

# FOOD PROCESSING

Towards Sustainable Growth Opportunities



# PUNJAB

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# PUNJAB



## TABLE OF CONTENT

|    |   |       |
|----|---|-------|
| 01 | Food Processing in India                        | 01-02 |
| 02 | Punjab - Overview                               | 03-04 |
| 03 | Advantage Punjab                                | 05-07 |
| 04 | Local Food System                               | 08-10 |
| 05 | Production Clusters                             | 11-13 |
| 06 | Millets in Punjab                               | 14    |
| 07 | Agricultural Marketing                          | 15    |
| 08 | Potential Opportunities                         | 16-18 |
| 09 | Government of India Schemes for Food Processing | 19-29 |
| 10 | State Government Initiatives & Schemes          | 30-35 |
| 11 | Regulatory Framework                            | 36-37 |
| 12 | Major Players                                   | 38-40 |
| 13 | List of Farmer Producer Organisations           | 41-42 |



## ACRONYMS

| ABBREVIATION | DEFINITION  |
|--------------|---|
| AHIDF        | Animal Husbandry Infrastructure Development Fund                          |
| AOA          | Articles of Association   |
| APC          | Agro Processing Cluster   |
| APEDA        | Agricultural and Processed Food Products Export Development Authority     |
| ASI          | Annual Survey of Industries   |
| ASPIRE       | A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship |
| CAGR         | Compound Annual Growth Rate   |
| CBFL         | Creation of Backward and Forward Linkages                                 |
| CEFPPC       | Creation/Expansion of Food Processing & Preservation Capacities           |
| CFS          | Container Freight Station   |
| CGTMSE       | Credit Guarantee Trust for Micro and Small Enterprises                    |
| CLCSS        | Credit Linked Capital Subsidy Scheme                                      |
| CLU          | Change of Land Use  |
| CTO          | Consent to Operate  |
| DIDF         | Dairy Processing & Infrastructure Development Fund                        |
| DPIIT        | Department for Promotion of Industry and Internal Trade                   |
| DPR          | Detailed Project Report   |
| DRPs         | District Resource Persons   |
| e-NAM        | electronic National Agriculture Market                                    |
| EDC          | External Development Charges  |
| EoDB         | Ease of Doing Business  |
| EOI          | Expression of Interest  |
| F&V          | Fruits & Vegetables   |
| FAOSTAT      | Food and Agriculture Organization Corporate Statistical Database          |
| FCI          | Fixed Capital Investment  |
| FDI          | Foreign Direct Investment   |
| FIDF         | Fisheries and Aquaculture Infrastructure Development Fund                 |
| FME          | Formalization of Micro Food Processing Enterprise                         |
| FPC          | Farmer Producer Company   |
| FPOs         | Farmer Producer Organisations   |
| FSSAI        | Food Safety and Standards Authority of India                              |
| FTL          | Food Testing Laboratory   |
| GIS          | Geographic Information System   |
| GOI          | Government of India   |
| GSDP         | Gross State Domestic Product  |
| GST          | Goods and Services Tax  |
| GVA          | Gross Value Added   |
| ha           | Hectare   |
| HACCP        | Hazard Analysis and Critical Control Point                                |
| HT           | High Tension  |
| ICD          | Inland Container Depot  |
| INR          | Indian Rupee  |
| IQF          | Individual Quick Freezing   |
| Km           | Kilometre   |
| KVM          | Keti Virasat Mission  |
| KW           | Kilowatt  |



## ACRONYMS

| ABBREVIATION | DEFINITION  |
|--------------|---|
| LEADS        | Logistics Ease Across Different States                            |
| LLP          | Limited Liability Partnership                                     |
| LT           | Low Tension   |
| MIDH         | Mission for Integrated Development of Horticulture                |
| MILKFED      | Milk Producers' Federation  |
| MOA          | Memorandum of Association   |
| MoFPI        | Ministry of Food Processing Industries                            |
| MSDE         | Ministry of Skill Development & Entrepreneurship                  |
| MSEs         | Micro and Small Enterprises                                       |
| MSME         | Micro, Small and Medium Enterprises                               |
| MSMED        | Micro, Small And Medium Enterprises Development                   |
| MT           | Metric Ton  |
| MW           | Mega Watt   |
| NABARD       | National Bank for Agriculture and Rural Development               |
| NAIFF        | National Agriculture Infra Financing Facility                     |
| NDDB         | National Dairy Development Board                                  |
| NGO          | Non-Governmental Organization                                     |
| NOC          | No Objection Certificate  |
| ODOP         | One District One Product  |
| OG           | Operation Greens  |
| PFT          | Private Freight Terminal  |
| PLI          | Production Linked Incentive                                       |
| PLISFPI      | Production Linked Incentive Scheme for Food Processing Industry   |
| PLISMBP      | Production Linked Incentive scheme for Millet-Based Products      |
| PMFME        | Pradhan Mantri Formalisation of Micro Food Processing Enterprises |
| PMKSY        | Pradhan Mantri Kisan Sampada Yojana                               |
| PMKVY        | Pradhan Mantri Kaushal Vikas Yojana                               |
| PMMSY        | Pradhan Mantri Matsya Sampada Yojana                              |
| PSL          | Priority Sector Lending   |
| RBI          | Reserve Bank of India   |
| RTC          | Ready to Cook   |
| RTE          | Ready to Eat  |
| SC           | Scheduled Caste   |
| SEZ          | Special Economic Zone   |
| SFAC         | Small Farmers' Agri-Business Consortium                           |
| SGST         | State Goods and Services Tax                                      |
| SHG          | Self-Help Groups  |
| SMEs         | Small and Medium Enterprises                                      |
| SNA          | State Nodal Agency  |
| SPV          | Special Purpose Vehicle   |
| Sq. KM       | Square kilometre  |
| ST           | Scheduled Tribe   |
| SWC          | Single Window Clearance   |
| UHT          | Ultra-Heat Treatment  |
| USD          | U.S. Dollar   |
| ZED          | Zero Defect and Zero Effect                                       |





## ABSTRACT

### **Establishing Strong Linkages between Industry and Agriculture:**

The food processing sector plays a crucial role in establishing strong linkages between the industry and the agriculture sector. It facilitates collaboration and integration, benefiting both sectors and boosting the overall agricultural value chain.

### **Remarkable Growth in the Indian Food Processing Sector:**

The Indian food processing sector has achieved impressive growth, surpassing a 9% average annual growth rate since 2014-15. This indicates its strong potential and contribution to the Indian economy.

### **Significant Increase in Processed Food Exports:**

India's processed food exports have experienced a significant surge, increasing from US\$4.96 billion in 2014-15 to US\$13.07 billion in 2022-23. This growth showcases the sectors competitiveness and ability to cater to international markets.

### **Punjab's Agricultural Strength and Economic Advantages:**

Punjab, a State known for its strong agricultural sector and robust economy, registered a Gross State Domestic Product (GSDP) of USD 71.25 billion. Punjab has achieved several milestones, such as being the first State to implement barcode-based traceability on packaging. It has been classified as an "Achiever" within the Landlocked cluster based on the LEADS 2022 assessment. Furthermore, Punjab has emerged as a leader in the start-up ecosystem, as indicated by the Start-up Ranking Results of 2021. Due to its substantial contribution to India's agricultural output, Punjab is widely recognized as the "Food Bowl of India."

### **Diverse Opportunities in Food Processing:**

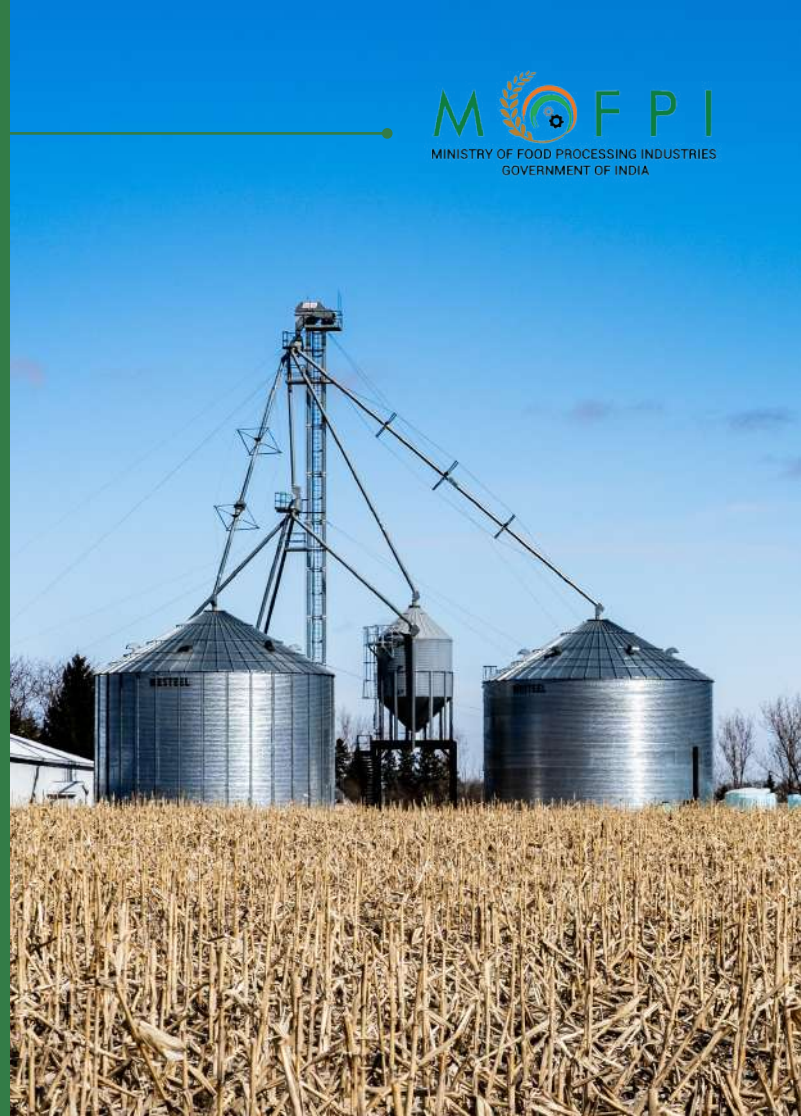
Punjab offers ample opportunities in the food processing sector, covering various segments ranging from millets, milk, Basmati (Rice), grains, packed food, fruits, and vegetables. The State holds prominent positions in agricultural production, being the largest producer of carrots and pears in the country, and the second-largest producer of peaches and mandarins. Punjab also ranks third in the production of wheat, rice, radish, cucumber, peas, and honey. These achievements highlight Punjab's significant contribution to the agricultural landscape of India and its potential for further growth and development in the food processing industry. The State provides streamlined business establishment processes through its dedicated Single Window Clearance System, known as the Punjab business first portal. The State is further strengthening its food processing infrastructure through flagship schemes of the Ministry of Food Processing Industries such as Pradhan Mantri - Kisan Sampada Yojana, Pradhan Mantri Formalisation Micro Food Processing Enterprises, and the Production Linked Incentive Scheme.

