

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

UNSTARRED QUESTION NO:1573
ANSWERED ON:06.03.2006
TURNOVER OF FPI
Kharventhan Shri Salarapatty Kuppusamy

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

- (a) the turnover of food processing industries in the country during the last three years and the expected turnover during the current year;
- (b) whether the Government has asked Tata Economic and Consultancy Services (TECS) to study the structure of taxation in the Food Processing Industry;
- (c) if so, whether the TECS has submitted its report to the Government; and
- (d) the steps taken by the Government to promote the food processing industries in the country?

Answer

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

(a): Food Processing industries are both in organized and unorganized sectors. Therefore, the information regarding their turnover is not centrally maintained in the Ministry of Food Processing Industries.

(b) & (c): Yes, Sir.

(d): The Government have implemented Plan Schemes to provide financial assistance for establishment and modernization of the food processing units, creation of infrastructure, support for R&D, human resource development besides other promotional measures to encourage development of the food processing industries. Fruit and vegetable processing units are exempted from payment of excise duty. For giving boost to the FPI sector Government in 2004-05 has allowed under Income Tax Act a deduction of 100% of profit for five year 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. 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%. With a view to giving fillip to the food processing industry, recently in the Union Budget of 2006-07, the Government has decided to exempt condensed milk, ice cream, preparation of meat, fish and poultry, pectins, pasta and yeast from excise duty. Excise duty on Aerated drinks reduced to 16%. Excise duty on ready-to-eat packaged foods and instant food mixes, like dosa and idli mixes, reduced from 16 per cent to 8 per cent. Excise duty on packaging paper reduced from 16 per cent to 12 per cent. Customs duty on packaging machines reduced from 15 per cent to 5 per cent.