

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

UNSTARRED QUESTION NO:1266
ANSWERED ON:03.08.2006
WASTAGE OF AGRICULTURE PRODUCE
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

- (a) whether wastage of agriculture produce is massive in the country;
- (b) if so, the details of processing level in respect of various products in the country;
- (c) the average growth rate of FDI during each of the last three years; and
- (d) the steps taken by the Government to curtail wastage of agriculture produce in the country?

Answer

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

(a) & (b): Wastage of the agricultural produce is estimated to be about Rs. 58000 crore per annum occurring at various stages. The level of processing is estimated at 2.20% in Fruits and vegetables, 35% in Milk & Milk products, 21% in Buffalo Meat, 6% in Poultry and 8% in Marine Products.

(c): The FDI inflow in Food Processing sector during last 3 years are as under:-

Year	Amount (Rs. crore)
2003-04	511
2004-05	174
2005-06	183

(d): Government has formulated and implemented several Plan Schemes to provide financial assistance for the 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. In order to give boost to growth of FPI sector the Government has allowed in 2004-05, 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. Excise duty on meat, poultry and fish products has been reduced from 16% to 8%. Excise duty on food grade hexane used in edible oil industry has been reduced from 32% to 16%. 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%. In the Budget of 2006- 07, custom duty on packaging machines has been reduced from 15 per cent to 5 per cent, excise duty on condensed milk, ice cream, preparations of meat, fish and poultry, pectins, pasta and yeast has been fully exempted, excise duty on ready-to-eat packaged foods and instant food mixes, like dosa and idli mixes has been reduced from 16 per cent to 8 percent, excise duty on aerated drinks has been reduced from 24 percent to 16 percent and excise duty on packaging paper has been reduced from 16 percent to 12 percent. Taxation has been lowered with a view to encourage the growth of Food Processing industries.