

# LOK SABHA DEBATES

## LOK SABHA

Tuesday, July 7, 1998/Asadha 16, 1920 (Saka)

(The Lok Sabha met at Eleven of the Clock)

[MR. SPEAKER in the Chair]

### ORAL ANSWERS TO QUESTIONS

[Translation]

#### Incentives to Food Processing Industries

\*302. DR. \*CHINTA MOHAN :  
PROF. PREM SINGH CHANDUMAJRA :

Will the PRIME MINISTER be pleased to state :

(a) whether the Government have provided several incentives to the food processing industries in the country to promote exports during the last three years;

(b) if so, the details thereof;

(c) the value of exports made by the country during 1995-96, 1996-97 and 1997-98; and

(d) the year wise amount of investment made during each year?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI SOMPAL) : (a) Yes, Sir.

(b) To encourage exports of the processed foods Government is providing financial assistance for the setting up expansion, modernisation of food processing plants, for R&D, and for promotional activities, publicity, market promotion, quality control etc. In addition, in accordance with the general policy of Government for promoting exports, 100% Export Oriented Food Processing units and such units located in our Free Trade Zones, get complete customs duty exemptions on imported capital goods, intermediates, components and raw materials in accordance with the EXIM Policy in force. That policy also provides in general for upto 50% of the production of a 100% Export Oriented Unit, or a unit in the Free Trade Zone to be sold in the domestic market. Furthermore, all profits from export sales are completely free from corporate taxes.

(c) As per enclosed Statement.

(d) The following investments were approved by the Government in last 3 years:

Year	Investments (Rs. crores)
1995-96	7496
1996-97	8365
1997-98	7263

During these three years, the investment approved for establishing 100% Export Oriented Units is Rs. 1271 crores, Rs. 570 crores and Rs. 592 crores respectively.

#### Statement

#### Export of Processed Foods

		(Rs. in crores)		
S. No.	Product	1995-96	1996-97	1997-98*
1.	Processed Fruits and Vegetables.	491.59	473.78	745.00
2.	Animal Products.	882.58	803.59	910.00
3.	Marine Products.	3501.11	4121.36	4842.93
4.	Rice			
	(a) Basmati Rice	850.67	1247.63	1800.00
	(b) Non-Basmati Rice	3717.41	1924.72	1874.00
5.	Other Processed Foods:	1171.97	1835.92	1492.00
	(a) Groundnuts			
	(b) Guar Gum			
	(c) Jagger & Confectionery			
	(d) Cocoa Products			
	(e) Cereal Preparations			
	(f) Alcoholic Beverages			
	(g) Miscellaneous Preparations			
	(h) Milled Products			
<b>Total</b>		<b>10415.33</b>	<b>10407.00</b>	<b>11000.93</b>

\*Provisional

[English]

DR. CHINTA MOHAN : Mr. Speaker, Sir, we are giving several incentives to exporters and yet exports are not picking up. This is particularly so in the case of products like mangoes, shrimps, non-basmati rice, onions, grapes, etc., which are produced in States like Andhra Pradesh and other places. On the one hand we are giving them incentives and on the other hand producers want remunerative prices. Export houses are working day in and day out. However, in comparison to 1980, exports have fallen sharply today. What are the real reasons for this fall in exports? Would the Minister like to undertake any special drive in the Department to improve the situation?

SHRI SOMPAL : Mr. Speaker, Sir, it is not correct to say that exports have fallen. Rather, exports have shown an all-round growth since 1991-92. The annual growth percentage rates of exports are in the following manner. Processed foods and vegetables have grown at the rate of 31 per cent per annum since 1991-92; animal products at the rate of 25 per cent per annum; non-basmati rice at the rate of 156 per cent; other processed foods at the rate of 61 per cent; and marine products at the rate of 24 per cent per annum. So it is not correct to assume that the growth rate of exports has fallen.

But, in the case of non-Basmati rice, there has been a fall since 1995-96 and this is because of the unusually high exports worth Rs. 3717 crore during that year as compared to Rs. 340 crore in the year 1994-95. This was because of the failure of crops in the rice exporting countries. *(Interruptions)*

PROF. P.J. KURIEN : What is the point in saying in rupee terms? You say, what is the export increase in dollars terms? *(Interruptions)* When there is devaluation of rupee. ...*(Interruptions)*

MR. SPEAKER : Let him complete.

SHRI SOMPAL : I am saying in terms of percentages. ...*(Interruptions)*

MR. SPEAKER : Prof. Kurien, let him complete.