# 01. FOOD PROCESSING IN INDIA

The food processing sector is a uniquely placed amongst the manufacturing sector due to its backward linkages to the farming activities. A well-developed food processing sector with sufficiently higher level of processing helps in the improving value addition reducing post-harvest losses, promoting crop diversification, ensuring better returns to the farmers, promoting off-farm employment as well as increasing export earnings.

India ranks first in production of pulses & milk, second in vegetable & fruit, wheat & rice and third in cereals and eggs, in the World as per FAOSTAT estimates.<sup>1</sup>

An abundant supply of raw materials, increase in aggregate demand for processed food products and incentives offered by the Government of India has impacted food processing sector positively. The Gross Value Addition (GVA) has increased from INR 1.34 Lakh Crore in 2014-15 to INR 2.37 Lakh Crore in 2020-21 exhibiting an average annual growth rate of 9.3%. The sector constituted as much as 10.54% and 11.57% of GVA in Manufacturing and Agriculture sectors respectively in 2020-21 (at the 2011-12 prices).<sup>2</sup>



**India's food and beverages market grew at a CAGR of 6.92% between 2017 - 22.<sup>3</sup>**

**India's food and beverages market is forecasted to grow at a CAGR of 9.94% from 2022 - 27.<sup>4</sup>**

<sup>1</sup> Statistics | Food and Agriculture Organization of the United States

<sup>2</sup> MoFPI

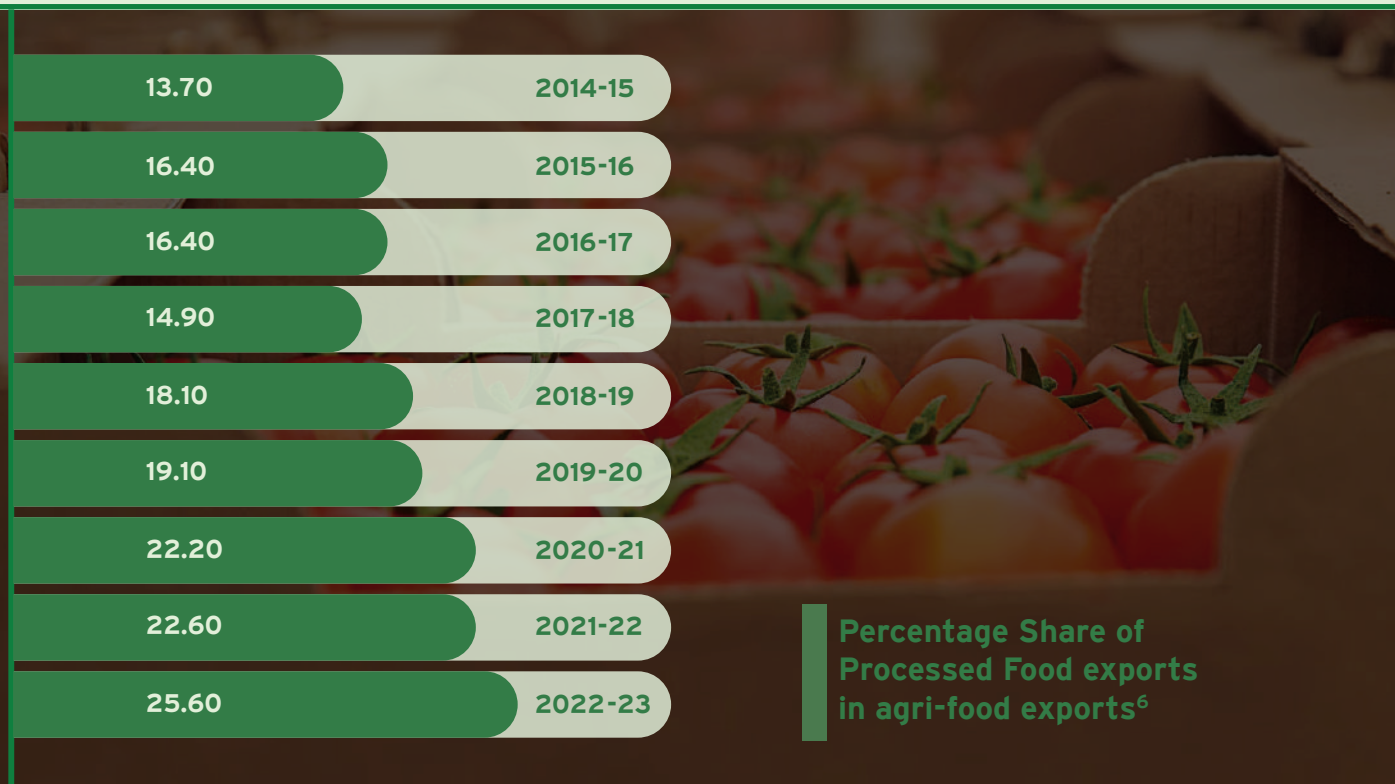
<sup>3</sup> Food and Beverages Global Market Briefing 2023 – The Business Research Company, December 2022

<sup>4</sup> Ibid



As per the Annual Survey of Industries (ASI) latest estimates production of, the Food Processing Sector employees nearly 12.2 % of the workforce in the registered factory sector.

The Export of Agri-Food products has increased from US\$ 36.17 in 2014-15 to US\$ 51.05 billion in 2022-23. The Export of Processed-Food products has increased from US\$ 4.96 in 2014-15 to US\$ 13.07 billion in 2022-23. Thus, the share of the processed-food products in overall agri-food products export has increased from 13.70 % in 2014-15 to 25.60 % in 2022-23



As per market estimates, Asia Pacific emerged as the dominant region in the global food and beverages market with 41.5% share of the global food and beverages market in 2022. Within the Asia Pacific region, India's food and beverages market was the third largest, after China and Japan, in the said period<sup>7</sup>.

<sup>5</sup> MoFPI

<sup>6</sup> Ibid

<sup>7</sup> Food and Beverages Global Market Briefing 2023 – The Business Research Company, December 2022

<sup>8</sup> Ibid



## 02. OVERVIEW

Punjab is situated in the northern region of India and is also known by the popular sobriquet "land of five rivers". Punjab shares borders with Jammu and Kashmir, Himachal Pradesh, Haryana, Rajasthan as well as international border with Pakistan. The capital city of Punjab is Chandigarh.

The economy of Punjab is predominantly based on agriculture, which is the mainstay of the State's economy. Punjab is recognized as the "Food Bowl of India," as it accounts for approximately two-thirds of the total production of food grains and one-third of the production of milk. Agro and Food Processing is a crucial economic sector in Punjab. The State is blessed with abundant rainfall, which enhances the fertility of its soil for agriculture. The primary crops grown in Punjab include various cereals such as rice, wheat, maize, and barley. Additionally, Punjab produces a variety of fruits such as guava, musk melon, peach, pear, and honey, and vegetables such as peas, cabbage, carrot, cauliflower, and onion.

State Capital

**Chandigarh**

Geographic Area<sup>9</sup>

**50,362 sq. km**

Population (Census 2011)<sup>10</sup>

**27.74 million**

Total Road Length (March 2019)<sup>11</sup>

**1,47,862 km**

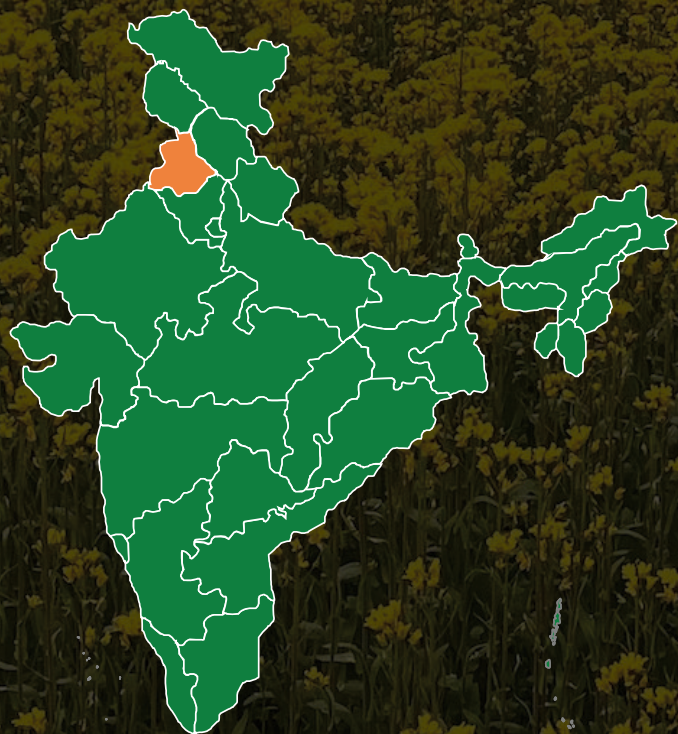
Rail length (2021)<sup>12</sup>

**3,622**

Industrial Area

**63** Industrial Areas<sup>13</sup>

**3** SEZs<sup>14</sup>



<sup>9</sup> MOSPI – Population census

<sup>10</sup>ibid

<sup>11</sup>RBI | Handbook of Statistics on Indian States | State-wise Length of Roads

<sup>12</sup>DPIIT | LEADS 2022 Logistics Ease Across Different States

<sup>13</sup>Industrial parks and industries in the country | Press Information Bureau

<sup>14</sup> Special Economic Zones | Ministry of Commerce & Industry



Gross State Domestic Product (GSDP) <sup>15</sup>

**USD 71.25 billion**

Per Capita Net State Domestic Product <sup>16</sup>

**USD 1977.80 (2021-22)**

Airports<sup>17</sup>

**2 International-  
Mohali &  
Amritsar**

**4 Domestic-**

**Bathinda, Ludhiana,  
Pathankot, & Jalandhar**

Available Land<sup>18</sup>

**Mixed Category  
1,741.57 ha**

**Food Processing  
22 ha**

Agri Export Zone<sup>19</sup>

**3  
(Vegetables, Potatoes, Basmati Rice)**

Infrastructure<sup>20</sup>

**8**  
Inland Container Depot (ICD)  
**3**  
Container Freight Station (CFS)  
**1**  
Air Cargo Terminals  
**6**  
Private Freight Terminal (PFT)  
**78**  
Railway Goods Sheds  
**58.55 lakh**  
lakh MT Warehouse Capacity  
**23.50 lakh**  
lakh MT Cold Storage Capacity

Installed power<sup>21</sup>

Thermal  
**8364 MW**  
Nuclear  
**196.81 MW**  
Renewables  
**5683.91 MW**  
Of which, Hydro is  
**3818.28 MW**

<sup>15</sup> RBI | Handbook of Statistics on Indian States | Gross State domestic product | Exchange rate as on 19th June 2023

<sup>16</sup> RBI | Handbook of Statistics on Indian States | Per Capita Net State Domestic Product | Exchange rate as on 19th June 2023

<sup>17</sup> Punjab Industrial and Business Development Policy

<sup>18</sup> India Industrial Land Bank 31.05.2023

<sup>19</sup> APEDA | Agri Exchange | Agri Export Zones

<sup>20</sup> DPIIT | LEADS 2022: Logistics Ease Across Different States

<sup>21</sup> Central Electricity Authority | Installed Capacity Report (31.03.2023)

## 03. ADVANTAGE PUNJAB



**Silver Award** for its digital initiative in the **Ease of Doing Business** category at the 7th Edition of the **Digital India Awards 2022**.<sup>22</sup>



**2nd highest** rail density and is twice the national rail density.<sup>23</sup>



**2nd highest** tele-density in the country.<sup>24</sup>



**First State** to implement **barcode-based traceability** on packaging.<sup>25</sup>



Graded as **Achiever** within the Landlocked cluster according to **LEADS 2022**.<sup>26</sup>



Emerged as **Leader**, as per **Start-up Ranking Results, 2021**.<sup>27</sup>



**"Food Bowl of India"** due to its significant contribution to the country's agricultural output.<sup>28</sup>



Highest area under irrigation, with 98% of the net irrigated area.<sup>29</sup>



One of India's leading Single Window Clearance System



**Poised to become** Gateway to the North Indian Markets<sup>30</sup>

22 Invest Punjab | Agro & Food Processing

23 Punjab Bureau of Investment Promotion | Invest Punjab

24 ibid

25 Invest Punjab | Agro & Food Processing

26 DPIIT | LEADS2022: Logistics Ease Across Different States

27 Results of Ranking of States' Exercise2021 on Support to Start-up Ecosystems declared | Ministry of Commerce & Industry

28 Invest Punjab | Agro & Food Processing

29 Invest Punjab | Food Processing Industries

30 Punjab Bureau of Investment Promotion | Invest Punjab





**High cropping intensity** at 186%, which is higher than the national average of 144%.<sup>31</sup>

**Largest producer of Carrots** in the country<sup>32</sup>



**Largest producer of Pear** in the country<sup>33</sup>



**2nd largest producer of Peach**<sup>34</sup>



**2nd largest producer of Mandarin**  
 (M. Orange, Kinnow, Orange)<sup>35</sup>



<sup>31</sup> Invest Punjab | Agro & Food Processing

<sup>32</sup> Department of Agriculture & Farmers Welfare | Horticulture | State Level | Area and Production of Horticulture crops for 2021-22 (3rd Advance Estimates)

<sup>33</sup> ibid

<sup>34</sup> ibid

<sup>35</sup> ibid

3rd largest producer of **Wheat**<sup>36</sup>



3rd largest producer of **Rice**<sup>37</sup>



3rd largest producer of **Radish, Cucumber & Peas**<sup>38</sup>



3rd largest producer of **Honey**<sup>39</sup>



4th largest producer of **Muskmelon**<sup>40</sup>



5th largest producer of **Litchi**<sup>41</sup>



36RBI | Handbook of Statistics on Indian States2021-22 (3rd Advance Estimates)

37 ibid

38 Department of Agriculture & Farmers Welfare | Horticulture | State Level | Area and Production of Horticulture crops for )

39ibid

40ibid

41ibid



## 04. LOCAL FOOD SYSTEM

### 4.1 INDIGENOUS PRODUCE

Punjab (land of the five rivers) is one of the most fertile regions on earth. Punjab State which has earned the name of “Food Basket of the Country” & “Granary of India”, is the largest producer of Wheat, Rice, Cotton, Paddy, Lychee, Guava & Mandarin Orange. In 2021-22 Punjab produced 14.82<sup>42</sup> million tonnes of **wheat** which is 3rd highest after Uttar Pradesh and 12.8910 million tonnes of rice which is 3rd largest in India.

There are **five agro-climatic zones**<sup>43</sup> in Punjab favouring the cultivation of a multitude of agricultural crops, vegetables, and fruits around the year.

In 2022, the State had a gross sown area of 78.38 lakh hectares and a net sown area of 41.27 lakh hectares.<sup>44</sup>

STATE HAS RECEIVED GEOGRAPHICAL INDICATOR (GI) TAGS FOR<sup>45</sup> -



Basmati

<sup>42</sup>Economic Survey 2022-23 Statistical Appendix

<sup>43</sup> ENVIS Centre: Punjab Status of Environment & Related Issues

<sup>44</sup> RBI | Handbook of Statistics on Indian States

<sup>45</sup> Intellectual Property | Registration Details of Geographical Indications

## 4.2 KEY PRODUCTION HIGHLIGHTS



Wheat and rice cultivation cover the major portion of the cropped area<sup>46</sup>



Largest producer of **Carrots** in the country<sup>47</sup>



**Largest** producer of **Pear** in the country<sup>48</sup>



**2nd** largest producer of **Peach**<sup>49</sup>



**2nd** largest producer of **Mandarin** (Kinnow, Orange)<sup>50</sup>



**3rd** largest producer of **Wheat**<sup>51</sup>



**3rd** largest producer of **Rice**<sup>52</sup>



**3rd** largest producer of **Radish, Cucumber & Peas**<sup>53</sup>



**3rd** largest producer of **Honey**<sup>54</sup>



**4th** largest producer of **Muskmelon**<sup>55</sup>



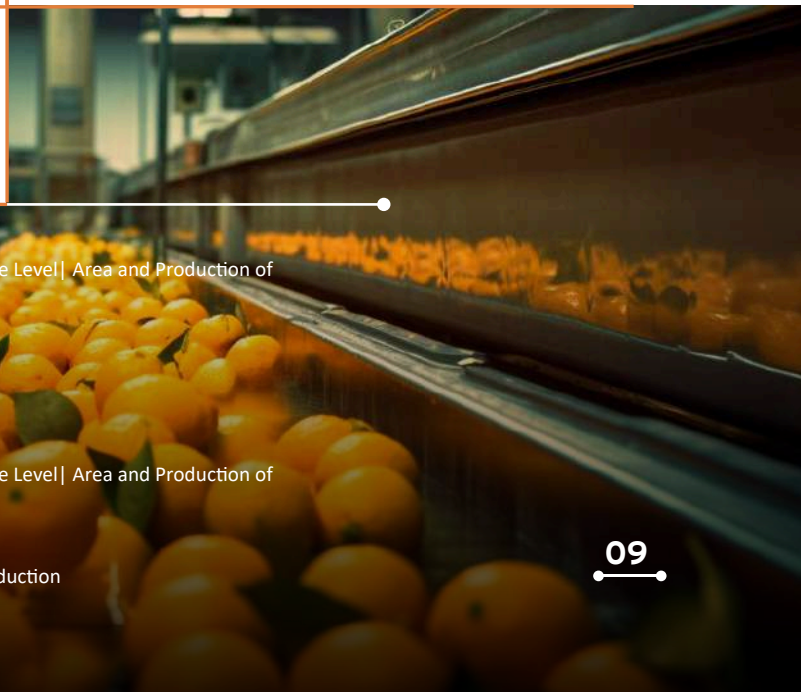
**3rd** largest producer of fruit in the country<sup>56</sup>



**7th** largest **milk** producer in India with a total production of 133.94 lakh tonnes in 2020-21.<sup>57</sup>



**2nd** largest of dilly/poppy/celery<sup>58</sup>



<sup>46</sup> ENVIS Centre: Punjab Status of Environment & Related Issues

<sup>47</sup> Department of Agriculture & Farmers Welfare | Horticulture | State Level | Area and Production of Horticulture crops for 2021-22 (3rd Advance Estimates)

<sup>48</sup> ibid

<sup>49</sup> ibid

<sup>50</sup> ibid

<sup>51</sup> ibid

<sup>52</sup> RBI | Handbook of Statistics on Indian States

<sup>53</sup> ibid

<sup>54</sup> Department of Agriculture & Farmers Welfare | Horticulture | State Level | Area and Production of Horticulture crops for 2021-22 (3rd Advance Estimates)

<sup>55</sup> ibid

<sup>56</sup> ibid

<sup>57</sup> RBI | Handbook of Statistics on Indian States | State-wise Milk Production

<sup>58</sup> ibid



KEY PRODUCTION STATISTICS ARE PRESENTED BELOW<sup>59&60</sup>

## CROPS

'000 MT

WHEAT

**17186**

COARSE CEREALS

**417.60**

SUGARCANE

**7487**

RICE

**12783.6**

## LIVESTOCK & FISHERIES

MILK

**13394** '000 tonnes

EGGS

**56512** lakh

MEAT

**224** '000 tonnes

FISH

**1.51** lakh tonnes

## FRUITS

'000 MT

MANDARIN

**1254.60**

PEACH

**46.98**

PEAR

**101.57**

MUSKMELON

**137.34**

## VEGETABLES

'000 tonnes

CARROT

**470.86**

RADISH

**274.67**

PEAS

**469.37**

POTATO

**2850.00**

## SPICES

'000 MT

RED CHILLIES

**15.88**

GARLIC

**85.20**

DIL/POPPY/CELERY

**6.10**

TURMERIC

**3.38**

<sup>59</sup> Department of Agriculture & Farmers Welfare | Horticulture | State Level | Area and Production of Horticulture crops for 2021-22 (3rd Advance Estimates)

<sup>60</sup> RBI | RBI Handbook of Statistics on Indian States



## 05. PRODUCTION CLUSTERS<sup>61</sup>

The list below showcases the Production Clusters within the State under the Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme (PMFME) -

