



## FOOD PROCESSING

---

### SUMMARY

---

India offers the largest diversified production base and has a growing food industry. India is: <sup>1</sup>

World's largest milk producing nation

World's largest producer, consumer and exporter of spices

World's second largest producer of food grains, fruits and vegetables.

The total geographical area of India is 328.7 mn ha and the Gross Cropped Area is 198.4 mn ha with a cropping intensity of 142%.<sup>2</sup>

An investor facilitation portal known as Nivesh Bandhu, developed by the Ministry of Food Processing Industries is in place to assist investors in the investment decisions.<sup>3</sup>

The export of essential commodities has registered substantial growth, with the export of non-basmati rice increasing by 105.20%, sugar by 60.75%, wheat by 356.86%, vegetable oils by 216.11%, pulses by 27.33% and other cereals by 154.68% during the period from April to November 2020 as compared to the corresponding period of the previous year.

The Ministry of Food Processing Industries, Government of India has notified 253 designated food parks in different states for the purpose of availing affordable credit from a special fund with NABARD.<sup>3</sup>

NABARD has already sanctioned a term loan of about INR 490 cr to 11 Mega Food Park projects as of March 2019.<sup>3</sup>

Loans to food & agro-based processing units & cold chains have been classified under agriculture activities for Priority Sector Lending (PSL).<sup>3</sup>

The 3 cold chain projects have reported completion and started commercial operations under the Ministry's Scheme component- Integrated Cold Chain and Value Additional Infrastructure of PMKSY during November 2020.

---

### REASONS TO INVEST

---

In addition to the rich resources, India has the sixth-largest food and grocery market globally and the country can provide a perfect blend of traditional and hygienic food, processed and packaged according to modern technology.<sup>4</sup>

The Food processing industry in India is indigenous because simple home-based techniques such as fermentation have resulted in the creation of worldwide acknowledgment of Indian pickles, papads, chutneys and murabba.

The Gross Cropped Area stands at 198.4 mn ha and the reported net sown area is 140.1 mn ha while the total geographical area of the country is 328.7 mn ha, as per the land use statistics 2014-15.<sup>5</sup>

Benefiting from such a geographical advantage, India is the largest producer of milk, bananas, mangoes, guavas, papaya, ginger, okra, pulses, wheat, tea and sugarcane.<sup>6</sup>

World Food India, a mega food event that took place in November 2017, brought together more than 75,000 visitors from 61 countries, resulting in 8,000 B2B meetings over a span of three days. It helped India showcase itself as a preferred investment destination, with MoU's worth about USD 14 Bn signed by domestic & foreign investors.<sup>7</sup>

Nivesh Bandhu brings together Central and State Government policies and incentives provided for the food processing sector. It is a one-stop platform for all stakeholders of the industry, including farmers, processors, traders, and logistics operators. To further help an investor make strategic decisions, the portal also includes a Food Map that can help investors find various project locations.<sup>8</sup>

Apart from growing population and burgeoning purchasing power, rising urbanization, rising retail trade due to initiatives such as Digital India, together with the presence of global players of the industry can be considered as the major growth drivers for the segment.

Agriculture plays a vital role in India's economy. 54.6% of the total workforce in the country is engaged in agricultural and allied sector activities (Census 2011) and accounts for 16.5% of the country's Gross Value Added (GVA) for the year 2019-20 (at current prices).<sup>31</sup>

Hon'ble Prime Minister, Shri Narendra Modi has given its approval to introduce the Production-Linked Incentive (PLI) Scheme in Food Products through the Ministry of Food Processing Industries with an financial outlay of INR 10900 cr over a five-year period for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat.

---

### RECENT ANNOUNCEMENTS

---

**1st January 2021:** ADB, India sign USD 10 mn loan to support project preparation to expand horticulture in Himachal Pradesh.

[Read More](#)

**30th December 2020:** Cabinet approves modified scheme to enhance ethanol distillation capacity in the country for producing 1st Generation (1G) ethanol from feedstocks such as cereals (rice, wheat, barley, corn & sorghum), sugarcane, sugar beet etc.

