

GOVERNMENT OF INDIA
MINISTRY OF FOOD PROCESSING INDUSTRIES
LOK SABHA
UNSTARRED QUESTION NO.4260
ANSWERED ON 28TH MARCH, 2017

LOSS OF FARM PRODUCE

4260. SHRI HARISH CHANDRA CHAVAN:

SHRIMATI VEENA DEVI:

SHRI BHAIRON PRASAD MISHRA:

SHRI BHAGWANTH KHUBA:

SHRI RAKESH SINGH:

SHRI SUNIL KUMAR MONDAL:

SHRI JANARDAN SINGH SIGRIWAL:

SHRI SUBHASH PATEL:

SHRI RAVNEET SINGH:

SHRI Y.V. SUBBA REDDY:

SHRI RAM CHARAN BOHRA:

SHRI RAVINDRA KUMAR PANDEY:

DR. BHARATIBEN D. SHYAL:

SHRI OM BIRLA:

SHRI BUDRUDDIN AJMAL:

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

- (a) the details of post-harvest losses of farm produce specially high value perishable produce incurred across the country due to lack of integrated supply chains, cold-chains and food processing industries in the country during the last three years and the current year, produce-wise;
- (b) whether Government has taken or proposes to take measures to reduce food losses and promote food processing industry in rural areas, if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government has established modern supply chains for perishable food items, if so, the details thereof along with the benefits accrued on account of this and if not, the reasons therefor;
- (d) whether the Government provides incentives to entrepreneurs and investors for development of integrated supply chain including cold storage and other components and if so, the details thereof along with the total private sector investment in the sector, State-wise; and
- (e) whether a number of multinational domestic and foreign companies, big industrial houses and small scale industries have shown keen interest for setting up food processing industries in various parts of the country and if so, the details thereof and the response of the Government thereto?

ANSWER

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

(a) & (b): The Government has got a study done on “Assessment of Quantitative Harvest and Post-Harvest Losses of Major Crops and Commodities in India” by ICAR - Central Institute of Post-Harvest Engineering and Technology (CIPHET), Ludhiana. The study was commissioned in 2012 and the final report submitted on 31.03.2015. The study has estimated that annual value of harvest and post-harvest losses of major agricultural produces at national level was of the order of Rs. 92,651 crore calculated using production data of 2012-13 at 2014 wholesale prices. The percentage of post-harvest losses as assessed by the study are at **Annexure-I**.

It has been the endeavor of the Government to promote food processing industry in the country to reduce wastage of agricultural produce and minimize post-harvest losses. With the above in view, the Ministry of Food Processing Industries (MoFPI) is implementing inter alia, various Central Sector Schemes, namely (i) Mega Food Parks. (ii) Integrated Cold Chain and Value Addition Infrastructure. The aforementioned schemes are implemented mainly by private sector & demand driven and provide flexibility to the promoters to choose the components, their capacities and location of the project as per techno economic feasibility conducted by them and ensuring the viability of the project vis-à-vis availability of adequate infrastructure and smooth backward and forward integration.

(c) & (d): Government does not set up supply chains for perishable food items on its own. However, in order to arrest post-harvest losses of horticulture & non-horticulture produce and to provide integrated cold chain and preservation infrastructure facilities from the farm gate to the market, Ministry of Food Processing Industries is implementing the Central Sector Scheme of Integrated Cold Chain and Value Addition Infrastructure. Under the scheme, financial assistance is provided in the form of grant-in-aid of maximum Rs10 crore per project for setting up of integrated cold chain and preservation infrastructure facilities. The Integrated cold chain and preservation infrastructure can be set up by individuals, groups of entrepreneurs, cooperative societies, Self Help Groups (SHGs), Farmer Producer Organizations (FPOs), NGOs, Central/State PSUs, etc. The scheme is primarily private sector driven and proposals under this scheme are invited through Expression of Interest (EOI).

In addition, Mission for Integrated Development of Horticulture (MIDH) and National Horticulture Board (NHB), under Department of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare are also providing assistance for setting up cold storages under their respective schemes. The proposals under MIDH and NHB schemes are accepted round the year. These schemes are demand driven from entrepreneurs, private companies, co-operatives, farmers groups, self-help groups, etc for which assistance in the form of grant-in-aid/subsidy is provided by the Government. Various other incentives provided by the Government to promote creation of cold chain infrastructure are at **Annexure-II**. Details of state wise private sector investment in respect of Scheme for Integrated Cold Chain and Value Addition Infrastructure is at **Annexure-III**.

(e): As per extant policy, Foreign Direct Investment(FDI) up to 100%, under the automatic route, is allowed in food processing industries including cold chain infrastructure. As per the data provided by the Department of Industrial Policy and Promotion(DIPP), the Food processing sector in the country has received US\$ 5.67 billion worth of Foreign Direct Investment(FDI) equity inflows from April,2013 to December, 2016.

ANNEXURE-I

ANNEXURE REFERRED IN REPLY TO PART (a) & (b) OF LOK SABHA UNSTARRED QUESTION NO. 4260 FOR 28th MARCH, 2017 REGARDING LOSS OF FARM PRODUCE.

Details of post-harvest losses as assessed by the study by CIPHET, Ludhiana(2015) for major produces.

Crops	Cumulative wastage (%)
Cereals	4.65 – 5.99
Pulses	6.36 – 8.41
Oil Seeds	3.08 – 9.96
Fruits & Vegetables	4.58 – 15.88
Milk	0.92
Fisheries (Inland)	5.23
Fisheries (Marine)	10.52
Meat	2.71
Poultry	6.74

Horticultural crops		Cereal crops	
Guava	15.88%	Paddy	5.53%
Apple	10.39%	Bajra	5.23%
Mango	9.16%	Wheat	4.93%
Grapes	8.63%	Maize	4.65%
Banana	7.76%		
Papaya	6.70%		

ANNEXURE REFERRED IN REPLY TO PART (c) & (d) OF LOK SABHA UNSTARRED QUESTION NO. 4260 FOR 28th MARCH, 2017 REGARDING LOSS OF FARM PRODUCE.

Details of various measures taken by the Government to promote food processing sector

- Loans to food & agro-based processing units and Cold Chain have been classified under Agriculture activities for Priority Sector Lending (PSL) as per the revised RBI Guidelines issued on 23/04/2015.
- In the Budget 2014-15, a special fund of Rs. 2,000 crore has been created with NABARD to provide affordable credit to designated Food Parks and food processing units to be setup in these parks.
- Refrigeration machineries and parts used for installation of cold storage, cold room or refrigerated vehicle, for the preservation, storage, transport or processing of agricultural, apiary, horticultural, dairy, poultry, aquatic and marine produce and meat are exempted from Excise Duty.
- Construction, erection, commissioning or installation of original works pertaining to post-harvest storage infrastructure for agricultural produce including cold storages for such purposes are exempted from Service Tax.
- Government has extended Project Import benefits to cold storage, cold room (including for farm level pre-cooling) or industrial projects for preservation, storage or processing of agricultural, apiary, horticultural, dairy, poultry, aquatic and marine produce and meat. Consequently, all goods related to Food Processing, imported as part of the project, irrespective of their tariff classification, would be entitled to uniform assessment at concessional basic customs duty of 5%.
- Under Section 80(1B) (11A) of the Income Tax Act, 1961, 100 percent tax exemption is available for the first five years of operation and after that, at the rate of 25 per cent (30 per cent in case of a company) for next five years for new units in the business of processing, preservation and packaging of fruits or vegetables, meat and meat products, poultry, marine or dairy products.
- Under Section 35-AD of the Income tax Act 1961, deduction to the extent of 100 per cent is allowed for expenditure incurred on investment for (i) setting up and operating a cold chain facility; and (ii) setting up and operating warehousing facility for storage of agricultural produce.
- Services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables have been exempted from Service Tax in Budget 2015-16.
- Foreign Direct Investment (FDI) is permissible in food processing sector up to 100 per cent on automatic route.
- In 2016, Department of Industrial Policy and Promotion (DIPP) vide press note No. 5 allowed 100 per cent FDI under Government approval route for trading, including through e-commerce, in respect of food products manufactured and / or produced in India.

ANNEXURE-III.

ANNEXURE REFERRED IN REPLY TO PART (c) & (d) OF LOK SABHA UNSTARRED QUESTION NO. 4260 FOR 28th MARCH, 2017 REGARDING LOSS OF FARM PRODUCE.

Details of state wise private sector investment in respect of Scheme for Integrated Cold Chain and Value Addition Infrastructure.

State	Total private sector investment (Rs. in Crore)
Andhra Pradesh	61.93
Assam	20.58
Bihar	24.83
Chhattisgarh	25.97
Gujarat	257.34
Haryana	154.94
Himachal Pradesh	78.63
Jammu & Kashmir	23.51
Karnataka	48.01
Kerala	33.42
Madhya Pradesh	70.55
Maharashtra	529.94
Manipur	8.53
Mizoram	9.69
Odisha	11.18
Punjab	100.46
Rajasthan	57.16
Tamil Nadu	43.34
Telangana	60.93
Uttar Pradesh	139.86
Uttarakhand	122.75
West Bengal	129.88
Total	2013.43