### PICKLE & MURABBA

Amritsar



### MEAT/ CHICKEN/ POULTRY based products

Barnala



### HONEY based products

Bathinda



### JAGGERY & ALLIED products

Fatehgarh Sahib, Hoshiarpur



### KINNOW based products

Fazilka



### MILK based products

Faridkot, Mansa,  
Sri Mukatsar Sahib





**CHILLIES**

Ferozpur



**SUGARCANE**  
based products

Gurdaspur,  
Sahibzada Ajit Singh Nagar Nagar



**POTATO**  
based products

Jalandhar, Moga



**TOMATO**  
products

Kapurthala



**ANIMAL FEED**

Malerkotla



**LITCHI**  
based products

Pathankot





**Guava**

Patiala



**MANGO**

based products

Roopnagar



**MUSHROOM**

Sangrur



**PEAS**

products

Shaheed Bhagat Singh Nagar



**PEAR**

Tarntaran



**BAKERY**

based products

Ludhiana



## 06. MILLETS IN PUNJAB



Millets have been an age-old, environmentally sustainable and traditionally cultivated group of crops in Punjab, although their cultivation never attained the prominence compared to other crops. Millets played a pivotal role in sustaining the local populace during prolonged periods of drought and fluctuating rainfall patterns. To ensure food security, the State of Punjab has undertaken concerted efforts. Notably, it has established the Keti Virasat Mission (KVM), which aims to promote the adoption of organic farming practices among farmers in Punjab. Through KVM, the State is undertaking various measures to revive the cultivation of millets. Additionally, the KVM is duly recognizing and preparing to observe the International Year of Millets 2023.<sup>54</sup>

In 2020-21 the total production of coarse cereals including millets was 417.63 thousand tonnes.<sup>62</sup>

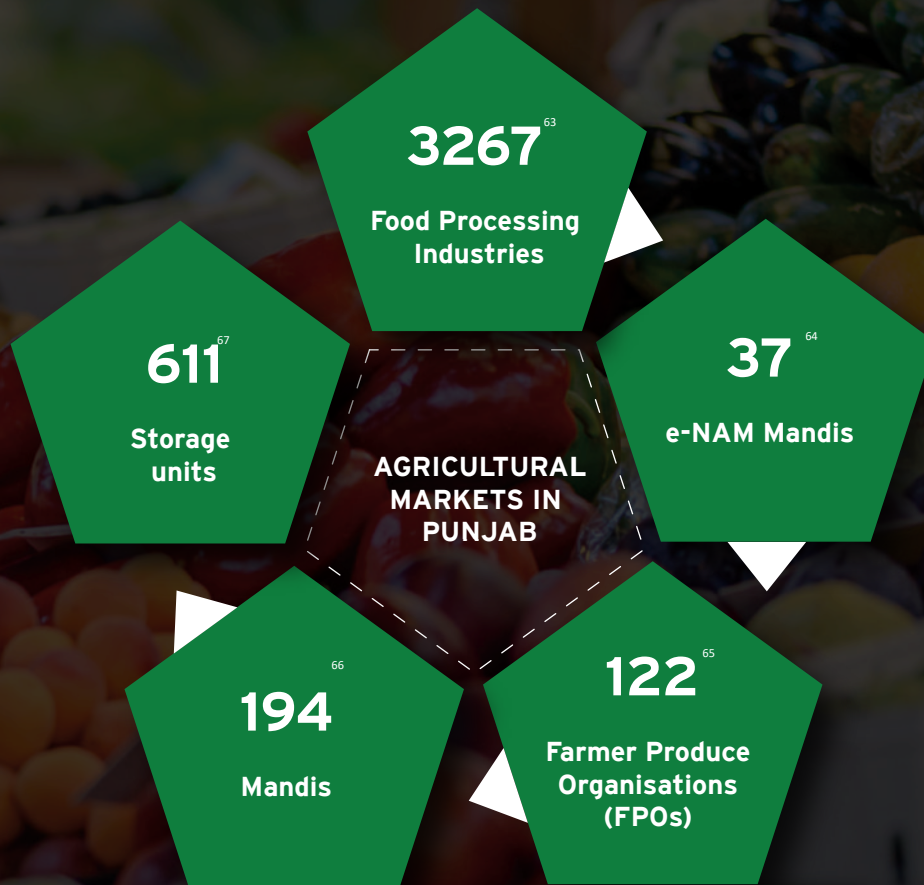
Ready-to-eat products that can be produced in the State:

- Sorghum Puffs
- Foxtail/Bajra Puffs
- Sorghum Extruded Snacks
- Foxtail/ Finger Millet Extruded Snacks
- Sorghum Cookies
- Pearl/Foxtail/Finger Millet Cookies (various flavors)
- Foxtail Millet Cake
- Millet Roti
- Millet Laddu



# 07. AGRICULTURAL MARKETING

The State constituted the Punjab State Agriculture Marketing Board (Punjab Mandi Board) in 1961. The board aims to enhance the agricultural marketing system and improve its efficiency by focussing on coordinating the work of Mandi Parishad/Mandi Committees. Additionally, the department provides facilities and support to exporters and producers, organizes conferences and seminars for agricultural exports promotion, and explore opportunities for exporting surplus produce.



<sup>63</sup> PIB | Ministry of Food Processing Industries | Food Processing Industries

<sup>64</sup> e-Nam Directory| Department of Agriculture, Cooperation & Farmers' Welfare Ministry of Agriculture & Farmers' Welfare Government of India

<sup>65</sup> DATA OF REGISTERED FPOs| Ministry of Agriculture & Farmers Welfare

<sup>66</sup> Agmarket| Directorate of Marketing & Inspection (DMI), Ministry of Agriculture and Farmers Welfare

<sup>67</sup> Ministry of Consumer Affairs, Food & Public Distribution | Storage of Food Grains



## 08. POTENTIAL OPPORTUNITIES

The five major rivers in Punjab makes the State's land rich in sediments and fertile for agriculture. With the combination of high soil fertility, robust infrastructure and State Government's initiatives for adoption of technology, Punjab is blessed with varieties of crops and horticulture production. Wheat and rice are the main food crops in the State where as maize and paddy are the major crops cultivated in the Kharif season. Punjab produces a variety of fruits and vegetables, including citrus fruits, mangoes, litchi. The processing of these fruits and vegetables into products such as pickles, juices, and canned goods can also be a focus subsector in the State.

Considering the overview of agro-climatic and socio-economic profile of the State, sub-sectors of food processing with high potential for growth in the State can be dairy products, fruits and vegetable and poultry products.

### DAIRY PRODUCT

- Punjab achieved a production of 13,394 ('000 tonnes) of milk in the year 2020-21. It contributes around 7% of the total milk requirement of the country.<sup>68,69</sup> Awarded as the 6th largest milk producer in India.<sup>70</sup>
- The Government has implemented extensive veterinary infrastructure for animal healthcare in order to remain at the top positions in the production of milk.
- Punjab State has formulated a Punjab State Cooperative Milk Producers Federation Limited popularly known as 'MILKFED' Punjab for promoting production, procurement and processing of milk for the economic development of milk producers.<sup>71</sup>
- Ready-to-Eat Products are Butter, Ghee, Curd, Cheese, UHT milk, Infant Food, Dairy Whitener, including the production of pulp, fruit leather, cold pressed juices, jams, jellies, beverages, candies, and powder.



<sup>68</sup> Opportunities in Dairy Sector in India | Ministry of Food Processing Industries

<sup>69</sup> RBI | Handbook of India Statistics

<sup>70</sup> Invest Punjab | Punjab Bureau of Investment Promotion | Government of Punjab

<sup>71</sup> The Punjab State Co-operative Milk Producer's Federation Limited



## FRUITS & VEGETABLES

- With the possession of five rivers and most cultivable land, Punjab has become among significant leader in terms of vegetable and fruits production. Onion and potato are the majorly grown vegetables along with Cabbage, Carrot, Cauliflower, Peas.
- In terms of fruits, Punjab State is known for its production of kinnow, mandarin orange, guava, muskmelon, peach, pear.
- As per RBI statistics, total vegetable production is estimated to be 5776.8 ('000 tonnes) and fruits are estimated to be 2240.6 ('000 tonnes).<sup>72</sup>
- “Integrated Hi-Tech Vegetable Production–Cum-Technology Dissemination Centre” was proposed to enhance the quality of vegetable production, improve productivity, water efficiency through usage of innovative technology.<sup>73</sup>
- Read to consume products are Jucie (Kinnow, guava), Guava candy, Pear jam/murrabah, Potato chips, Tomato puree/ketchup.

<sup>72</sup> RBI Handbook | State-wise Production of Total Vegetables

<sup>73</sup> Integrated Hi-Tech Vegetable Production – Cum-Technology Dissemination Centre | Department of Horticulture, Punjab



## POULTRY

- Poultry farming is a popular and profitable activity in the State which involves raising domesticated birds such as chickens, ducks, and turkeys for their meat and eggs. The climate in Punjab is suitable for poultry farming, with moderate to warm temperatures throughout the year.
- The State achieved a 9% growth in 2019-20 in meat production. Meat, egg, fish production in 2021-22 was 224 ('000 tonnes), 56,512 ('000 tonnes), and 1.51 lakhs tonnes respectively.<sup>74</sup>
- The Government of Punjab offers several schemes and subsidies to promote poultry farming in the State. Farmers can avail of these schemes for financial assistance and technical support.



<sup>74</sup> Invest Punjab | Punjab Bureau of Investment Promotion

# 09. GOVERNMENT OF INDIA SCHEMES FOR FOOD PROCESSING

## 9.1 SCHEMES UNDER MINISTRY OF FOOD PROCESSING INDUSTRIES<sup>75</sup>

Support rendered under the scheme of Ministry of Food Processing Industries, Government of India are mentioned below:

### 9.1.1 PRADHAN MANTRI KISAN SAMPADA YOJANA (PMKSY)

#### Brief of Scheme

Given the nature and size of processing units operating in the food processing sector, investment requirements in basic infrastructure and common facilities are enormous. In order to attract private investment to the food processing sector, the Ministry of Food Processing Industries has taken various initiatives through schemes to develop infrastructure, expand processing capacity, and provide other supportive measures for the healthy growth of the industry. To streamline these efforts, all these schemes have been integrated under a comprehensive program called the Pradhan Mantri Kisan Sampada Yojana (PMKSY), which was launched on May 3rd, 2017.

