

GOVERNMENT OF INDIA  
MINISTRY OF FOOD PROCESSING INDUSTRIES  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO- 2360**  
ANSWERED ON- 05.08.2022

**REFORMS IN THE FOOD PROCESSING SECTOR**

**2360. SHRI PRABHAKAR REDDY VEMIREDDY:**

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

- (a) the reforms that Government has brought/proposed to bring in the food processing sector of the country;
- (b) how allowing 100 per cent FDI through automatic route helps in attracting more FDI;
- (c) the details of FDI flow into food processing sector since introduction of FDI through the automatic route, year-wise; and
- (d) the status of Food Processing Fund set up with NABARD and whether objectives of this fund have been achieved?

**ANSWER**

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES  
(SHRI PRAHLAD SINGH PATEL)

(a): The Government has taken various policy measures and reforms to support food processing sector as indicated below:

- (i) Inclusion of food & agro-based processing units and cold chain as agricultural activity under Priority Sector Lending (PSL) norms in April 2015.
- (ii) As a measure towards ease of doing business, the Food Safety and Standards Authority of India (FSSAI) through notifications in 2016 has shifted from product-by-product approval to an ingredient and additive based approval process.
- (iii) A Special Food Processing Fund of Rs. 2000 crore was set up with National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit for investments in setting up Mega Food Parks (MFP) as well as processing units in the MFPs. In 2019, the coverage of the fund was extended to setting up of Agro Processing Clusters and individual manufacturing units within them.
- (iv) 100 percent Foreign Direct Investment (FDI) approval under automatic route has been permitted for the food processing sector.

(b) & (c): The Government has put in place a liberal and transparent policy for attracting Foreign Direct Investment (FDI), wherein most of the sectors are open to FDI under the automatic route. The intent is to make the FDI policy more investor friendly and remove the policy bottlenecks that have been hindering the investment inflows into the country. 100% FDI is permitted under the automatic route in the food processing sector and 100% FDI under Government approval route is allowed for retail trading, including through e-commerce, in respect of food products manufactured and/or produced in India. Allowing 100% FDI through automatic route helps to attract more FDI as under the automatic route, the investment does not require the prior approval. The details of year-wise FDI inflow from April 2016 to March 2022 is as under;

Statement on financial year wise FDI equity inflow (From APRIL 2016 to March 2022)

Sl No	Year (April to March)	FDI (in USD million)
1	2016-17	727.22
2	2017-18	904.90
3	2018-19	628.24
4	2019-20	904.70
5	2020-21	393.41
6	2021-22	709.71
	Grand Total	4,268.19

*Source- FDI Cell DPIIT*

(d): A special fund of Rs.2000 crore has been set up in National Bank for Agriculture and Rural Development (NABARD) to provide credit at affordable rates to boost food processing sector. Under this fund, loan is extended to individual entrepreneurs, cooperatives, farmers producer organizations, corporates, joint ventures, SPVs and entities promoted by the Government for setting up, modernization, expansion of food processing units and development of infrastructure in designated food parks. The Ministry has notified the Designated Food Parks (DFPs) in different states for the purpose of availing affordable credit from special fund with NABARD. NABARD has sanctioned a term loan of Rs 776.82 Crore as on 30.06.2022. The details of term loan sanctioned and disbursement are as under;

S.No.	Category	No. of Projects	Term Loan Sanctioned	Term Loan Disbursed
1	Mega Food Park Projects	14	549.35	380.26
2	Agro Processing Cluster	8	82.09	57.78
3	Individual processing units in DFPs	12	145.38	95.85
	Total	34	776.82	533.89

*Source: NABARD*

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