

Production Linked Incentive Scheme Food Processing Sector

May 2021

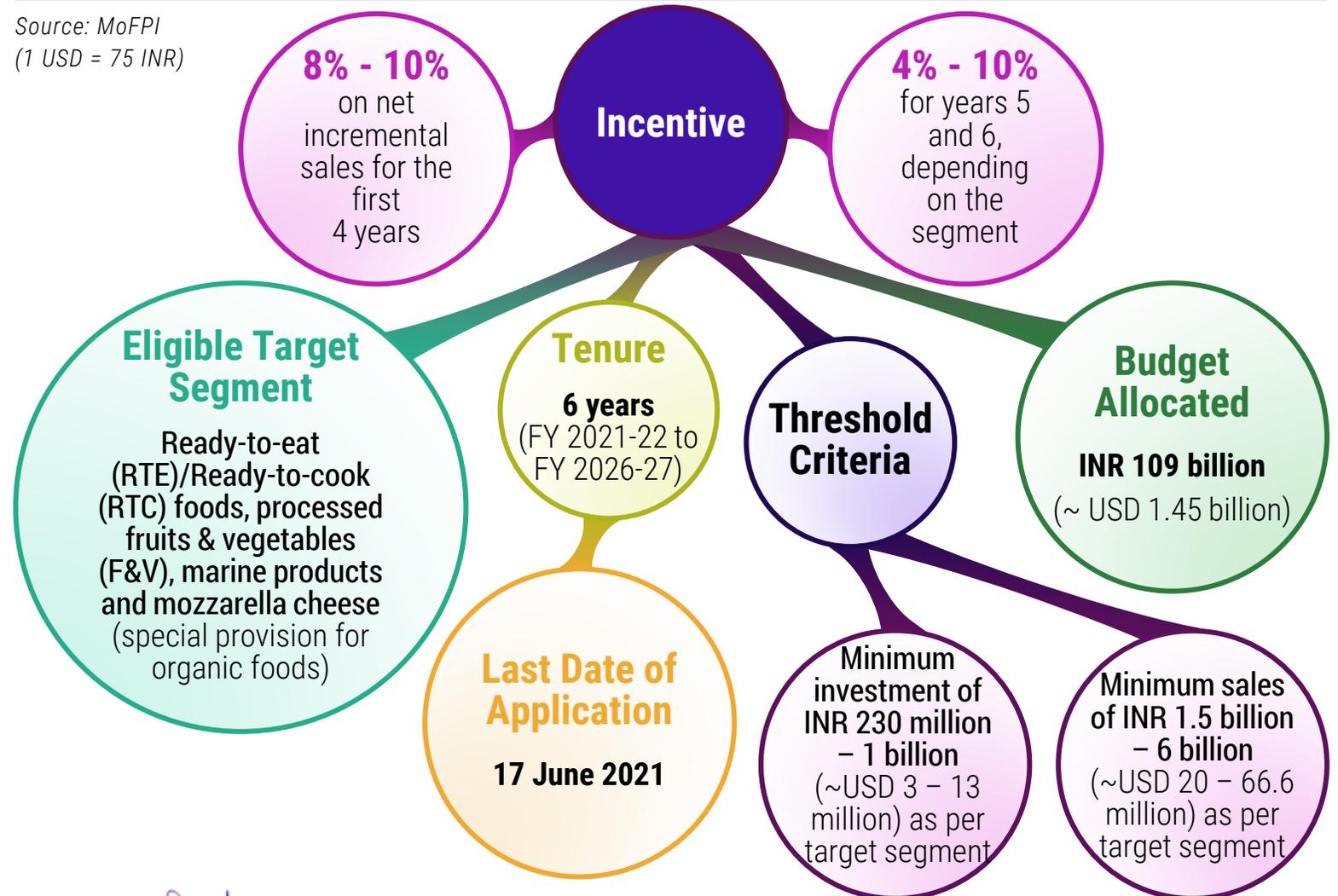


In April 2021, the Ministry of Food Processing Industries (MoFPI) released the Production Linked Incentive (PLI) scheme for the food processing industry. This move was taken to upgrade the local manufacturing ecosystem for select product segments in India, with the aim to create global food champions in the country. We have briefly covered the scheme outline and details of segments and their available incentives.