#### PMKSY has the following component schemes.

- **Mega Food Parks**
- **Integrated Cold Chain and Value Addition Infrastructure**
- **Creation/Expansion of Food Processing & Preservation Capacities (Unit Scheme)**
- **Infrastructure for Agro-Processing Clusters**
- **Creation of Backward and Forward Linkages**
- **Food Safety and Quality Assurance Infrastructure**
- **Human Resources and Institutions**
- **Operation Greens**

PMKSY is a comprehensive package that aims to establish modern infrastructure with efficient supply chain management, spanning from the farm gate to the retail outlet. This initiative not only provides a significant boost to the growth of the food processing sector in the country but also contributes to better returns for farmers. It is a crucial step towards doubling farmers' income, generating substantial employment opportunities, particularly in rural areas. Additionally, it helps reduce agricultural produce wastage, promotes higher levels of processing, and enhances the export of processed foods.

<sup>75</sup> MoFPI | Annual Report (2022- 2023)



Initially approved with a budget of INR 6,000 Crore for the period 2016-20, aligned with the 14th Finance Commission cycle, PMKSY's timeline was subsequently extended to FY 2020-21. The Government has now decided to restructure the component schemes for implementation during the 15th Finance Commission, with a total outlay of INR 4,600 crore. This revision includes the provisions for committed liabilities of its component schemes such as Mega Food Park, Creation of Backward & Forward Linkages, and Human Resources and Institution - Skill Development, Promotion Activities and HACCP, as these components have been discontinued in the 15th FC cycle. The component scheme continued during the 15th Finance Commission Cycle for new projects are:

- **Integrated Cold Chain and Value Addition Infrastructure (ICC)**
- **Creation/Expansion of Food Processing & Preservation Capacities (CEFPPC)**
- **Infrastructure for Agro-Processing Clusters (APC)**
- **Food Safety and Quality Assurance Infrastructure (FTL)**
- **Human Resource and Institutions - R&D**
- **Operation Greens**

## 9.1.2

### PRADHAN MANTRI FORMALISATION OF MICRO FOOD PROCESSING ENTERPRISES SCHEME (PMFME)

#### Introduction

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In line with the Aatmanirbhar Bharat Abhiyan initiative, the Ministry of Food Processing Industries (MoFPI) has introduced a nationwide centrally sponsored scheme called the "PM Formalisation of Micro food processing Enterprises (PMFME) Scheme." This scheme aims to provide financial, technical, and business support to establish or upgrade micro food processing enterprises. It was approved by the Union Cabinet on 20th May 2020, and the scheme's guidelines were issued on 19th June 2020. The PMFME Scheme will be implemented over a period of five years, from 2020-21 to 2024-25, with a budget allocation of INR 10,000 Crore. The scheme aims to directly assist two lakh micro food processing units by providing credit-linked subsidies.

#### Objectives

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Recognizing the significance of unorganized micro food processing enterprises and the obstacles they face; the Ministry of Food Processing Industries (MoFPI) is implementing the scheme by providing a comprehensive package of support and services. The objectives of the scheme are as under:

- **Increased access to credit by existing Micro Food Processing entrepreneurs, FPOs, Self Help Groups and Co-operatives.**
- **Integration with organized supply chain by strengthening branding & marketing**
- **Support for transition of existing 2,00,000 enterprises into formal framework.**
- **Increased access to common services like common processing facility, laboratories, storage, packaging, marketing, and incubation services.**
- **Strengthening of institutions, research, and training in the food processing sector.**
- **Increased access for the enterprises to professional and technical support.**

### **Provisions under the Scheme**

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#### **Support for setting up / upgradation of Micro Food Processing Enterprises**

- Support for setting up of new micro food processing enterprises and for upgradation of existing micro food processing enterprises are provided under the scheme.
- Organizations such as Individual entrepreneurs/ Proprietorship Firms/ Partnership Firms/ FPOs / NGOs / Cooperatives/ SHGs / Pvt. Ltd. Companies, who have established or propose to establish micro food processing unit, are eligible for financial assistance under the Scheme.
- Credit-linked capital subsidy @35% of the eligible project cost, maximum ceiling INR 10 lakhs per unit. Eligible project cost comprises cost of plant and machinery and technical civil work, but excludes cost of land/ rental or lease work shed. However, technical civil work should not be more than 30% of the eligible project cost.
- Beneficiary contribution - minimum of 10% of the project cost, balance loan from Bank.
- Applicant/Enterprise is eligible for bank loan under the Scheme, even if he has availed bank loan in other Subsidy Linked Schemes of Government. Applicant is also eligible for Interest Subvention and Top Up convergence with other relevant Government Sponsored Schemes. Lending Banks may consider sanctioning need based working capital limit to the beneficiaries, as admissible. However, no subsidy is provided on the working capital.



### Support for setting up of common infrastructure Facilities

- Organisations such as Farmer Producer Organisations (FPOs)/ Farmer Producer companies (FPCs)/ Cooperatives/Self Help groups (SHGs) and its Federation/Govt. agencies, who have established or propose to establish food processing line along with common infrastructure/value chain/incubation centres are eligible for financial assistance under this component of the Scheme.
- Credit-linked capital subsidy @35% of the eligible project cost, maximum ceiling INR 3 Crore per unit would be provided. Eligible project cost comprises cost of plant and machinery and technical civil work but excludes cost of land/rental or lease work shed. However, technical civil work should not be more than 30% of the eligible project cost.
- Total eligible project cost should not exceed INR 10 Crore. There will be no pre condition of minimum turnover and experience of the applicant organization.
- The applicant organization's contribution should be minimum of 10% of the project cost with balance required funds being loan from Bank. Before applying on the portal, the applicant organization is also required to submit in-principal approval from the lending bank for the loan envisaged in the means of finance of the project.
- Assistance of INR 50,000/- per case is provided to the applicant organisation for preparation of Detailed project report.

### Support to Self-Help Groups (SHGs)

- Seed capital @ INR 40,000/- per member of SHG for working capital and purchase of small tools
- Seed capital to be given as grant to the SHG Federations which should provide as a loan to the members of SHGs

### Branding and Marketing Support

- Grant upto 50% for Branding and Marketing support to groups of FPOs/ SHGs/ Cooperatives or an SPV of micro food processing enterprises. It is to be provided for ODOP product at the State or regional level.
- Developing a common brand and packaging including standardization and common packaging for branding.
- Marketing tie-up with national and regional retail chains and state level institutions; and Quality control to ensure product quality meets required standards.
- Support to the said activity under provisions of marketing and branding could also bring competitive price realisation according to the targeted market and customer base.

## Capacity Building

The capacity development aspect of the Scheme encompasses a wide range of initiatives aimed at empowering institutions, individuals, and groups. Training plays a pivotal role within this component. The Scheme aims to provide training to various stakeholders, including trainers such as Master Trainers and District Level Trainers, as well as District Resource Persons. Additionally, both existing and new food processing entrepreneurs, along with members of different groups such as Self-Help Groups (SHGs), Farmer Producer Organizations (FPOs), and Cooperatives, engaged in food processing activities, will receive training through the Food Processing Entrepreneurship Development Program. District Resource Persons (DRPs) are appointed by State Nodal Agencies (SNAs) to provide ongoing support to beneficiaries, including assistance with application filing, preparation of Detailed Project Reports (DPR), and guidance for formalization and operationalization processes.

### 9.1.3

#### PRODUCTION LINKED INCENTIVE SCHEME FOR FOOD PROCESSING INDUSTRY (PLISFPI)

The food processing industry in India includes manufacturing enterprises at all scales, ranging from micro to large industries. India possesses a competitive advantage due to its abundant resources, a sizable domestic market, and opportunities for promoting value-added products. To unlock the full potential of this sector, Indian companies need to enhance their competitive strength compared to global counterparts in terms of output scale, productivity, value addition, and their integration into the global value chain.

The Central Sector Scheme known as the Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) aims to support the establishment of global food manufacturing champions in line with India's abundant natural resources. It also aims to promote Indian food product brands in international markets. The scheme has a budget allocation of INR 10,900 crore. The PLISFPI has been developed based on the Production Linked Incentive scheme of NITI Aayog under the "Aatma Nirbhar Bharat Abhiyaan for Enhancing India's Manufacturing Capabilities and Enhancing Exports." The scheme will be implemented over a period of six years, from 2021-22 to 2026-27.

The objectives of the scheme are to provide support to food manufacturing entities that meet the specified minimum sales criteria and are willing to make the required minimum investment for expanding their processing capacity. The scheme also aims to offer branding support for promoting Indian brands in international markets, with the intention of incentivizing the development of strong Indian food product brands. The scheme seeks to not only facilitate the establishment of global food manufacturing champions but also to enhance the presence and acceptance of selected Indian food product brands in international markets. In addition, the scheme aims to generate more employment opportunities in non-farm sectors, ensure better prices for agricultural produce, and increase income for farmers.



The first component of the Scheme focuses on providing incentives for the manufacturing of four primary food product segments, namely *Ready to Cook/ Ready to Eat (RTC/ RTE) foods, including products based on millets, processed fruits & vegetables, marine products, and mozzarella cheese.* The second component is dedicated to the production of innovative and organic products by Small and Medium Enterprises (SMEs) in these four segments. This includes products such as free-range eggs, poultry meat, and egg products. The third component is centered around offering support for branding and marketing activities overseas. This aims to encourage the development of strong Indian brands through in-store branding, renting of shelf space, and marketing initiatives.

An additional element pertaining to Millet Based Products was incorporated into the scheme. This inclusion aimed to promote the utilization of millets in Ready to Cook/Ready to Eat (RTC/RTE) products and provide incentives for their value addition and sale in both domestic and export markets under the PLI Scheme. The millet-based products with over 15% millet content by weight/volume are covered under this component.