[Read More](#)

**28th December 2020:** Hon'ble PM, Shri Narendra Modi flagged off the 100th Kisan Rail from Sangola in Maharashtra to Shalimar in West Bengal to facilitate value addition in Agri products.

[Read More](#)

**18th December 2020:** Ministry of Food Processing Industries signs a Joint Communique and 5 MoUs with Ministry of Tribal Affairs, TRIFED, ICAR, NSFDC, NAFED and NCDC to provide employment and improve quality of life.

[Read More](#)

**17th December 2020:** Hon'ble PM Shri Narendra Modi signed MoU on Cooperation in the field of Agriculture during the India-Bangladesh Virtual Summit.

[Read More](#)

**17th December 2020:** APEDA provides a platform to ship the rice consignment from Varanasi region.

[Read More](#)

---

## STATISTICS

---

The Food Processing Industry in India has emerged as one of the important segment in terms of its contribution to the Indian economy, as it contributed 8.33% and 10.66% of GVA in Manufacturing and Agriculture sector respectively in 2017-18. <sup>9</sup>

Gross Value Added by the Food processing industry in India has been recorded as USD 25.6 Bn in 2017-18. <sup>9</sup>

In the Food Processing Sector, the number of registered units/ factories is 37,839 and investment in fixed capital is USD 28.17 Bn. <sup>10</sup>

The Food Processing Industry in India stands as one of the major employment intensive industry, constituting 13.75% of the employment in all manufacturing factories registered under the Factories Act 1948. The total number of persons engaged in the food processing sector is 17,72,259. <sup>10</sup>

The value of processed food exports stood at USD 35.3 Bn during the year 2018-19. <sup>11</sup>

---

## GROWTH DRIVERS

---

Union Minister Shri Hardeep Puri has stated that the budget of the Department of Agriculture & Farmers' Welfare has gone up more than six times in the past six years. This sector employs nearly 42 per cent of our total population and contribute 16 per cent to the GDP, while experiencing a year-on-year growth rate of 2 per cent. <sup>38</sup>

The exports of Agri commodities showed a sharp increase of 23.24% during March - June 2020 witnessing an export of INR. 25,552.7 Cr against the export of INR. 20,734.8 Cr during the same period in 2019. <sup>39</sup>

---

## FDI POLICY

---

100% FDI is permitted under the automatic route in the Food and Processing industry in India. <sup>12</sup>

100% FDI is allowed through government approval route for trading, including through e-commerce in respect of food products manufactured or produced in India. <sup>12</sup>

The cumulative FDI equity inflow in the Food Processing industry is USD 10,201 mn during the period from April 2000 to September 2020. This constitutes 2.04% of the total FDI inflow received across sectors. <sup>26</sup>

[Read more about Foreign Direct Investment Policy in India >](#)

---

## SECTOR POLICY

---

Food Processing is recognized as a Special Focus Sector in the National Manufacturing Policy. <sup>13</sup>

Food and agro based processing units can avail loans under Priority Sector Lending. <sup>14</sup> It will ensure a greater flow of credit to entrepreneurs for setting up food processing units and attract investment in the industry.

Government has set up a special fund called "Food Processing Fund" of approximately USD 265 Mn in National Bank for Agriculture and Rural Development (NABARD) for extending affordable credit to designated food parks and the individual food processing units in the designated food parks. <sup>15</sup>

Ministry of Food Processing Industries is also keen on developing an integrated and comprehensive National Food Processing Policy, for which a draft has already been circulated among the stakeholders to receive suggestions and recommendations. <sup>16</sup> It aims to build India's National Food Grid and National Cold Chain Grid apart from the retail markets at every nook and corner of the country.

