

GOVERNMENT OF INDIA
MINISTRY OF FOOD PROCESSING INDUSTRIES
LOK SABHA
UNSTARRED QUESTION NO. 4134
ANSWERED ON 20TH MARCH, 2018

FOOD PROCESSING LEVEL

†4134. **SHRI RAM CHARAN BOHRA:**
SHRI Y.V. SUBBA REDDY:

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

- (a) whether the current level of processing and packaging of agro-products is low as compared to that of developed and some developing countries and if so, the details thereof;
- (b) the details of the main hurdles, identified in the food processing industries in the country and the action plan formulated by the Government to remove the hurdles in the development of the food processing industry;
- (c) whether the Government had targeted earlier to double food processing levels by 2016 and if so, the details thereof;
- (d) whether the same has not been achieved and if so, the reasons therefor and whether the Government again proposes to double food processing levels from 10 per cent to 20 per cent by 2019, if so, the details thereof;
- (e) whether the Government has signed any agreement with other countries regarding promotion and cooperation in food processing sector and if so, the details thereof; and
- (f) whether the Foreign Direct Investment (FDI) rules have been eased to attract FDI in the food processing sectors to achieve the target of growth for doubling the food processing level by 2019 and if so, the details thereof?

ANSWER

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

(a): As per a study, “An assessment of the extent of food processing in various food sub-sectors” commissioned by Ministry of Agriculture & Farmers Welfare in 2014 and conducted by the Institute of Economic Growth, Delhi, the level of food processing in the country in 2010-11 was estimated at 6.76 per cent.

(b) to (f): The main hurdles, identified in the food processing sector are like inadequate link between production and processing (lack of process able varieties), lack of product development and innovation, seasonality of operations and low capacity utilization, supply chain institutional gaps, gaps in infrastructure of supply chain etc.

For the overall growth and development of the food processing sector in the country, the Ministry of Food Processing Industries (MoFPI) has been implementing various Central Sector Schemes. The MoFPI has re-structured its schemes under the new Central Sector Scheme of PRDHAN MANTRI KISAN SAMPADA YOJANA (PMKSY) with an allocation of Rs.6,000 crore for period 2016-20 co-terminus with the 14th Finance Commission cycle. In addition to the existing scheme components of Mega Food Parks; Integrated Cold Chain and Value Addition Infrastructure; Food Safety and Quality Assurance Infrastructure; and Human Resources and Institutions, PMKSY encompasses three new schemes namely; Infrastructure for Agro-Processing Clusters, Creation of Backward and Forward Linkages and Creation/Expansion of Food Processing & Preservation Capacities with the objective to create robust modern infrastructure along the entire value chain in food processing with a view to, inter alia, increase the level of food processing and reduce wastage. Further, to provide impetus to the growth and development of food processing Industry in the country, Government has taken a number of policy initiatives like permitting 100% Foreign Direct Investment (FDI) through automatic route in manufacturing of food products and 100% FDI under Government approval route for trading, including through e-commerce, in respect of food products produced and/or manufactured in India; creation of a special fund of Rs.2000 crores with National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit; classification of food & agro-based processing units and cold chain as agriculture activity for Priority Sector Lending; lower Goods & Services Tax (GST) rates for majority of food products, 100% exemption of income tax on profit for new food processing units, etc., to attract investment in the sector and boost the level of processing.

The MoFPI has entered into agreements with France and Italy for bilateral cooperation in food processing sector. In addition, MoUs have also been signed with various foreign Universities/Institutes by the two autonomous institutions under the MoFPI like National Institute of Food Technology Entrepreneurship and Management (NIFTEM) at Kundli, Haryana and Indian Institute of Food Processing Technology (IIFPT) at Thanjavur, Tamil Nadu for cooperation in the areas of teaching, research and skill development. Further, during the event of World Food India 2017 in November 2017, MoUs were signed by MoFPI with foreign companies of different countries.
