Investment Environment & Opportunities in Food Processing

Punjab

Ministry of Food Processing Industries
Government of India
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State Introduction

Punjab, one of the northernmost states of India. It is bordered by Jammu & Kashmir in the north, Himachal Pradesh in the northeast, Haryana in the south and southeast, Rajasthan in the southwest and the Pakistani province of Punjab to its west.

The confluence of five rivers makes Punjab’s agricultural land rich and productive. Approximately 82 per cent of the state’s land is under cultivation compared with the national average of 40 per cent. Punjab is also known as the ‘Bread Basket of India’.

Why Punjab

1. Punjab is known as the “Food Bowl of India”, contributing the largest share of wheat and paddy to the central pool in India

2. The state is one of the largest producers of a number of fruits & some vegetables in India- peach, pear, kinnow (sweet orange), musk melon, peas, radish.

3. The state has a strong dairy industry with a large network of milk collection centers and support infrastructure, cold chain. It is also the largest producer of honey in India.

4. Robust infrastructure in place for Agro & food processing sector by having 40% share of the total warehousing & storage capacity in India.
Punjab has been famously considered the food bowl India. With a contribution of more than 40% of the central pool of wheat and 26% of rice, Punjab has an essential stake in staple foods in India. Agriculture continues to be a major contributor to the economy with about 21% of GSDP being contributed by Agriculture and allied sectors.

Agriculture and allied fields such as dairy, fisheries and animal husbandry are a major source of employment in Punjab. These sectors play an important role in the economy of Punjab. Punjab is also known for high production as well as high productivity of the milk. Sahiwal, one of the best Indian indigenous breed of cow with the highest milk yielding capacity is from Punjab.

Punjab has access to high quality, fertile soil and therefore enjoys high levels of production in wheat, cotton, paddy, citrus fruits etc.

**Punjab has five agro-climatic zones** beneficial for cultivation of a multitude of crops, vegetables and fruits round the year. Based on soil characterization, rainfall and temperature, the five agro climatic zones in Punjab have been identified as under:

- **Sub-Mountain Undulating Zone**
  - District: Gurdaspur and Hoshiarpur

- **Undulating Plain Zone**
  - District: Ropar & Nawanshahr

- **Western Zone**
  - Districts: Moga, Bhatinda, Mansa, Muktsar, Sangrur & Barnala

- **Western Plain Zone**
  - Districts: Ferozepur and Faridkot

- **Central Plain Zone**
  - Districts: Amritsar, Taran Tarn, Kapurthala, Jalandhar, Ludhiana, Fatehgarh Sahib, Sangrur and Patiala

<table>
<thead>
<tr>
<th>SNAPSHOT OF LAND UNDER CULTIVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arable land</td>
</tr>
<tr>
<td>Net sown area</td>
</tr>
<tr>
<td>Total area sown</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Investment Environment & Opportunities for Food Processing Sector: Punjab
Major strength of Punjab’s food processing industry lies in the following:

- **Food Grains**: Paddy, Wheat, Barley
- **Fruits**: Guava, Citrus Fruits, Musk Melon, Peach, Pear
- **Vegetables**: Cabbage, Carrot, Cauliflower, Onion, Peas, Potato
- **Plantation**: Sugarcane
- **Livestock**: Milk, Honey

### Food Grains: Key production highlights (2015-16)

- **Total production of 28.4 Million MT of food grains**
  - Paddy – 11.8 million MT
  - Wheat – 16 million MT

### Horticulture products: Key production highlights (2015-16)

- **Total production of 6.2 million MT of horticulture products**
  - Fruits – 1.8 million MT
  - Vegetables – 4.3 million MT

### Livestock: Key production highlights (2015-16)

- **Total Milk production of 10.8 million MT**
- **Total Eggs production of 4.4 billion (number)**
- **Total Meat production of 0.25 million MT**
- **Total Fish production of 0.11 million MT**
Punjab contributes largest share of paddy and wheat to the central pool:
- The largest contributor of wheat and paddy to the central pool in India
- The largest producer of Honey in India

