

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1781

ANSWERED ON:16.12.2013

EXPORT OF PROCESSED FOOD

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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the quantum of value added agricultural products/processed food items exported/imported to various countries including United States of America during each of the last three years and the current year, value, item and country-wise along with the net foreign exchange earned from such exports;
- (b) whether the share of India in the global trade of value added agricultural products and processed food items is very low in comparison to other developing countries and if so, the details thereof and the reasons therefor;
- (c) the steps taken to promote the export of processed food items from the country along with the incentives provided to the exporters for the purpose during the said period;
- (d) whether the Government has been liberal in granting permission for the import of processed foods from other countries in the recent past and if so, the details thereof and the reasons therefor along with its impact thereon; and
- (e) whether the Government has taken decision to permit the export of processed/ value added agricultural products even if a restriction/ban is imposed on export of its basic farm produce and if so, the details thereof and the reasons therefor along with its impact on the prices of such goods in the domestic market?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN)

- (a) Quantum of processed food items exported to top five countries including US during the last three years and current year country-wise and value-wise, is placed at Annexure – I. Since the processed food items include Processed Vegetable, processed fruits and juices and miscellaneous processed items, it is not possible to give quantity figures.
- (b) As per UNCOMTRADE, the share of India in global trade of processed food products is 1.05 % during 2012. The relative low share of India of agriculture products in general and processed food products in particular is primarily on account of very high domestic consumption, low land holding size, low productivity, constraints of supply chain and marketing linkages as well as low level of processing and inadequate investments.
- (c) The Government extends financial assistance to promote exports of processed food items to under Plan schemes of the Commodity Boards and Export Promotion Councils. The Agricultural and Processed Food Products Export Development Authority (APEDA), under the administrative control of the Department of Commerce implements various schemes to extend financial assistance to the eligible exporters registered with it to promote the overall agri exports. Besides these measures, the Government of India, with a view to boost exports of agricultural and forest produce and gram udyog products, initiated a scheme called Vishesh Krishi and Gram Udyog Yojana (VKGUY) in the Foreign Trade Policy. Objective of VKGUY is to compensate high transport costs and offset other disadvantages to promote exports of the following products:
- (i) Agricultural produce and their value added products; (ii) Minor Forest Produce and their value added variants; (iii) Gram Udyog Products; (iv) Forest Based Products; and (v) Other Products, as notified from time to time.
- (d) The import of processed foods from other countries into any country is governed by the Foreign Trade Policy (FTP) of the country, the trade regulations of the importing & exporting country and the international obligations envisaged in the World Trade Organisation (WTO). It is also governed by International guidelines of Codex (wherever applicable) and is subject to compliance of other domestic regulatory requirement relating to national Plant and Animal Quarantine regulations, Food Safety Standards Authority of India (FSSAI) regulations etc.
- (e) Yes, Madam. The Government has, through notification no. 31(RE-2012) dated 04th February, 2013, decided to allow the export of 14 commodities/product groups of processed/ value added agricultural products like cereal flours/meals, preparation of cereals etc., milk products like casein and caseinates, butter, cheese, curds etc., value added products of onion and peanut butter even in the event of possible restriction/ ban on the export of its basic farm produce in future. The export of above mentioned processed/value added agricultural products constitute a miniscule portion of overall exports of agriculture commodities, and would therefore have no

impact on their prices in the domestic market. Such a decision has been taken to ensure a consistent and stable policy for processed and / or value added agri products and for enabling India to move up the value chain in export of agricultural commodities. This would also ensure better realization to farmers, minimizing post harvest losses, employment generation in food processing industries, ensuring investments in creation of infrastructure facilities for agricultural produce.