



**INDO-JAPAN CHAMBER OF COMMERCE & INDUSTRY**

# **Indian Agri-business Sector and Investor Options in Tamil Nadu**

by  
**Prof. V Padmanand  
Kunal Sood  
Chirag Jain**



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## PREFACE

I am extremely happy to present to the readers the huge potential available in India, especially Tamilnadu in food industry and food processing industry. Enormous work has been put in to develop this resource paper and I am confident the readers would find it highly informative. IJCCI and the GT Bharat LLP team will be happy to take potential enquiries forward and arrange for a fruitful business dialogue between the Japanese and the Indian business community in this sector. A few lines about the authors:

**Prof. V Padmanand:** Has over 25 years of professional experience, an alumnus of the University of Cambridge, UK and the Indian Institute of Management, Ahmedabad, a renowned International Expert on Private Sector, SME Development and Agri-business Development with expertise in the areas of industry-economic and cluster value-chain interventions including Public-Private Partnership based projects across all sectors. He has served as an International Expert and Team Leader for: Governments; United Nations (UN) organisations such as the UNIDO (Vienna), the UNDP, IFAD (Rome), ILO (Geneva), World Bank, ADB (Manila), GiZ, Commonwealth Secretariat (U.K.) and DFID (U.K.). He has also served as member of several Planning Commission (Working Groups) of the Government of India. He is currently serving as Partner at Grant Thornton Bharat LLP.

**Kunal Sood:** Has over 17 years of experience in development advisory with focus on economic development, worked with Governments, Multilateral Organisations, industry bodies and private sector in devising and implementing programmes for promotion of industrial infrastructure, SME clusters, skills, livelihoods and investments. His sector experience spans across food processing, leather, textiles, plastics, engineering, unorganised sector, etc. Currently, he is leading engagements with Ministry of Food Processing Industries, Department of Industrial Planning and Promotion, Ministry of Chemicals and Petrochemicals, Ministry of Textiles of the Government of India and various State Governments. A unique feature of these engagements is from project conceptualisation to project commissioning. He is serving as Business Unit Leader as well as Partner at Grant Thornton Bharat LLP.

**Chirag Jain:** Is an agribusiness professional with more than 12 years of experience, an alumnus of Delhi University and GB Pant University. He has been part of the public sector advisory team of Grant Thornton Bharat for approx. 10 years with key expertise in the food processing, agriculture, and horticulture sectors; has worked on more than 50 assignments in the food and agri-business space. Presently, he is handling projects with the World Bank, ADB, National Horticulture Board, Ministry of Agriculture and Farmers Welfare, Ministry of Food Processing Industries and Ministry of Animal Husbandry. He has worked with 16 States of the country and has international exposure to Japan, Europe, UAE and South East Asia. He has handled infrastructure projects with an approximate investment to the tune of USD 1 billion and has intervened in projects related to 1 million farmers in the country. Chirag has been instrumental in implementing the Mega Food Parks Scheme of Govt. of India. Presently, he is working as the Team Leader in the Cluster Development Programme of National Horticulture Board, supporting an investment of 10,000 Cr. in the country. He is presently serving as Director in Grant Thornton Bharat LLP.

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**Suguna Ramamoorthy**  
Secretary General IJCCI





## **Indian Agri-business Sector and Investor Options in Tamil Nadu**

### **1. Indian Agriculture Sector Scenario; Government Initiatives**

The large agriculture and food processing (agri-business) sector in India enjoys Comparative Advantage in several commodities. In 2019-20, production of food grains stood at a huge 29.95 Million Tonnes and production of horticulture crops at 320.48 Million Tonnes. Furthermore, India also has the largest livestock population of around 535.78 million, which translates to about 33% of the agriculture Gross Value Added (GVA). Other than in food crops such as paddy and wheat, where it is ranked second and first respectively, in world production, India leads in the production of a range of horticulture crops like mango, banana, guava, papaya, sapota and amla (Indian Goose berry). However, despite Comparative Advantage in related commodities, the related eco-system is besotted with several constraints. Notably, the Government of India has been working on redressing these constraints through a range of policy initiatives as well as field level action.

