

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

STARRED QUESTION NO:116

ANSWERED ON:26.11.2009

IMPACT OF RECESSION ON FPI

Hassan Dr. Monazir ;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether the adverse impact of international economic recession has also been felt in the food processing industries of the country;
- (b) if so the details thereof;
- (c) whether the Government has taken steps to provide relief to the industry through stimulus package; and
- (d) if so, the details thereof?

Answer

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

(a) to (d): A Statement is laid on the Table of the House.

Statement referred to in reply to part (a) to (d) of Lok Sabha Starred Question No. 116 for answer on 26.11.2009 regarding Impact of Recession on FPI.

No study/survey has been conducted by the Ministry of Food Processing Industries to assess the impact of the international economic recession on the food processing sector in the country.

The food processing sector has been growing at an average rate of 14.03% in the past few years. Furthermore, Ministry has not come across of any case of retrenchment in this sector due to recession. These factors indicate that Food Processing Industries has not been affected adversely due to the current international economic recession. India has huge potential in food processing industry where only 2% of fruit and vegetables and 35% of milk produced are processed presently. The processed food industry ranks fifth in size, representing 6.3% of GDP and accounts for 13% of the country's export and 6% of total industrial investment.

In order to increase level of processing and to promote food processing industries to exploit both the domestic and international market potential for processed food products, the Ministry of Food Processing Industries had come out with a Vision 2015 document which envisages tripling the size of the processed food sector by increasing the level of processing of perishables from 6% to 20% value addition from 20% to 35% and share in global food trade from 1.5% to 3% by 2015. An integrated strategy for promotion of agribusiness Vision, strategy and Action Plan for the Food Processing Sector has also been approved by the Government.

In recent times, the Government of India has also taken initiatives to give a boost to the sector by abolishing licensing for almost all food and agro-processing industries. The government has already granted tax holiday under the Income Tax Act, 1961 and as per provisions of Sub- Section 11(a) of Section 80-1b of the Income Tax Act a deduction from profits upto specified amounts is allowed in the case of an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables. The Finance (No. 2) Bill, 2009 proposes to also extend investment-linked tax incentive by way of insertion of a new section 35 AD 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.