

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO. 675

TO BE ANSWERED ON THE 3RD FEBRUARY, 2026

INDUSTRIES BASED ON BY-PRODUCTS OF AGRICULTURAL CROPS

†675. SHRI VIRENDRA SINGH:

Will the Minister of AGRICULTURE AND FARMERS कृषि एवं किसान कल्याण मंत्री be pleased to state:

(a) whether the Government has any plans for setting up industries based on by-products generated from agricultural crops;

(b) if so, whether the Government is considering setting up a cooperative sugar mill in Chandauli district of Uttar Pradesh, which is an agriculture-dominated area and if so, the timeline for the same; and

(c) whether the Government has any scheme for providing exemptions or subsidies for setting up industries based on such agricultural by-products and if so, the percentage of such support?

ANSWER

THE MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
कृषि एवं किसान कल्याण राज्य मंत्री (SHRI RAMNATH THAKUR)

(a): Government has initiated various steps for setting up industries to utilize by-products generated from agricultural crops. Government provides one-time financial support under the Environment Protection Charge (EPC) funds for the establishment of pelletization and torrefaction plants to promote the utilization of paddy straw. For pelletization plants, financial assistance is available at the rate of ₹14 lakh per ton of production capacity per hour, subject to a maximum support of ₹1.4 crore per proposal. For torrefaction plants, financial assistance is provided at the rate of ₹28 lakh per ton of production capacity per hour, with the total financial support also capped at ₹1.4 crore per proposal.

Ministry of New & Renewable Energy is implementing Biomass Programme scheme which provides financial support for the manufacturing of briquettes and pellets, as well as for biomass-based energy generation. For briquette and pellet manufacturing plants, Central Financial Assistance (CFA) of ₹9 lakh per MTPH (metric ton per hour) plant capacity is available, subject to a maximum of ₹45 lakh per plant. For non-torrefied pellet manufacturing plants, CFA is provided at ₹21 lakh per MTPH production capacity or 30% of the eligible capital cost of plant and machinery for a 1 MTPH plant, whichever is lower, with a maximum support of ₹105 lakh per project. For torrefied pellet manufacturing plants, CFA is ₹42 lakh per MTPH production capacity or 30% of the eligible capital cost of plant and machinery for a 1 MTPH plant, whichever is lower, capped at ₹210 lakh per project. Under the Biomass Programme, biomass-based (non-bagasse) cogeneration plants are supported with CFA of ₹40 lakh per MW, up to a maximum of ₹5 crore per plant. Additionally, under the Waste to Energy Programme, establishment of Compressed Biogas (CBG) plants is supported with CFA of ₹4 crore for every 4,800 kg of CBG generated per day from 12,000 cubic meters of biogas, subject to a maximum allocation of ₹10 crore per project for new projects.

Ministry of Petroleum and Natural Gas has introduced a scheme viz. Sustainable Alternative Towards Affordable Transportation (SATAT) to provide financial assistance to Compressed Biogas (CBG) producers for the procurement of biomass aggregation equipment and machinery, under which assistance is available up to 50% of the equipment cost or ₹90 lakh, whichever is lower. Additionally, under the Pradhan Mantri JI-VAN Yojana, financial assistance is provided to bioethanol projects using lignocellulosic biomass and other renewable feedstocks; for commercial projects, viability gap funding is offered to make projects financially viable, subject to a maximum of 20% of the project cost or ₹5 crore for every 10 lakh litres added to the biorefinery's annual nameplate capacity, whichever is lower, with the total financial support per project capped at ₹150 crore.

Besides, in order to promote and ensure overall development of Food Processing Industries, Ministry of Food Processing Industries has been incentivizing setting up/ expansion of related infrastructure through its Central Sector schemes namely Pradhan Mantri Kisan SAMPADA Yojana (PMKSY) Scheme, Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) and Centrally Sponsored-Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME) Scheme across the country. Incentives available under PMKSY, PLISFPI and PMFME alongwith assistance available to Micro Food Processing Enterprises under PMFME Scheme are **Annexed**.

(b) & (c): The Central Government does not set up sugar mill in any part of the country. Further, sugar industry was deleted from list of industries required compulsory licensing, vide press note dated 31.08.1998. After that any entrepreneur is free to set up sugar mill in any part of the country as per provisions laid down in clause 6A to 6E of Sugarcane (Control), Order as amended.

However, the Government in order to achieve the blending targets mandated under Ethanol blended with Petrol (EBP) Programme has notified various ethanol interest subvention schemes for sugar mills/distilleries from 2018 to 2022 to set up new ethanol plants/capacity expansion of existing ethanol plants based on sugarcane; its by-products such as B-heavy molasses & C-heavy molasses and grain based feedstock across the country.