Initiatives by a global leader in production to manage marketable surplus: The Indian agriculture sector is the primary source of livelihood for about 58% of the Indian populace. Also, growth in gross Value Added (GVA) in FY20 in the agriculture and allied sector stood at an impressive 4%<sup>1</sup>, at INR 19.48 Lakh Crore (USD 276.37 Billion). Nevertheless, the country's share in world exports of these commodities or value-added products is rather low. The country is today a food surplus economy but is unfortunately not able to efficiently market frequent surpluses of commodities in global markets nor in deficient areas in domestic markets. Hence, regardless of a bad or good harvest, typical farm incomes are not remunerative. The eco-system for management of surplus production through seamless domestic trading platforms and logistics infrastructure, storage and value adding facilities, complemented by an enabling policy environment is yet to mature. Moreover, a range of tariff and non-tariff (quality and conformance) barriers exist in many potential markets abroad, which are required to be addressed via negotiation as well as market intelligence. Alongside, domestic market access has been stymied by the strangle-hold of Agriculture Produce Marketing Committees (APMCs)<sup>2</sup> and oligopolistic behaviour of related commission agents and traders. Many of the farm reforms at the state level progressively target such circumstance through establishment of private market yards and other initiatives such as enabling direct marketing and/or procurement licenses to farmer and processor/retail stakeholders. Nevertheless, the sector is yet to realize its potential, as while agriculture accounts for 44% of total employment, it contributes to only 16% of GVA, hence, stymieing contribution towards poverty alleviation and rural development. The Indian government, through the Ministry of Agriculture and Farmers Welfare (MoAFW), as well as the Ministry of Food Processing Industries (MoFPI) and the Ministry of Commerce and Industries has been implementing several PPP schemes to redress gaps, as well as promote exports. These are being favourably exploited by small and large private sector investors.

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<sup>1</sup>Indian Brand Equity Foundation, Indian Agriculture Industry Analysis (New Delhi: Ministry of Commerce & Industry, Government of India, 2020) (<https://www.ibef.org/industry/agriculture-india.aspx>)

<sup>2</sup>The APMC Acts hitherto ensured that agri produce was procured through markets (mandis) where farmers transacted their produce. Over time, monopolistic and oligopolistic systems evolved in many such locations, and transparent price discovery through auctions turned to be the exception, than the norm.

**Producer Organisations to address small and uneconomic size of operational holdings:** The marginal & small farmers' holdings (of 0-2 ha) accounts for 86.08% of the total holdings in the country. Such small holdings make it uneconomic and hardly feasible to invest in necessary quality or conformance inputs and initiatives at the farm level, in turn, affecting agricultural productivity. As a matter of fact, the latter is barely half to one-third of that in competing economies. In addition, this structural limitation also limits the ability of farmers to enjoy strong bargaining power as to develop alternate channels in either the input-procurement front or in the marketing of their produce. Collectivisation of farmers and aggregating their produce is an area of focus. Presently, the government is aggressively implementing a new scheme for the Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs), this will encompass over 10 per cent of the farmer community in the country. Synergised initiatives of all stakeholders, diligent monitoring, as well as capacity building of such farmer networks is under-pinning success of this initiative, complementary to the government's vision of doubling farmers' income by 2022.

