



## Mains Practice Question

**Q.** What are the challenges faced by Food processing industries? How can they help in easing the rural distress? (250 words)

09 Jan, 2019    GS Paper 3 Economy

### Approach

- Introduce by giving idea and relevance of food processing industry in India
- discuss challenges and socio economic impact of food processing industry
- Conclude by giving government efforts in this field

### Introduction

- The Indian agriculture sector, with the emergence of green revolution, has transformed itself from a country of shortages to a land of surpluses.
- Rapid growth of Indian economy has resulted in change in the consumption patterns, from cereals to more varied and nutritious diet of fruits and vegetable, milk, fish etc., which has given momentum to development of sunrise industry namely Food Processing Industries.
- **Food Processing** refers to various techniques and operations by which raw foodstuffs are transformed into food that are suitable for consumption, cooking, or storage.
- It consists of processes like the basic preparation of foods, the alteration of a food product into another form (as in making preserves from fruit), and preservation and packaging techniques
- The industry not only has potential to provide nation with food security but can also effectively tackle India's economic and employment woes.

### Challenges faced by India's food processing sector

- **Poor supply chain linkages:** India's agriculture market has a long and fragmented supply chain that results in high wastage and high costs, especially due to seasonality, perishability, and variability of produce.
- **Infrastructure bottlenecks:** The export related infrastructure for agri-produce is grossly inadequate, especially at sea ports and airports. More than 30 percent of the produce from the fields gets spoilt due to poor post-harvesting facilities and lack of adequate storage infrastructure.
- **Lack of skilled manpower:** The agricultural workforce is inadequately skilled across different levels of food processing.
- **Low adherence to quality standards:** India lacks basic standardization and certification infrastructure. Given the size of the food processing industry, there is a huge gap in the availability of laboratories, trained manpower, and certification agencies.
- A significant amount of food produce gets wasted in India due to inadequate infrastructure such as packaging facilities, storage, transportation, cold chain, and low levels of processing to the tune of US\$1.5 billion (Rs 92,000 crores) annually.
- Less than 10 percent of the total food produced is processed into value added products in India. In comparison to US and China's 65 and 23% respectively.
- Similarly, other smaller developing countries such as Thailand, Philippines, and Brazil process as high as 30, 78, and 70 percent of their produce, respectively.

## Potential of the sector

- Under the Make in India initiative, the Government plans to stimulate growth in the Food Processing sector through the creation of a strong infrastructure, reduction of food wastage and promotion of Ease of Doing Business (EODB) measures.
- A well-developed Food Processing sector will help facilitate **crop diversification** and **generate employment opportunities**.
- The introduction of modern processing techniques for food will result in improved shelf-life of the agricultural produce and **ensure steady revenue to farmers**.
- It will embolden the government's vision of doubling farmer's income by 2022 as it serves as a **crucial link between industries and agriculture**.
- Food processing has an important role to play in linking Indian farmers to consumers in the **domestic and international markets**.
- India's food ecosystem also offers huge opportunities for investments with stimulating growth in the food retail sector, favorable economic policies and attractive fiscal incentives.

## Way forward

- Govt. has launched various schemes like (SAMPADA), Integrated Cold Chain and Value Addition Infrastructure scheme, Electronic National Agriculture Market (E-NAM), to integrate markets and provide impetus to the agricultural and food processing sector.
- The government also provides 100% FDI in food processing through automatic route. It has also opened up 12 Mega Food Parks to facilitate food processing in the nation.
- The Food Processing industry is critical to India's growth and the government should focus on providing adequate impetus to the sector.
- With the correct set of policy implementations and support, the industry can grow by leaps and bounds, taking India to a new position of strength and prosperity in the global economy.

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