintain the quality of produce.

- Financial assistance (grant-in-aid) under the scheme is limited to a maximum of Rs 10.00 crore per project in relation to technical civil works and eligible plant & machinery subject to the following:
 - i. For storage infrastructure including Pack House and Pre cooling unit, ripening chamber and transport infrastructure, grant-in-aid @ 35% for General Areas and @ 50% for North East States, Himalayan States, ITDP Areas & Islands, of the total cost of plant & machinery and technical civil works will be provided.
 - ii. For value addition and processing infrastructure including frozen storage/ deep freezers associated and integral to the processing, grant-in-aid @ 50% for General Areas and @ 75% for North East States, Himalayan States, ITDP Areas & Islands, will be provided.
 - iii. For irradiation facilities, grant-in-aid will be provided @ 50% for General Areas and @ 75% for North East States, Himalayan States, ITDP Areas & Islands.

4. Setting up/Upgradation of Food Testing Laboratories (FTL)

- Quality control and assurance are crucial in the food processing industry. PMKSY includes the establishment of common facilities for quality testing and certification to meet national and international standards.
- Quantum of benefit available under the scheme:
 - i. Private organizations/ entities are eligible for grants-in-aid of
 - a. 50% (in General Areas)/ 70% (in Difficult Areas as well as for SC/ST applicants) of the eligible cost of the equipment; and
 - b. 2% of the eligible cost of approved equipment or Rs. 15.00 lakh; whichever is lower
 Benefit towards Technical Civil Work (TCW) and Furniture & Fixtures on lump-sum basis.
 - ii. When the Ministry itself establishes Food Testing Laboratories or sponsors such projects, there would be no ceiling to financial assistance and the grants-in-aid to be provided to such FTL will be decided on case to case basis with the approval of competent authority.

5 Operation Greens- Long-Term Intervention

- Enhancing value realization of farmers by targeted interventions to strengthen production clusters and FPOs, and linking/ connecting the farmers with the market.
- Reduction in post-harvest losses by creation of farm gate infrastructure, development of suitable Agri-logistics and creation of appropriate storage capacity linking consumption centers.
- Increase in food processing capacities and value addition in value chain by creating firm linkages with identified production clusters.
- Integrated Value Chain Development Projects: Maximum grants-in-aid would be Rs. 15.00 crore per project.

- Standalone Post-Harvest Infrastructure Projects: Maximum grants-in-aid would be Rs. 10.00 crore per project.
- Grants-in-aid will be considered @35% of eligible project cost for projects in General Areas and @50% of eligible project cost for projects in Difficult Areas as well as for projects of SC/ST, FPOs and SHGs.
- Quality production: Maximum 5% of total allocation under the Scheme may be utilized for the quality production.

Eligibility Criteria for availing said benefits:

- Entrepreneurs of all category for Creation/ Expansion of food processing infrastructure in any part of India.
- Net worth of the applicant should not be less than 100% to 150% of the grant in aid sought under the scheme.

SUMMARY

SNo	Heading	Benefits Available		
		General Areas	Special Areas/ Special Applicants	Maximum Aid (in Crs) per Project
1	Creation of Infrastructure for Agro Processing Cluster	35%	50%	10.00
2	Creation/Expansion for Food Processing & Preservation Capacities	35%	50%	5.00
3	Integrated Cold Chain and Value Addition Infrastructure			
3(a)	For storage infrastructure including Pack House and Pre cooling unit, ripening chamber and transport infrastructure	35%	50%	10.00
3(b)	For value addition and processing infrastructure including frozen storage/ deep freezers associated and integral to the processing	50%	75%	10.00
3(c)	For irradiation facilities	50%	75%	10.00
4	Setting up/Upgradation of Food Testing Laboratories (FTL) by Private Entities			
	i Towards Eligible Project Cost	50%	70%	No Limit
	ii Towards TCW/ Furniture and Fixture	2% of Cost or 15.00 Lakhs whichever is lower		
5	Operation Greens- Long-Term Intervention			
5(a)	Integrated Value Chain Development Projects	35%	50%	15.00
5(b)	Standalone Post-Harvest Infrastructure Projects	35%	50%	10.00

***Note:** Net worth should **not be less than 100% to 150%** of the grant in aid sought under the scheme