**PPP schemes and extension services to address low agricultural productivity:** India's paddy yields are a third of that in Vietnam and about half of that in Indonesia. Such circumstance prevails in the case of many crops. Low productivity is a fall-out of limitations in terms of quantitative and qualitative outreach of crop advisory related extension services, limited farm mechanisation, irrigation constraints and high incidence of disease risk due to inadequate crop rotation. Also, excessive usage of fertilisers has led to deterioration in soil health and nutrients. The government has been undertaking substantial initiatives to redress the above circumstance through issue of soil health cards, development and distribution of quality seeds, support by way of concessionary credit and grant-in-aid for farm mechanisation, facilitation of custom hiring services, and through micro and macro irrigation programmes as well as PPP schemes to encourage private sector participation in disseminating Good Agricultural Practices (GAP)<sup>3</sup>, and complementing the crop

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<sup>3</sup>Such as the Public Private Partnership for Integrated Agriculture Development (PPPIAD).

advisory services provided by the government machinery. Also, inputs like fertilisers have enjoyed large subsidies.

**Land and related regulatory reforms:** Restrictive land leasing laws have been inhibiting performance of the sector. The Land Leasing Act that has been recently evolved is however, expected to legalise leasing (also, to larger farmers, FPOs, and corporates) and will help tenants access insurance and credit against pledging of expected yields.

**Credit and infrastructure support to address distress sale by farmers, and high levels of post-harvest losses:** Commodity prices fall typically with a good harvest, and farmers face the brunt in such circumstance, as well as, particularly, during periods of glut in the local markets. In order to reduce distress by farmers and to encourage them to store their produce for up to 6 months post-harvest, in warehouses against negotiable receipts, the benefit of interest subvention is available through a 'Kisan Credit Card'. Collateral free loan limits are also available up to INR 1.6 Lakh for farmers. To upscale initiatives, such storage and credit in an aggregated manner, is also facilitated through farmer networks backed by an exclusive credit guarantee fund to the tune of INR 2 crore per network. Post-harvest losses in some commodities are to the tune of over 30% of output. Therefore, storage and processing facilities are also a critical gap and a potential area for investment, also supported by fiscal incentives.

**Poor connectivity to alternate domestic and global markets:** In the domestic market as well as global market perspective, there have been constraints with respect to access as well as market intelligence. APMC reform, electronic - National Agriculture Market (e-NAM) connectivity backed by an efficient market intelligence and assaying ecosystem is a dire need. With regard to global markets, trade protocols need to be developed and Free Trade Agreements (FTAs) favourably negotiated. Market Intelligence is also a necessary feature.

**Market Intelligence:** There is a need to move marketing support towards a function that underlines flow of market linked information and focus on efficiently handling marketing of large surplus. Market price information is often ex-post information, and the need is the intelligence which is

forecasted supply and demand-based price information. There is requirement for the country to develop a planned and monitored agri-production ecosystem. Today, at best, supply is only apparent during harvest and arrivals in the market, making it difficult to predict prices. A National and global market intelligence system is required to be created to facilitate meaningful information flows to farmers and other value-chain operators and many private service providers as well as Multi-lateral development organisations are developing related systems.

**Assaying to complement e-marketing and National Single Market Initiatives, other subsidies and price support:** Agriculture markets handle huge volumes of arrivals and smaller lots. Concomitantly, an acceptable and quick assaying solution for markets which can be connected to the internet is being progressively explored. This will complement initiatives pertaining to marketing outside APMCs, as well as e-marketing through the e-NAM.

Basically, the Government's support is underpinned by a network of extension services providing institutions and programmes offering a range of public services (crop advisory services, post-harvest infrastructure, Research and Development etc.) to farmers and value chain operators. Large subsidies are provided for farm inputs such as fertilisers (up to INR 80,000 Crore per annum), electricity and irrigation. As a commodity price risk hedging mechanism, farmers are offered insurance cover, as well as support by way of Minimum Support Prices (MSP). Commodity futures markets are also being developed to buttress the pricerisks.

