

GOVERNMENT OF INDIA
MINISTRY OF FOOD PROCESSING INDUSTRIES

LOK SABHA
STARRED QUESTION NO.*146
ANSWERED ON 05TH DECEMBER, 2024

PLI SCHEME FOR FOOD PROCESSING INDUSTRIES

***146. SHRI DUSHYANT SINGH:**

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

(a) the details of the steps taken/being taken by the Government to promote the Production Linked Incentive Scheme for Food Processing Industries (PLISFPI) in underdeveloped and rural areas along with the contribution of the scheme to the overall growth and development of the food processing sector in the country;

(b) whether the Government support Small and Medium Enterprises (SMEs) in the food processing sector, particularly in terms of incentivizing capacity expansion and innovation and if so, the details thereof along with the impact on their growth and formalization;

(c) the details of the specific incentives offered by the Government to boost the manufacturing of food products in major segments, especially in the region of Jhalawar-Baran, Rajasthan and across the country; and

(d) the details of the measures taken/being taken by the Government to enhance the branding and marketing of Indian food products abroad and contribute to the global competitiveness of Indian food brands?

ANSWER

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES
(SHRI RAVNEET SINGH)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. *146 FOR ANSWER ON 05TH DECEMBER, 2024 REGARDING “PLI SCHEME FOR FOOD PROCESSING INDUSTRIES”

(a). The Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) was approved by the Union Cabinet on 31st March 2021 with a budget of ₹10,900 crore, to be implemented from 2021-22 to 2026-27. A total of 171 applicants have been enrolled under the scheme. The beneficiary selection process under PLISFPI was conducted as a one-time exercise, preceded by active stakeholder engagement and extensive publicity to ensure broad participation.

By mandating the use of domestically grown agricultural products (excluding additives, flavors, and edible oils) in the manufacturing process, the scheme has substantially increased local raw material procurement, benefiting underdeveloped and rural areas while supporting farmers' incomes. Furthermore, the emphasis on local production of raw materials for processed food has generated additional off-farm employment opportunities, significantly contributing to the economic development of rural regions.

The scheme has significantly contributed to the country's overall growth and development by scaling up domestic manufacturing, enhancing value addition, boosting the domestic production of raw materials, and creating employment opportunities. The scheme supports large companies, millet-based products, innovative and organic products, as well as small and medium enterprises, while also promoting Indian brands globally. According to data reported by the scheme's beneficiaries, an investment of ₹ 8,910 crore has been made across 213 locations. As of 31st October 2024, the scheme has reportedly generated employment of over 2.89 lakh.

(b). Yes, the Government actively supports Small and Medium Enterprises (SMEs) in the food processing sector through schemes like Pradhan Mantri Kisan Sampada Yojana (PMKSY), Production Linked Incentive Scheme for Food Processing Industries (PLISFPI), and the Pradhan Mantri Formalization of Micro-food processing Enterprises (PMFME) scheme. These schemes provide financial, technical, and marketing support to SMEs, facilitating capacity expansion, innovation, and formalization. SMEs are also eligible to avail the benefits under various components of the PMKSY Scheme. PMFME scheme specifically targets formalization of unorganized units, improving their access to institutional credit, modern infrastructure, and enhanced food processing capacity. Under the PLI scheme, a significant proportion of beneficiaries are MSMEs, with 70 MSMEs directly enrolled and 40 others contributing as contract manufacturers for larger companies. Collectively, these initiatives have strengthened SMEs by fostering innovation, improving competitiveness, expanding market access, and generating employment opportunities, and supporting the broader value chain in the food processing industry.

(c). The incentives offered under PMKSY, PMFME, and PLI scheme of the Ministry is at **ANNEXURE**. The above-mentioned schemes are demand driven and aspiring beneficiary is required to apply and qualify to avail the benefits of the schemes as per the Guidelines. The incentives under these schemes are available to applicants, including those from Jhalawar-Baran region of Rajasthan, who meet the criteria outlined in the guidelines of each scheme.