Scheme Outline

Source: MoFPI
(1 USD = 75 INR)





Scheme Components and Categories

The scheme incentivizes three broad categories highlighted below:

Category – I



Manufacturing
of target food
segments

Application Fee

**INR 100,000/
USD 1300**

Category – II



Innovative/Organic
products including
SMEs* for target
segments

*SMEs are expected to apply
with global players

Application Fee

**INR 10,000/
USD 130**

Category – III



Support for overseas
branding and marketing
to incentivize the
emergence of strong
Indian brands for target
segments

Application Fee

INR 10,000/USD 130 for SMEs
INR 50,000/USD 667 for others



Eligibility and Threshold Criteria by Categories

Category – I for local manufacturing (Incentive Outlay: INR 90.4 billion ~USD 1.2 billion)

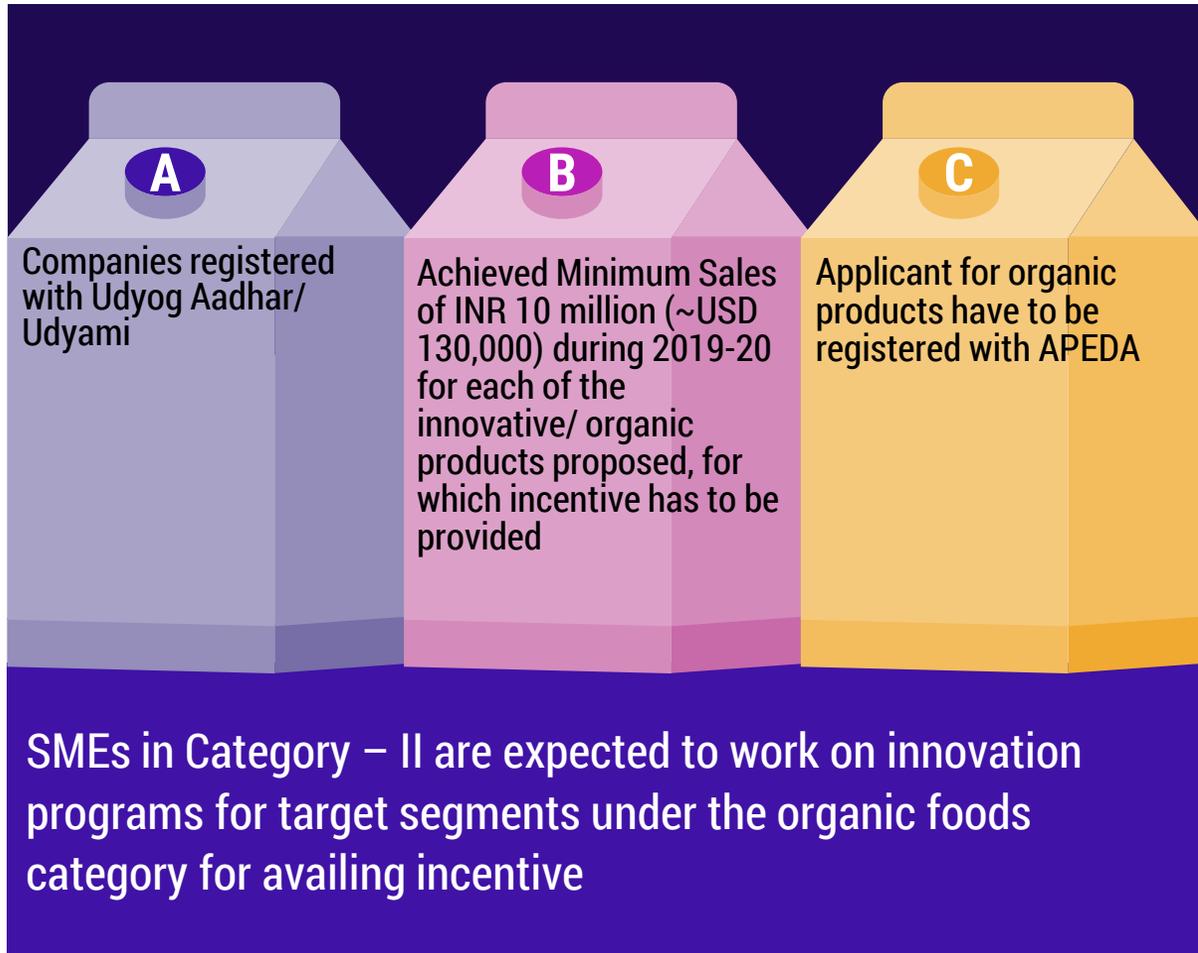
Segments	Minimum sales in 2019-2020 (INR Billion / USD Million)	Minimum investment (INR Billion / USD Million)	Rate* of incentive for incremental sales	Minimum CAGR**
RTE/RTC 	5/66.6	1/13.3	8-10%	10%
Processed F&V 	2.5/33.3	0.50/6.6	8-10%	10%
Marine products/ Value added marine products 	6/80	0.75/10	4-6/10%	5%
Mozzarella cheese 	1.5/20	0.23/3.1	4-10%	15%

