




Be Mains Ready

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Q. Food processing industry connects the farmers with their consumers, adding value on the way. Discuss why there is a need to promote this sector in India? What steps has the government taken in this regard? (250 words)

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Approach / Explanation / Answer

- Comment on the status of the Food processing industry in India.
- Reasons for its promotion.
- Also discuss the challenges
- Steps taken by the government
- Conclude affirmatively

Answer

According to the Ministry of food processing industries annual report, the sector contributes around 11% of agricultural and 9% of manufacturing value-added, also the sector employs 12.8% in the organised and 13.7% of the workforce in the unorganised sector. Despite being one of the largest producers of agricultural products in the world, India ranks low in the global food processing value chains.

Need for Promotion

- **Arable land:** India has the second largest arable land in the world and has diversified agro climatic zones in the country and the potential to cultivate a vast range of agricultural products. These advantages can be leveraged to be a leading food supplier to the world.
- **In line with busy lifestyle:** With demographic changes, rising incomes and income distribution the move towards higher quality and convenience products provide a huge potential. With no time to cook a meal, RTE (ready to eat) and RTH (ready to heat) foods come in handy for the busy consumer.
- **Food processing to boost exports:** Agricultural exports as a share of GDP are fairly low in India at just 2% relative to the rest of the world. It provides an opportunity to utilise excess production efficiently and reduce food wastage.

- **Manpower and Employment:** Along with cheap labour India has a vast pool of skilled manpower in research. The higher rate of growth as compared to the agriculture growth rate is indicative of its low base, the increased availability of surpluses, changing lifestyle and higher disposable income.
- **Exports:** Indian food brands and FMCGs are now finding prime shelf-space in the retail chains of the US and Europe. Nestle, HUL and ITC are increasing their product portfolio with health and convenience foods. Reliance and Bharti too have entered the agri-produce and food retail ventures.
- **Foreign Direct Investment:** CII estimates that the sectors have the potential to attract billions of investment and also generate employment of nine million person-days.

Some of the major initiatives taken by the Government of India to improve the food processing sector in India are as follows:

- 100 percent Foreign direct investment (FDI) in marketing of food products.
- Setting up a dairy processing infra fund worth Rs 8,000 crore (Union Budget 2017-18).
- Food Safety and Standards Authority of India (FSSAI) to strengthen the food testing infrastructure in India (62 new mobile testing labs).
- The Indian Council for Fertilizer and Nutrient Research (ICFNR) to adopt international best practices for research in fertiliser to achieve food security for the common man.
- Human Resource Development in the food processing sector under the National Mission on Food Processing.
- The Model Contract Farming Act, 2018 shields farmers from price volatility, subject to quality commitments.
- The launch of the Pradhan Mantri Kisan Sampada Yojana is aimed at bridging the infrastructure gap.

The food processing industry is being recognised as a 'sunrise industry' in India having huge potential for uplifting agricultural economy, creation of large scale processed food manufacturing and food chain facilities, thereby further creating employment and export earnings. The priority for the government should be enhancing the cold-chain capacity, logistics infrastructure, proper ways of marketing commodities, farmer training and skilling of the workforce.