

GOVERNMENT OF INDIA
MINISTRY OF FOOD PROCESSING INDUSTRIES
RAJYA SABHA
UNSTARRED QUESTION NO- 2153
ANSWERED ON 13TH DECEMBER, 2024

GROWTH OF FOOD PROCESSING SECTOR

2153. DR. ASHOK KUMAR MITTAL:

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

- (a) whether the growth of the food processing sector will enable small and medium sized businesses in the space to accelerate their growth and scale in the country;
- (b) whether Government has set a vision for the sector to achieve a target of doubling its contribution to the GDP by 2030;
- (c) if so, the steps taken to accelerate the growth of food processing sector and the success achieved in this regard; and
- (d) whether many food processing businesses operate in the small and medium enterprises sector, which often lacks the resources needed to upgrade their facilities and machinery to the latest technology?

ANSWER

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

(a), (b) & (c). Food Processing (FP) sector has emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and exports. During the last 8 years ending 2022-23, Food Processing sector has been growing at an Average Annual Growth Rate (AAGR) of around 5.35 per cent. Gross Value Added (GVA) in FP sector has also increased from 1.30 lakh crore in 2013-14 to 1.92 lakh crore in 2022-23 (as per first revised estimates). Through the implementation of schemes namely, Pradhan Mantri Kisan Sampada Yojana (PMKSY), PM Formalisation of Micro Food Processing Enterprises Scheme (PMFME) and Production Linked Incentive Scheme (PLIS), Ministry of Food Processing Industries (MoFPI) helps in creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet for promotion, overall development and growth of FP sector, creation of employment opportunities, reducing wastage of agricultural produce, increasing the level of processing and enhancing export of the processed foods.

In order to enhance the investment in Food Processing Sector, the following measures have been taken by the MoFPI:

- i. Exempting all the processed food items from the purview of licensing under the Industries (Development and Regulation) Act, 1951.
- ii. 100% Foreign Direct Investment (FDI) permitted through automatic route for food processing sector subject to sectoral regulations.
- iii. 100% Foreign Direct Investment, under Government approval route, for trading including through e-commerce, in respect of food products manufactured or produced in India.
- iv. Lower GST for raw and processed products; more than 74.3% food products under various chapter heads/sub-heads are covered in lower tax slab of 0% & 5%.

(d). As per the report on Annual Survey of Unincorporated Sector Enterprises (ASUSE) for the year 2022-23, the unorganized FP sector in the country comprises nearly 23 lakh food processing enterprises which are unregistered and informal. Most of these units fall under category of micro manufacturing units in terms of their investment in plant & machinery and turnover. These units face challenges in access to credit, modern technology & machinery, branding & marketing and food safety & hygiene. As part of Atmanirbhar Bharat Abhiyan, MoFPI is implementing a centrally sponsored PMFME scheme for providing financial, technical and business support for setting up/upgradation of micro food processing enterprises in the country. The scheme is operational for a period upto 2025-26 with an outlay of Rs. 10,000 Crore. The scheme aims to enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote formalization of the sector. Under the scheme, overall 1,08,580 loans have been sanctioned for micro food processing units across the country till 31st October, 2024.