*Base year for the calculation of incremental sales is 2019-20 for the initial 4 years. For years 5 and 6, the base year would shift to 2021-22 & 2022-23, respectively

**on incremental sales by target segment required for availing incentives



Category – II for SMEs (conditions to be fulfilled below) (Incentive Outlay: INR 2.5 billion ~USD 33 million)

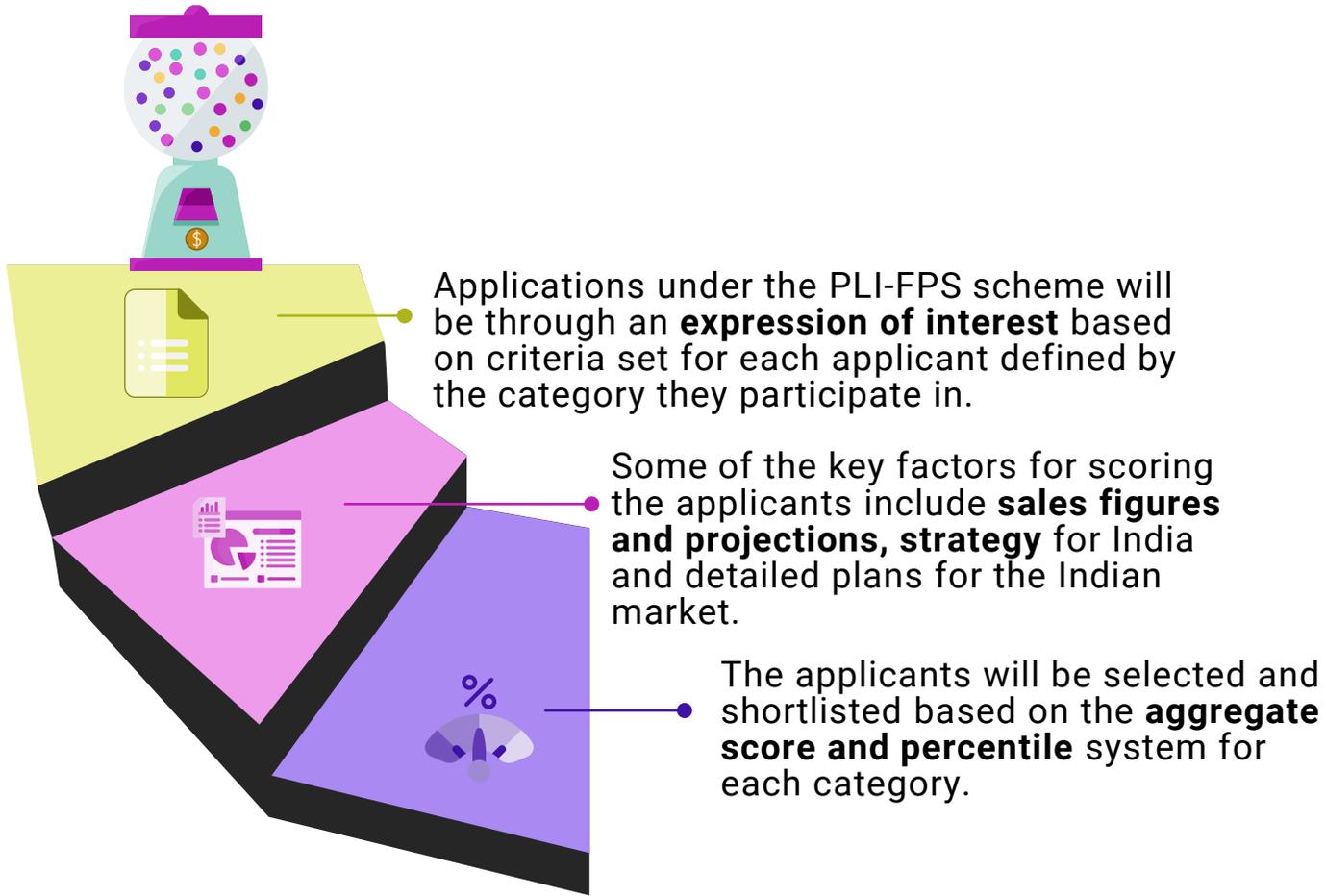


Category – III for only branding and marketing activities (Incentive Outlay: INR 15 billion ~USD 200 million)





Applicants' acceptance criteria for incentives under the scheme





Our Comments

With a view to move the country up the value chain of processed foods and create a sustainable ecosystem for value-added products, Production Linked Incentive scheme has been launched for the Food Processing Sector for specific target segments. Considering the change in lifestyle, consumption patterns and the pandemic's impact, the future and opportunities in the Indian food processing ecosystem are higher in the tertiary and value-added processed goods in the form of RTE/RTC segments, processed fruits and vegetables, etc. which is also evident from selected target segment in the PLI scheme.

Moreover, the scheme provides an opportunity for complete participation in all the target segments across the value chain – production, distribution, innovation and marketing. This further validates India's push towards enabling food processing businesses and its focus on becoming a global hub and champion of food processing in the future.





About Nexdigm (SKP)

Nexdigm (SKP) is a multidisciplinary group that helps global organizations meet the needs of a dynamic business environment. Our focus on problem-solving, supported by our multifunctional expertise enables us to provide customized solutions for our clients.

Our cross-functional teams serve a wide range of industries, with a specific focus on healthcare, food processing, and banking and financial services. Over the last decade, we have built and leveraged capabilities across key global markets to provide transnational support to numerous clients.

We provide an array of solutions encompassing Consulting, Business Services, and Professional Services. Our solutions help businesses navigate challenges across all stages of their life-cycle. Through our direct operations in USA, India, and UAE, we serve a diverse range of clients, spanning multinationals, listed companies, privately owned companies, and family-owned businesses from over 50 countries.

Our team provides you with solutions for tomorrow; we help you *Think Next*.

USA • Canada • India • UAE • Japan • Hong Kong

ThinkNext@nexdigm.com

www.nexdigm.com

Disclaimer

The contents of this document are intended for general marketing and informative purposes only and should not be construed to be complete. This document may contain information other than our services and credentials. Such information should neither be considered as an opinion or advice nor be relied upon as being comprehensive and accurate. We accept no liability or responsibility to any person for any loss or damage incurred by relying on such information. This document may contain proprietary, confidential or legally privileged information and any unauthorised reproduction, misuse or disclosure of its contents is strictly prohibited and will be unlawful.

© 2021 Nexdigm Pvt. Ltd. All rights reserved.

Connect with us