### Approved Applications under PLISFPI Scheme

| SCHEME     | SEGMENT             | NO. OF APPROVALS | TOTAL |
|------------|---------------------|------------------|-------|
| CATEGORY 1 | RTE/RTC             | 12               | 56    |
|            | Fruits & Vegetables | 29               |       |
|            | Marine              | 11               |       |
|            | Mozzarella Cheese   | 4                |       |
| CATEGORY 2 | Innovative          | 2                | 16    |
|            | Organic             | 14               |       |
| CATEGORY 3 | B&M                 | 78               | 78    |
| PLISMBP    | Large Entities      | 8                | 30    |
|            | MSME                | 22               |       |

### Achievements of MoFPI schemes in Punjab (as on date: 31.05.2023)<sup>76</sup>

#### PRADHAN MANTRI KISAN Sampada YOJANA (PMKSY) SCHEME

| SCHEME NAME                               | NO. OF PROJECTS APPROVED | TOTAL PROJECT COST (INR CR.) |
|---|--------------------------|------------------------------|
| Mega Food Park                            | 3                        | 355.82                       |
| COLD CHAIN                                | 24                       | 531.53                       |
| AGRO PROCESSING CLUSTERS                  | 3                        | 70.50                        |
| CEFPPC UNIT/ FOOD PROCESSING UNIT         | 17                       | 388.43                       |
| CREATION OF BACKWARD AND FORWARD LINKAGES | 4                        | 52.25                        |
| FOOD TESTING LABORATORY                   | 9                        | 37.56                        |
| OPERATION GREENS                          | 1                        | 45.29                        |

#### PRODUCTION LINKED INCENTIVE SCHEME FOR FOOD PROCESSING INDUSTRY (PLISFPI)

| SCHEME NAME   | NO. OF PROJECTS APPROVED | TOTAL PROJECT COST (INR CR.) |
|---|--------------------------|------------------------------|
| FOOD PROCESSING FACTORIES UNDER PLI (production linked incentive) | 7                        | 134.93                       |

#### PRADHAN MANTRI FORMALIZATION OF MICRO FOOD PROCESSING ENTERPRISE SCHEME (PMFME)

| SCHEME NAME  | NO. OF PROJECTS APPROVED |
|--|--------------------------|
| MICRO ENTERPRISES APPROVED UNDER FME (Formalisation of Micro Food Processing Enterprises Scheme) | 1087                     |
| INCUBATION CENTRES   | 1                        |

<sup>76</sup> Ministry of Food Processing Industries



## 9.2 SCHEMES BY ALLIED MINISTRIES

Support rendered under various schemes of Allied Ministries of the Government of India is mentioned below:

### 1 Mission for Integrated Development of Horticulture (MIDH) Scheme<sup>77</sup>

A centrally sponsored scheme under the Ministry of Agriculture and Farmers Welfare for the holistic growth of the horticulture sector covering fruits, vegetables, root & tuber crops, mushrooms, spices, flowers, aromatic plants, coconut, cashew, cocoa, and bamboo. Under MIDH, financial assistance is provided for following major interventions/activities:

- Setting up of nurseries, tissue culture units for production of quality seed and planting material;
- Area expansion i.e. Establishment of new orchards and gardens for fruits, vegetables, and flowers;
- Rejuvenation of unproductive, old, and senile orchards;
- Protected cultivation, i.e. poly-house, green-house, etc, to improve the productivity & grow off season high value vegetables and flowers;
- Organic farming and certification;
- Creation of water resources structures and watershed management;
- Bee-keeping for pollination;
- Horticulture Mechanization;
- Creation of Post Harvest Management and Marketing infrastructure.

### 2 National Agriculture Infra Financing Facility (NAIFF) Scheme<sup>78</sup>

The National Agriculture Infra Financing Facility (NAIFF) is an online single window facility under the aegis of the Department of Agriculture & Farmers Welfare. The objective of the initiative is to provide impetus for development of farm gate and aggregation point, affordable and financially viable Post Harvest Management infrastructure, with a financing facility worth INR 1,00,000 Crores, by converging all schemes of Central & State Governments.

### 3 Fisheries and Aquaculture Development Infrastructure Fund (FIDF)<sup>79</sup>

Government of India has created a dedicated fund, FIDF, implemented by the National Fisheries Development Board with a total fund outlay of INR 7522.48 crore (US\$ 940.31 Million). Under FIDF, creation of fisheries infrastructure facilities both in marine and inland fisheries sectors are augmented, including fishing harbours, fish landing centres, construction of ice plants, cold storage, transport facilities etc.

<sup>77</sup> Mission for Integrated Development of Horticulture (MIDH)

<sup>78</sup> National Agriculture Infra Financing Facility

<sup>79</sup> Department Of Fisheries

## 4 Pradhan Mantri Matsya Sampada Yojana (PMMSY) Scheme<sup>80</sup>

Pradhan Mantri Matsya Sampada Yojana (PMMSY) is a flagship scheme under the Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying to facilitate the Blue Revolution, promoting sustainable and accountable growth in the fisheries industry in India, an approximate investment of INR 20050 crores (US\$ 2.51 Billion) has been allocated. This investment aims to ensure comprehensive development of the fisheries sector, while also prioritizing the well-being of fishers. Supporting activities under PMMSY:

- Enhancement of Production and Productivity
- Infrastructure and Post-harvest management
- Fisheries management & Regulatory framework

## 5 Animal Husbandry Infrastructure Development Fund (AHIDF)<sup>81</sup>

The Department of Animal Husbandry and Dairying is implementing the Animal Husbandry Infrastructure Development Fund (AHIDF) scheme with an outlay of INR 15000 crore (US\$ 1.88 Billion) under the Atma Nirbhar Bharat Abhiyan stimulus package. The objective of the scheme is to help increase milk and meat processing capacity and product diversification in the country.

## 6 Dairy Processing & Infrastructure Development Fund (DIDF)<sup>82</sup>

DIDF is implemented with a total outlay of INR. 11,184 crores with National Bank for Agriculture and Rural Development (NABARD), comprising a corpus fund of INR 8004 crores have been set up for the creation of dairy processing infrastructure. The objective is to provide subsidized loans @6.5% to capital-stressed milk cooperatives for replacing their decades-old chilling and processing plants and addition of value-added product plants. The National Dairy Development Board (NDDB) is the implementing agency of the fund.

## 7 Agriculture Export Promotion Plan Scheme of APEDA (Agricultural and Processed food Products Export Development Authority)<sup>83</sup>

The Agriculture Export Promotion Plan Scheme of APEDA supports the development and promotion of export of products like, Fruits, vegetables and their products, Meat and meat products, Poultry and poultry products, Dairy products, Confectionary, biscuits, and bakery products, etc. The scheme is designed to boost agricultural product exports, offers support to exporters by addressing challenges in the industry. It accomplishes this by understanding exporter difficulties, providing necessary assistance to overcome obstacles, and offering financial aid in areas such as export infrastructure development, quality enhancement, and market expansion. The scheme focuses on three broad components viz,

- Infrastructure Development
- Market Development
- Product Quality Development

## 8 Credit Linked Capital Subsidy Scheme (CLCSS) of Ministry of MSME (Ministry of Micro, Small and Medium Enterprises)<sup>84</sup>

The objective of the CLCSS Scheme is to facilitate technology up-gradation in MSEs by providing interest subsidy on upgrade of plant & machinery with state-of-the-art technology. The scheme provides an upfront capital subsidy of 15% (on institutional finance of upto INR 1 crore availed by them) for induction of well-established and improved technology.

<sup>80</sup> Pradhan Mantri Matsya Sampada Yojana

<sup>81</sup> Animal Husbandry Infrastructure Development Fund (AHIDF) | Department of Animal Husbandry and Dairy

<sup>82</sup> Dairy processing & Infrastructure Development Fund (DIDF) | Department of Animal Husbandry and Dairy

<sup>83</sup> Agriculture And Processed Foods Export Promotion Scheme of APEDA for the 15th Finance Commission Cycle (2021-22 To 2025-26)

<sup>84</sup> Credit Linked Capital Subsidy Scheme for Technology Upgradation | Ministry of Micro, Small & Medium Enterprises Credit Linked Capital Subsidy Scheme



9

### Venture Capital Assistance Scheme of SFAC (Small Farmers' Agri-Business Consortium)<sup>85</sup>

Venture Capital Assistance is financial support in the form of an interest-free loan provided by SFAC (Small Farmers' Agri-Business Consortium) to qualifying projects to meet the shortfall in the capital requirement for the implementation of the project.

10

### A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)<sup>86</sup>

ASPIRE- A scheme for promotion of Innovation, Rural Industry and Entrepreneurship, is being implemented by the Ministry of Micro, Small & Medium enterprises (MSME). The objective of the scheme is to set up a network of technology centres and to set up incubation centers to accelerate entrepreneurship and to promote startups for innovation in the agro-industry. The scheme also envisages programmes to facilitate Forward and Backward linkages with multiple value chain of manufacturing and service delivery will also be put in place

11

### Pradhan Mantri Kaushal Vikas Yojana (PMKVY)<sup>87</sup>

PMKVY is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE), implemented by National Skill Development Corporation. The objective of the PMKVY scheme is to encourage and promote skill development in the country by providing free short-duration skill training and incentivizing this by providing monetary rewards to youth for skill certification. The overall idea was to boost the employability of youth corresponding to the industrial demand. The scheme can be leveraged for skill development in the food processing sector



<sup>85</sup> Small Farmers' Agri-Business Consortium | Venture Capital Assistance Scheme

<sup>86</sup> A Scheme For Promotion Of Innovation, Rural Industries & Entrepreneurship (ASPIRE) | Ministry of Micro, Small & Medium Enterprises

<sup>87</sup> Pradhan Mantri Koshal Vikas Yojana | Ministry of Skill Development & Entrepreneurship

## 9.3

### GOVERNMENT OF INDIA INCENTIVES FOR THE FOOD PROCESSING SECTOR

#### Income tax incentive to the Food Processing sector<sup>88</sup>

- 100% deduction profits and gains for new Food Processing Units for the initial 5 assessment years and 25% (30% for companies) for the next 5 years.
- 100% deduction on the expenditure on capital invested for setting up and operating Cold Chain and Warehouse Storage facilities for agricultural produce.



#### Agro-Processing included in Priority Sector Lending

- Loans for food and agro-processing up to an aggregate sanction limit of INR 100 crore per borrower classified under agricultural activity for Priority Sector Lending (PSL) - RBI Master Directions dated 4th September, 2020.
- Loans to MSMEs engaged in "food and agro-processing" are eligible for classification under Priority Sector Lending (PSL).



#### 100% FDI permitted

- 100% FDI permitted under automatic route in manufacturing of food products since 2016-17.
- 100% FDI allowed through Government-approval route for retail trading, including through e-commerce, in respect of food products manufactured/ produced in India since 2016-17.



#### Automatic Route

Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from the Government of India for the investment.

#### Government Route

Under the Government Route, prior to investment, approval from the Government of India is required. Proposals for foreign direct investment under Government route, are considered by respective Administrative Ministry/ Department.