## **2. Indian Food Processing Sector<sup>4</sup>**

Food processing has an important role to play in value adding to agriculture produce and in linking Indian farmers to consumers in the domestic and international markets. The Ministry of Food Processing Industries (MoFPI) of the Government of India has been making all efforts to encourage investments across the value chain. The industry engages approximately 1.77 million people in around 39,319 registered units with fixed capital of USD 29.2 Billion and aggregate output of around USD 144.6 Billion per

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<sup>4</sup>[www.investindia.gov.in/sector/food-processing](http://www.investindia.gov.in/sector/food-processing)

annum. Including micro and small sized enterprises which are not registered, these estimates are likely to be much higher. The key sub-sectors of the Food Processing industry in India are: dairy, fruits & vegetables, poultry & meat processing, fisheries, spices and condiments processing, food crops processing and food retail etc. In this setting, some of the large Indian and International Players operating in this space include:

**Kissan**<sup>5</sup>: The brand had introduced new formats of food such as canned fruits and vegetables, baked beans, and the like. Over the time, Kissan evolved to become the first ever large fruit and vegetable brand in the country.

**Britannia**: Britannia Industries Ltd is presently one of India's most popular food industries. The company's offerings are spread across the spectrum with products ranging from the healthy 'Tiger' biscuits to the more lifestyle-oriented 'Milkman' Cheese.

**Nestle**: Nestlé India manufactures under internationally famous brand names such as *Nescafé*, *Maggi*, *Milky bar*, *Kit Kat*, *Bar-One*, *Milkmaid* and *Nestea*; and in recent years the company has also introduced products of daily consumption such as *Nestlé Milk*, *Nestlé Dahi* and *Nestlé Jeera Raita*.

**Hatsun Agro Product Ltd.:** Hatsun Agro Product Ltd is the largest private sector dairy in India. It is into a range of milk products including ice-creams.

**Parle Agro:** Parle is into different activities including beverages (fruit drinks and carbonated soft drink), Packaged Drinking Water, foods, and pet preforms. Parle has aggressively grown its facilities to 76 manufacturing facilities, both in India and overseas, and has developed a widespread network of 3,500 distributors that cater to more than 600,000 outlets in the country. It also has a strong presence in about 44 countries.

### **3. Agriculture and food processing sector in the Indian state of Tamil Nadu**

Tamil Nadu is located in the Southernmost part of the Indian subcontinent with a total geographical area of 130.33 Lakh Ha, which constitutes 4% of India's geographical area, consolidated with a coastal line of 1,076 Km.

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<sup>5</sup> [www.ibef.org/industry/indian-food-industry/showcase/](http://www.ibef.org/industry/indian-food-industry/showcase/)

Agriculture is the predominant sector of the state's economy, about 70% of the population is engaged in Agriculture and allied activities for their livelihood. The state has a rich resource base in agriculture. There are seven distinct agro-climatic zones suitable for cultivating various crops and contributing to over 7% of India's total food processing output. The state has availability of Food Processing Infrastructure including 1 Mega Food Park, 8 Industrial Parks and 4 Agri. Export Zones and is ranked 1<sup>st</sup> in banana and marine products, and ranked 2<sup>nd</sup> for coconut cultivation in the nation's production.

The state is among one of the leading producers of horticultural crops with a contribution of 5.8% in National Horticulture production. Mango (52%) and banana (28%) are widely grown crops contributing to more than 80% of the total area under related fruit's category. The state has a unique production capability of off-season mango, and around the year production or availability of tapioca, onion, tomato, brinjal and cabbage. Such crops account for 70 per cent of the vegetable production area.

The state produces all kinds of spices like chilies, garlic, ginger, cardamom, pepper, cloves, cinnamon, curry leaves, coriander seeds, turmeric, tamarind, moringa and nutmeg. Red chilies and turmeric are the leading spice crops accounting for 64 per cent of the total spice area. The state is the 2nd largest contributor to poultry and dairy sub-sectors in India and produces nearly 4.5 per cent (83.62 thousand Tonnes) of India's total milk production. It also produces nearly 18.2 per cent of the total egg production.

**Table 1 - Area and Production crop wise in 2019-20**

<b>Crops</b>	<b>Area ('000 Ha)</b>	<b>Production ('000 MT)</b>
Fruits	3.15	61.56
Vegetables	2.63	69.01
Spices & Condiments	1.22	4.35
Plantations Crop	7.09	51.90
Medicinal & Aromatic plants	0.17	2.63
Flowers	0.42	5.33
<b>Total</b>	<b>14.68</b>	<b>194.80</b>



The state has the potential to develop as a major hub for the export of agriculture produce as well as processed foods due to its strategic geographical location and proximity of food-importing nations. However, the current level of processing of agricultural commodities is less than 2 per cent in the state, mirroring the potential for investors. The government of the state of Tamil Nadu targets to develop the state as the premier agri and food processing hub of India by harnessing its production strength, favourable agro-climatic conditions, and skilled manpower base. In terms of exports, the state exported nearly 15,40,653.83 MT of agricultural products valued at INR 7,635 crores in 2018-19. Poultry products, groundnuts, buffalo meat, processed fruits, juices & nuts followed by non-basmati rice constituted 66% of exports in terms of volume and 58% of the total export value in 2018-19. Tamil Nadu remains the leading exporter of poultry products contributing to 86% of the country's exports while contributes to 46% and 31% of the country's exports of the processed fruits, juices & nuts groundnuts respectively. Other major exports include processed vegetable comprising around 8% of the State's agricultural exports.

#### **4. Opportunities for an investor in Tamil Nadu**

The present level of processing of agricultural commodities is less than 2% in Tamil Nadu, and the State Government envisages to increase the percentage of processed food, especially fruits and vegetables to 10%. Tamil Nadu has about 24,000 food processing Small and Micro Enterprises (SMEs) and about 1,100 medium and large units. The state contributes to about 7% of India's food processing output. To reach its goal of achieving 10% processing of F&Vs and to fulfill the absence of adequate and integrated infrastructure facilities with an enabling ecosystem, the State has decided to establish Food Parks to provide state of the art infrastructure for food processing in the country and to provide a mechanism for producers, processors and retailers to invest in and work together to develop the regional value chain.

#### **Mega Food Park Model adopted in Tamil Nadu**

The concept and initiatives related to Mega Food Parks in India, and Tamil Nadu aims to provide adequate infrastructure facilities for the processing

industry along the value chain from the farm to the market. Food parks are based on the hub and spoke model which is a globally adopted model for the development of food or other industrial parks. Strong and robust value-added infrastructure plays a pivotal role in the reduction in wastage of perishable agricultural produce, enhancing the shelf life of food products, diversification and commercialization of agriculture, employment generation, enhancing farmer's income and creating surplus for the export of agro and processed foods.

The establishment of Mega Food Parks is expected to bring FPOs, farmers, retailers and processors together and link production to the market in order to maximise value addition, minimise wastage and improve FPOs and farmers' income. For an entrepreneur or investor, this developed facility will reduce the gestation period as well as business initiation and operational costs by providing common facilities and administrative support, as a one-stop-shop solution where the investor in an enterprise can also implement projects in a plug-and-play manner.

The facilities in the upcoming Food Parks in the state were derived on the basis of market assessment exercise and learnings from existing Food Parks in the country. The model followed is to utilise the existing infrastructure in the vicinity to act as spokes called Collection Centers (CCs). These centers are located close to the farm and collect produce from the farmer/FPOs after harvest, which may comprise of primary processing equipment for grading, sorting, washing etc. linked to Central Processing Centers (CPCs) as a hub where an enterprise would have the option to utilise common facilities like cold storages, pre-processing, effluent treatment, sewerage, warehouse, power, water network facilities etc. on a reasonable user-charge based model.

The locations have been chosen strategically considering key crops for sourcing as raw materials such as horticulture, oilseeds and pulses being produced within a 100-150 Km radius. A profile of the parks established by the State Industrial Promotion Corporation of Tamil Nadu (SIPCOT) are presented below:

## Manapparai Food Park:

<b>Land Area</b>	127.80 acres
<b>Project cost</b>	INR 12, 239.49 Lakhs
<b>Saleable area</b>	70. 40 acres (plots of 0.5-acre, 1 acre, 2-acre, 5 acre)
<b>Common facility</b>	<ul style="list-style-type: none"> <li>• Warehouse – 15, 000 MT</li> <li>• Packhouse – 10 MT/Hr</li> <li>• Cold Store – 1000 MT (Chilled – 700 MT, Frozen – 300 MT)</li> <li>• Ripening Chamber – 100 MT (5 Nos, 20 MT each)</li> </ul>

## Theni Food Park:

<b>Land Area</b>	150.97 acres
<b>Project cost</b>	INR 14, 353.63 Lakhs
<b>Saleable area</b>	90. 41 acres (plots of 0.5-acre, 1 acre, 2-acre, 5 acre)
<b>Common facility</b>	<ul style="list-style-type: none"> <li>• Warehouse – 8, 000 MT</li> <li>• Packhouse – 10 MT/Hr</li> <li>• Cold Store – 950 MT, Frozen – 300 MT</li> <li>• Ripening Chamber – 100 MT (5 Nos, 20 MT each)</li> <li>• Multi Fruit Aseptic Pulping Line – 6 MT/Hr</li> </ul>

The envisaged primary and secondary benefits of the food parks are:

- Increased private investments
- Reduction in wastage by around 15-20%
- Direct access to the market; better price for produce
- Export oriented production
- Improved and better employment and income opportunities for farmers and manpower in the region

The food processing sector has been growing rapidly in Tamil Nadu and global players like Mondelez, Hindustan Unilever Limited, Britannia, Nestle, Coca Cola and ITC are active investors in the state.

The State Government is establishing such mega food parks and 15 small food parks/agro processing clusters where units will be eligible for capital investment subsidy and other incentives as per the new Industrial Policy 2021 for large investors and the MSME Policy 2021 for MSMEs. Related financial and fiscal incentives for investors include:

### Central incentives

<b>Particulars</b>	<b>Subsidy</b>
Creation and Expansion of Food Processing and Preservation Capacities scheme (CEFPPC) of Ministry of Food Processing Industry	<ul style="list-style-type: none"> <li>• @35% of eligible project cost in general areas and 50% in the north-eastern, Himalayan states, Islands and ITDP areas - subject to a ceiling of INR 5 Crore</li> </ul>

## Food Processing Policy, Tamil Nadu – 2018

Particulars	Incentive
Capital subsidy and electricity exemption	<ul style="list-style-type: none"> <li>Capital subsidy of INR 0.3- 2.75 Crores and electricity tax exemption for 2-5 years, depending on the investment size</li> </ul>
Stamp Duty Concession	<ul style="list-style-type: none"> <li>50% Exemption for projects located in Industrial parks promoted by SIPCOT in A and B category districts.</li> <li>In the case of Ultra Mega projects: 100%, irrespective of location.</li> </ul>
Environmental Protection Infrastructure subsidy	<ul style="list-style-type: none"> <li>Infrastructure subsidy of INR30 lakhs or 25% of capital cost of setting up such ETP/ HWTSDF, whichever is less.</li> </ul>
SGST Reimbursement	<ul style="list-style-type: none"> <li>For new industrial units with an investment above INR 10 crores for 3 years from the date of commencement of business (excluding land cost)</li> </ul>
Interest Sub intervention	<ul style="list-style-type: none"> <li>3% per annum on term loan for fixed capital investment for food processing units and cold chain infrastructure, primary processing centers, primary collection centers etc.</li> </ul>
MSE: Capital Subsidy Scheme	<ul style="list-style-type: none"> <li>25% on value of Plant and Machinery, subject to a ceiling of INR 30 Lakhs</li> </ul>
Technology Development	<ul style="list-style-type: none"> <li>Setting up of Incubation Centres</li> <li>50% reimbursement on the expenditure incurred by industrial units max. up to INR 1 Lakh in getting BIS, ISO 9000 / 14000</li> </ul>