Ministry of Food Processing Industries (MoFPI) provides a host of financial assistance to food processing companies in India, under the umbrella scheme of Pradhan Mantri Kisan Sampada Yojna (PMKSY). The following schemes are included under PMKSY: <sup>17</sup>

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

The Union Cabinet of India has announced a new central sector scheme of Agriculture Infrastructure Fund. Under the scheme, INR 1 lakh cr will be provided by banks and financial institutions to feasible projects for post-harvest management infrastructure and community farming assets. The financial support will be in the form of medium - long term debt financing facility and all loans under this financing facility will have interest subvention of 3% per annum up to a limit of INR 2 cr. <sup>18</sup>

The Cabinet Committee on Economic Affairs of the Government of India has approved setting up of Animal Husbandry Infrastructure Development Fund (AHIDF). AHIDF will incentivize investments in infrastructure for dairy and meat processing and value addition infrastructure and establishment of animal feed plant in the private sector. Farmer Producer Organizations (FPOs), MSMEs, Section 8 companies, private companies and individual entrepreneurs with minimum 10% margin money will be the eligible beneficiaries of the scheme. The remaining 90% would be the loan component which will be provided by scheduled banks. A total amount of INR 15000 cr. has been approved for the Animal Husbandry Infrastructure Development Fund (AHIDF). <sup>21</sup>

### ANIMAL HUSBANDRY INFRASTRUCTURE DEVELOPMENT FUND (AHIDF): <sup>21</sup>

The Cabinet Committee on Economic Affairs of the Government of India has approved setting up of Animal Husbandry Infrastructure Development Fund (AHIDF). AHIDF will incentivize investments in infrastructure for dairy and meat processing and value addition infrastructure and establishment of animal feed plant in the private sector.

Farmer Producer Organizations (FPOs), MSMEs, Section 8 companies, private companies and individual entrepreneurs with minimum 10% margin money will be the eligible beneficiaries of the scheme. The remaining 90% would be the loan component which will be provided by scheduled banks.

A total amount of INR 15000 cr. has been approved for the Animal Husbandry Infrastructure Development Fund (AHIDF).

## THE FARMERS' PRODUCE TRADE AND COMMERCE (PROMOTION AND FACILITATION) ACT, 2020 <sup>27</sup>

This act creates an ecosystem where the farmers and traders enjoy the freedom of choice relating to sale and purchase of farmers' produce.

This act facilitates remunerative prices through competitive alternative trading channels.

The main aim of this act is to promote efficient, transparent and barrier-free inter-State and intra-State trade and commerce of farmers' products

In order to support section 17 of the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, Farmers' Produce Trade and Commerce (Promotion and Facilitation) Rules, 2020 came into force on 22 October 2020. <sup>28</sup>

## OPERATION GREEN (TOP to TOTAL)

Ministry of Food Processing Industries (MoFPI) as a part of Aatmanirbhar Bharat Abhiyan extended the Operation Greens Scheme from Tomato, Onion and Potato (TOP) to all fruits & vegetables (TOTAL) for a period of six months on a pilot basis. The objective of the intervention is to protect the growers of fruits and vegetables from making distress sales. <sup>29</sup>

21 fruits and 20 vegetable crops are notified for receiving subsidy under the Scheme.

New Guidelines for short term intervention for eligible fruits and vegetables under Operation Greens as a part of Aatmanirbhar Bharat Abhiyaan.

6th Amended Scheme Guideline for Short term Intervention under Operation Greens TOP to TOTAL. <sup>35</sup>

Subsidy for transportation of all fruits & vegetables via any type of train service by Indian Railway under Operation Greens - TOP to TOTAL

Hon'ble PM, Shri Narendra Modi released the 7th instalment of financial benefit under **PM Kisan Samman Nidhi** to establish Indian agricultural markets in world. <sup>37</sup>

---

## FINANCIAL SUPPORT

---

### KEY POINTS IN THE UNION BUDGET 2020-21:

Budget allocation to the Ministry of Food Processing Industries for FY 2020-21 is INR 1232.94 cr. <sup>19</sup>

Budget allocation to the Pradhan Mantri Kisan Sampada Yojna (PMKSY) for FY 2020-21 is INR 1081.41 cr. <sup>20</sup>

## AGRICULTURE INFRASTRUCTURE FUND (AIF) <sup>40</sup>

Agriculture Infrastructure Fund (AIF) was launched on 9th August 2020. The aim of the fund is to provide medium to long term debt financing for investment in viable projects for post-harvest management Infrastructure and community farming assets through interest subvention and financial support.

