

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

UNSTARRED QUESTION NO:65

ANSWERED ON:19.11.2009

PROCESSING OF FRUITS AND VEGETABLES

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

- (a) whether the level of processing industry for fruits and vegetables is processing 2% of them as compared to 65% in USA and 23% in China;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) whether Confederation of India Industry have approached the Government for exemption in Goods and Services tax for FPI; and
- (d) if so, the reaction of the Government to help processing industry?

**Answer**

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

(a) & (b): The level of processing of fruits & vegetables in the country is estimated at 2.20%. The low level of fruit and vegetable processing is due to non-availability of processable varieties of raw materials at right quantity and quality, seasonable nature of industry, lack of adequate post-harvest infrastructure such as lack of cold chain facilities, transportation, proper storage facilities etc. It is estimated that the processing level in the food processing sector has gone up from 6% to 10 % and value addition has gone up from 20% to 26% during last five years.

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, Vision 2015 Document has been finalized by the Ministry of Food Processing Industries (MFPI), 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.

(c) & (d): The Confederation of Indian Industry has represented to the Ministry of Food Processing Industries for exemption of Goods and Services tax for FPIs, which has been forwarded to Ministry of Finance for an appropriate action. As far as the Government's help to processing industries is concerned, tax holiday for food processing units already exists under the Income Tax Act, 1961. As per provisions of sub-section 11 A of section 80 -1B of the Income Tax Act, 1961, 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 Government, through its schemes for financial assistance and other promotional measures, facilitates creation of food related infrastructure including processing facilities aimed at reducing wastages, enhancing value addition and increasing shelf life. Ministry of Food Processing Industries (MFPI) has been implementing various schemes for promotion and development of food processing industries in the country. Under the Scheme for Technology Upgradation / Modernization/ Establishment of Food Processing Industries, MFPI extends financial assistance to food processing units in the form of grant-in-aid @ 25% of the cost of plant and machinery and technical civil works subject to a maximum of Rs.50.00 lakh in general area or 33.33% subject to maximum of Rs. 75.00 lakh in difficult areas such as Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Sikkim and North Eastern States, A&N Islands, Lakshadweep and ITDP areas. In addition, under the Technology Mission for Integrated Development of Horticulture in North Eastern and Himalayan States, higher levels of assistance @ 50% upto Rs. 4.00 crore for setting up and Rs.1.00 crore for Upgradation of fruit and vegetables processing is available. A National Horticulture Mission has been launched with an objective to boost the horticulture sector.