

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

UNSTARRED QUESTION NO:2342
ANSWERED ON:13.03.2006
ASSESSMENT ON PERFORMANCE OF FOOD PROCESSING SECTOR
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

- (a) whether the Government has made any assessment on the performance of food processing sector of the country in the recent past;
- (b) if so, the findings thereof; and
- (c) the steps being initiated to further improve the FPI sector?

Answer

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

(a) to (c) : As per the National Accounts Statistics 2005, average annual GDP growth rate of food processing industries including tobacco in the country during 2000-01 to 2003-04 was 7.86%. There is adequate scope for growth of food processing industries in the country. Government has formulated and implemented several 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. In order to give boost to growth of FPI sector the Government in 2004-05 has allowed under Income Tax Act, a deduction of 100% of profit for five years 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. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. In the Budget of 2005-06 customs duty on refrigerated vans was reduced from 20% to 10%. In the Budget 2006-07 the Government has announced to exempt excise duty on condensed milk, ice cream, preparations of meat, fish and poultry, pectins, pasta and yeast. Excise duty on ready-to-eat packaged foods and instant food mixes, like dosa and idli mixes reduced from 16 per cent to 8 percent. Excise duty on aerated drinks has been reduced from 24 per cent to 16% per cent.