

Boosting the food processing industry

What is the issue?

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- Indian food processing industry is facing many hurdles to be a global player.
- Union government's plan on food processing will address such issues.

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What is the status of India's food processing sector?

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- India has strongly grown its agri, dairy, meat and horticultural produce by leaps and bounds in recent years.
- It is now a food-surplus nation offering a readymade raw material base for global food processing giants.
- Post-harvest losses of 5-15 per cent and the large consumer market were presented as evidence of market potential.
- But in the last five years, the industry contributed a minuscule 1.5 per cent to the country's Gross Value Added.
- It accounted for a mere tenth of its agricultural output, and saw exports actually shrink from \$36 billion to \$31 billion.

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Why Indian food processing Industry is deprived?

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- India's processed foods industry could be the misreading of the market by the global food giants who were the early movers.

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- Drawn to India's 1.3 billion strong consumer market, multinationals such as Nestle, ConAgra and Unilever marked their presence many years ago.

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- Attempts to force-fit global food preferences to the Indian marketplace and failure to recognise the enormous regional diversity in food habits are the significant reasons of poor performance.

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- There are supply chain inefficiencies created by the fragmented agricultural market, the lack of standardisation and quality checks on produce and draconian State laws on marketing of agri-produce.

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What moves India as taken to boost the sector?

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- Recently ministry of food processing industries pulled out all stops to convince foreign investors that food processing can be the next big sunrise sector in India, if only it could attract the necessary capital.

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- The Union government had also redoubled its policy effort to woo global majors.

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- It would pay to introspect on why past policy efforts to promote food processing have proved somewhat ineffectual.

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- It had also taken recent efforts to beef up the supply chain through investments in cold chains, state-of-the-art warehousing and mega food parks in growing regions.

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- Plans to leaning harder on the recalcitrant States to adopt the model APMC Act and join the e-NAM initiative will be equally critical.

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Source: Business Line

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