

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

UNSTARRED QUESTION NO:98  
ANSWERED ON:22.02.2011  
FDI IN FOOD PROCESSING SECTOR  
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**Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:**

- (a) whether the food processing industries in the country are lagging behind in comparison to that of other countries in the world;
- (b) if so, the details thereof;
- (c) whether the flow of Foreign Direct Investment (FDI) is less in the field of food processing;
- (d) if so, the details thereof and the reasons therefor;and
- (e) the steps taken by the Government to enhance FDI in the food processing sector?

**Answer**

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES(SHRI HARISH RAWAT)

- (a): The overall food processing levels in the country is just round about 10% which is much below than other comparing countries. The processing level in some sectors like milk is 35%, fruit & vegetable is 2.2 % and poultry is 6%.
- (b): Due to fragmented supply chain and lack of adequate processing infrastructure along the value chain, the processing levels in the country are quite low resulting in considerable amount of wastage of agri & horticulture produce. The Government has adopted a vision document 2015 which has suggested strategy to ensure faster growth of the food processing sector. The adopted vision 2015 provides for enhancing the level of processing of perishable to 20%, enhancing value addition to 35 % and India's share in global food trade to 3%by the year 2015. To achieve these targets, investment of Rs. one lakh crores may be required by the year 2015. Out of which, Rs. 10,000 crores to come from the Government. Accordingly, the Ministry has formulated its 11th Plan schemes to attract the required investments in the sector.
- (c) & (d): FDI in food processing sector is quite encouraging. The amount of FDI inflow for Food Processing Sector in India during the financial year 2010-11 up to November 2010 is Rs. 576.50 crores as compared to total FDI of Rs. 5344.22 crores.
- (e): Besides attracting FDI through schemes like Mega Food Park, the Government has also extended several fiscal incentives during this financial year to enhance FDI in food processing sector like:-
  - (i) Full exemption from excise duty has been given to specified equipments for preservation, storage or transport of apiary, horticultural, dairy, poultry, aquatic & marine produce and meat and processing thereof.
  - (ii) Project imports status, with concessional rate of basic customs duty of 5% has been granted to the initial setting up or substantial expansion of a cold storage, cold room (including farm pre-coolers) for preservation or storage or an industrial unit for processing of agricultural, apiary, horticultural, dairy, poultry, aquatic & marine produce and meat.
  - (iii) Truck Refrigeration units manufacturing refrigerated vans/trucks have been fully exempted from basic customs duty.
  - (iv) Exemption from service tax has been provided to services relating to 'Erection, Commissioning or Installation' of
    - # Mechanized Food Grain Handling Systems etc.
    - # Equipment for setting up or substantial expansion of cold storage; and
    - # Machinery/equipment for initial setting up or substantial expansion of units for processing of agricultural, dairy, poultry, aquatic, marine or meat products.

The scope of exemption of service tax has been expanded to include food grains and pulses in addition to fruits, vegetable, eggs and milk.