...*(Interruptions)*

PROF. P.J. KURIEN : I am sorry. You say in dollars terms. I do not bother to know in quantity terms. When

devaluation of rupee is taking place, what is the point in saying in rupee terms?

MR. SPEAKER : Prof. Kurien, let him complete.

PROF. P.J. KURIEN : Mr. Prime Minister, I crave your indulgence. He is misleading the House. ...*(Interruptions)*

MR. SPEAKER : This is not the way.

SHRI SOMPAL : I am answering to the question raised by Shri Chinta Mohan. I should be allowed to complete the answer. ...*(Interruptions)*

MR. SPEAKER : Mr. Minister, you may continue.

SHRI SOMPAL : These are the growth rates that have been observed. So far as hon. Member's query is concerned about what steps are being taken to encourage the export, I would like to say that we are taking several measures including policy measures to encourage investment, foreign as well as domestic, investment food processing sector. It has been identified as a priority sector.

Then, we are extending certain logistic supports like financial assistance, packaging assistance, quality management, establishment of cold chains and also freezing space including freezer vessels and freezer vans from the producing areas to the export and import zones and to the importing countries. So, we have taken these steps. This is a long list of steps which we have already taken and which are on the way.

DR. CHINTA MOHAN : The reply given by the Minister is not satisfactory. He is reiterating the same thing which he said in the answer.

Sir, we have foreign Offices abroad. Most of the officers working in foreign offices are sitting idle. They are only looking after the protocol work. The Minister of Commerce and the Minister of External Affairs are sitting in the House. Can we involve these foreign officers to get more exports to India? Is it possible to call for a meeting of all these officers on the one side and the export houses on the other? Producers also wanted to get more remunerative prices. Can we involve all these agencies and see that some comprehensive mechanism is brought in?

SHRI SOMPAL : There is a continuous and regular interaction between the producers, food processing units

and our commercial and other establishments abroad including our agencies which are looking after exports including APEDA and the Ministry of Food Processing. But, there is always a room for improvement. If the hon. Member has some specific suggestion to make, I will go by it. But, there is a continuous interaction and the growth is showing that we are progressing well in this sector.

[*Translation*]

PROF. PREM SINGH CHANDUMAJRA : Mr. Speaker, Sir, hon'ble Minister has said in his reply that the government has given many incentives to the Food Processing Industry for promoting exports which include loan facilities, tax exemption, power connections on priority basis and land at very low rates etc. But I would like to know from the hon'ble Minister whether those industries have fulfilled the commitments which they had made with the State and Central Governments? For instance, I would like to give an example of Punjab, where Pepsi had made many commitments with the Government regarding processing of tomato juice, tomato soup, grapes etc., but it is simply doing nothing there. The farmers who are producing tomatoes and grapes in large quantities are suffering huge loss, as their tomatoes and grapes are getting rotten and perished as usual, I would like to know the reasons as to why the commitments made by the industry have not been fulfilled? Has the Government taken any action in this regard? Mr. Speaker, Sir, my second point is that now-a-days, there is depression in sugar industry. Production has increased manifold, there is glut in the industry. Sugar mills are full with the stock of sugar and heavy amount of arrears of sugarcane growers are pending against the sugar mills. The sugar mills and the sugarcane growers both are suffering, due to more production and less sale of sugar. Our government is not exporting sugar. Through you I would like to ask the Minister that when our farmers are suffering, why the government is not exporting sugar and what is their policy in this regard?

SHRI SOMPAL : Mr. Speaker, Sir, Shri Chandumajra wants to know that the units that had made certain commitments regarding export, whether they have fulfilled there commitment, if not then what action has been taken against them. Food Processing Ministry do not look after this work. this comes under the Ministry of Commerce. Our senior friend, hon'ble Hegde ji is present in the house and right now I do not have any information in this regard. I will collect information from Ministry of Commerce in regard to the name of the units that made commitments about export whether they fulfilled them or not and the

actions taken against them, and will send the information to the hon'ble Member. As far as his statement regarding the production of fruits in large scale in Punjab is concerned, what he has said is true. But the cultivation on grapes and keenus that were being grown in large areas in the bygone years, had to be stopped because Processing Units were not set up in that area and their produce were being damped in the market. This is really a matter of deep concern and profundity. These units should have been set up there. I will collect and give him the specific information that he demanded regarding Pepsi but something certainly needs to be done in these areas. As far as the sugar is concerned, this is a subject related to the Ministry of Food. As per my information right now there is no scope for the export of sugar in the international Market because sugar is being produced in large quantity in every country and we too are producing sugar in large quantity. As far as the payment to the farmers is concerned this subject comes under the Ministry of Food. I will surely convey the views of the hon. Member to the Ministry of Food.

