

**GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:2691
ANSWERED ON:12.12.2005
VALUE ADDITION TO RAW PRODUCTS
Reddy Shri Magunta Sreenivasulu

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

(a) whether despite world's largest producers of food, India fares poorly in terms of value addition to its raw products in the food processing industry; and

(b) if so, the measures being taken by the Government to get more value addition to its raw products?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHA)

(a) & (b): As per the Report of M/s. Rabo India Finance Pvt. Ltd, value addition to raw products in the Food Processing Industries in the country is estimated at about 20%. Government has formulated and implemented several Plan Schemes to provide financial assistance for establishment and modernization of food processing units, creation of infrastructure, support for R&D, human resource development besides other promotional measures to encourage development of food processing industries. Recently in 2004-05 in order to give boost to growth of FPI sector the Government has allowed under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables. There is no excise duty on processed fruits & vegetable products. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. Excise duty on meat, poultry and fish products has been reduced from 16% to 8%. A National Horticulture Mission has been launched w.e.f. 1st April 2005 with an objective to boost the horticulture sector. In the Budget of 2005-06 excise duty of Rs. 1.00 per kg on refined edible oil and Rs. 1.25 per kg on vanaspati was abolished. Customs duty on refrigerated vans was reduced from 20% to 10%. Assistance is also provided to the FPI units to obtain ISO/HACCP certification so as to match with global standards in quality and food safety.