

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

STARRED QUESTION NO:363

ANSWERED ON:19.08.2010

FPI

Chavan Shri Harischandra Deoram; Danve Shri Raosaheb Patil

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

- (a) whether the food processing industries play a pivotal role in generating employment and providing value addition of agricultural commodities including poultry, meat, dairy and fisheries;
- (b) if so, the details thereof;
- (c) the number of proposals received from various States and approved by the Union Government for setting up food processing industries during the last three years, year and state-wise;
- (d) the time by which the remaining proposals are likely to be accorded approval; and
- (e) the financial assistance proposed to be provided to the State Government for the purpose?

Answer

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

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (e) OF LOK SABHA STARRED QUESTION NO.363 FOR ANSWER ON 19-08-2010 REGARDING FPI.

(a) & (b): Yes, Sir. Food Processing Industries play a pivotal role in generating employment and providing value addition of agricultural commodities including poultry, meat, dairy and fisheries. Food processing has significant potential for employment generation not only directly but across the supply chain in production of raw materials, storage of produce and finished products and distribution of food products.

The employment intensity in the organized sector is 18 direct and 64 indirect per Rs. 1.00 crore of investment. In unorganized sector, the employment intensity is estimated to be approximately 100 direct per Rs. 1.00 crore of investment.

(c): Ministry of Food Processing Industries extends financial assistance in the form of grant-in-aid to entrepreneurs @ 25% of the cost of Plant & machinery and Technical Civil Works subject to a maximum of Rs. 50 lakhs in general areas or 33.33% subject to a maximum of Rs. 75 lakhs in difficult areas under the Scheme of Technology Upgradation/ Establishment/ Modernization of food processing industries.

Prior to 01-04-2007, all the applications for such grants were received by the Ministry through the State Nodal Agencies. These applications were then Centrally processed and grants disbursed directly by the Ministry. From 2007-08, the receipt of applications, their appraisal, calculation of eligible grant as well as disbursement of grants has been completely decentralized, through Banks/Financial Institutions.

Under the new procedure, an entrepreneur can file application with the neighbourhood Bank branch/Financial Institution (FI). The Bank/FI would then appraise the application and calculate the eligible grant amount as per the detailed guideline issued by the Ministry. The Banks / FIs recommendation for the release of grant is transmitted to the Ministry through e-portal established for this purpose. After the recommendation is received from the Bank/FI, the Ministry sanctions the grant and transfer the funds through the e-portal. The details of the proposals received from entrepreneurs of various States and approved by the Government under the scheme during last three years, year-wise and State-wise are enclosed at Annexure-I.

(d): The proposals are considered within the budgetary allocation for the scheme from year to year basis and accordingly the timeframe for clearance of the pending proposals will depend upon the availability of funds.

(e): The financial assistance under the Scheme is provided to the entrepreneurs directly.