

AIR Spotlight - New Strides in Food Processing Sector

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in the [IAS exam](#) preparation. In this article, the discussion is about the various new initiatives taken and strides made in the food processing sector in the country.

Participants:

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2. Ruchika Chitravanshi, Journalist

Context:

A food processing week was organized from 6th to 12th September 2021. Several projects were launched that will be discussed in this article.

Background:

- To commemorate 75 years of India's independence, the Government of India was celebrating the 'Azadi Ka Amrit Mahotsav.'
- As a part of the celebration, the Ministry of Food Processing Industries was celebrating 'Food Processing Week' from 6th to 12th September 2021, under which the Ministry has organized various programs.

Initiatives taken:

The Ministry of Food Processing Industries has been focused on creating the right environment for food processing. The following measures have been taken to boost the food processing sector:

Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME) Scheme:

- The Ministry of Food Processing Industries (MoFPI) launched a pan India scheme called 'Pradhan Mantri Formalisation of Micro Food Processing Enterprises', in partnership with the State/UT Governments under [Atma Nirbhar Bharat Abhiyan](#).
- It aims to enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote formalization of the sector and support [Farmer Producer Organizations \(FPOs\)](#), Self Help Groups (SHGs), and Producers Cooperatives along their entire value chain.
- Under the scheme, 2,00,000 micro food processing units will be directly assisted with credit-linked subsidies. Adequate supportive common infrastructure and institutional architecture will be supported to accelerate the growth of the sector.

Read more on the [PMFME Scheme](#) in the linked article.

One District One Product:

- The PMFME scheme adopts the One District One Product (ODOP) approach to reap the benefits of scale in terms of procurement of inputs, availing common services, and marketing of products.
- The program has four broad components addressing the needs of the sector:
 - Support to individuals and groups of micro-enterprises;
 - Branding and marketing support;
 - Support for strengthening of institutions;
 - Setting up a robust project management framework.
- ODOP for the scheme has the framework for value chain development and alignment of support infrastructure.
- Suppose in one state, spices are an important product then the impetus is being given to building the entire infrastructure across the state.
- The selection of the state for a specific product is based on the surplus availability of the raw materials in that particular state.
- This scheme is being implemented for a period of five years from 2020-21 to 2024-25 with an outlay of Rs. 10,000 crores. ODOP for 707 districts of 35 States/UTs has been approved by the MOFPI.

Focus on up-gradation of food processing units:

- A webinar on Tomato Processing and Value Addition under 'One District, One Product' was also organized by the Indian Institute of Food Processing Technology at Damoh, Madhya Pradesh.
- A lot of focus was given to those who are looking to upgrading their units of food processing, providing support for capacity building as well as branding and marketing for these units.

Who are the beneficiaries?

- The scheme is open for entrepreneurs, farmers' producer organizations (FPOs), [Self Help Groups \(SHGs\)](#), and those who are looking to set up an enterprise as local entrepreneurs. It could also be a farmer who wants to branch off into creating value-added products or could also be any micro food entrepreneur.

What will be the benefits?

- The following common infrastructure would be funded under the Scheme:
 - Premises for assaying of agriculture produce, sorting, grading, warehouse and cold storage at the farm-gate;
 - Common processing facility for processing of ODOP produce;
 - Incubation Centre should involve one or more product lines, which could be utilized by smaller units on a hire basis for the processing of their produce. The Incubation Centre may partly be used for training purposes. It should be run on a commercial basis.
- A large set of avenues is available for anyone interested in getting into the food processing industry.
- There are several large food processing companies and the small micro-enterprises will also get integrated into the supply chains of some of these larger companies.

