

GOVERNMENT OF INDIA  
MINISTRY OF FOOD PROCESSING INDUSTRIES  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3507**  
ANSWERED ON 10<sup>TH</sup> DECEMBER, 2019

MORE INVESTMENT IN FPI

**3507. SHRIMATI VANGA GEETHA VISWANATH:**

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

- (a) whether the food processing industries in India for agricultural products is just less than 10 per cent which is not satisfactory;
- (b) if so, the details thereof and the steps being taken to correct the situation in future;
- (c) whether Philippines and other countries are processing about 80 per cent of their agricultural/horticultural crops and in China it is 40 to 50 per cent processing;
- (d) if so, the details thereof and the comments of the Government thereupon;
- (e) whether food processing work is very important in a country like India which is agriculture based, if so, the details thereof and the steps being taken in this regard; and
- (f) the steps being taken by the Government to pump more investments in food processing based industries to help farmers in future in coordination with States including Andhra Pradesh which has large scope for agriculture based development in paddy, tobacco, mirchi, lemon, mangoes, cotton and other products particularly in Godavari areas, Krishna district and Guntur district in future?

**ANSWER**

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES  
(SHRI RAMESWAR TELI)

(a) to (f): Yes, Sir. Government is already seized of the low level of food processing in India as compared to the countries like Philippines and China. To promote food processing industries and attract investment into the sector the Government has taken various steps/measures/policy initiatives which includes permission to 100% Foreign Direct Investment (FDI) through automatic route in manufacturing of food products and 100% FDI under Government approval route for retail trading, including through e-commerce, in respect of food products produced and/or manufactured in India, creation of a special fund of Rs.2000 crore in National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit to food processing projects/units, bringing food & agro-based processing units, cold storage units/cold storage chains under the ambit of Priority Sector Lending (PSL), allowing 100 percent income tax exemption from profit derived from activities such as post-harvest value addition to agriculture by FPOs' having annual turnover up to Rs.100 crore, 100% income tax exemption for new food processing units for a period of five

years and lower income tax rate for subsequent five years, 100% deduction for capital expenditure incurred on setting up and operating of cold chain facility, concessional import duty for plant and machinery under project imports benefit scheme, import duty exemption on import of raw material under advance authorization scheme.

The Ministry of Food Processing Industries is implementing the Central Sector Umbrella Scheme-PRADHAN MANTRI KISAN SAMPADA YOJANA (PMKSY) with the scheme components viz; (i) Mega Food Parks, (ii) Integrated Cold Chain and Value Addition Infrastructure, (iii) Infrastructure for Agro-processing Clusters, (iv) Creation of Backward and Forward Linkages, (v) Creation / Expansion of Food Processing & Preservation Capacities, (vi) Food Safety and Quality Assurance Infrastructure, and (vii) Human Resources and Institutions with the objectives, inter alia, to create modern infrastructure and efficient value/supply chain with a view to encourage and facilitate food processing industries for preservation and processing of all agro and marine produce including paddy, mirchi, lemon, mangoes like food crops (tobacco & cotton not included) in the country including in the states of Andhra Pradesh. The Ministry is also implementing the scheme "Operation Greens" as a vertical of PMKSY since November 2018 for integrated development of value/supply chain of tomato, onion and potato (TOP) crops in selected States on pilot basis that includes the State of Andhra Pradesh. Under the above schemes, financial assistance as capital subsidy in the form of grants-in-aid to individuals, farmers, entrepreneurs, organizations such as Central and State PSUs/Joint Ventures/Farmer Producer Organizations (FPOs)/NGOs/Cooperatives/SHGs/ Public and Private Companies etc. is provided for setting up of food processing industries/units/projects.

The food processing sector is important for an agrarian country like India from view of its contribution to gross domestic product by way of value addition and processing and preservation of agricultural output reducing thereby post-harvest losses of the agricultural produce, off-farm employment and export of value added food products. The Gross Value Added (GVA) by food processing sector is 1.59% of all sectors. It accounts for 8.83% of manufacturing GVA. The food processing sector has the largest share of employment among the registered manufacturing industries which is 12.43%. Food processing sector also contributes significantly to country's export accounting for 11% of the country's total export.

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