

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

STARRED QUESTION NO:493

ANSWERED ON:28.04.2015

WASTAGE OF AGRICULTURAL PRODUCE

Mondal Shri Sunil Kumar;Rao Shri Rayapati Sambasiva

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

- (a) the details of major flagship programme/scheme operational in the country for storage and processing of agricultural produce including fruits and vegetables;
- (b) whether the current level of processing and packaging of agricultural products is lower as compared to the developed and some developing countries and a substantial quantum of such produce got wasted and if so, the details thereof;
- (c) whether the Government has entered into any agreement with other countries for promotion and cooperation in the food processing sector and if so, the details thereof;
- (d) the details of major constraints identified in food processing industry in the country; and
- (e) the action plan/roadmap of the Government to overcome the constraints confronting the development of food processing sector in the country?

**Answer**

THE MINISTER OF FOOD PROCESSING INDUSTRIES (SMT. HARSIMRAT KAUR BADAL)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 493 FOR ANSWER ON 28TH APRIL, 2015 REGARDING WASTAGE OF AGRICULTURAL PRODUCE

(a) The Government is implementing a Central Sector Scheme of Infrastructure Development for Food Processing for creation of modern infrastructure for food processing industries including storage and processing of agricultural produce including fruits and vegetables under the components of (1) Mega Food Parks and (2) Cold Chain, Value Addition and Preservation Infrastructure.

The Mega Food Park Scheme aims at providing modern infrastructure facilities for the food processing along the value chain from the farm to the market with a cluster based approach based on a hub and spokes model by establishing Mega Food Parks. Under the scheme the financial assistance is provided in the form of grant-in-aid @ 50% of eligible project cost in general areas and @ 75% of eligible project cost in NE Region and difficult areas (Hilly States and Integrated Tribal Development Plan areas) subject to maximum of Rs. 50 crore per project.

The Scheme of Cold Chain, Value Addition and Preservation Infrastructure aims to provide assistance in setting up of integrated cold chain infrastructure for arresting post harvest losses of horticulture and non-horticulture produce. Under the scheme the financial assistance is provided in the form of grant-in-aid @ 50% of the total cost of plant & machinery and technical civil works in general areas and @75% for NE region and difficult areas

(North Eastern states, Sikkim, J&K, Himachal Pradesh and Uttarakhand) subject to a maximum grant-in-aid of Rs 10 Crore per project.

Ministry is also implementing a Central Sector Scheme for Technology Up-gradation / Establishment / Modernisation of Food Processing Industries (spill over liabilities) which aims at up-gradation of processing capabilities of food processing. Under the scheme, the financial assistance is provided in the form of grant-in-aid @ 25% of the cost of plant & machinery and technical civil works subject to maximum of Rs. 50 lakh in general areas and @ 33.33% up to a maximum of Rs. 75 lakh in difficult areas.

In addition, National Horticultural Board & National Co-Operative Development Corporation under Department of Agriculture and Cooperation, Ministry of Agriculture and Agricultural & Processed Food Products Export Development Authority under Ministry of Commerce & Industry are also providing financial assistance for setting up of cold storages/storages under their schemes.

(b) As per the "Vision 2015: Strategy & Action Plan for Food Processing Industries in India" prepared by Rabo India Finance in April, 2005, for the Ministry of Food Processing Industries, the level of processing in India is very low and varies from sector to sector. The overall level of processing in the country is estimated to be less than 10 per cent whereas the level of food processing is reported to be very high in developed countries (80 per cent in USA, 70 per cent in France) and in many developing countries as well (80 per cent

in Malaysia, 30 per cent in Thailand).

A nation-wide study on quantitative assessment of harvest and post-harvest losses for 46 agricultural produces in 106 randomly selected districts was carried out by the Central Institute of Post Harvest Engineering & Technology (CIPHET), Ludhiana. The report of the study was released in 2010. The study has estimated harvest and post-harvest losses of major agricultural produces at national level of the order of Rs. 44,143 crore per annum at 2009 wholesale prices. The post-harvest losses vary from crop to crop and range from 5.8 per cent to 18 per cent in fruits and vegetables.

(c) The Government has entered into agreements/signed memorandum of understanding with France and Italy for bilateral cooperation in the field of food processing sector. These agreements envisage co-operation on exchange of technical and scientific skills, exchange of know-how & technologies, enabling creation of business joint ventures and support research actions etc.

(d) The major constraints in food processing industry in the country include inadequacy of infrastructure, restriction on inter-state movement of agricultural commodities, requirement of multiple approvals from various Government Departments, restrictive regulatory framework of Agricultural Produce Market Committee (APMC) in most States on procurement of agricultural produce by processors, complexity of regulation of Food Safety and Standards Authority of India (FSSAI) on product approval, labeling & import, etc.

(e) To overcome the constraints confronting the development of food processing sector in the country, the Government is implementing the schemes for creation of modern infrastructure, robust supply chain and increasing processing capacities. APMC issues affecting food processing has been identified for appropriate amendments in APMC Act. The Government is also providing a number of fiscal incentives for giving impetus to the development of food processing sector including granting automatic approval for foreign equity up to 100% in most of the processed food items; reducing excise duty on food processing and packaging machinery from 10% to 6%. The food processing units have been allowed 100% Income Tax exemption for the first five years of operation and after that at the rate of 25% Income Tax exemption on the profits for the next five years. The Government has also created a Special Fund of Rs. 2000 crore in National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit.