

Failure of Food Development Fund

‡3259. SHRI VIJAY SINGH YADAV: Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Food Development Fund has not been successful;
- (b) if so, the reasons therefor;
- (c) whether the performance in this sector in respect of food products has been low in comparison to the other developed countries;
- (d) if so, the facts in this regard together with the reasons therefor; and
- (e) the steps taken by Government to increase the development rate of this sector?

THE MINISTER OF STATE IN THE DEPARTMENT OF FOOD PROCESSING (SHRI TH. CHAOBA SINGH): (a) and (b) Action was initiated for setting up a Processed Food Development Fund but the response of Financial Institutions/Agencies has not been encouraging so far.

(c) to (e) The value addition to food products in our country is much lower compared to the developed countries.

Low demand-low volume of production-high per unit cost and again low demand are the main constraints faced by the Processed Food Sector. On account of high risk and low margin, not many entrepreneurs venture to enter although potential of this sector is reported to be immense.

The Government has taken number of policy initiatives to promote the growth of processed food sector in the country. Some of these are as under:—

- (i) Under the Plan Schemes of the Department of Food Processing Industries, financial assistance in the form of soft loan and grant is provided to private industries, public sector undertakings, Non-Governmental Organisations, Co-operatives, Human Resource Development Organisations and Research & Development Institutions etc., for the development of processed food sector.
- (ii) Food Processing Industries have been included in the list of priority sector for bank lending.
- (iii) Most of the processed food items have been exempted from the purview of licensing under Industries (Development & Regulation) Act, 1951.

‡Original notice of the question was received in Hindi.

- (iv) Automatic approval for foreign equity up to 100% is available for most of the processed food items excepting alcohol and beer and those reserved for small scale sector, subject to certain conditions.

Protection of Sugarcane Industries in Maharashtra

3260. MISS MABEL REBELLO: Will the Minister of AGRICULTURE be pleased to state:-

- (a) whether Government have any proposal to protect the sugarcane industry in Maharashtra;
- (b) if so, what action has been taken so far to implement the proposal;
- (c) the Government have any suggestion to export sugar out of India; and
- (d) what is the response from Western countries?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI S.B.P.B.K. SATYANARAYANA RAO): (a) and (b) Due to unprecedented large sugar production during the current 1999-2000 (October-September) sugar season in the country in general and Maharashtra in particular, the sugar industry is facing problem of liquidity both in terms of storage space and finances. With a view to easing out the problem, the Government have taken following measures:

- (i) The Central Government have reduced the levy obligation of domestic sugar factories from 40% to 30% with effect from 1.1.2000 with a view to improving the financial position of the sugar factories which would enable them to pay the cane price dues promptly.
- (ii) To restrict inflow of imported Sugar in the country, Government with effect from 9.2.2000, have increased the custom duty to 60% along with the existing countervailing duty of Rs. 850 per tonne.
- (iii) The Central Government is also pursuing a policy of encouraging stability and reasonable level of sugar prices in the domestic market through judicious releases of free sale sugar quotas to enable the sugar factories to clear the cane price dues of the farmers.
- (iv) Advance release of free sale sugar are being made to the needy sugar factories enabling them to pay the cane price dues.
- (v) Due to non-lifting of levy sugar by FCI from certain States including Maharashtra, an equivalent quantity was released as advance freesale sugar for sale in the open market.