

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

STARRED QUESTION NO:541

ANSWERED ON:05.05.2015

FOOD PROCESSING SECTOR

Subbareddy Shri Yerram Venkata;Yadav Shri Laxmi Narayan

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

- (a) whether food processing sector in the country is still at nascent stage as compared to developed countries in the world, if so, the details thereof and the reasons therefor;
- (b) whether the Government proposes to improve the quality of agro food products making it at par with International standards and if so, the details thereof including the steps taken by the Government in this regard;
- (c) whether the Government proposes to assist entrepreneurs to set up food processing units and enhance the capacity of existing food processing units in the country and if so, the details thereof along with the funds sanctioned/released for the purpose during the last three years, State-wise;
- (d) whether the Government provides any financial assistance for promoting Research and Development in the food processing sector and if so, the details thereof including the funds provided for the purpose during the above period; and
- (e) the measures taken/proposed to be taken by the Government to assist entrepreneurs including simplification of tax structure to expedite faster development of food processing sector?

**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. 541 FOR ANSWER ON 5TH MAY, 2015 REGARDING FOOD PROCESSING SECTOR

(a) 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 (30 per cent in Thailand). Lack of efficient supply chain infrastructure, inadequate processing capacity, complex regulatory regime and access to affordable credit are some of the important causes of slow development of food processing sector in the country.

(b) Yes, Madam. For making the quality of agro food products at par with international standards, the Food Safety and Standards Authority of India (FSSAI) under the Ministry of Health and Family Welfare has issued the Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011 and the Food Safety and Standards

(Contaminants, Toxins and Residues) Regulations, 2011 which prescribe the quality and safety standards, respectively for food products. The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 prescribe the sanitary and hygienic practices to be followed by food processing industries in the country.

Ministry of Food Processing Industries, under the 'Scheme for Quality Assurance, Codex Standards and Research & Development and Other Promotional Activities' provides financial assistance to enable food processing industries to achieve the standards of Hazard Analysis Critical Control Points (HACCP)/ International Organisation for Standards (ISO) 22000 / ISO 9000 / Good Manufacturing Practices (GMP)/ Good Hygiene Practices (GMP) to become globally competitive.

(c) Ministry is implementing a Central Sector Scheme for Technology Up-gradation / Establishment / Modernisation of Food Processing Industries to assist entrepreneurs to set up food processing units and enhance the capacity of existing food processing and up-grade the capabilities of food processing. Ministry also launched a Centrally Sponsored Scheme namely National Mission on Food Processing (NMFP) w.e.f.1.4.2012, which was implemented through State/UT Governments. Under the component of Technology Up-gradation / Establishment / Modernisation of Food Processing Industries under the NMFP, financial assistance was provided to the entrepreneurs to increase capacity of food processing in the country. However, NMFP has been delinked from Central Government support from current financial year excepting the U.Ts.. The details of fund released under these schemes during the last three years, state-wise is at Annexure-I and II.

(d) For promoting Research and Development in the food processing sector, the Ministry extends financial assistance as grant-in-aid to Research Institutes/Universities, Public Funded Organizations both in public and private sectors, to promote and undertake demand driven R&D work in the field of food processing. The R&D Scheme of Ministry of Food Processing Industries is being implemented during 12th Plan through the Science and Engineering Research Board (SERB) under the Department of Science and Technology, with effect from 01.04.2012. Under the Scheme, grants-in-aid amounting to Rs.10.31 crore in 2012-13, Rs.10.97 crore in 2013-14 and Rs.6.39 crore in 2014-15 have been released to various Institutions in the country.

(e) The Government is 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. The Government has reduced excise duty on food processing and packaging machinery from 10% to 6%. The food processing units have been allowed 100% Income Tax exemption on profits 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. Promotional meets/ workshops are also organized from time to time for creating awareness among investors. 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.