

- Foreign investors need not necessarily have a local partner.
- Free repatriation of profits and capital investment is permitted, but for some food processing industries it is subject to dividend balancing against export earnings.
- Use of foreign brand names/trade marks for sale of goods in India is permitted.
- Capital markets are now open to foreign institutional investors.
- Indian companies are permitted to raise funds from the international capital markets.
- India, having signed the General Agreement on Tariffs and Trade (GATT), now is a member of the World Trade Organization (WTO).
- Corporate taxes have been reduced from 15 % to 10%. Further progressive reductions are planned.
- Special investment and tax incentives are given for exports and certain sectors including food processing.

All food processing industries (other than milk food, malted foods and flour, and a few items reserved for the small scale sector) are included in the Indian Government's list of high priority industries eligible for automatic approval for foreign direct investments, provided that foreign equity participation is at least 51%. All items of packaging for food processing industries, excluding items reserved for the small scale sector, are also eligible for automatic approval. To further encourage the development of agro-based industries, the government has exempted agro-based products like sauces, ketchup, butter, cheese, skimmed milk powder, vegetable oils, jams, jellies and pickles, canned fruits and dried vegetables, certain soya products, starches and preparations of meat and fish, from excise duties entirely. In addition, excise duties have been reduced on noodles and similar products, extruded snack foods/similar items and biscuits, packaging materials and refrigeration equipment.

INFRASTRUCTURE

Agro-based products contribute more than 33% of India's GDP. Yet 30-40% of the agricultural output is lost at the post-harvest stage, due to a variety of reasons:

- The market for processed foods has tended to be limited to the metro cities, which has affected the volume of processing carried out.
- Inadequate roads in the agricultural areas, lack of cold storage systems and outdated agro-practices at all stages from pre-harvest through harvest, post-harvest handling, storage and packing to transportation to the market.
- A general lack of suitable technology for multiple, decentralized and semi-processing facilities to prepare, preserve and protect produce for later centralized processing.
- A lack of standards for quality and packaging, preventing uniformity of product and reducing the consistent and assured supply of agro-products to processing units.
- The present ceiling on land holdings is not conducive to increasing productivity since small farmers find it unprofitable to establish post-harvest processing facilities.

Revised investment strategies and the Government of India's commitment to the food processing industry are starting to address these problems.