## Industrial Policy, Tamil Nadu 2021

Particulars	Incentive
Capital Subsidy for Investment Promotion	<ul style="list-style-type: none"> <li>7.5% of Eligible Fixed Assets (EFA) depending upon the investment and employment.</li> </ul>
Land Cost Subsidy	<ul style="list-style-type: none"> <li>For eligible projects in SIPCOT, land allotment will be made at 10% concessional rate in category "A" &amp; "B" districts and at a 50% concessional rate in category "C" districts for land up to 20% of EFA.</li> </ul>
Stamp Duty Concession	<ul style="list-style-type: none"> <li>100% stamp duty exemption will be given for lease or purchase of land/ shed/ buildings meant for industrial use in land obtained from SIPCOT.</li> </ul>
Enhanced Incentive for Quality Certification	<ul style="list-style-type: none"> <li>Subsidy of 50% of the total cost incurred for obtaining the certification, as certified by the Chartered Accountant, limited to Rs. 1 cr. for the period of investment</li> <li>Projects obtaining certifications like ISO, ISI, BIS, FPO, BEE, AGMARK, and ECOMARK or any other national or international certification shall be given</li> </ul>
Enhanced Incentive for Intellectual Property Creation	<ul style="list-style-type: none"> <li>50% of the expenditure incurred by the Project for the investment period for a patent, copyright, trademarks, Geographical Indicators registration subject to a maximum of Rs. 1 cr. for the period of investment.</li> </ul>
Interest Subvention	<ul style="list-style-type: none"> <li>Rebate of 5% in the rate of interest shall be provided on actual term loans taken for the purpose of financing the project, for a period of 6 years subject to the limits</li> <li>Large – 20 Lakhs per annum</li> <li>Mega – 100 Lakhs per annum</li> <li>Ultra-Mega – 400 Lakhs per annum</li> </ul>
SGST Reimbursement	<ul style="list-style-type: none"> <li>The Project shall also be eligible for SGST refund on capital goods</li> </ul>
Power Subsidy	<ul style="list-style-type: none"> <li>Electricity Tax exemption for a period of 5 years</li> </ul>

Particulars	Incentive
Green Industry Incentive	<ul style="list-style-type: none"> <li>• 25% subsidy on the cost of setting up such environmental protection infrastructure in the following solution areas subject to a limit of INR 1 Crore.</li> </ul>
Training Subsidy	<ul style="list-style-type: none"> <li>• INR 4,000 per worker per month for 6 months for residents of Tamil Nadu.</li> <li>• INR 6,000 per worker per month for 6 months for women and transgender employees, persons with benchmarked disabilities, persons from SC/ST communities</li> </ul>

## 5. Note in conclusion

India enjoys comparative advantage in most sub-sectors of the agri-business sector in the country. It is also the world's leading producer base in a range of commodities. Nevertheless, the agri-business eco-system faces many challenges which has been reducing its ability to penetrate global value chains to the extent desired. Further, marginal and small stakeholding farmers in the eco-system suffer from relatively depressed income levels. In this context, the Government of India as well as state governments have been pro-actively intervening at the policy, and the field level to redress related constraints in terms of support infrastructure, market connect and twinning with necessary services.

Mega Food Parks are also an instrument to encourage investment by the private sector into value adding activities. The central as well as state government offer attractive investment subsidies as well as fiscal incentives to Indian as well as foreign investors as to encourage related investment into such mega food parks. In this context, there is great potential for investors to invest in the Indian agri-business value chains, and particularly in the upcoming Mega Food Parks in the state of Tamil Nadu.

Basically, the State with its suitable climatic conditions, endowment of surplus raw material, and excellent incentives and supporting environment provides a conducive environment for investors. Tamil Nadu, being the 2nd largest processing state in India also has the benefit of a developed eco-system in this context and provides investors with an opportunity to grow alongside further development of the state.





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