<sup>88</sup> "Key Reforms in the Food Processing Sector Since 2014-15" | MoFPI



## 10. STATE GOVERNMENT INITIATIVES AND SCHEMES

State Government has undertaken several reforms to offer an enabling and investor-friendly business climate for investors keen on setting up business in the State. Some of the key EoDB initiatives by the State are included in Table :

### 'Punjab business first portal'



is a single window portal which was awarded silver recognition under Digital initiative for ease of doing business as the same is integrated to national single window system. The portal offers a one-stop solution to investors in obtaining all State-related regulatory approvals and fiscal incentives. Smart dashboards for applying incentives and end to end online & transparent system tracing the application processes is also a major highlight of the system<sup>89</sup>.

 [pbindustries.gov.in](http://pbindustries.gov.in)

### A. State Industrial Land Bank



The facility is a GIS system created to showcase land and infrastructure availability for businesses. The system has information related to, Government owned factories and offices, and shows the land costs, tariffs, how easy it is to get there, and what utilities (like electricity and water) are available.

 [investpunjab.gov.in](http://investpunjab.gov.in)

### B. Central Industrial Land Bank Portal

Industrial parks serving as a one-stop repository of all infrastructure-related information such as connectivity, infra, natural resources and terrain, plot-level information on vacant plots, and contact details

 [iis.ncog.gov.in](http://iis.ncog.gov.in)



### MSME-D - Micro, Small and Medium Enterprises Development Act, 2006

Created councils in 22 districts under MSMED Act, 2006 for support in resolution of payment issues for Micro, and small enterprises, established PAN India.<sup>90</sup>

<sup>89</sup> Invest Punjab India | 23 Reasons to invest Punjab

<sup>90</sup> Invest Punjab India | 23 Reasons to invest Punjab



### Punjab Anti-Red Tape Act, 2021

The State Government has implemented the said act to eliminate red-tapism and improve ease of doing business in the State. The Act mandates to reduce the compliance burden to businesses and citizens by 50%.



### Public Procurement (Preference to Make in Punjab) Order, 2019

Government of Punjab launched the initiative for industries to incentivize local value addition by providing them a purchase preference from the State Government. The said order is for promoting manufacturing and production of goods in Punjab with a view to enhance income and job opportunities<sup>91</sup>

Punjab is one of the most preferable place for establishment of food and allied industries as the State offers robust infrastructure, skilled labour, ease of logistics, reduced compliance through various initiatives, speedy approvals and incentives. Key incentives available for the food processing industry under major policies are summarized in the table below:

## KEY INITIATIVES

## PUNJAB INDUSTRIAL & BUSINESS DEVELOPMENT POLICY 2022 <sup>92</sup>

### INCUBATORS

| Nature of Incentive             | Extent of Incentive   |
|---------------------------------|---|
| Capital Investment subsidy      | Govt. Host Institutes: 100% capital grant of FCI, up to INR 1 Cr.<br>Private Host Institutes & Stand-alone Incubators: 50% capital grant of FCI, up to INR 50 lakh. |
| Recurring Expense Reimbursement | Operational Subsidy assistance up to INR 3 lakh per year for 5 years.   |
| Mentoring & Training            | Mentoring Assistance support up to INR 3 lakh per year for 5 years to address priority issues like fundraising, scaling, recruitment, and product interface.        |
| Startup Competition Assistance  | Assistance up to INR 5 lakh per event for organizing startup competition fest to encourage the entrepreneurship culture in colleges.                                |

<sup>91</sup> Government of Punjab | Department of Industries and Commerce

<sup>92</sup> Punjab Industrial and Business Development Policy 2022



## STARTUP UNITS

| Nature of Incentive                  | Extent of Incentive   |
|--------------------------------------|---|
| <b>Interest Subsidy</b>              | 8% per annum interest subsidy for 5 years, on loans obtained from scheduled banks/financial institutions, with a maximum limit of INR 5 lakh per year. No separate interest subsidy will be provided as MSME.                               |
| <b>Lease rental subsidy</b>          | Reimbursement of 25% of lease rental subsidy, up to INR 3 lakh per annum for 1 year.  |
| <b>Seed Funding</b>                  | Seed Grant up to INR 3 lakh per startup for validation of idea, prototype development, assistance towards travelling costs and carrying out field/market research/ skill training/ marketing and initial activities to setup a Startup etc. |
| <b>Scale up Funding</b>              | Facilitation of Venture Capital through Punjab Innovation Fund, which will have a dedicated fund of INR 150 Cr to facilitate venture capital.   |
| <b>Reimbursement from Stamp Duty</b> | 100% reimbursement from Stamp Duty on registration of MoA/AoA for Punjab-based startups.  |

## FISCAL INCENTIVES FOR MSME UNITS

### A. ACCESS TO FINANCE

| Nature of Incentive   | Extent of Incentive  |
|---|--|
| <b>Investment subsidy (reimbursement of net SGST)</b>                                   | 100% reimbursement of net SGST for 7 years from the date of commercial production, capped at 100% of FCI.  |
| <b>Capital subsidy to New Micro and Small manufacturing enterprises</b>                 | 50% of Fixed Capital Investment, up to INR 50 Lakh per unit in specified districts (Border districts, Kandi areas, Aspirational Districts, and Districts Bathinda, Faridkot, Mansa, Muktsar, Sangrur, Malerkotla, Barnala), and 20% of FCI, up to INR 50 Lakhs in other districts. |
| <b>Interest Subsidy for Border Districts, Kandi Areas, and Women and SC Enterprises</b> | 5% per annum interest subsidy, up to INR 5 lakh per year for 5 years.  |

|   |   |
|---|---|
| <b>Additional State Support of interest subsidy under CLCSS</b>                               | 5% interest subsidy, up to INR 5 lakh per year for 5 years, for units eligible under CLCSS scheme.  |
| <b>Additional State Support of reimbursement of guarantee fee charged under CGTMSE Scheme</b> | 100% reimbursement of guarantee fee, up to INR 2 lakh per year for 5 years to micro and small enterprises from the date of commercial production. |
| <b>Financial assistance to MSMEs for 'Emerge' exchange platform set up by NSE</b>             | 25% of the cost of Public Issue expenses, up to INR 10 lakhs.   |

## B. ACCESS TO INFRASTRUCTURE

| Nature of Incentive                            | Extent of Incentive  |
|--|--|
| <b>Exemption from Electricity Duty</b>         | 100% exemption for 7 years up to 100% of FCI or 100% exemption on power consumption corresponding to the Electric Load (KW) required for the installed capacity as recorded in the approved DPR whichever is lower required, whichever is lower. |
| <b>Exemption/Reimbursement from Stamp Duty</b> | 100% exemption/reimbursement from stamp duty for land and building purchases or leases.  |

## C. ACCESS TO TECHNOLOGY

| Nature of Incentive                                  | Extent of Incentive  |
|--|--|
| <b>Assistance for Technology Acquisition</b>         | 50% of the cost, up to INR 25 lakhs, for adopting technology from a recognized National Institute.   |
| <b>Additional support to ZED scheme of GOI</b>       | Reimbursement of 50% of expenses, up to INR 5 lakh, incurred on plant and machinery/testing equipment for obtaining at least gold category status under ZED scheme to First 100 units. |
| <b>Reimbursement of expenses incurred for Audits</b> | 75% reimbursement, up to INR 1.5 lakh each for energy/environment/steam audit /water audit and Safety Audit  |

|   |  |
|---|--|
| <p><b>Assistance for Environmental Compliance</b></p>                     | <p>50% financial support, up to a maximum of INR 25 lakh, for setting up effluent treatment plants, installing Water Pollution Control Devices, and implementing zero liquid discharge technology once during the validity period of the Policy.</p>   |
| <p><b>Exemption from Ground Extraction Charges for new MSME units</b></p> | <p>(a) For industries using surface water for 50% of their total water requirement, a 25% exemption from ground water charges for 7 years from the date of commercial production.</p> <p>(b) The Department of Water Resources will work with the Punjab Water Resource Development Authority to rationalize the ground water charges.</p> |

#### D. FISCAL INCENTIVES FOR LARGE UNITS

| Nature of Incentive  | Extent of Incentive   |
|--|---|
| <p><b>Investment subsidy (reimbursement of net SGST)</b></p> | <p>75% of net SGST for 7 years from the date of commercial production, capped at 100% of Fixed Capital Investment (FCI)</p>       |
| <p><b>Exemption from Electricity Duty</b></p>                | <p>100% exemption for 10 years up to 100% of FCI or power consumption corresponding to installed capacity, whichever is lower</p> |
| <p><b>Exemption/reimbursement from Stamp Duty</b></p>        | <p>100% exemption/reimbursement from Stamp Duty for land and building purchase or lease</p>                                       |
| <p><b>Exemption from Property Tax</b></p>                    | <p>50% exemption for 7 years from the date of commercial production (excluding service industries)</p>                            |



## E. FISCAL INCENTIVES FOR UNITS IN THRUST SECTORS

| Nature of Incentive                            | Extent of Incentive  |
|--|--|
| Investment subsidy (reimbursement of net SGST) | 100% of net SGST for 10 years from the date of commercial production, capped at 125% of FCI                                |
| Exemption from Electricity Duty                | 100% exemption for 10 years up to 100% of FCI or power consumption corresponding to installed capacity, whichever is lower |
| Exemption/reimbursement from Stamp Duty        | 100% exemption/reimbursement from Stamp Duty for land and building purchase or lease                                       |
| Exemption/reimbursement from CLU/EDC           | 100% exemption/reimbursement from Change of Land Use (CLU) and External Development Charges (EDC)                          |
| Exemption from Property Tax                    | 100% exemption for 10 years from the date of commercial production (excluding service industries)                          |

## F. ADDITIONAL SECTOR-SPECIFIC SPECIAL INCENTIVES

| Nature of Incentive        | Extent of Incentive   |
|----------------------------|---|
| Food Processing Industries | Exemption of market fee, rural development fee, and other State taxes and fees on raw material for food processing industries |

## 11. REGULATORY FRAMEWORK: REGISTRATION/NOCS/ LICENSES

Table below represents the indicative information regarding Regulatory Mechanism available in the State of Punjab.

