

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

STARRED QUESTION NO:166

ANSWERED ON:13.12.2004

BOOST TO FPI

Gandhi Shri Pradeep;Mahajan Shri Y.G.

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

- (a) whether the Government is contemplating any scheme to promote the food and agro-processing industries;
- (b) if so, the details thereof;
- (c) the amount likely to be spent by the Government in this process;
- (d) whether the Government has conducted any survey to establish food and agro-processing industries in some States of the country; and
- (e) if so, the details of the survey reports thereon?

Answer

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

(a) to (e): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 166 FOR 13TH DECEMBER, 2004 REGARDING BOOST TO FPI.

(a) to (e): Plan Schemes have already been formulated and implemented 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.

The rate of assistance for establishment / modernization of food processing units is 25% of the cost of plant & machinery and technical civil works subject to 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 parks 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 general and difficult areas respectively. An amount of Rs. 110 crore has been allocated for expenditure under the said schemes during 2004-05. Recently, in order to give boost to growth FPI sector the Government of India has announced on 8th July 2004 in Parliament to allow 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. Present excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. Excise duty on meat, poultry and fish has been reduced from 16% to 8%. Excise duty on food grade hexane used in edible oil industry has been reduced from 32% to 16%.

State Governments have already been advised to undertake comprehensive surveys /studies so as to facilitate formulation of food processing policies and an action plan for development of food processing industries. Accordingly, the Government of UP had assigned a study. A report on the master action plan has been submitted.