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Mains Practice Questions

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Q. What are the challenges and opportunities of the food processing sector in the country? How can the income of the farmers be substantially increased by encouraging food processing? (UPSC GS-3 Mains, 2020)

20 Jan, 2021 GS Paper 3 Economy

Approach

- Start the answer by explaining briefly about food processing and its role in increasing farmers' income.
- Mention challenges and opportunities associated with the food processing industries.
- Establish the role that food processing industries can play in increasing farmers' income.
- Conclude suitably.

Introduction

Food processing generally includes the basic preparation of foods, the alteration of a food product into another form, and preservation and packaging techniques.

India, being an agrarian economy, has a natural advantage in terms of food processing industries (FPI). With the rise in demand for agri-products, there will be a commensurate rise in the price paid to the farmer, thereby increasing the income.

Body

Challenges Faced by Food Processing Industry In India

- **Supply Side Bottlenecks:** Fragmented holdings result in low farm productivity, due to this farmers are left with a small and dispersed marketable surplus.
- **Demand Side Bottlenecks:** The demand for processed food is mainly restricted to urban areas of India.
- **Infrastructure Bottlenecks:** Lack of mechanization, high seasonality, perishability, and lack of proper intermediation (supply chain) results in a lack of availability of raw material.
 - Further, the lack of all-weather roads and connectivity make supply erratic.
 - Due to inadequate infrastructure, more than 30% of the produce from the farm gate is lost.
- **Informalization in Food Processing Industry:** The food processing industry has a high concentration of unorganized segments, representing almost 75% across all product categories. Thus, causes inefficiencies in the existing production system.

These factors, in turn, impedes food processing and its exports.

- **Deficiencies in the Regulatory Environment:** There are numerous laws, under the jurisdiction of different ministries and departments, which govern food safety and packaging.
The multiplicity of legislation and administrative delays leads to contradictions in food safety specifications and guidelines.
- **Sanitary and Phytosanitary (SPS) Measure:** The stringent (SPS) measures applied by developed countries also impedes the exports of processed foods.

Opportunities Associated with Food Processing Industries

- **Employment Generating Sector:** The Food Processing Industry (FPI) is of enormous significance as it provides vital linkages and synergies that it promotes between the two pillars of the economy, i.e. agriculture and industry.
Therefore, it provides direct and indirect employment opportunities.
- **Ensuring Nutritional Security:** Processed foods when fortified with vitamins and minerals can reduce the nutritional gap in the population.
- **Boosts Trade and Earns Foreign exchange:** It is an important source of foreign exchange. For e.g. Indian Basmati rice is in great demand in Middle Eastern countries.
- **Curbing Food Inflation:** Processing increases the shelf life of the food thus keeping supplies in tune with the demand thereby controlling food-inflation. For e.g. Frozen Safal peas are available throughout the year.

Food Processing Industry & Farmers' Income Correlation

- **High-yield Varieties (HYV) of Food:** Indian agriculture is presently dominated by cereals oriented production, but the next phase of income boost for farmers will come from switching to high-yield varieties (HYV) of food like horticulture, dairy, etc.
However, the issue associated with HYV is low shelf life. This is where FPI can come into play and subsequently increase farmers' income.
- **Increasing Demand For Agro-Products:** Urbanization is increasing at a rapid pace in India, which subsequently, increases the demand for processed food.
Moreover, India is one of the largest producers of food in the world but processes less than 10% of what it produces. Given this, there is a scope of the rise in demand for processed food, which in turn will lead to rising in farmers' income.
- **Curbing Rural Unemployment:** As FPI links agriculture and industry, it will help in addressing the problem of disguised unemployment that affects the productivity of Indian agriculture.
Food Processing being a labor-intensive industry will provide localized employment opportunities and thus will reduce the push factor in source regions of migration.

Conclusion

Food processing provides an opportunity to utilize excess production efficiently, ensuring food & nutritional security and supporting farmers. Thus, food processing has become an integral part of the food supply chain in the global economy.

India being an agrarian dominated country must leverage its potential in the Food Processing Industry.