

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

STARRED QUESTION NO:294

ANSWERED ON:15.04.2010

EMPLOYMENT POTENTIAL IN FOOD PROCESSING INDUSTRIES

Mahendrasinh Shri Chauhan ;Tamta Shri Pradeep

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

- (a) whether the Government has made any assessment about the employment potential in the food processing industries;
- (b) if so, the details thereof; and
- (c) the steps taken by the Government to create more jobs in the food processing sector?

**Answer**

THE MINISTER OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAJ)

(a) to (c) : A Statement is laid on the table of the House.

Statement referred to reply to part (a) to (c) of Lok Sabha Starred Question No. 294 for answer on 15.04.2010 regarding Employment Potential in Food Processing Industries.

(a) to (b): Food Processing Industry is employment intensive. It has been estimated that for every Rs.1 Crore invested, it creates 18 jobs directly and 64 indirectly in the organized sector and 20 jobs in the unorganised sector across the supply chain. At present food processing sector employs about 13 million people directly and about 35 million people indirectly. Government is encouraging Food Processing Sector to increase the processing level from 6% to 20 % and value addition increase from 20% to 30%.

(c): The expansion of food processing sector will have bearing on employment generation. Government has taken necessary steps to create more jobs in the food processing sector by providing financial assistance through its various schemes for development of food processing sector which is expected to lead to increased level of processing and employment. Thus the Ministry has adopted Vision 2015, which aims to triple the size of food sector in 10 year's time by increasing the level of processing of perishables from 6% to 20%, value addition from 20% to 35% and share in global food trade from 1.5% to 3%. This would require making processed food affordable domestically and competitive globally. The Ministry has developed a strategy to realize the vision 2015, with the objective of addressing issues of taxation, organized retail, incentivising infrastructure development, a relook at varietal availability of crops, marketing interventions and regulation, strengthening of R&D and HRD infrastructure, besides issues of food safety and regulation.

Ministry of Food Processing Industries (MFPI) has been implementing various schemes for promotion and development of food processing industries in the country. MFPI through its various schemes for financial assistance and other promotional measures facilitates creation of food related infrastructure including processing facilities aimed at reducing wastages, enhancing value addition and increasing shelf life. The Scheme for Technology Up gradation/Establishment/Modernisation of Food Processing Industries is aimed at creation of new processing capacity and up-gradation of existing processing capabilities, modernization of Food Processing Sector to include Milk, Fruit & Vegetables, Meat, Poultry, fishery, cereal, consumer items, oil seeds, rice milling, flour milling, pulse milling etc. Under the Scheme for Technology Up gradation/ Modernization/ Establishment of Food Processing Industries, MFPI extends financial assistance to food processing industries in the form of grant-in-aid @ 25% of the cost of plant and machinery and technical civil works subject to a maximum of Rs. 50.00 lakh in general area or 33.33% subject to maximum of Rs. 75.00 lakh in difficult areas such as Jammu & Kashmir, Himachal Pradesh, Uttarakhand, North Eastern States, A & N Islands, Lakshadweep and ITDP areas. In addition, under the Technology Mission for Integrated Development of Horticulture in North Eastern and Himalayan States, higher levels of assistance @ 50% up to maximum of Rs. 4.00 Crore for setting up and Rs. 1.00 Crore for Up gradation of fruit and vegetables processing is available. A National Horticulture Mission (NHM) has been launched with an objective to boost the horticulture sector.

In the 11th Plan, the Ministry has approved new scheme to establish 30 Mega Food Parks with a view to provide state-of-the-art infrastructure for food processing sector in the country on a pre-identified cluster basis with a strong backward and forward linkage and to provide value addition of agricultural commodities including poultry, meat, dairy, fisheries etc. in a demand driven manner. Financial assistance up to 50% of project cost excluding land component in general areas and 75% in difficult areas, subject to a maximum of Rs. 50.00 Crore is provided for setting up of Mega Food Parks.

To encourage setting up of cold chain facilities and backward linkages in the country, Ministry of Food Processing Industries (MFPI) has a Plan Scheme for Cold Chain, Value Addition and Preservation Infrastructure during the 11th Plan to provide financial assistance to project proposals received from public / private organizations for cold chain infrastructure development. The scheme envisages

financial assistance in the form of grant-in-aid @ 50% of the total cost of plant and machinery and technical civil works in general areas and 75% for North Eastern Region and difficult areas subject to a maximum of Rs.10.00 Crore.

The Government has already taken necessary measures for providing relief and achieving simplification in tax rates to ensure its faster development. 100 percent tax exemption for first five assessment years beginning with the initial assessment year is available under section 80-1B (11A) of Income Tax Act, 1961 to undertakings deriving profit from the business of processing, preserving and packaging of fruits or vegetables and new units in the business of processing, preservation and packaging of meat or meat products or poultry or marine or dairy products. Under sub-section (11A) of section 80-1B of the Income Tax Act, 1961 a deduction from profits upto specified amounts is allowed in the case of an undertaking deriving profit from the business of handling, storage and transportation of food grains subject to specified conditions, if such undertaking begins to operate such business on or after the 1st day of April, 2001. With a view to preserve perishable food items like milk, poultry and meat, the Finance (No.2) Act 2009 has amended sub-section (11A) of section 80-1B with effect from 01.04.2010 to also provide tax holiday in respect of the business of processing, preserving and packaging of meat and meat products and poultry, marine and dairy products for units which begin to operate such business on or after 1st April, 2009. The amount of deduction in case of an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables or meat and meat products or poultry or marine or dairy products or from the integrated business of handling, storage and transportation of food grains, is hundred per cent of the profits and gains derived from such undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains derived from the total period of deduction does not exceed ten consecutive assessment years and subject to fulfilment of the condition that it begins to operate such business on or after the 1st day of April, 2001. The Finance (No-2) Bill 2009 proposes to also extend investment linked tax incentive by way of insertion of a new section - 35AD in the Income Tax Act 1961 to the business of setting up and operating cold chain facilities for specified products and to the business of setting up and operating warehousing facilities for storage of agricultural produce.