

**GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:1816

ANSWERED ON:05.12.2005

PROMOTION OF F.P.I.

Patel Shri Kishanbhai Vestabhai;Singh Shri Sugrib

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

- (a) whether due to heavy tax on packed processed food and existing Mandi Laws in the country food processing industry has failed to achieve its targets;
- (b) if so, whether the Government proposes to amend the related existing system for promotion of Food Processing Industry;
- (c) if so, the details thereof; and
- (d) the time by which such changes are likely to be implemented?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a) to (d): Taxation and the existing Mandi Laws have created some constraints in proper development of food processing industries in the country. Government has already initiated necessary measures and waived excise duty on fruit and vegetable products. Recently in the year 2004- 05, Government has allowed under Income Tax Act, a deduction of 100% of profit for five years and 25% of profit for the next five years in case of new agro processing industries setup to process, preserve and package fruits and vegetables. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. Excise duty of meat, poultry and fish products has been reduced from 16% to 8%. In the Budget 2005-06, excise duty of Re 1.00 per kg on refined edible oil and Rs. 1.25 per kg on Vanaspati was abolished and custom duty on refrigerated vans was reduced from 20% to 10%. As regards the Mandi Laws the matter falls within purview of State Governments and accordingly they have been advised to take necessary action in this regard.