Further, the Government has also notified a new scheme for Cooperative Sugar Mills(CSMs) on 06.03.2025 for conversion of their existing ethanol plants based on sugarcane; its by-products such as B-heavy molasses & C-heavy molasses into multi-feed based 1G ethanol plants to use grains like Maize and Damaged Food Grains (DFG).

Incentives available under Pradhan Mantri Kisan Samapada Yojana (PMKSY)

Sl. No.	Component Scheme	Scheme Benefits (Grant-in-aid) for projects in General Area	Scheme Benefits (Grant-in-aid) for projects in Difficult Areas as well as SC/ST, FPOs, SHGs
1.	Integrated Cold Chain and Value Addition Infrastructure	Grant-in-aid @ 35% of eligible project cost [Subject to maximum of Rs. 10 crores per project]	Grant-in-aid @ 50% of eligible project cost [Subject to maximum of Rs. 10 crores per project]
2.	Creation/Expansion of Food Processing & Preservation Capacities	Grant-in-aid @ 35% of eligible project cost [Subject to maximum of Rs. 5 crores per project]	Grant-in-aid @ 50% of eligible project cost [Subject to maximum of Rs. 5 crores per project]
3.	Infrastructure for Agro-Processing Clusters	Grant-in-aid @ 35% of eligible project cost in General Area [subject to maximum of Rs. 10 crores per project]	Grant-in-aid @ 50% of eligible project cost [Subject to maximum of Rs. 10 crores per project]
4.	Operation Greens	Grant-in-aid @ 35% of eligible project cost for Integrated Value Chain Development Projects, maximum grants-in-aid would be Rs.15 crore per project; and for Standalone Post-harvest Infrastructure Projects, maximum grants-in-aid would be Rs.10 crore per project.	Grant-in-aid @ 50% of eligible project cost for Integrated Value Chain Development Projects, maximum grants-in-aid would be Rs.15 crore per project; and for Standalone Post-harvest Infrastructure Projects, maximum grants-in-aid would be Rs.10 crore per project.
5.	Food Safety and Quality Assurance-Food Testing Laboratories	For Private Organization/entities: grant-in-aid @ 50% of eligible project cost [Subject to maximum of Rs. 5 crores per project]	For Private Organization/entities: grant-in-aid @ 70% of eligible project cost [Subject to maximum of Rs. 5 crores per project]
6.	Human Resource & institution-Research & Development	For Government Organization-Grants @ 100% of equipment cost, Consumables, for private organizations/Universities/Institutions, grant @ 50% of equipment cost.	For Government Organization-Grants @ 100% of equipment cost, Consumables, for private organizations/Universities/Institutions, Grants @ 70% of equipment cost.

Incentives available under Production Linked Incentive Scheme for Food Processing Industry (PLIS-FPI)

Category/ Segments	Segment	Incentive Disbursement criteria (5)		Upper cap (% & Amount in crore)	Rate of Incentives (%)					
		Min. CAGR	Max. CAGR		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Cat.1										
RTE/RTC	Biscuits	10%	13%	8% Rs. 334.48	5%	5%	5%	5%	4.5%	4%
	Non-Biscuits				7.5%	7.5%	7.5%	7.5%	6.75%	6%
F&V	Spices	10%	12%	8% Rs. 286.56	5%	5%	5%	5%	4.5%	4%
	Non-Spices		15%		10%	10%	10%	10%	9%	8%
Marine	Marine products	5%	10%	8% Rs. 79.44	6%	6%	6%	6%	5%	4%
	Value added products				10%	10%	10%	10%	10%	10%
Mozzarella Cheese		15%	16%	25% Rs. 70.75	10%	10%	10%	8%	6%	4%
Millet Products	Large Entry	10%	-	Rs. 100	-	10%	10%	10%	9%	8%
	MSME	10%	-	Rs. 10.54						
Cat.2	Organic Products	10%	-		10%	10%	10%	10%	9%	8%
	Innovative products	10%	-		10%	10%	10%	10%	9%	8%
Cat. 3	Branding & Marketing (B&M)	Only Indian brands covered for selling food product completely manufactured in India.		50% of total expenditure	-	Financial incentive @ 50% of expenditure on B&M abroad subject to max. grant of 3% of sales of food products or Rs. 50 Cr. Per year, Whichever is less.				

The details of assistance available to Micro Food Processing Enterprises under PMFME Scheme

- (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 subject to maximum of Rs. 4 lakh per SHG Federation.
- (ii). **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.
