

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

UNSTARRED QUESTION NO:260  
ANSWERED ON:23.11.2006  
REFORMS IN FOOD PROCESSING SECTOR  
Chitthan Shri N.S.V.

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

- (a) whether the Government proposes to bring reforms in Food Processing Sector in the country particularly in Tamil Nadu;
- (b) if so, the details thereof;
- (c) the incentives proposed to be provided to this industry including quality improvement, credit package and exemption from taxes; and
- (d) the measures taken/proposed to be taken to increase competitiveness and market their produce to get maximum returns?

**Answer**

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

(a) to (d): Introduction of reforms in food processing sector is an ongoing process. Several reforms have been introduced by the Government from time to time for promotion of food processing industries in the country. The Government has enacted The Food Safety and Standards Act, 2006 which has been notified on 24th August, 2006. The objective of the Act is to bring about a single statute relating to food and establish Food Safety and Standards Authority. The Government of India have taken several measures towards quality improvement, extension of bank credit and tax exemptions to the food processing sector with a view to enhance competitiveness of the sector. These include financial assistance under various Plan Schemes in the form of grant-in-aid for Technology upgradation /Modernization / Establishment of Food Processing Units, Development of infrastructure, support for R & D, and Human resource Development besides other promotional measures to encourage development of the Food Processing Industries. The Plan scheme assistance also covers financial assistance for Promotion of Quality Assurance, Total Quality Management, Strengthening of Codex Cell in various institutions and Setting up of Quality Control Laboratories.

In order to ensure easy availability of credit, Government has included food processing industries in the list of priority sector for bank lending. Fruit and vegetables processing units are already exempted from payment of excise duty. Further, in the year 2004-05, 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. 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 were abolished. Customs duty on refrigerated vans was reduced from 20% to 10%. In the budget 2006-07 the Govt. has waived 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 have been reduced from 16% to 8%. Excise duty on aerated drinks has been reduced from 24% to 16%. NABARD has created a refinancing window with a corpus of Rupees one thousand crore for agro processing infrastructure and market development.