

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

UNSTARRED QUESTION NO:4575

ANSWERED ON:30.08.2011

FPIS IN RURAL AREAS

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

- (a) whether the Government has received proposals for setting up and development of food processing units in the rural areas in the country;
- (b) if so, the details thereof, State-wise;
- (c) the details of the funds provided for this purpose during the last three years and the current year, State-wise;
- (d) whether the Government is aware that investment made in rural infrastructure for Food Processing Industries (FPIs) is insufficient;
- (e) if so, the details thereof; and
- (f) the steps taken/being taken by the Government to promote private participation for the development of food processing industries in the rural areas?

Answer

THE MINISTER OF STATE FOOD PROCESSING INDUSTRIES (Dr. CHARAN DAS MAHANT)

(a) to (c): Yes, Madam. Under the Scheme for Technology Upgradation/ Establishment/ Modernization of Food Processing Industries, financial assistance is provided in the form of grants-in-aid for setting up of new food processing units as well as Technological Upgradation and Expansion of existing units in the country including rural areas. Ministry 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. The state-wise details of financial assistance and number of units assisted in last three years and current year is at Annexure.

(d) & (e): Yes, Madam. The Vision Document was prepared in the year 2005 and the same was adopted by the Government. Vision Document suggested strategy to ensure faster growth of the sector. The adopted Vision 2015 provides for enhancing the level of processing of perishable from 6% to 20%, enhancing value addition from 20% to 35% and increasing India's share in global food trade from 1.5% to 3% by the year 2015. To achieve these targets, investment of Rs. 100 thousand crores was estimated by year 2015, out of which Rs. 10,000 crores was to come from Government. Accordingly, Ministry formulated its 11th plan schemes to attract the required investment in the sector.

(f): Government has formulated and is implementing several Plan Schemes to provide financial assistance for the establishment and modernization of Food processing units, creation of infrastructure, support of R&D, human resource development besides other promotional measures to encourage development of food processing industries. Moreover, the Government has taken several fiscal incentive measures like tax reduction, waiver/reduction of excise duty, reduction of custom duty on specific food items with a view to encourage the growth of Food Processing Industries and make them more competitive. Further, the Ministry under its Plan Scheme of establishing Food Testing Labs, Implementation of Quality Systems such as Hazard Analysis Critical Control Points (HACCP), Promotion of Research and Development, Capacity Building and Human Resources Development provide assistance to food processing industries to enable them to compete in the international market.