

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

UNSTARRED QUESTION NO:4572
ANSWERED ON:06.08.2009
TAX HOLIDAY
Balram Shri P.

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

- (a) whether the Government has announced tax holiday for food processing industries to pull Foreign Direct Investment (FDI) in food processing industries;
- (b) if so, the details thereof; and
- (c) the steps taken by the Government in this regard?

Answer

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

(a) to (c) As per provisions of sub-section (11 A) of section 80-IB of the Income-Tax Act, 1961 a deduction from profits up to specified amounts is allowed in the case of an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables or from the integrated business of handling, storage and transportation of food grains subject to specified conditions, if such undertaking begins to operate such business on or after the 1st day of April, 2001. With a view to preserving perishable food items like milk, poultry and meat, the Finance (No.2) Bill 2009 proposes to amend sub- section (11 A) of section 80-IB to also provide tax holiday in respect of the business of processing preserving and packaging of meat and meat products and poultry, marine and dairy products.

The Finance (No.2) Bill, 2009 proposes to also extend investment-linked tax incentive by way of insertion of a new section 35AD in the Income-Tax Act, 1961 to the business of setting up and operating cold chain facilities for specified products and to the business of setting up and operating warehousing facilities for storage of agricultural produce. As per the proposed new section hundred per cent deduction would be allowed in respect of the whole of any expenditure of capital nature (other than expenditure on land or goodwill or financial instruments) incurred, wholly and exclusively, for the purposes of the specified business during the previous year in which such expenditure is incurred subject to specified conditions. This will also give an indirect boost to the setting up of food processing units.