GOVERNMENT OF INDIA
MINISTRY OF FOOD PROCESSING INDUSTRIES
RAJYA SABHA
STARRED QUESTION NO. *136
ANSWERED ON 31st JULY, 2026

Value addition and processing of fruits and vegetables

***136. Shri Rajinder Gupta:**

Will the Minister of ***Food Processing Industries*** be pleased to state:

(a) whether Government is aware that despite India being the world's second largest producer of fruits and vegetables, value addition and processing in this segment remains as low as 2 to 4.5 per cent;

(b) the reasons for this low level of processing and whether it is attributed to absence of an aggregation layer between fragmented farm-holdings and processors, resulting in high post-harvest losses before produce can reach processing units; and

(c) whether Government is considering to promote farmer-aggregation mechanisms such as FPOs or cooperatives, specifically for fruits and vegetables, on the lines of dairy cooperative model, to bridge this gap between farm and processor?

ANSWER

THE MINISTER FOR FOOD PROCESSING INDUSTRIES
(SHRI CHIRAG PASWAN)

(a) to (c): A statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF RAJYA SABHA STARRED QUESTION NO. *136 FOR ANSWER ON 31st JULY, 2026 REGARDING "VALUE ADDITION AND PROCESSING OF FRUITS AND VEGETABLES"

(a) To assess the value addition in various agricultural commodities, the Ministry of Food Processing Industries (MoFPI) has conducted study to determine the level of processing, titled *"Study on assessment of the Level of Food Processing in India"* in 2026 through CRISIL Lmt. The details of the extent of processing of fruits and vegetables covered in the study are as below:

Category/ Commodity	**Estimated level of processing (in %)***
	FY 2022-23
Fruits	17 %
Vegetables	15 %

* *Study on assessment of the level of Food Processing in India* CRISIL, 2026

(b) MoFPI is implementing various schemes for the overall development of the food processing sector including increasing the level of food processing. As a result, the overall level of food processing has increased from 10% in 2016 to 17% in 2023 wherein the level of processing in the fruits segment increased from 2.9% to 17%**,** while in the vegetables segment it increased from 2.2% to 15%**,** as reported in the latest study. However, it is observed that there is further scope for increase in the level of processing of fruits and vegetables. The relatively low level of processing in the fruits and vegetables sector is mainly due to structural and supply chain constraints, including small and fragmented landholdings, inadequate aggregation, grading and pre-cooling infrastructure, significant post-harvest losses during handling and storage, and the limited availability of processing-grade crop varieties suitable for industrial processing. These factors affect the availability of quality raw material and constrains the growth of the food processing sector.

(c) The Ministry of Food Processing Industries (MoFPI) supports the creation and expansion of the processing/preservation capacity through implementation of various schemes for the overall development of food processing sector including fruits and vegetables segment, by creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet, to reduce post-harvest losses and create higher value-addition, providing better returns to farmers, creation of employment opportunities, reducing wastage, increasing the processing level and enhancing the export of the processed foods. The schemes under MoFPI are as follows:

i. Central Sector umbrella scheme- Pradhan Mantri Kisan Sampada Yojana (PMKSY)
ii. Centrally sponsored "PM Formalization of Micro Food Processing Enterprises (PMFME) Scheme"
iii. Central Sector Production Linked Incentive Scheme for Food Processing Industries (PLISFPI)

Under the component schemes of PMKSY, MoFPI is promoting FPOs and co-operatives by providing financial assistance in the form of grants-in-aid/subsidy for creation of modern food processing and preservation infrastructure with the objective of reducing post-harvest losses and enhancing value addition. PMKSY is a demand driven scheme and applications are invited from all eligible applicants, including Farmers Producer Organisations (FPOs) and co-operatives through Expression of Interest (EoI).

To strengthen farmer–producer linkages, PMKSY provides enhanced financial assistance to FPOs along with relaxed eligibility conditions such as lower equity contribution, lower minimum bank loan requirement and a reduced net-worth requirement compared to the general category applicants.

Under the PMFME scheme, support is provided to upgrade existing units or setting up of new micro units through credit linked subsidy to all the eligible applicants including Farmer Producer Organizations (FPOs) and Cooperatives. Also, support for creation of Common Facility Centre (CFC) is provided @ 35% of eligible project cost with maximum limit of Rs. 3 Crore to FPOs/ Self Help Groups (SHGs) etc. to establish food processing line along with common infrastructure/ value chain/ incubation centre.

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