

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

STARRED QUESTION NO:197  
ANSWERED ON:19.07.2004  
ENCOURAGEMENT TO FPIs  
Reddy Shri Magunta Sreenivasulu

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

- (a) whether the Government proposes to encourage the Food Processing Industries in all the States;
- (b) if so, the details of the policy initiatives taken so far;
- (c) whether the Government proposes to create more marketing avenues within and outside the country for the processed food; and
- (d) if so, the specific steps taken by the Government in this direction?

**Answer**

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

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to Parts (a) to (d) of Lok Sabha Starred Question No. 197 for 19th July, 2004 regarding encouragement to FPIs.

(a): Yes, Sir.

(b) to (d): Processed products of fruits & vegetables are already exempted from payment of excise duty. The Government has announced on 8th July, 2004 in Parliament to allow 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. Present excise duty of 16% on dairy machinery has been fully waived. 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 order to make food processing units more cost- competitive, financial assistance @ 25% for general and 33.33% for difficult areas subject to a maximum of Rs. 4.00 crore is sanctioned for establishment of food parks which provide common facilities such as uninterrupted power supply, water supply cold storage/ice plant, warehousing facilities, affluent treatment plant, quality control and analytical laboratories, training/conference facilities etc. Financial assistance is also provided for establishment, modernization and expansion of food processing units @ 25% and 33.33% of costs of plant and machinery and technical civil works subject to a maximum of Rs. 50 lakhs and Rs. 75 lakhs in general and difficult areas respectively.

For market survey, test marketing, brand promotion etc., of processed food, provisions have been made for grant of financial assistance under forward integration scheme. Financial assistance has been provided for organizing seminars/workshops and also for participation in national/international exhibitions/fairs for development of market and popularization of processed food products.