

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

UNSTARRED QUESTION NO:628
ANSWERED ON:11.11.2010
FPI IN BACKWARD AREAS
Reddy Shri Anantha Venkatarami

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

- (a) whether the Government proposes to set up food processing industries in various States, particularly in backward areas to prevent the fruits and vegetables from perishing;
- (b) if so, whether any request from any State Government has been received in this regard;
- (c) if so, the details thereof; and
- (d) the action taken by the Government to clear the pending proposals of the States?

Answer

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

(a):Ministry of Food Processing Industries (MFPI) 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. The Scheme is aimed at creation of new processing capacity and up-gradation of existing processing capabilities, modernization of Food Processing Sector to include Milk, Fruit & Vegetables, Meat, Poultry, fishery, cereal, consumer items, oil seeds, rice milling, flour milling, pulse etc. in various States including backward areas. The financial assistance are provided to the proposals received from eligible agencies for setting up of food processing units as per guidelines of scheme. This scheme is project specific, not State specific.

(b): No, Sir. No request has been received from any State Government. As such the scheme envisages assistance to entrepreneurs.

(c): Does not arise, in view of (b) above.

(d):Before decentralization, 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 grant eligibility as well as disbursement of funds has been completely decentralized. Under the new procedure, an entrepreneur/ applicant can file application with the neighborhood Bank branch/ Financial Institution (FI). The Bank/ FI would then appraise the application and calculate the eligible grant amount as per the detailed guideline given to them by the Ministry. The Banks/ FIs appraisal report and its 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 alongwith requisite documents, the Ministry sanctions the grant and transfer the funds through the e-portal.

The pending proposals of the entrepreneurs are cleared in very prompt manner by the Ministry subject to availability of funds.