

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

STARRED QUESTION NO:386
ANSWERED ON:30.07.2009
RESEARCH AND DEVELOPMENT IN FOOD PROCESSING INDUSTRIES
Khairi Shri Chandrakant Bhaurao

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

- (a) whether adequate steps have been taken to promote Research and Development activities in the food processing sector;
- (b) if so, the details thereof during the last three years;
- (c) whether the Government is providing any investment-linked incentives for in-house R&D expenditure incurred by the companies;
- (d) if so, the details thereof;
- (e) the details of the indigenously developed technologies which have been utilized gainfully for enhancing production and improving quality of products during the last three years; and
- (f) the further action being taken by the Government in this regard?

Answer

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

(a) & (f): A statement is laid on the Table of the House.

Statement as referred in reply to parts (a) to (f) of Lok Sabha Starred Question No. 386 to be answered on 30.7.2009 regarding Research and Development in Food Processing Industries.

(a): Yes, Sir the Ministry of Food Processing Industries under its scheme for
(i) Research and Development in Processed Food Sector,
(ii) Setting up / Upgradation of Quality Control/ Food Testing Laboratories,
(iii) Implementation of HACCP / ISO22000, ISO14000 / GHP / GMP quality / safety management systems and
(iv) Promotional activities, is providing financial assistance as grant-in-aid under the sub-component for Research & Development in Processed Food Sector to promote Research & Development in the Food Processing Sector. The Financial Assistance is given as grant-in-aid to various Universities, IITs, Central/State Government Institutions, Public Funded Organizations, R&D Laboratories and CSIR recognized R&D units in private sector, to promote and undertake demand driven R&D work in the field of Food Processing Sector for product and process development, improved packaging, value addition and leading to innovative products and processes with commercial value.

(b): During the last three years following number of projects were assisted: -

S.No	Year	No. of Projects	Assistance provided (Rs. In Lakh)
1.	2006-2007	10	201.87
2.	2007-2008	09	259.35
3.	2008-2009	16	481.30

(c): Yes, the Government is providing investment –linked tax incentives for in-house R&D expenditure incurred by companies.

(d): The details are as under: -

(i) Clause (i) of section 35(1) of the Income-Tax Act, 1961 allows an assessee deduction of any expenditure (not being in the nature of capital expenditure) laid out or expended on scientific research related to his business.

(ii) Clause (iv) of section 35(1) of the Income-tax Act, allows an assessee, deduction of any capital expenditure (other than any expenditure incurred on the acquisition of any land) laid out or expended on scientific research related to his business.

(iii) Section 35(2AB) of the Income-tax Act allows a company (engaged in a specific business), a weighted deduction of 150% of any expenditure incurred on scientific research (not being expenditure in the nature of cost of any land or building) on an in-house research and development facility as approved by the prescribed authority (Secretary, Department of Scientific and Industrial Research). The specified businesses are biotechnology, business of manufacture or production of any drugs, pharmaceuticals, electronic components, computers, telecommunication equipments, chemicals or any other article or thing notified by the Board.

The notified articles or things under this section are:-

- # Helicopter or Aircraft
- # Computer software
- # Automobiles including automobile components

It is proposed in the current budget (through Finance (No. 2) Bill, 2009) to extend the benefit of weighted deduction of 150% on an in-house research and development facility specified under section 35 (2AB) of the Income-tax Act, to all businesses engaged in the manufacture or production of an article or thing except a small negative list as specified in the Eleventh Schedule. This incentive would give a boost to R&D activities of all sectors.

(e): The various technologies that are developed by several institutions such as post graduate colleges, Universities, Home Science Colleges, Nutrition Oriented colleges and various R&D centers, IITs and many others assisted by Government Ministries/Departments in the area of value addition to fruits & vegetables, development of novel food products and processes, value addition to marine, meat, fish and poultry industry such as for example chitosan from shrimp waste and more importantly the products of spices and its byproducts and value addition to oleoresins and volatile oil extraction have all been supported over a period of time. The details of the some of the indigenously developed technologies assisted by MFPI, which have been commercialized during the last three years, are: "Establishment of Demonstration plant and training centre for processing in rural area to produce and promote nutritious value added foods from locally available agriproduce", and "Development of shelf stable and ready-to- eat Indian Mini meals Thermo processed in Rertortable Plastic containers" by Central Food Technological Research Institute, Mysore; and " Packaging of Jeera Puris" and "Packaging of Banana chips" by Indian Institute of Packaging, Mumbai

(f): During the 11th plan the scheme, which is under the process of approval for continuation, envisages grant-in-aid to various universities, IITs, Central/State Government Institutions, Public Funded Organizations, R&D Laboratories and CSIR recognized R&D units in private sector. For the Government organizations, assistance to the tune of 100% as grant-in-aid has been revised to include cost of consumables and expenditure related to Junior Research Fellow (JRF)/ Senior Research Fellow (SRF)/ Research Associate (RA) specific to the project of specified duration for maximum of two years.

For Private organizations, grant to the tune of 50% of equipment cost in general areas and 70% in the difficult () areas. 100% Grant will be provided for the Ministry's sponsored projects, restricted only to public funded organizations of repute, in cases of cutting edge areas of research leading to development of innovative products, processes and manufacturing practices. In addition, regular interactions are held with academicians/researchers, industry representatives, and policy makers to enrich the quality implementation of research outcome.

() Difficult areas include J&K, Himachal Pradesh, Uttarakhand, North-Eastern States, Andaman & Nicobar Islands, Lakshadweep, and Integrated Tribal Development Projects (ITDP) area.