

FOOD PROCESSING



SECTOR OVERVIEW

India is said to be the 5th largest economy in the world as of 2023 (World Bank). The Food Processing Sector is one of the top 20 rapidly developing sectors of the Country. This Sector has an important role in linking Indian farmers to consumers in the domestic and international markets. The Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments across the value chain.

FOREIGN DIRECT INVESTMENT (FDI) STATISTICS

- 100% FDI is permitted under the automatic route in the Food and Processing Industry allowing approval route for trading, including e-commerce in respect of food products manufactured or produced in India.
- The cumulative FDI equity inflow in the Food Processing industry is USD 11,795.21 Million during the period April 2000 to December 2022. This constitutes 1.88% of the total FDI equity inflow received across sectors.
- The cumulative FDI equity inflow in the Agricultural Services is USD 2.70 Billion during the period April 2000 to December 2022.



GOVERNMENT INITIATIVES

- The Union Budget 2023-24 has allocated INR 3287.65 Crores (USD 0.39 Billion as on 03-04-2023) to the Ministry of Food Processing Industries.

- Under the Pradhan Mantri Krishi Sinchayi Yojana (PMKSY) - *Har Keth Ko Paani* (HKKP) was formulated with the vision of coverage of irrigation of all agricultural lands in a focused manner. Under the said Scheme, the Government has targeted 30465 Wells, 82290 Additional Command Areas (where irrigation can be done) and 69677 beneficiary small and marginal farmers.
- The National Manufacturing Policy has recognized Food Processing as a Special Focus Sector, where India can be cost competitive and which would generate maximum employment.
- The Government is implementing Agricultural Marketing Infrastructure (AMI), 2021, a sub-scheme of Integrated Scheme for Agricultural Marketing (ISAM), which provides assistance for construction/ renovation of godowns/ warehouses in the rural areas in the States to enhance the storage capacity for agriculture produce.
- Food and agro-based processing units can avail loans under Priority Sector Lending. It will ensure a greater flow of credit to entrepreneurs for setting up food processing units and attract investment in the industry.
- The Government had launched National Agriculture Market (e-NAM) Scheme 2016 to facilitate pan-India trade in agriculture commodities, provide better price discovery through transparent auction process timely online payment. As of 2022, under the e-NAM Scheme, the Government is providing free software and assistance of INR 75.00 Lakh (USD 0.09 Million) per mandi for related hardware including infrastructure for cleaning, grading, sorting, packaging and compost unit etc.
- A special fund of Rs.2000 Crore (USD 243.7 Billion as on 30.03.2023) has been set up in National Bank for Agriculture and Rural Development (NABARD) to provide credit at affordable rates to boost Food Processing Sector. Under this fund, loan is extended to individual entrepreneurs, cooperatives, farmers producer organizations, corporates, joint ventures, and entities promoted by the Government for setting up, modernization, expansion of food processing units and development of infrastructure in designated food parks and mega food parks in different States.



ROAD AHEAD

The Food Processing Sector is currently undergoing a transition in India. The Agricultural and Processed Food Products Export Development Authority (APEDA) forecasts that the Sector will grow at a compounded annual growth rate (CAGR) of 3% between 2022 and 2030.

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