

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

UNSTARRED QUESTION NO:2351

ANSWERED ON:13.03.2006

EQUITY FUND FOR NEW AGRO AND FOOD PROCESSING INDUSTRIES

Ramadass Prof. M

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

- (a) whether the Government has set up an equity fund for starting new agro and food processing units;
- (b) if so, the details thereof;
- (c) whether the Government has created an Expert Marketing Development Fund;
- (d) if so, the details thereof; and
- (e) the fresh initiatives taken by the Government to provide more financial assistance to entrepreneurs willing to start agro processing industries?

Answer

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

(a) & (d): In the Union Budget 2006-07, Government has announced that NABARD will create a separate window with a corpus of Rs. 1,000 crore for refinancing loans to the FPI sectors, especially for agro-processing infrastructure and market development. An amount of Rs. 150 crore has been earmarked for National Horticulture Mission (NHM) for terminal markets.

(e): For development of the food processing sector in the country, the Government has already 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. In order to give boost to growth of FPI sector the Government in 2004-05 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. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. In the Budget of 2005-06 customs duty on refrigerated vans was reduced from 20% to 10%. In the Budget 2006-07 the Government has announced to exempt excise duty on condensed milk, ice cream, preparations of meat, fish and poultry, pectins, pasta and yeast. 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 aerated drinks has been reduced from 24 per cent to 16 per cent.