The scheme shall be in effect for 10 years i.e. from FY 2020 to FY 2029.

As on date, 3,064 projects of Primary Agricultural Credit Societies worth a loan amount of INR 1,565 cr have been sanctioned by NABARD to 3,064 PACs under the scheme.

---

## INVESTMENT OPPORTUNITIES

---

### INVESTIBLE PROJECTS:

Fruits and vegetables: preserved, candied, glazed and crystallized fruits and vegetables, juices, jams, jellies, purees, soups, powders, dehydrated vegetables, flakes, shreds and ready-to-eat curries.

Food preservation by fermentation: wine, beer, vinegar, yeast preparation, alcoholic beverages. Beverages: fruit-based, cereal-based.

Dairy: liquid milk, curd, flavored yogurt, processed cheese, cottage cheese, Swiss cheese, blue cheese, ice cream, milk-based sweets.

Food additives and nutraceuticals.

Confectionery and bakery: cookies and crackers, biscuits, bread, cakes and frozen dough.

Meat and poultry: eggs, egg powder, cut meats, sausages and other value-added products. Fish, seafood and fish processing – processing and freezing units.

Grain processing – oil milling sector, rice, pulse milling and flour milling sectors.

Food preservation and packaging: metal cans, aseptic packs.

Food processing equipment: canning, dairy and food processing, specialty processing, packaging, frozen food/refrigeration and thermo-processing.

Consumer food: packaged food, aerated soft drinks and packaged drinking water. Spice pastes.

Supply chain infrastructure – this niche has investment potential in food processing infrastructure, the government's focus is on supply chain related infrastructures like cold storage, abattoirs and food parks.

The establishment of food parks – a unique opportunity for entrepreneurs, including foreign investors to enter in the Food Processing industry in India.

Explore projects to invest in Food Processing sector >

---

## FOREIGN INVESTORS

---

Kraft (USA)  
Mars (USA)  
Nestle (Switzerland)  
McCain (Canada)  
Danone (France)  
Ferrero (Italy)  
Del Monte (USA)  
Kagome (Japan)  
Kelloggs (USA)  
Pepsi (USA)  
Unilever (United Kingdom)  
Perfetti (Italy)  
Cargill (USA)  
Coca Cola (USA)  
Hershey (USA)  
Metro Cash & Carry (Germany)  
Walmart (US)  
Yakult (Japan)  
Amazon (USA)

---

## AGENCIES

---

Ministry of Agriculture & Farmer's Welfare  
Ministry of Food Processing Industries

---

## KEY ACHIEVEMENTS

---

Out of the 37 food parks funded under the Mega Food Parks Scheme, 18 are operational and 19 are under implementation as on 27<sup>th</sup> Feb 2020. <sup>22</sup>

291 chain projects have been approved. Out of these, 193 cold are completed and 98 are under development as on 30<sup>th</sup> April 2020. <sup>23</sup>

A dedicated Investors' Portal and mobile application called 'Nivesh Bandhu' has been launched. <sup>24</sup>

MoUs signed between the Government of India and the United Nations' World Food Programme for cooperation during 2019 – 2023. <sup>25</sup>

NITI AAYOG along with National Informatics Centre (NIC) understood comparative study of Data Governance Quality Index(DHQI) of 72 Central Ministries/Departments . In this survey, the Ministry of Food Processing came 1st among the other ministries. <sup>30</sup>

Under the PM FME Scheme, out of INR 15 cr allocated by the Ministry of Finance, INR 89.48 cr was released to 30 states/YTs and INR 5 cr each for NIFTEM and IIFPT. <sup>30</sup>

