

GOVERNMENT OF INDIA
MINISTRY OF FOOD PROCESSING INDUSTRIES
LOK SABHA
UNSTARRED QUESTION NO. 1104
ANSWERED ON 05TH FEBRUARY, 2026

FDI CLEARANCES AND FACILITATION FOR FOOD PROCESSING PROJECTS

1104. SHRI AZAD KIRTI JHA:

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

- (a) whether the Government has taken action on the recommendations of the 2025 Report of the Departmentally related Parliamentary Standing Committee on Agriculture, Animal Husbandry and Food Processing, particularly regarding expediting FDI clearances and facilitation for food processing projects in States such as West Bengal and if so, the details thereof;
- (b) the reasons for low utilisation of the Special Food Processing Fund managed by National Bank for Agriculture and Rural Development (NABARD) and the steps taken by the Government to improve fund disbursement and project execution; and
- (c) the measures adopted by the Government to resolve delays in subsidy release and achieve annual targets under the PM Formalisation of Micro Food Processing Enterprises (PMFME) scheme in West Bengal?

ANSWER

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES
(SHRI RAVNEET SINGH)

(a): The Ministry of Food Processing Industries (MoFPI) has submitted the action taken on the recommendations of the 2025 report of the Department related Parliamentary Standing Committee on Agriculture, Animal Husbandry and Food Processing to the Lok Sabha Secretariat of Standing Committee on Agriculture, Animal Husbandry and Food Processing Branch. Further, MoFPI has taken note of the Committee's recommendations of strengthened mechanisms for expeditious FDI processing and investment facilitation in the food processing sector including the state of West Bengal. The Ministry has informed the Committee that all FDI proposals in the food-processing sector are being processed in accordance with the defined Standard Operating Procedure (SOP) issued by the Department for Promotion of Industry and Internal Trade (DPIIT). The SOP clearly prescribes the timelines and stages for examination, inter-ministerial consultations, and final approval of proposals. The Ministry has been adhering to these timelines to ensure expeditious processing of FDI proposals and to maintain transparency and predictability in the approval process.

(b): A Special Fund with a corpus of ₹2,000 crore for providing affordable credit for establishing Designated Food Parks (DFPs) and setting up of food processing units therein was announced by the Government of India in July, 2014. Some of the major issues in implementation of Special Food Processing Fund (SFPF) are as below:

- i. Although there are about 325 Designated Food Parks (DFPs) notified by the MoFPI, majority of them were established or had availed term loan (wholly or partly) before the FPF was set up in National Bank for Agriculture and Rural Development (NABARD). Further, Mega Food Park (MFP) scheme was discontinued by MoFPI w.e.f 01.04.2021.
- ii. The pace of setting up of individual food processing units in Mega Food Park (MFPs) / Agro Processing Cluster (APCs) is also slow as majority of MFPs took a longer time in being operational.
- iii. As per the RBI instructions regarding the operationalization of Food Processing Fund (FPF), NABARD is required to repay the FPF deposits to Scheduled Commercial Banks in 7 years inclusive of a moratorium period of 2 years. However, the past experience under FPF and also the operational status of MFP / APC has shown that establishment of Agro Processing Clusters (APCS), MFPs, etc. require more gestation / moratorium period i.e. 3 to 5 years. Thus, the shorter gestation period / moratorium period under FPF also acted as an impediment for utilization of corpus under FPF.
- iv. Issues like lack of last mile connectivity, location of Primary Processing Clusters (PPC) at far off places from Central Processing Centre (CPC) and lack of synchronization of core and enabling infrastructure in MFP/APC for the individual units are also some of the reasons.

The steps being taken by NABARD to improve fund disbursement and project execution are as below:

- i. Investor meets are being conducted by NABARD regularly to raise awareness about the fund among various stakeholders.
- ii. NABARD has entered into a Memorandum of Understanding (MoU) with Commercial Banks to provide working capital funding to the units sanctioned under FPF to facilitate timely availability of working capital.

(c): The Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) Scheme of MoFPI aims to enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote formalization of the sector. Under the Scheme, Ministry conducts regular review meetings with all the State Governments and lending banks including West Bengal to resolve the issues in scheme implementation. The issues are also raised at the Department of Financial Services (DFS) level and in the State Level Bankers Committee (SLBC) meetings. As of December 2025, total subsidy released under PMFME in the state of West Bengal is Rs.60.76 crore to the 8,334 net enterprises including micro enterprises and SHG members.
