

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

UNSTARRED QUESTION NO:1054
ANSWERED ON:27.02.2006
PRIVATE PARTICIPATION IN FPI
Nayak Shri Ananta

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

- (a) whether the Government proposes to attract private entrepreneurs to make food processing industry commercially and economically viable by processing and canning the fruits for domestic as well as international market;
- (b) if so, the details of incentives proposed to be provided to the private enterprises in this regard; and
- (c) the details of the centers identified for setting up of units for processing and canning the fruits in various States during the current financial year?

Answer

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

(a) to (c): The Government have implemented Plan Schemes to provide financial assistance for establishment and modernization of the food processing units, creation of infrastructure, support for R&D, human resource development besides other promotional measures to encourage development of the food processing industries including fruit processing and canning units. The rate of assistance for establishment/modernization of the food processing units is 25% of the plant & machinery and technical civil works subject to a maximum of Rs. 50 lakh in general areas and 33.33% of the project cost subject to a maximum of Rs. 75 lakh in difficult areas. The other major scheme of food park provides for assistance up to Rs. 4.00 crore, for specified common facilities at the rate of 25% and 33.33% of project cost in the two areas respectively. These schemes are project-oriented not State or area-oriented. Assistance under these schemes is released for technically and commercially viable projects subject to fulfillment of schematic guidelines. Fruit and vegetable processing units are exempted from payment of excise duty. Recently for giving boost to the FPI sector Government in 2004-05 has allowed under Income Tax Act a deduction of 100% of profit for five year and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables. In the Budget of 2005-06 excise duty of Rs. 1.00 per kg on refined edible oil and Rs. 1.25 per kg on vanaspati was abolished. Customs duty on refrigerated vans was reduced from 20% to 10%.