Under the cold chain projects 206 projects have reported completion and started commercial operations. <sup>33</sup>

Department of Financial Services under the Ministry of Finance to provides INR 2 lakh cr Concessional credit boost to 2.5 cr farmers through Kisan Credit Cards. <sup>34</sup>

ODOP proposals received from 5 states/UTs, viz Andaman and Nicobar Island, Chhattisgarh, Jammu and Kashmir, Meghalaya and Telengana are under consideration for approval. <sup>36</sup>

---

## SOURCES

---

1. Nivesh Bandhu, Investor Portal, <http://foodprocessingindia.gov.in/>
2. Annual Report 2018-19, Department of Agriculture, Cooperation & Farmers Welfare, Ministry Of Agriculture & Farmers Welfare, [http://agricoop.nic.in/sites/default/files/AR\\_2018-19\\_Final\\_for\\_Print.pdf](http://agricoop.nic.in/sites/default/files/AR_2018-19_Final_for_Print.pdf)
3. Annual Report 2018-19, Ministry of Food Processing Industries, [https://mofpi.nic.in/sites/default/files/eng\\_mofpi\\_annual\\_report\\_2018-19.pdf](https://mofpi.nic.in/sites/default/files/eng_mofpi_annual_report_2018-19.pdf)
4. Nivesh Bandhu, Investor Portal, <http://foodprocessingindia.gov.in/>
5. Annual Report 2018-19, Department of Agriculture, Cooperation & Farmers Welfare, Ministry Of Agriculture & Farmers Welfare, [http://agricoop.nic.in/sites/default/files/AR\\_2018-19\\_Final\\_for\\_Print.pdf](http://agricoop.nic.in/sites/default/files/AR_2018-19_Final_for_Print.pdf)
6. Nivesh Bandhu, Investor Portal, <http://foodprocessingindia.gov.in/>
7. World Food India – 2019, Consulate General of India, <https://cgivancouver.gov.in/pdf/WFI.pdf>
8. Nivesh Bandhu, Investor Portal, <http://foodprocessingindia.gov.in/>
9. Annual Report 2018-19, Ministry of Food Processing Industries, [https://mofpi.nic.in/sites/default/files/eng\\_mofpi\\_annual\\_report\\_2018-19.pdf](https://mofpi.nic.in/sites/default/files/eng_mofpi_annual_report_2018-19.pdf)
10. “Annual Survey of Industries Vol I 2017-18”, National Sample Survey Office – Industrial Statistics Wing, Ministry of Statistics and Programme Implementation, <http://www.csoisw.gov.in/cms/cms/Files/70.pdf>
11. Annual Report 2018-19, Ministry of Food Processing Industries, [https://mofpi.nic.in/sites/default/files/eng\\_mofpi\\_annual\\_report\\_2018-19.pdf](https://mofpi.nic.in/sites/default/files/eng_mofpi_annual_report_2018-19.pdf)
12. Consolidated FDI Policy, [https://invest-india-revamp-static-files.s3.ap-south-1.amazonaws.com/2020-04/FDI%20Policy%202019%20revised\\_19%20April%202020.pdf](https://invest-india-revamp-static-files.s3.ap-south-1.amazonaws.com/2020-04/FDI%20Policy%202019%20revised_19%20April%202020.pdf)
13. National Manufacturing Policy, DPIIT, <https://dipp.gov.in/sites/default/files/po-ann4.pdf>
14. Press Release, Ministry of Food Processing Industries, [https://mofpi.nic.in/sites/default/files/pressnote\\_eng.pdf\\_0.pdf](https://mofpi.nic.in/sites/default/files/pressnote_eng.pdf_0.pdf)
15.  
Loans For Food Parks And Food Processing Units In Designated Food Parks, NABARD, <https://www.nabard.org/content.aspx?id=570>