[*English*]

SHRIMATI GEETA MUKHERJEE : Since a lot of concessions have been given to these export-oriented units, I would like to know, among the investments which were approved by the Government in the last three years, how many are foreign companies and how many are Indian companies. I would also like to know what are their respective performances in exports.

[*Translation*]

SHRI SOMPAL : I will collect information about the number of foreign units or amount of investments given permission during previous years and will send it to the hon'ble member.

[*English*]

SHRIMATI GEETA MUKHERJEE : Sir, a lot of concessions have been given and the Minister does not have any information about this.

MR. SPEAKER : The hon. Minister will supply the information to the hon. Member.

[*Translation*]

SHRI BALRAM JAKHAR : I would like to know from the hon'ble Minister whether he has got the estimated

figures as to the quantum of the perishable products that get spoiled every year? According to my supposition 25-30 per cent is destroyed whereas in the other developed countries only 2-3 per cent is destroyed. We suffer big loss. You have said that you are arranging for the cold storage. Have you made any agreements for them? Have you earmarked some amount for that. Instead of being encouraged the Food Processing Units have been discouraged in the present budget. Do you remember any provision made in this regard in the budget? Please tell us something. I feel that unless arrangement for grading, packaging, forwarding, storage, transportation and Processing in the Food Industry is not made India will have to incur heavy loss as compared to the other countries. That is why we did make an effort in the Seventh Plan under the item of Horticulture and Agriculture, the amount of Rs. 24 crores was increased to 1000 crores and upto Rupees one crore the rate of interest was 4%. On that basis, was any new step taken or not? It requires to be seen as to why did the problem arise, how did it all happen? Whatever the farmer produce is destroyed. He suffers in both the cases whether he produces more or produces less. That is why I want to know as to what have you done in regard to the cold storage? Last year, potato was destroyed as there was excess production of potatoes, when the production was less, consumers had to suffer. Same is the situation with onions, we did not have the sufficient storage facility.

I will not say that you might have done something in this regard within two months but what steps you have taken for the future? Prime Minister is sitting here, his presence is necessary, nothing can be done without him. Just now you have said that we cannot export, yesterday itself I read in the newspaper that we are importing sugar ...*(Interruptions)* Please analyse it in detail.

SHRI SOMPAL : Mr. Speaker, Sir, the question of fruits and vegetables getting spoiled in large quantity is really quite a serious question, but its rough estimate is available. No regular or detailed study has been made in India to find out the actual wastage. It is estimated to be 30 to 40 per cent, but no special study has been done in this regard, it ought to be done because if half of 30-40 per cent could be saved it would mean that the production has increased by 20%. As far as the question of creating infrastructure and cold storage and other storage facilities is concerned, I have already stated in the reply to the first question that we are making consistent efforts in this direction. Because this question is related to the

resources at the moment. I am not in a position to tell you as to how much budget has been provided for the needy areas but the data can be collected and sent to the hon'ble member. As you have said we are not able to create infrastructure including cold chains, processing units sufficiently for exporting all these products. The main problem is in the export of fruits and vegetables which are processable products. Fruits and vegetables of uniform size and prescribed shape and quality that can be handled by the machine are not being produced in a sufficient quantity in India. We are making our efforts in the direction of improving their quality, developing seeds and variety of the required kind and for manufacturing appropriate machinery to handle them. We are gradually making progress in this direction. The hon'ble member, who had been the Minister of Agriculture, knows about it very well. Second question is related to development of horticulture. Since the final question was related to export of Processed Food it would not be possible to give reply to this question

SHRI LALU PRASAD : Mr. Speaker, Sir, let me ask a question. This is the root cause of price rise, you are not giving me a chance to ask question.

#### **OECD Assistance to Irrigation Projects**

\*303. SHRIMATI SURYAKANTA PATIL : Will the PRIME MINISTER be pleased to state:

(a) the total financial assistance received from the Overseas Economic Cooperation Fund (OECD), Japan, so far for some medium and major irrigation projects of the country;

(b) the status of progress of these projects, State-wise;

(c) the number of projects completed and the number out of them at the final stage of completion, State-wise; and

(d) the details of the States where implementation of these projects is behind the schedule?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI SOMPAL) : (a) to (d) A Statement is laid on the Table of the House.

#### **Statement**

(a) and (b) The Overseas Economic Cooperation Fund (OECD), Japan has extended assistance to the tune