### Geographical Indications for Agricultural Products in Punjab:
- Rice grown in Punjab (Basmati) is a geographical indicator
The major production clusters\textsuperscript{11} of Punjab are given below:

**Production Clusters**

**Wheat**
Amritsar, Tarn Taran, Kapurthala, Jalandhar, Gurdaspur, Hoshiarpur, SBS Nagar, Rupnagar, SAS Nagar, Patiala, Sangrur, Ludhiana

**Paddy**
Kapurthala, Fatehgarh Sahib, Jalandhar, Gurdaspur, Hoshiarpur, Moga, Faridkot, Muktsar, Bathinda

**Barley**
Amritsar, Hoshiarpur, Fazilka, Ludhiana

**Potato**
Amritsar, Hoshiarpur, Jalandhar, Ludhiana

**Cauliflower**
Amritsar, Hoshiarpur, Jalandhar, Fazilka

**Sugarcane**
Gurdaspur, Kapurthala, SBS Nagar, Rupnagar, Patiala

**Sweet Orange/Kinnow**
Sangrur, Barnala, Muktsar, Bathinda, Mansa, Ferozepur

**Honey**
Amritsar, Hoshiarpur, Jalandhar, Fazilka

**Milk**
Ludhiana, Amritsar, Taran, Taran, Sangaur, Gurdaspur, Moga, SBS Nagar, Kapurthala, Jalandhar, Fatehgarh Sahab
Punjab has the following marketing facilities\textsuperscript{12} in the state:

- 153 Agricultural Produce Market Committees in the State,
- Punjab has 33 mega agro processing projects
- 20 mega projects in agro and allied sectors such as Ethanol manufacturing, grain based distilleries, Baby food, Health foods, etc. are under commercial operations and few under implemented stage
- Agri-Export Zones: Agri Export Zones have been planned by state Government for potato, rice, honey and vegetables. The Govt. of India has notified Fatehgarh Sahib, Patiala, Sangrur, Ludhiana and Ropar districts as Agri Export Zone for vegetables.
- There are over 3100 purchase centers operated by Punjab State Agricultural Marketing Board in the state.
- Punjab has 16 cold chain projects approved by Ministry of Food Processing Industries under the Scheme for Cold Chain, Value Addition and Preservation Infrastructure. Out of these approved projects, the projects at Ropar, Sangrur and Kapurthala have already been completed and started commercial operations.
- 162 warehouses across 22 districts
Punjab is host to a large number of food processing companies and the sector is growing at a rapid pace in the state. An indicative of key companies and their district of presence in the state is given below.

**Processing Clusters (1/2)**

- **Fruit & Fruit based products**
  - Mrs. Bectors Food Specialities Ltd
  - Glacier Products Pvt. Ltd.
  - Flingo Foods And Agro P. Ltd.

- **Ready to Eat Products**
  - Nestle India
  - Pepsico India
  - Punjab Agri Ventured Ltd.

- **Processed Food grains**
  - LT Foods Ltd.
  - Punjab Basmati Rice Ltd.
  - Lakshmi Energy & Foods Ltd.

- **Meat Processing**
  - Mirha Exports Pvt. Ltd.
  - Meat Masters Pvt. Ltd.
  - SHL Agro Foods Pvt. Ltd.

- **Milk Processing**
  - Nestle India
  - Danone India
  - Milkfed Punjab (Verka Coop.)
The major processing clusters of Punjab are the following:

**Rice Milling**
Amritsar, Ludhiana, Patiala, Sangnur, Batala, Ferozpur, Kapurthala

**Fruits & Vegetable Processing**
Amritsar, Jalandhar, Ludhiana, Patiala, Rupnagar, Sangrur

**Milk Processing**
Ludhiana, Jalandhar, Moga, Patiala, Sangnur, Fatehpur Sahab

**Potato Processing**
Fatehgarh Sahib, Hoshiarpur, Jalandhar, Ludhiana, Sangrur

**Meat Processing**
Barnala, Jalandhar

**Kinnow/Orange/ Sweet Lemon**
Fazilka, Hoshiarpur

**Snacks Processing**
Moga, Patiala, Sangnur
Processing Clusters

- Potato Processing
- Milk Processing
- Rice Milling
- Fruits and Vegetables
- Meat Processing
- Honey Processing
- Snack Processing
- Paddy
- Wheat
The status of key physical and agricultural infrastructure in Punjab is as follows:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inland container depots (ICDs)</strong></td>
<td>Nine operational Rail ICDs</td>
</tr>
</tbody>
</table>
| **Existing Industrial Areas/ SEZs** | 59 Industrial Areas, out of these, 3 Agro food processing Industrial areas  
Five Agri-Export Zone  
12 Cold Storage  
Three Mega food Parks, 33 Mega Agro Processing Units |
| **Installed power** (including allocated shares in Joint and Central Sector Utilities as on 31 Jan 2017) | Thermal: 8718.80 MW  
Hydro (Renewable): 3151.88 MW  
RES (MNRE): 787.58 MW  
Nuclear: 208.04 MW |

**Utilities**

| Electricity cost | Industrial Consumers – INR 5 Unit |
| Water Cost | 15 per cubic metre |
Infrastructure (2/3)

A number of industrial areas and food parks are available in the state for investors keen on setting up food processing units in the state. The key food parks in the state include:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Industrial Park</th>
<th>Location</th>
<th>Type (Multi/ single product), ETC.</th>
<th>Total Area (Ha)</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mega Food Park</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>International Mega Food Park Pvt. Ltd.</td>
<td>Fazilka</td>
<td>Multi products</td>
<td>22.40</td>
<td>Mr. Simarinder Singh (Executive Director) Email: <a href="mailto:simar@iffpil.com">simar@iffpil.com</a></td>
</tr>
<tr>
<td>2</td>
<td>Punjab Agro Industries Corp. Ltd.</td>
<td>Ludhiana</td>
<td>Multi products</td>
<td>40</td>
<td>Vikas Garg, IAS, MD Email: <a href="mailto:mail@punjabagro.org.in">mail@punjabagro.org.in</a></td>
</tr>
<tr>
<td>3</td>
<td>The Sukhjit Starch &amp; Chemicals Ltd.</td>
<td>Kapurthala</td>
<td>Multi products</td>
<td>22</td>
<td>Email: <a href="mailto:sukhjit@sukhjitgroup.com">sukhjit@sukhjitgroup.com</a></td>
</tr>
<tr>
<td><strong>Industrial Parks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Industrial Growth Center</td>
<td>Bathinda</td>
<td>Engineering, Food Processing</td>
<td>66</td>
<td>Sh. Rajat Agarwal, IAS. Email: <a href="mailto:md@psiec.in">md@psiec.in</a></td>
</tr>
<tr>
<td>2</td>
<td>Industrial Growth Center</td>
<td>Pathankot</td>
<td>Food Processing</td>
<td>66</td>
<td>Sh. Rajat Agarwal, IAS. Email: <a href="mailto:md@psiec.in">md@psiec.in</a></td>
</tr>
<tr>
<td>3</td>
<td>Export Industrial Park</td>
<td>Dhandhari Kalan</td>
<td>Food Processing</td>
<td>28.7</td>
<td>Email: <a href="mailto:info@fisme.org.in">info@fisme.org.in</a></td>
</tr>
</tbody>
</table>
The objective of the Scheme of Cold Chain, Value Addition and Preservation Infrastructure is to provide integrated cold chain and preservation infrastructure facilities, without any break, from the farm gate to the consumer. Below is the list of cold chains present in the state:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Facility</th>
<th>Location</th>
<th>Type (Multi/ single product), ETC.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Alchemist Foods Ltd</td>
<td>Ropar</td>
<td>Meat</td>
</tr>
<tr>
<td>2</td>
<td>B.D. Agro</td>
<td>Kapurthala</td>
<td>Fruits &amp; Vegetables</td>
</tr>
<tr>
<td>3</td>
<td>Chanakya Dairy Products Limited</td>
<td>Fatehgarh Sahib</td>
<td>Dairy</td>
</tr>
<tr>
<td>4.</td>
<td>International Fresh Farm Products (India) Ltd.</td>
<td>Sangrur</td>
<td>Fruits &amp; Vegetables</td>
</tr>
<tr>
<td>5.</td>
<td>K.F. Milk Foods</td>
<td>Jalandhar</td>
<td>Dairy</td>
</tr>
<tr>
<td>No.</td>
<td>Company Name</td>
<td>Location</td>
<td>Sector</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------------</td>
<td>----------</td>
<td>-----------------</td>
</tr>
<tr>
<td>10.</td>
<td>Supreme Agro Foods Pvt. Ltd.</td>
<td>Ludhiana</td>
<td>Dairy</td>
</tr>
<tr>
<td>11.</td>
<td>EBI Cremica Industries Pvt. Ltd.</td>
<td>Jalandhar</td>
<td>Dairy</td>
</tr>
<tr>
<td>12.</td>
<td>Asian Iak Health Foods Ltd.</td>
<td>Ludhiana</td>
<td>Fruits &amp; Vegetables</td>
</tr>
<tr>
<td>13.</td>
<td>Goyal Farm Fresh</td>
<td>Mohali</td>
<td>Fruits &amp; Vegetables</td>
</tr>
<tr>
<td>15.</td>
<td>Kathpal Dairies Unit-II</td>
<td>Jalandhar</td>
<td>Dairy</td>
</tr>
</tbody>
</table>
Infrastructure Clusters