16. Draft National Food Processing Policy, Ministry of Food Processing Industries, <https://mofpi.nic.in/sites/default/files/sejda-52v.pdf>
17. About PMKSY Scheme, Ministry of Food Processing Industries, <https://mofpi.nic.in/Schemes/about-pmksy-scheme>
18. Cabinet approves Central Sector Scheme of financing facility under 'Agriculture Infrastructure Fund', PIB, <https://pib.gov.in/PressReleasePage.aspx?PRID=1637221>
19. Expenditure Budget - Ministry of Food Processing Industries, India Budget, <https://www.indiabudget.gov.in/doc/eb/sbe41.pdf>
20. Expenditure Budget - Central Sector Schemes, India Budget, <https://www.indiabudget.gov.in/doc/eb/stat4b.pdf>
21. Cabinet approves establishment of Animal Husbandry Infrastructure Development Fund, PIB, <https://pib.gov.in/PressReleasePage.aspx?PRID=1633918>
22. State/UT-wise details of Mega Food Park projects as of 27.02.2020, Ministry of Food Processing Industries, [https://mofpi.nic.in/sites/default/files/37\\_mfps\\_stateut-wise\\_details\\_as\\_of\\_27.02.2020\\_3.pdf](https://mofpi.nic.in/sites/default/files/37_mfps_stateut-wise_details_as_of_27.02.2020_3.pdf)
23. Consolidated list of State-wise 291 Approved Cold Chain Projects as on 30.04.2020, Ministry of Food Processing Industries, [https://mofpi.nic.in/sites/default/files/website\\_30.04.2020\\_0.pdf](https://mofpi.nic.in/sites/default/files/website_30.04.2020_0.pdf)
24. Nivesh Bandhu, Investor Portal, <http://foodprocessingindia.gov.in/>
25. Signing of MOU between the Government of India and the United Nations' World Food Programme for cooperation during 2019 – 2023, Department Of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers' Welfare, <http://agricoop.nic.in/recentinitiatives/signing-mou-between-government-india-and-united-nations-world-food-programme>
26. Factsheet on FDI - April 2000 to September 2020, Department for Promotion of Industry and Internal Trade, [https://dipp.gov.in/sites/default/files/FDI\\_Fact\\_sheet\\_September\\_20.pdf](https://dipp.gov.in/sites/default/files/FDI_Fact_sheet_September_20.pdf)
27. Ministry Notice, [http://agricoop.nic.in/sites/default/files/219745\\_0.pdf](http://agricoop.nic.in/sites/default/files/219745_0.pdf)
28. Ministry Notice, <http://egazette.nic.in/WriteReadData/2020/222595.pdf>
29. MINISTRY OF FOOD PROCESSING, <https://mofpi.nic.in/sites/default/files/op1462018ddog.pdf>
30. MINISTRY OF FOOD PROCESSING, [https://mofpi.nic.in/sites/default/files/monthly\\_summary\\_0.pdf](https://mofpi.nic.in/sites/default/files/monthly_summary_0.pdf)
31. Annual Report, MINISTRY OF FOOD PROCESSING, <http://agricoop.nic.in/sites/default/files/ACFW%20English%20%20Annual%20Report%202019-20.pdf>
32. PIB Release, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1671912>
33. MINISTRY OF FOOD PROCESSING, [https://mofpi.nic.in/sites/default/files/monthly\\_summary\\_october.pdf](https://mofpi.nic.in/sites/default/files/monthly_summary_october.pdf)
34. PIB Release, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1680343>
35. MINISTRY OF FOOD PROCESSING, <https://mofpi.nic.in/sites/default/files/20201222164534.pdf>
36. MINISTRY OF FOOD PROCESSING, [https://mofpi.nic.in/sites/default/files/all\\_cabinet\\_ministers.pdf](https://mofpi.nic.in/sites/default/files/all_cabinet_ministers.pdf)
37. PIB Release, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1683647>
38. PIB Release, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1683793>
39. PIB Release, <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1646632>
40. Year-End Review 2020 of Ministry of Agriculture & Farmer Welfare, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1685570>

---

**HAVE A QUERY? CONNECT WITH US**



**MAKE IN INDIA**