

synthetic syrups and artificial sweeteners (saccharine). In addition, a few food processing related packaging materials are reserved for the small sector, including waxed paper; corrugated paper and boards; paper bags and paper cups/plates.

Approvals

Any business undertaking to be set up with foreign financial or technical collaboration requires approval, either from the Reserve Bank of India or from the Government of India. The approval may be automatic in the case of identified high priority industries (including food processing) or trading companies that are primarily engaged in exports, provided that the venture satisfies certain specified conditions. For foreign investments higher than 51% in high priority industries and for any level in non-priority industries, approval is granted by the SIA on a case-by-case basis, depending on merit. These high-priority industries include:

- All food processing industries other than milk food, malted foods and flour, but excluding items that are reserved for the small scale sector (see Licensing).
- All items of packaging for the food processing industry, excluding items that are reserved for the small scale sector (see Licensing).
- Soya products including: soya texture proteins, soya protein isolates; soya protein concentrates; other specialized products of the soybean; and winterized and deodorized, refined soybean oil.

Approval of imports for test marketing is linked to the intention to invest. Firms may include plans for test marketing in their investment proposals which are submitted to the government Investment Promotion Board for approval. Firms seeking to test the market before submitting an investment proposal should first obtain approval from the Director General of Foreign Trade.

Manufacturing for Export

A number of processed food items have been identified as thrust areas for exports, including meat, tomato products, tropical fruit juices, pulps, concentrates and mushrooms. Exchange rate reforms have made Indian exports of processed food items extremely price competitive and exported items fetch attractive prices in rupee terms. In addition, export profits are exempted from income tax and duty free imports are available through the advance licensing scheme. The import of capital goods required for export production is permitted duty free or at concessional rates. The Indian EXIM policy allows imports of spares by end users and agents. Also, consultancy, designing and engineering firms who take up turnkey assignments are permitted to import food processing and packaging (FPP) machines and spares. Hiring of foreign technicians is allowed. Export quotas of dairy products are monitored by the Agricultural and Processed Food Products Export Development Authority (APEDA). APEDA does generic promotion of Indian food products overseas and offers subsidies on capital goods such as refrigerator trucks and cooling equipment for fruit and vegetable exporters.

India employs several re-export schemes which are designed to allow duty free imports for products for further processing and re-export of finished goods subject to value-added requirements. Briefly, these are: