

# Cabinet approves Production Linked Incentive Scheme for Food Processing Industry

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the Central Sector Scheme - "Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)" to support creation of global food manufacturing champions commensurate with India's natural resource endowment and support Indian brands of food products in the international markets with an outlay of Rs. 10900 crore.

## **Objectives of the Scheme:**

The objectives of the Scheme are to support food manufacturing entities with stipulated minimum Sales and willing to make minimum stipulated investment for expansion of processing capacity and Branding abroad to incentivise 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:**

- The first component relates to incentivising manufacturing of four major food product segments viz. Ready to Cook/ Ready to Eat (RTC/ RTE) foods, 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 above component.
- The selected applicant will be required to undertake investment, as quoted in their Application (Subject to the prescribed minimum) in Plant & Machinery in the first two years i.e. in 2021-22 & 2022-23.
- Investment made in 2020-21 also to be counted for meeting the mandated investment.
- 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 incentivise 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.
- Scheme will be implemented over a six year period from 2021-22 to 2026-27.

## **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.

## **Financial Implications:**

**Segment-wise and Year-wise outlay under Productivity Linked Incentive Scheme**

**(Rs Crore)**

	RT C/ RT E Foods	Pro cess ed F& V	Mar ine Pro duct s	Mozzar ella Cheese	Incenti ve on Sales	Brandi ng & Market- ing Abroad	Ad mn Cos t	Tot al
2021- 22	0	0	0	0	0	0	10	10
2022- 23	280	272	58	20	630	375	17	1,022
2023- 24	515	468	122	40	1145	375	17	1,537
2024- 25	745	669	185	63	1662	275	17	1,954
2025- 26	981	872	246	70	2169	250	17	2,436
2026- 27	867	701	212	54	1833	125	17	1,975
2027- 28	794	601	170	36	1601	100	15	1,716
Total	4181	3582	993	283	9040	1500	110	10,900 *

**\*This includes Rs.250 crore (Approx 2% outlay) which has been earmarked for Innovative/ Organic products in the SME Sector, including Free range Eggs, Poultry Meat , Egg Products, which may come from any/ all of the Segments.**

**Implementation strategy and targets:**

- The scheme will be rolled out on All India basis.
- The scheme shall be implemented through a Project Management Agency (PMA).
- The PMA would 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.
- 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.

#### **Implementation of the Scheme:**

- The Scheme would be monitored at Centre by the Empowered Group of Secretaries chaired by the Cabinet Secretary
- Ministry of Food Processing Industries would approve selection of applicants for coverage under the scheme, sanction and release of funds as incentives.
- The Ministry will prepare Annual Action Plan covering various activities for implementation of the scheme.
- A third party evaluation and mid-term review mechanism would be built in the programme.

#### **National Portal & MIS:**

- A National level portal would be set-up wherein the applicant enterprise could apply to participate in the Scheme.
- All the scheme activities would be undertaken on the National portal.

#### **Convergence Framework**

- Under Pradhan Mantri Kisan Sampada Yojana (PMKSY) implemented by MoFPI, small and medium food processing enterprises are supported in terms of strengthening of supply chain infrastructure, expansion of processing capacities, augmenting availability of industrial plots, facilitating skill development, R&D, provision of testing facilities etc.
- A number of schemes implemented by other Ministries/ Departments viz Departments of Agriculture Cooperation & Farmers' Welfare, Animal Husbandry & Dairying, Fisheries, Promotion of Industry and Internal Trade, Commerce etc have direct or indirect bearing on the growth of food processing sector.
- The Applicants covered under the proposed scheme will be permitted for availing services, wherever feasible, under other schemes. Towards that end, it has been envisaged that coverage under the PLI Scheme will not affect eligibility under any other scheme and vice versa.

#### **Background:**

- The food processing sector in India encompasses manufacturing enterprises in all the segments from micro to large industries.
- India is having competitive advantage in terms of resource endowment, large domestic market and scope for promoting value added products.
- Achieving full potential of this sector would require Indian companies to improve their competitive strength vis-a-vis their global counterpart in term of scale of output, productivity, value addition and their linkages with the global value chain.
- 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 Abhiyaan for Enhancing India's Manufacturing Capabilities and Enhancing Exports".

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