- Industrial Park/Growth Centre
- Cold chain
- Food Park
State government initiatives (1/2)

Comprehensive State Policies to help Industries in the state

- **State initiates for industries**

1. Single window clearances
2. Digitalizing Land Records: Property registration application and payment has been made online
3. Single window form available for processing of investment application
4. The registration process to avail incentives has been simplified and the number of documents required has been reduced substantially.

- **List of the policies and their link**

1. Industrial and Business Development Policy, 2017
   [www.punjabgovt.gov.in/web/guest/customepage;jsessionid=5mDwWf3LmnQvC2f1xW2xwSlW60q80HQJT0DhQvvSjx9H91bcsP26l13691251l1449129835911](http://www.punjabgovt.gov.in/web/guest/customepage;jsessionid=5mDwWf3LmnQvC2f1xW2xwSlW60q80HQJT0DhQvvSjx9H91bcsP26l13691251l1449129835911)
3. PAIC_One-Time-Settlement-Policy-2015
4. The Punjab Contract Farming Act 2013
5. PROCEDURE FOR AVAILING CONCESSIONS BY MEGA PROJECTS
6. Draft agriculture policy for Punjab 2013
   [http://punjab.gov.in/documents/10191/20775/Agriculture+policy+of+punjab.pdf/9db4456f-55c5-4b55-882a-adf5811b2a53](http://punjab.gov.in/documents/10191/20775/Agriculture+policy+of+punjab.pdf/9db4456f-55c5-4b55-882a-adf5811b2a53)
### State government initiatives (2/2)

