

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

UNSTARRED QUESTION NO:814  
ANSWERED ON:06.12.2004  
INCENTIVES TO FP SECTOR  
Rao Shri Sambasiva Rayapati

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

- (a) whether despite the impressive growth, the utilisation of fruits and vegetables processing in the organised and unorganised sector is estimated at around two percent for the total production;
- (b) if so, the other steps the Government proposed to take to improve the position further;
- (c) whether the Government proposes to give more incentives to this sector; and
- (d) if so, the details thereof?

**Answer**

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

(a) to (d): Level of processing of fruits & vegetables is presently around 2%. In order to increase level of processing Government has exempted processed products of fruits and vegetables from payment of excise duty. Recently, under Income Tax Act, a deduction of 100% of profit for five years and 25% of profit for the next five years has been allowed in case of new agro processing industries set up to process, preserve and package fruits and vegetables. Plan schemes have also been formulated to provide financial assistance for establishment and modernization of food processing units, creation of infrastructure, support for R&D, human resource development besides other promotional measures to encourage development of food processing industries. Quantum of assistance for establishment / modernization of food processing units including fruit and vegetable units is 25% of costs of plant and machinery and technical civil works in general areas and 33.33% in difficult areas subject to a maximum of Rs. 50 lakhs and Rs. 75 lakhs, respectively.