(d). Under the Production Linked Incentive Scheme for Food Processing Industries (PLISFPI), the Government provides financial incentives to promote Indian food brands abroad, supporting branding and marketing activities for Indian-branded consumer food products in global markets. Beneficiaries are reimbursed 50% of their expenditure on branding and marketing abroad, capped at 3% of their annual food product sales or ₹50 crore per year, whichever is lower. Applicants are required to spend a minimum of ₹5 crore over five years to qualify. Currently, there are currently 73 beneficiaries under this component of the PLI scheme.

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF STARRED QUESTION NO. *146 FOR ANSWER ON 05TH DECEMBER, 2024 REGARDING “PLI SCHEME FOR FOOD PROCESSING INDUSTRIES”

Pattern of assistance under PMKSY Scheme:

- i. **Integrated Cold Chain & Value Addition Infrastructure:** Grant-in-aid will be @ 35% of eligible project cost for project in general area and @ 50% of eligible project cost for difficult area as well as for projects of SC/ST, FPOs and SHGs, subject to maximum of Rs. 10 crore per project. Approved grants-in-aid released in three equal installments.
- ii. **Creation of Infrastructure for Agro Processing Clusters:** Scheme envisages grants-in-aid @35% of eligible project cost in general areas and @50% of eligible project cost in difficult areas, SC/ST, FPOs and SHGs subject to maximum of Rs.10.00 Crores. Approved grants-in-aid released in three equal installments.
- iii. **Creation/ Expansion of Food Processing and Preservation Capacities:** Scheme envisages grants-in-aid @35% of eligible project cost in general areas and @50% of eligible project cost in difficult areas, SC/ST, FPOs and SHGs subject to maximum of Rs.5.00 Crores. Approved grants-in-aid released in two equal installments.
- iv. **Scheme for Food Safety & Quality Assurance Infrastructure:** For Government Organizations, the grant is 100% and for private organizations 50% for general areas and 70% for difficult areas and SC/ST applicants.
- v. **Scheme for Operation Greens:** Grants-in-aid will be @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. For Integrated Value Chain Development Projects, maximum grants-in-aid would be ₹15 crore per project; and for Standalone Post-Harvest Infrastructure Projects, maximum grants-in-aid would be ₹10 crore per project.
- vi. **Scheme for Research & Development in Processed Food Sector:** For Govt. organisation, the grant is 100% of eligible project cost and for Private organisation, it is 50% of eligible project cost in General areas and 70% of eligible project cost in difficult areas.

Pattern of assistance under PLI scheme:

- i. The beneficiary should achieve minimum year on year sales growth of 10% for claiming incentive under Category-I, Category-II and Millet-Based Products components of the Scheme. Under Category -I component, the companies have to make committed investments to increase their production capacities. If a company does not make the committed investment upto end of 2023-24, it is not eligible to receive incentives under the Scheme.
- ii. Under Category-III, i.e., Branding and Marketing component, a company is eligible for financial incentives @ 50% of expenditure incurred on Branding & Marketing abroad

subject to a maximum of 3% of Sales of food products or Rs 50 crore per year, whichever is less. The minimum expenditure should be Rs. 5 crore over a period of five years.

Pattern of assistance under PMFME scheme:

The details of financial assistance offered to the enterprises under Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) Scheme are as under:

- i. Support to Individual / Group Category Micro Enterprises: Credit-linked capital subsidy @35% of the eligible project cost, maximum ceiling Rs.10 lakh per unit;
- ii. Support to SHGs for seed capital: Seed capital @ Rs. 40,000/- per member of SHG engaged in food processing for working capital and purchase of small tools subject to maximum of Rs. 4 lakh per SHG Federation.
- iii. Support for Common Infrastructure: Credit linked capital subsidy @35% subject to maximum of Rs. 3 crore to support FPOs, SHGs, Cooperatives and any Government agency for setting up of common infrastructure. The common infrastructure will also be available for other units and public to utilize on hiring basis for substantial part of the capacity.
- iv. Branding and Marketing Support: Grant upto 50% for Branding and Marketing to groups of FPOs/ SHGs/ Cooperatives or an SPV of micro food processing enterprises.
- v. Capacity Building: The scheme envisages training for Entrepreneurship Development Skilling (EDP+): program modified to meet the requirement of food processing industry and product specific skilling.
