

Production Linked Incentive Scheme for Food Processing Industry



Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)



Agriculture sector has been making significant contributions to the Indian economy, with majority households in India depending on this sector for their livelihood. However, only a small portion of the India's agriculture output is currently being processed in the country. The Government, In order to Boost the Manufacturing in Food Processing Sector , develop & support Indian Brands of value added food products as Globally challengeable, this Scheme is introduced for Pre-Established players with an outlay

Background



The Production Linked Incentive Scheme for Food Processing Industry has been formulated based on the Production Linked incentive scheme of NITI Aayog under "Aatmanirbhar Bharat Abhiyan for Enhancing India's Manufacturing Capabilities and Enhancing Exports"



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The food processing sector in India encompasses manufacturing enterprises in all the segments from micro to large industries.

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India is having competitive advantage in terms of resource endowment, large domestic market and scope for promoting value added products

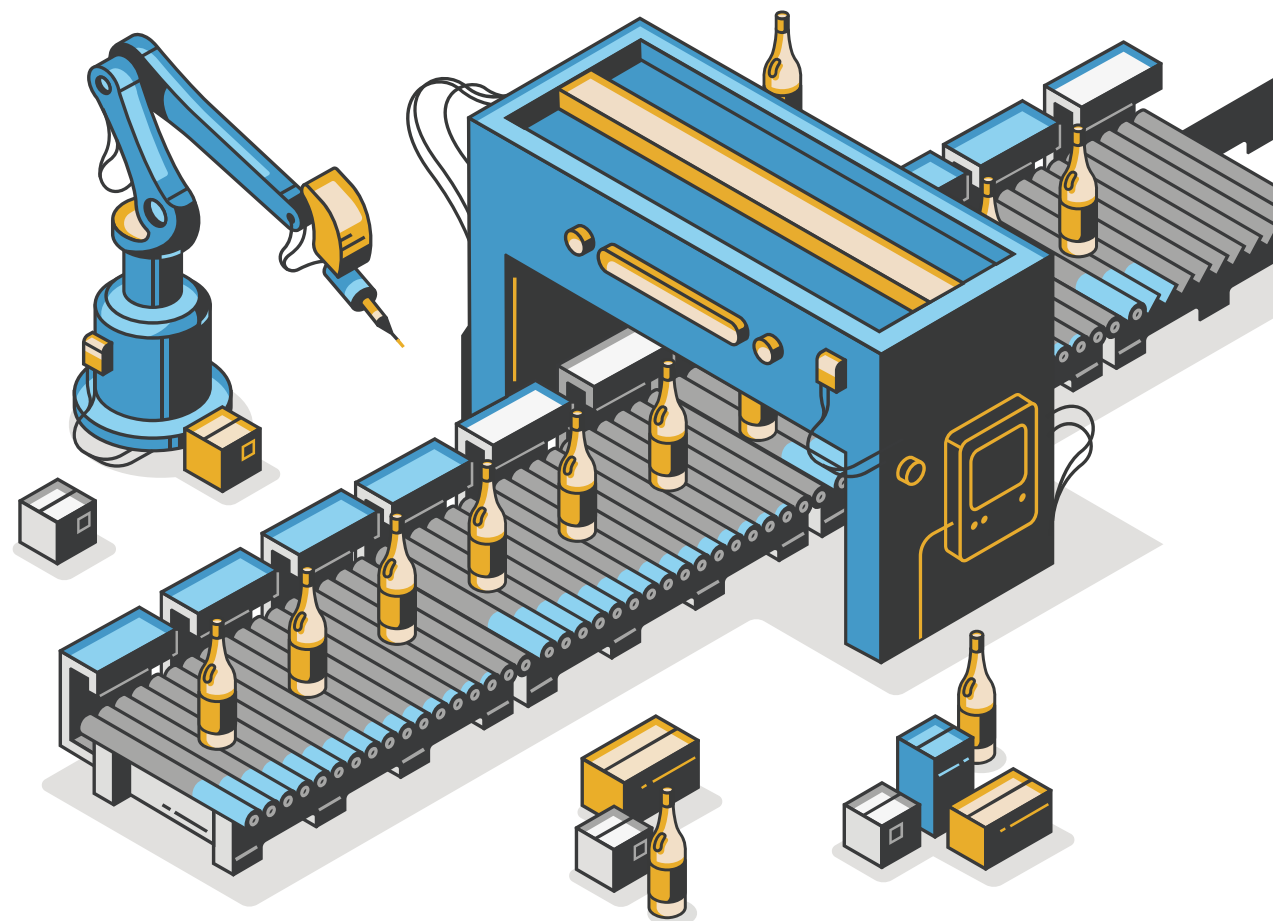
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Achieving full potential of this sector would require Indian Companies to improve their competitive strength vis-à-vis their global counterpart in term of scale of output, productivity, value addition and their linkages with global value chain.

PLISFPI Scheme

Objectives

- Support Food manufacturing entities with stipulated minimum Sales and willing to make minimum stipulated investment for expansion of processing capacity and Branding abroad to incentivize emergence of strong Indian brands.
- Support creation of global food manufacturing champions.
- Strengthen select Indian brand of food products for global visibility and wider acceptance in the international markets:
- Increase employment opportunities of off-farm jobs,
- Ensuring remunerative prices of farm produce and higher income to farmers.