Contribution of the Food Processing Industry:

- The food industry is the largest in terms of creating employment. In the organized sector, more than 20 lakh people are employed in the food processing industry, and in the unorganized sector, more than 50 lakh people are employed.
- The potential of this sector in employing people is very high and if each of the micro-enterprises hires four to five people, the employment will increase and also the value addition.
- The food processing sector contributes more than 12 per cent to the [Gross Domestic Product \(GDP\) of India](#) and it also contributes to direct and indirect employment. Hence, the opportunities are very high in this sector.
- The output of this sector is about to reach \$535 billion by 2025-26.

Pandemic and the Food Processing Industry:

- Agriculture and Food Processing Industry were the major areas that were classified as essential items during the pandemic and the government put all its efforts to ensure that there were no disruptions in logistics and movement of food.
- The Ministry of Food Processing Industries got actively involved in working along with the state governments to ensure that factories kept running. But, due to the pandemic, there were certain challenges such as distribution issues in some cities but it was later resolved.
- The pandemic has opened up avenues to be able to look at the role of technology in the food processing industry. Food processing machinery is one of the opportunities which can increase value addition.
- Technology is not only a substitute but it is also an enabler to be able to upskill people that are working on the shop floor.
- The government has also announced the [Production Linked Incentive Scheme](#) that is focused on exports and also providing impetus to the industry to be able to augment its capacity, better utilization of its capacity, and to focus more on perishable goods such as milk & dairy products, fruits, and vegetables, etc. to reduce wastages.

Measures to boost exports of processed food:

- In terms of exports, India should build up its brand when it comes to the quality and safety of processed foods.
- The government is giving support in terms of branding and marketing but we have to work more to create a national strategy on how we can promote food from India.
- India should have to invest in terms of safety, quality, and traceability.
- The government has to start working closely with farmers because the traceability of a product is very important. Customers want to know what are the pesticide residue levels, contaminant levels and so, working hand in hand with farmers will ensure that they have been provided with the right tools and right practices to develop products of great quality.
- This will help in reducing the level of rejection on account of quality.

National Dialogue on UN Food Summit:

- India held a national dialogue on United Nations (UN) Food Summit 2021 to strategize the actions for positive change in agri-food systems in the world to realize the vision of the 2030 Agenda for Sustainable Development.
- India with close to 18% of humanity on the globe holds a paramount stake in this Food System Summit. To take the process further the Government has constituted a high-level Interdepartmental Group under the Chairmanship of Prof. Ramesh Chand, Member, NITI Aayog along with the representatives from the Ministries of Agriculture and Farmers' Welfare (MoAFW), Rural Development, and others.
 - The prime function assigned to this group is to conduct National Dialogues with all the stakeholders of agri-food systems for exploring national pathways towards creating sustainable and equitable food systems in India and suitably contribute to transformation in global food systems to meet the needs of the present and future.
- On the pattern of National Dialogues, the State Governments have also been requested to conduct state-level dialogues with all the stakeholders involved directly or indirectly in the agri-food systems in India.
- Such grassroots dialogues offer a unique opportunity to various stakeholders to involve and provide inputs for sustainable food systems in India.

Way Forward:

- We have three important aspects: the first is agriculture which is focused on food production, the second is the food processing sector which is focused on value addition and reducing wastage and the third is nutrition and until we do not connect all three aspects we will not be able to unlock the values that we want to achieve.
- For instance, if we talk about nutrition then it starts from maintaining soil health. Similarly, when we talk about wastage, it is interlinked with the aspects of infrastructure such as the cold chain which increases the shelf lives of foods and also helps to retain the nutritional value of the foods.
- Efforts have been made to integrate all these aspects but we need far more convergence in integrating the role of agriculture with nutrition.
- A lot of measures have been taken in the areas of agriculture and farm side and the government has also increased investment avenues with the introduction of the Production Linked Incentive (PLI) scheme.
- There should be more focus on logistics, especially multimodal logistics.
- The implementation of the PLI scheme should be monitored so that it can provide efficient and desired results.
- All the stakeholders should play their rightful role in the implementation and execution of any policy related to the development of food systems.

Read more Gist of AIR Spotlight [here](#)