

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

UNSTARRED QUESTION NO:1362

ANSWERED ON:28.07.2015

Food Processing Industries

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

- (a) the existing capacity of food processing sector in each State/UT in the country and the foreign exchange earned by this sector during each of the last three years and current year;
- (b) whether the domestic Food Processing Sector is lagging behind other advance countries in matter of Food Processing despite the fact that country is leading producer of vegetable and fruits in the world;
- (c) if so, the details thereof along with the details of foreign assistance sought and given by various countries to India to promote Food Processing in the country;
- (d) whether the Government propose to provide fresh incentives and affordable credit to the entrepreneurs of Food Processing Sector to bring substantial change in this sector, if so, the details thereof; and
- (e) the steps taken by the Government to revamp food processing sector?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES
(SADHVI NIRANJAN JYOTI)

(a): Information on capacity of food processing sector in different State/UT in the country is not maintained by the Ministry. However, as per the latest Annual Survey of Industries (ASI) 2012-13, the State/ UT-wise details of number of food processing units in registered sector are given at Annexure.

The foreign exchange earned in terms of value of exports in food processing sector for last three years and the current year is as under:

Exports of agri & processed food products

(US \$ Million)

Year 2012-13 2013-14 2014-15 2015-16*

(April- May)

Exports 36,457 38,111 35,757 4,814

Source: Directorate General of Commercial Intelligence and Statistics (DGCI&S), *: Provisional Results.

(b) & (c): The overall level of food 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.

However, food processing sector has been growing at an average growth of around 8.4 per cent annually as compared to around 3.3 per cent in agriculture and 6.6 per cent in manufacturing for last 5 years ending 2012-13.

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) & (e): For promotion and development of food processing sector in the country, Government is implementing Central Sector Scheme for Development of Infrastructure for Food Processing having components of (a) Mega Food Parks (b) Integrated Cold Chain, Value Addition and Preservation Infrastructure and (c) Setting-up / Modernization of Abattoirs (subsumed in NMFP w.e.f. 01.04.2014); Scheme of Technology Up-gradation / Establishment / Modernization of Food Processing Industries; Scheme for Quality Assurance, Codex Standards, Research & Development and Other Promotional Activities; Scheme for Human Resource

Development and Scheme of Strengthening of Institutions.

The Government is also providing a number of fiscal incentives for giving impetus to the development of food processing sector including automatic approval for foreign equity up to 100% in food processing sector. 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 to the food processing industries in the designated food parks.

As per latest guidelines for Priority Sector Lending (PSL) by Reserve Bank of India, loan to food & agro-based processing units and Cold Chain are now classified under Agriculture activities subject to aggregate sanctioned limit of ₹100 crore per borrower to ensure greater flow of credit to entrepreneurs for setting up of food processing units and attract investment in the sector.
