

Food Processing Industries

Introduction:

Food processing sector is deemed as sun rising industry in India. It has the potential to grow at a very fast pace in future. It is the Fifth largest industry in India and accounts for 16% of employment in organized sector and 32% of employment in unorganized sector.

Factors Favorable to Processing Industries are India is the largest producer of milk, second largest in vegetables and fifth largest in poultry and our best location due to our large coastline and neighboring markets. Food Processing Industry did not feature in our 1st-10th Five year plans. India processes less than 50% of its agricultural produce leading to high wastage.

(I) Importance of Food Processing Industries:

It will minimize wastage in agricultural produce. Increase income of farmers, diversify agriculture, generate employment opportunities, generate backward and forward linkages, contribute to export promotion and integrate Indian economy with the rest of the world.

(II) Factors that drive the growth of this industry

- a) India's demographic profile with 65% of population below 35 years of age.
- b) Fast changing life styles and consumption pattern.
- c) Increase in disposable income of the people.
- d) Growth of organized retail of food in India.
- e) Large percentage of expenditure of an average household is spent on food and grocery – nearly 55% in rural and 40% in urban areas.
- f) Fast increase in the no. of working women.

(III) Constraints affecting growth of this industry

- a) APMC Acts of State governments that do not allow contract between farmers and food producers.
- b) Indifference of policy makers towards this industry as it has been a neglected sector.
- c) Very little research and development by the industry itself as most of R & D is carried in universities and institutions only.
- d) High taxes on packaging and caning material.
- e) Non-tariff barriers in the form of stringent rules and regulations such as requirement of packaging and laboratory testing of samples that may increase cost and drive away potential food processors.
- f) Very poor and inadequate infrastructure relating to processing facilities like cold storage chain facilities, irradiation chambers, steam generating and sterilizing units, etc.
- g) Lack of entrepreneurship.
- h) Lack of training facilities for upgradation of technology and skills.
- i) Lack of human resource development.

(IV) Schemes

- a) Mega Food Parks(September2009):

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 rural sector. The Mega Food Park Scheme is based on "Cluster" approach and envisages creation of state of art support infrastructure in a well-defined agri / horticultural zone for setting up of modern food processing units along with well-established supply chain. Mega food park typically consist of supply chain infrastructure including collection centers, primary processing centers, central processing centers, cold chain and around 30-35 fully developed plots for entrepreneurs to set up food processing units .

The Mega Food Park project is implemented by a Special Purpose Vehicle (SPV) which is a Body Corporate registered under the Companies Act. However, State Government, State Government entities and Cooperatives are not required to form a separate SPV for implementation of Mega Food Park project. Subject to fulfilment of the conditions of the Scheme Guidelines, the funds are released to the SPVs.

So far Ten Mega Food Parks, namely, Patanjali Food and Herbal Park, Haridwar, Srimi Food Park, Chittoor, North East Mega Food Park, Nalbari, International Mega Food Park, Fazilka, Integrated Food Park, Tumkur, Jharkhand Mega Food Park, Ranchi, Indus Mega Food Park, Khargoan, Jangipur Bengal Mega Food Park, Murshidabad and MITS Mega Food Park Pvt Ltd, Rayagada , Satara Mega Food Park, Satara are functional .

b) SAMPADA

Government of India (GOI) has approved a new Central Sector Scheme – Pradhan Mantri Kisan SAMPADA Yojana (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) with an allocation of Rs. 6,000 crore for the period 2016-20 coterminous with the 14th Finance Commission cycle. The scheme will be implemented by Ministry of Food Processing Industries (MoFPI).

PM Kisan SAMPADA Yojana is a comprehensive package which will result in creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet. It will not only provide a big boost to the growth of food processing sector in the country but also help in providing better returns to farmers and is a big step towards doubling of farmers income, creating huge employment opportunities especially in the rural areas, reducing wastage of agricultural produce, increasing the processing level and enhancing the export of the processed foods.

The following schemes will be implemented under PM Kisan SAMPADA Yojana :

- [Mega Food Parks](#)
- [Integrated Cold Chain and Value Addition Infrastructure](#)

- Creation / Expansion of Food Processing & Preservation Capacities
- Infrastructure for Agro-processing Clusters
- Creation of Backward and Forward Linkages
- Food Safety and Quality Assurance Infrastructure
- Human Resources and Institutions

PM Kisan SAMPADA Yojana is expected to leverage investment of Rs. 31,400 crore for handling of 334 lakh MT agro-produce valued at Rs. 1,04,125 crore, benefiting 20 lakh farmers and generating 5,30,500 direct/indirect employment in the country by the year 2019-20.