

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

UNSTARRED QUESTION NO:3808
ANSWERED ON:30.07.2009
SUBSIDY FOOD PROCESSING UNITS
Sethi Shri Arjun Charan

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

- (a) whether the Government is providing subsidy to the food processing units in the country;
- (b) if so, the details of total subsidies provided during the last two years State-wise;
- (c) the details and numbers of such units applied for subsidy during the above period but not yet granted subsidies; and
- (d) the reasons therefor?

Answer

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

(a) to (d) : Yes, Sir. The Ministry of Food Processing Industries extends financial assistance in the form of grant-in-aid to implementing agencies/entrepreneurs @ 25% of the cost of Plant & machinery and Technical Civil Works subject to a maximum of Rs. 50 lakhs in general areas and 33.33% subject to a maximum of Rs. 75 lakhs in difficult areas under the Scheme of Setting up/Modernization/Expansion of food processing industries.

Earlier 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, the Ministry sanctions the grant and transfer the funds through the e- portal.

Under the decentralized procedure, as the applications are received directly by the Banks/FIs, the data for receipt of the applications for 2007-08 and 2008-09 is not maintained centrally by the Ministry. However, the State-wise details of the number of food processing units to which financial assistance has been provided is annexed. The Ministry releases the funds in the shape of grant in aid to the agencies/ entrepreneurs depending upon the availability of funds within the budget provision from year to year basis.