#### Key Highlight: Punjab’s ‘Industrial and Business Development Policy, 2017’

<table>
<thead>
<tr>
<th>Name of Policy</th>
<th>Industrial and Business Development Policy, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focus Sector</strong></td>
<td>Food Processing (Thrust Sector)</td>
</tr>
<tr>
<td><strong>Nodal Department</strong></td>
<td>Department of Industries &amp; Commerce, Government of Punjab</td>
</tr>
<tr>
<td><strong>Capital Subsidy</strong></td>
<td>In addition to central funding, state government offers retention based recovery of fixed capital investment</td>
</tr>
<tr>
<td><strong>Stamp duty and Registration fee exemption</strong></td>
<td>100% exemption/ reimbursement from Stamp Duty for purchase or lease of land and building.</td>
</tr>
<tr>
<td><strong>Exemption of Mandi Fee/Market Fees</strong></td>
<td>100% reimbursement of all taxes and fees paid for purchase of raw material for food processing units up to 10 years.</td>
</tr>
<tr>
<td><strong>Electricity Duty exemption</strong></td>
<td>100% Electricity Duty exemption for 7 years</td>
</tr>
<tr>
<td></td>
<td>Freezing of Power Tariff @ Rs. 5 per unit for five year</td>
</tr>
<tr>
<td><strong>Land Related Concession/Exemption</strong></td>
<td>100% exemption from CLU/EDC</td>
</tr>
<tr>
<td></td>
<td>100% exemption from Property Tax for 10 years</td>
</tr>
<tr>
<td><strong>Skill Development / Human Resource Development</strong></td>
<td>FOR ANCHOR UNITS - Employment Generation subsidy @ Rs 30000 per employee per year for 5 years provided the employee is trained and certified by PSDM or any other State Government/Central Government Skill Development Scheme or State approved Institutions with total amount per year subject to maximum of 20% of the net (SGST+IGST) deposited by the unit in a year. The evidence for employment would be related statutory returns under EPFO/ESIC etc</td>
</tr>
<tr>
<td><strong>State GST</strong></td>
<td>100% of net SGST for 10 years with a cap of 125% of FCI (FOR ANCHOR UNITS – 15 years’ subject to 200% of FCI)</td>
</tr>
<tr>
<td></td>
<td>FCI – Fixed Capital Investment</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>Invest Punjab is the unified regulator for all state level regulatory and fiscal clearances thus reducing investor touch points with individual government departments</td>
</tr>
<tr>
<td><strong>Website link of policy document</strong></td>
<td><a href="http://investpunjab.gov.in">http://investpunjab.gov.in</a></td>
</tr>
</tbody>
</table>
## Snapshot of potential investable projects

Punjab offers diverse set of investment opportunities in the food processing sector. An indicative list of potential projects for investments is presented below:

<table>
<thead>
<tr>
<th>Project name</th>
<th>Processable Products/ Infrastructure</th>
<th>Value Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting up a Health Drink Manufacturing Plant</td>
<td>Manufacture of health drinks</td>
<td>Project envisions setting up of Health drink manufacturing plant, which can focus on production, processing, packaging, export, etc. The project is based on the increasing demand for packed beverages by the growing Indian population</td>
</tr>
<tr>
<td>Establishment of Fruit Processing Unit</td>
<td>Manufacturing unit focusing on pulp, squash/ juices, jam &amp; jellies, pickles, etc.</td>
<td>Availability of abundant raw material and the rising need to control wastage through processing.</td>
</tr>
<tr>
<td>Medical Herbs Extraction Unit</td>
<td>Extraction unit of extracting essenses from aromatic herbs and spices</td>
<td>The state has a strong production base for high quality aromatics and the unit would cater to demand for both domestic consumption and exports.</td>
</tr>
<tr>
<td>Whey and Casein Products</td>
<td>Milk and processed products</td>
<td>The state is one of the largest producer of milk and units developing products based on milk but not the traditional products will add to the demand for milk. Large supply base for milk, increasing demand for Whey Protien and developing alternatives markets.</td>
</tr>
<tr>
<td>Milk Processing Plants</td>
<td>Milk and Dairy products</td>
<td>With the high production capacity of milk, the processed dairy products as Whole Milk Powder and Skimmed Milk Powder and Dairy Whitener etc. would cater to the growing demand for the products.</td>
</tr>
<tr>
<td>Development of Cattle Feed Manufacturing Plants</td>
<td>Foodgrains and byproducts</td>
<td>The project has been selected on the basis of the production strength of the state, and the demand for quality cattle feed in the domestic market.</td>
</tr>
</tbody>
</table>
References

1. https://data.gov.in/catalog/land-use-pattern
6. Statistical Year Book India 2017, MOSPI (includes state highway, national highway, other PWD roads, rural roads, urban roads).
7. As per Ministry of Railways press release it is 2269 km (As on 31.3.2016)
11. http://mofpi.nic.in/Schemes/list-identified-agri-horti-production-clusters
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A global event to facilitate partnerships between Indian and international businesses and investors, World Food India (WFI) is a gateway to the Indian food economy and an opportunity to showcase, connect, and collaborate.

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