Salient Features

Central sector Scheme with an outlay of Rs. 10900 Cr



The first component relates to incentivizing manufacturing of four major food product segments viz. **Ready to Cook to Eat (RTC/ RTE)** foods including Millets based products, Processed Fruits & Vegetables, Marine Products, Mozzarella Cheese.



Innovative/ Organic products of SMEs including Free Range - Eggs, Poultry Meat, Egg Products in these segments are also covered under the above component.

The selected applicant will be required to undertake investment, as quoted in their Application (Subject to the prescribed minimum) in Plant and Machinery in the first two years i.e. 2021-22 & 2022-23.



The conditions of stipulated **Minimum Sales** and mandated investment will **not be applicable** for entities selected for making **innovative/ organic products**.

The second component relates to support for branding and marketing abroad to incentivize emergence of strong Indian brands.

For promotion of Indian Brand abroad, the scheme envisages grant to the applicant entities for - in store Branding, shelf space renting and marketing.



Investment made in 2020-21 also to be counted for meeting the mandated investment.






Scheme will be implemented over a six year period from 2021-22 to 2026-27.

Implementation strategy and targets

- The scheme is being offered only for **Pre-Established Players** in the market on meeting Certain conditions- Annexure -I.
- The scheme will be rolled out on All India basis.
- The scheme shall be implemented through a Project Management Agency (PMA).
- The PMA would, inter-alia, be responsible for appraisal of applications/ proposals, verification of eligibility for support, scrutiny of claims eligible for disbursement of incentive
- The incentive under the scheme would be paid for six years ending 2026-27. The incentive payable for a particular year will be due for payment in the following year. The duration of the scheme will be six years i.e. 2021-22 to 2026-27.
- The scheme is "fund-limited", i.e. cost shall be restricted to the approved amount. The maximum incentive payable to each beneficiary shall be fixed in advance at the time of approval of that beneficiary. Regardless of achievement/ performance, this maximum shall not be exceeded.
- Minimum grant per company will not be less than 5% of Segment Outlay & Maximum is





Eligibility Under PLI Scheme

Segment	Min. Sales	Min. Investment
 RTE / RTC	500	100
 Processed Fruits & Vegetables	250	50
 Marine Products *	600	75
 Mozzarella Cheese	150	10 MTPD Plant - 23Cr
 Innovative/ Organic Products of SME Including FR Eggs, Egg Products, Poultry Meat	Based on Proposal Submitted by Applicant	

In
Crore

ELIGIBILITY & INCENTIVE

Rate of Incentives

Year	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
 RTE / RTC	10%	10%	10%	10%	9%	8%
 Processed Fruits & Vegetables	10%	10%	10%	10%	9%	8%
 Marine Products *	6%	6%	6%	6%	5%	4%
 Mozzarella Cheese	10%	10%	10%	8%	6%	4%

In Crore
ELIGIBILITY & INCENTIVE

* 10% Incentive Rate for Value Added Marine Products for All 6 Years

Note: Base Year for calculation of incentive for 1st 4 yrs will be 2019-20 & for 5th & 6th base year is shifted to 2021-22 & 2022-23.

Administrative and Implementation Mechanisms

- The Scheme would be monitored at Centre by the Empowered Group of Secretaries chaired by the Cabinet Secretary

Major impact, including employment generation potential



- The implementation of the scheme would facilitate expansion of processing capacity to generate processed food output of Rs 33,494 crore and;
- Create employment for nearly 2.5 lakh persons by the year 2026-27.

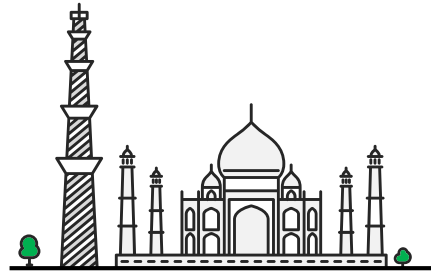
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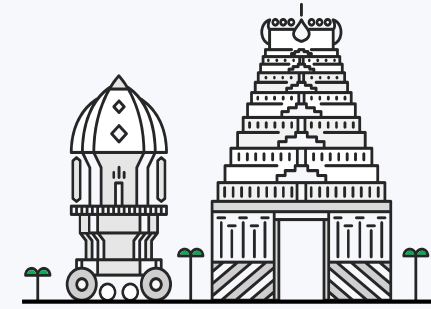
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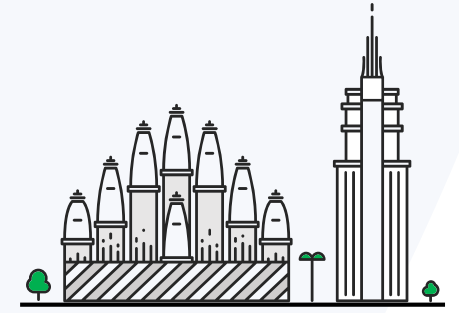
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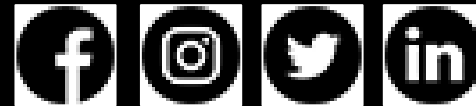


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