### FOR STARTING OPERATIONS

| S.No | Name of Service  | Authority/ Agency/ Office/<br>Department officer granting approval |
|------|--|--|
| 1.   | License for Cold Storage   | Directorate of Food Processing                                     |
| 2.   | Registration under FSSAI Act,2006, regulation 2011                                   | FSSAI, Health & Family Welfare Department, & Food Safety           |
| 3.   | License under FSSAI Act,2006, regulation 2011  | FSSAI, Health & Family Welfare Department, & Food Safety           |
| 4.   | License under Contract Labour Act, (Regulation and Abolition), 1970                  | Labour Commissionerate   |
| 5.   | Registration under GST (Goods and Services Tax Rules, 2017)                          | Department of Goods and Services Tax                               |
| 6.   | Consent to Operate (CTO)-Air   | Punjab Pollution Control Board                                     |
| 7.   | Consent to Operate (CTO)-Water   | Punjab Pollution Control Board                                     |
| 8.   | Hazardous Waste Management   | Punjab Pollution Control Board                                     |
| 9.   | Application for Registration / Grant of Factory Licence under the Factories Act 1948 | Department of Factories  |
| 10.  | Application for Grant Provisional Fire Safety Certificate                            | Department of Fire Safety  |
| 11.  | Application for Grant Final Fire Safety Certificate                                  | Department of Fire Safety  |

## FOR SETTING UP OF BUSINESS

| S.No | Name of Service   | Authority/ Agency/ Office/<br>Department officer granting approval |
|------|---|--|
| 12.  | Land allotment in departmental industrial eStates                     | Director Of Commerce & Industries                                  |
| 13.  | Application for new connection LT / HT line non-domestic / industrial | Punjab State Power Corporation Limited                             |
| 14.  | Water Connection  | Department of Local Government                                     |
| 15.  | Sewer Connection  | Department of Local Government                                     |
| 16.  | Land allotment in departmental industrial eStates                     | Director Of Commerce & Industries                                  |
| 17.  | Notice of completion and permission to occupy                         | Department of Local Government                                     |
| 18.  | Notice of Completion and Part Completion                              | Department of Housing and Urban Development                        |
| 19.  | Notice of Permission to Occupy  | Department of Housing and Urban Development                        |
| 20.  | Building Plan Approvals   | Department of Local Government                                     |
| 21.  | Building Plan Approvals   | Department of Housing and Urban Development                        |
| 22.  | Building Plan Approvals (Factories)                                   | Department of Factories  |
| 23.  | Site Plan Approval under the Factories Act, 1948                      | Labour & Employment Department                                     |

## FOR SETTING UP OF BUSINESS

| S.No | Name of Service                     | Authority/ Agency/ Office/<br>Department officer granting approval |
|------|-------------------------------------|--|
| 24.  | Renewal of License for Cold Storage | Directorate of Food Processing                                     |



## 12. MAJOR PLAYERS IN FOOD PROCESSING AND ALLIED SECTORS

### BENEFICIARIES UNDER PLI SCHEME OF MOFPI, GOVERNMENT OF INDIA

| NAME OF THE FIRM                                    | LOCATION  |
|---|-----------|
| Iscon Balaji Foods Private Limited                  | Ludhiana  |
| Gujarat Co- Operative Milk Marketing Federation Ltd | Ludhiana  |
| Del Monte Foods Private Limited                     | Ladhowal  |
| Varun Beverages Ltd.                                | Pathankot |
| Hindustan Unilever Limited                          | Rajpura   |

### BENEFICIARIES UNDER MEGA FOOD PARK SCHEME, UNDER PMKSY SCHEME OF MOFPI, GOVERNMENT OF INDIA (OPERATIONAL UNITS)

| NAME OF THE FIRM                                       | LOCATION |
|--|----------|
| International Mega Food Park Ltd. ,<br>Fazilka, Punjab | Fazilka  |
| Sukhjit Mega Food Park & Infra Ltd. Kapurthala         | Ludhiana |

**BENEFICIARIES UNDER INTEGRATED COLD CHAIN AND VALUE ADDITION INFRASTRUCTURE SCHEME, UNDER PMKSY SCHEME OF MOFPI, GOVERNMENT OF INDIA (OPERATIONAL UNITS)**

| <b>NAME OF THE FIRM</b>                        | <b>LOCATION</b> |
|--|-----------------|
| B.D. Agro                                      | Kapurthala      |
| Alchemist Foods Ltd                            | Ropar           |
| International Fresh Farm Products (India) Ltd. | Sangrur         |
| Kool Tech Infra & Logistics                    | Kapurthala      |
| Pagro Frozen Foods Pvt. Ltd.                   | Fatehgarh Sahib |
| Supreme Agro Foods Pvt. Ltd.                   | Ludhiana        |
| Resource Foods Pvt Ltd                         | Patiala         |
| Chanakya Dairy Products Limited                | Fatehgarh Sahib |
| K.F. Milk Foods                                | Jalandhar       |
| Sangha Refrigeration                           | Jalandhar       |
| Goyal Farm Fresh                               | Mohali          |
| Asianlak Health Foods Ltd.                     | Ludhiana        |
| Kathpal Dairies Unit-II                        | Moga            |
| Siberian Tiger Foods                           | Amritsar        |
| Pagro Frozen Foods Pvt. Ltd.                   | Fatehgarh Sahib |
| Hargur Milk Products Private Limited           | Patiala         |
| A.S.Frozen Foods                               | Nawansher       |
| PRS Milk Products Pvt Ltd                      | Fatehgarh Sahib |
| Native Farm Food                               | Fazilka         |
| P. Star Agro Products                          | Hoshiarpur      |

**BENEFICIARIES UNDER INFRASTRUCTURE FOR AGRO-PROCESSING CLUS-TERS SCHEME (APC) SCHEME, UNDER PMKSY SCHEME OF MOFPI, GOVERNMENT OF INDIA (OPERATIONAL UNITS)**

| <b>NAME OF THE FIRM</b>              | <b>LOCATION</b>                      |
|--------------------------------------|--------------------------------------|
| M/s T R Mega Foods and Beverages LLP | M/s T R Mega Foods and Beverages LLP |

**BENEFICIARIES UNDER CREATION / EXPANSION OF FOOD PROCESSING & PRESERVATION CAPACITIES (CEFPPC) SCHEME, UNDER PMKSY SCHEME OF MOFPI, GOVERNMENT OF INDIA (OPERATIONAL UNITS)**

| <b>NAME OF THE FIRM</b>               | <b>LOCATION</b> |
|---------------------------------------|-----------------|
| M/s Godrej Tyson Foods Ltd            | Ludhiana        |
| M/s Schreiber Dynamix Diaries Pvt Ltd | Fazilka         |
| M/s Meat Masters                      | Ludhiana        |
| M/s Iscon Balaji Foods Pvt Ltd        | Ludhiana        |
| M/s Sharman Jain Sweets               | Ludhiana        |

**BENEFICIARIES UNDER CREATION OF BACKWARD AND FORWARD LINKAGES UNIT, UNDER PMKSY SCHEME OF MOFPI, GOVERNMENT OF INDIA (OPERATIONAL UNITS)**

| <b>NAME OF THE FIRM</b>              | <b>LOCATION</b> |
|--------------------------------------|-----------------|
| M/s Goverdhan Industries             | Fazilka         |
| M/s Rai Poultries                    | Amritsar        |
| M/s Balaji Multipurpose Cold Storage | Patiala         |

**BENEFICIARIES UNDER OPERATION GREENS (OG) SCHEME, UNDER PMKSY SCHEME OF MOFPI, GOVERNMENT OF INDIA (OPERATIONAL UNITS)**

| <b>NAME OF THE FIRM</b>           | <b>LOCATION</b> |
|-----------------------------------|-----------------|
| Royale Agro Processing Industries | Mohali          |



## 13. LIST OF FARMER PRODUCER ORGANISATIONS

A total of 122 Farmer Producer Organisations (FPO) are present in the State and out of which the following indicative list in Table represents FPOs with major crop/produce production of the State. The overall details of FPOs in the State are available at APEDA Farmer Connect FPO Directory.



| NAME OF THE FIRM <sup>93</sup>                               | ADDRESS / CONTACT  | COMMODITY   |
|--|--|---|
| Amrit Dhara  | Vill. Bhatolian P.O. Bhunga  | Wheat, Potato, Rice, Sugarcane, Maize, Mustard, Turmeric, Vegetables  |
| Burj Mehma   | Vpo Burj Mehma   | Raw Milk, Dairy   |
| Freshcrop Farmer Producer Company Limited                    | Sooch Farm, Vill Pahadipur, Patiala  | Vegetables, Fresh Vegetables, Onion   |
| Green Focus Farmer Producer Company Limited                  | Bhawanigarh, Dist Sangrur  | Vegetables, Onion Garlic Paste, Onion, Food Products  |
| Jagraon Farmer Vegetable Producer Company Limited            | H.No.-58, Village Bahadar Ke, Tehsil Jagraon, Ludhiana-142026, Punjab              | Cauliflower, Cabbage, Tomato, Raddish, Carrot, Garlic, Chilli, Capsicum, Bottle Gourd, Cucumber, Okra   |
| Nojvan Farmer Producer Company Limited                       | Ghanour, Dist Patiala  | Honey, Apiculture, Pollan   |
| Progressive Vegetable Grower Farmer Producer Company Limited | 34 A, Passi Nagar, Phase Iii, Pakhowal Road, Ludhiana-141001, Punjab, India        | Cauliflower, Pea, Cabbage, Tomato, Radish, Carrot, Onion, Brinjal, Okra, Round Gourd, Ridge Gourd, Bitter Gourd, Cucumber, Water Melon, Chili |
| Samana Farmers Vegetable Producer Company Limited            | H.No.-204, Dhanory Patiala, Punjab-147101  | Cauliflower, Pea, Cabbage, Tomato, Radish, Carrot, Onion, Brinjal, Okra, Round Gourd, Ridge Gourd, Bitter Gourd, Cucumber, Water Melon, Chili |
| Samrala Farmers Vegetable Producer Company Limited           | Village Dayalpura, P.O Ghungrali Sikhan, Tehsil- Samrala, Samrala- 141 114, Punjab | Brinjal, Okra, Round Gourd, Water Melon, Chili, Tomato, Cauliflower, Pea, Cabbage, Radish, Carrot, Onion, Garlic                              |
| The Unati Cooperative Marketing-Cum-Processing Society Ltd.  | 5 Km Talwara Milestone, Near Mhc Powerhouse No 1, Talwara, Distt Hoshiarpur        | Amla, Aloe Vera, Giloye, Harar, Bittergourd, Jamun, Wheatgrass, Tulsi, Turmeric.  |
| Khamano Farmers Producer Company Limited (KFPCL)             | Village: Kotla Badla, Khamano, Fatehgarh Sahib                                     | Vegetables & Dairy  |

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