

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

UNSTARRED QUESTION NO:95

ANSWERED ON:19.11.2009

FINANCIAL ASSISTANCE TO FOOD PROCESSING INDUSTRIES

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

- (a) the details of proposals for investment in the food processing sector during the Eleventh Five Year Plan;
- (b) whether the Government has conducted any survey to assess the estimated requirement and availability of food processing facilities in the country;
- (c) if so, the details thereof;
- (d) the details of proposal received by the Government seeking financial assistance during the last three years, State-wise; and
- (e) the details of financial assistance provided by the Government during the last three years and the current year, State-wise?

Answer

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

(a): In the 11th Five Year Plan, the Government proposes to provide Plan scheme support of Rs.4031 crores to food processing industries on the basis of tentative allocation by the Planning Commission for promotion of food processing sector. This includes an investment of about Rs.2900 crores on strengthening of infrastructure and setting up, modernization of food processing industries. According to a Rabo Bank study estimate, Government investment of Rs.1000 crores could attract an investment of about Rs.10,000 crores by private sector including FDI and financial institutions in food processing units.

In the 11th Plan, the Ministry proposes to implement a revamped Scheme for Infrastructure Development under which, it will give financial assistance for setting up of Mega Food Parks, cold chain infrastructure, value added centres and packaging centres. The Mega Food Park Scheme will provide backward and forward linkages as well as reliable and sustainable supply chain. The Cluster based demand driven approach will provide linkages from farm to market with linkages from local to regional level through Primary Processing Centres, Collection Centres, Strategic Distribution Centre-cum-Cold Chain at critical locations – having Controlled Atmosphere storage and distribution centres where large quantities can be stored and supplied to distribution centres for retail sale and to processing industries for processing. In the 11th Plan, it has also been proposed to continue assistance to schemes for setting up of Food Testing Labs, Implementation of Quality Systems such as HACCP, ISO 9000 ,GHP and GMP Practices, Promotion of Research and Development, Capacity building and Human Resource Development and other promotional activities with higher levels of assistance. In addition, a new scheme for Upgradation of Quality of street foods has also been proposed to be implemented. The emphasis will be on building strong linkages with agriculture and horticulture, enhancing project implementation capabilities, increased involvement of private sector investments and support for creation of rural infrastructure to ensure a steady supply of good quality agri horticulture produce.

(b) & (c): Ministry of Food Processing Industries has not conducted any study in respect of estimated requirement of food processing facilities in the country and the availability of such facilities in the States/ Union Territories. However, the level of wastage of agricultural food items is estimated to be about Rs.50,000 crores occurring at various stages of handling after harvesting due to fragmented farming, provisions in Agricultural Produce Marketing (Development & Regulation) Act, lack of cold chain facilities, transportation, proper storage and processing facilities etc. Vision Document 2015 finalized by the Ministry envisages trebling the size of the processed food sector 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% by 2015.

(d) & (e): The Ministry of Food Processing Industries extends financial assistance in the form of grant-in-aid to implementing agencies/entrepreneurs @ 25% of the cost of Plant & machinery and Technical Civil Works subject to a maximum of Rs.50 lakhs in general areas and 33.33% subject to a maximum of Rs.75 lakhs in difficult areas under the Scheme of Setting up/Modernization/Expansion of food processing industries.

Earlier all the applications for such grants were received by the Ministry through the State Nodal Agencies. These applications were then Centrally processed and grants disbursed directly by the Ministry.From 2007-08, the receipt of applications, their appraisal, calculation of grant eligibility as well as disbursement of funds has been completely decentralized. Under the new procedure, an entrepreneur/ applicant can file application with the neighborhood Bank branch/ Financial Institution (FI). The Bank/ FI would then appraise the application and calculate the eligible grant amount as per the detailed guideline given to them by the Ministry. The Banks/ FIs appraisal report and its recommendation for the release of grant is transmitted to the Ministry through e-portal established

for this purpose. After the recommendation is received from the Bank/ FI, the Ministry sanctions the grant and transfer the funds through the e-portal.

Under the decentralized procedure, as the applications are received directly by the Banks/FIs, the data for receipt of the applications for 2007-08 and 2008-09 is not maintained centrally by the Ministry. However, the State-wise details of the number of food processing units to which financial assistance has been provided is annexed. The Ministry releases the funds in the shape of grant in aid to the agencies/ entrepreneurs depending upon the availability of funds within the budget provision from year to year basis.