



Food Processing Sector

For Prelims: Food Processing Sector, Priority Sector Lending (PSL), Food Safety and Standards Authority of India (FSSAI), Mega Food Parks (MFP), Designated Food Parks (DFPs).

For Mains: Significance of Food Processing sector in India.

Why in News?

Recently, in a written reply to the [Rajya Sabha](#) Minister of State (Food Processing Industries) stated the initiatives taken by the Government to support the [Food Processing Sector](#).

What is Food Processing and the Present Status of the Sector in India?

▪ About:

- Food processing is a **type of manufacturing in which raw materials are processed into intermediate foods or edible items** using scientific knowledge and technology.
 - Bulky, perishable, and occasionally inedible food resources are converted into more usable, concentrated, shelf-stable, and pleasant meals or beverages using a variety of techniques.
 - It **improves the storability, portability, palatability, and convenience of the finished product.**

▪ Significance:

- The Indian food sector **ranks fifth in terms of scale, contributing almost 6% of GDP, 13% of Indian exports, and 6% of overall industrial investment in the country.**

▪ Present Status:

- India is the **world's second-largest producer of fruits and vegetables, after China, yet just 2% of the crop gets processed.**
- Despite a significant manufacturing base, the **processing is little (less than 10 percent).**
 - Processing accounts for around 2% of fruits and vegetables, 8% of marine products, 35% of milk, and 6% of poultry.
- India has **the world's greatest livestock population, with 50% of buffaloes and 20% of cattle**, but only around 1% of the entire meat population is transformed into value-added goods.

What are the Various Policy Measures taken by the Government?

- Inclusion of **food & agro-based processing units and cold chain** as an agricultural activity under [Priority Sector Lending \(PSL\)](#) norms in April 2015.
- As a measure toward [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.**
- 100% [Foreign Direct Investment \(FDI\)](#) approval under automatic route has been permitted for the food processing sector

- 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 the setting up of **Agro-Processing Clusters** along with setting up of individual manufacturing units.
 - Also, a [Designated Food Parks \(DFPs\)](#) scheme would be introduced in different states for the purpose of availing affordable credit from the special funds with NABARD.

Way Forward

- At present, India is processing less than 10% of its agricultural output; thus, presenting immense opportunities to boost processing levels and attract investments in this sector. so, the Government measures are in the right direction.
- Further, the growth of the food processing sector will be led by the demand in retail and the rise of health-conscious consumers.
 - Hence, there is a need for a strong crop value chain with adequate funding and technology applications that will boost the food processing sector via the [MSME](#) sector.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. With what purpose is the Government of India promoting the concept of “Mega Food Parks”? (2011)

1. To provide good infrastructure facilities for the food processing industry.
2. To increase the processing of perishable items and reduce wastage.
3. To provide emerging and eco-friendly food processing technologies to entrepreneurs.

Select the correct answer using the codes given below:

- (a) 1 only
- (b) 1 and 2 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Ans: (b)

- The Scheme of “**Mega Food Park**” aims at providing a mechanism to link agricultural production to the market by bringing together farmers, processors and retailers, so as to ensure maximizing value addition, minimizing wastage, increasing farmers’ income and creating employment opportunities, particularly in the rural sector. **Hence, 2 is correct.**

Mians

Q. What are the reasons for the poor acceptance of a cost-effective small processing unit? How the food processing unit will be helpful to uplift the socioeconomic status of poor farmers? (2017)

Source: PIB

