

GOVERNMENT OF INDIA
MINISTRY OF FOOD PROCESSING INDUSTRIES
LOK SABHA
UNSTARRED QUESTION No. 675
ANSWERED ON 06TH FEBRUARY, 2024

GROWTH OF FOOD PROCESSING SECTOR

**675. SHRI RAHUL RAMESH SHEWALE:
DR. PRITAM GOPINATHRAO MUNDE:
SHRI CHANDRA SEKHAR SAHU:**

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

- (a) whether the growth of the food processing sector will enable many small and medium sized businesses in the space to accelerate their growth and scale in the country;
- (b) if so, whether the Union Government has set a vision for the sector to achieve a target of doubling its contribution to the GDP by 2030 in the country particularly in Odisha;
- (c) if so, the steps taken to accelerate the growth of food processing sector and the success achieved in this regard;
- (d) whether many food processing businesses operate in the small and medium enterprises sector, which often lacks the resources needed to upgrade their facilities and machinery to the latest technology;
- (e) if so, whether these issues make it difficult for small and medium-sized enterprises (SMEs) to enter the market and compete with larger, more established companies; and
- (f) if so, the steps taken to address these issues particularly in Odisha and the success achieved so far in this regard?

ANSWER

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES
(KM SHOBHA KARANDLAJE)

(a), (b) & (c): Food Processing (FP) sector emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and exports. During the last seven years ending 2021-22, FP sector has been growing at an Average Annual Growth Rate (AAGR) of around 7.26%. Gross Value Added (GVA) in FP sector has also increased from 1.30 lakh crore in 2013-14 to 2.08 lakh crore in 2021-22.

Ministry of Food Processing Industries (MoFPI) through implementation of the Central Sector Scheme, namely, Pradhan Mantri Kisan Sampada Yojana (PMKSY) across the country helps in creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet for promotion, overall development and growth of Food Processing Industries, through creation of employment opportunities, reducing wastage of agricultural produce, increasing the processing level and enhancing export of the processed foods.

MoFPI is also implementing a Centrally Sponsored Scheme- PM Formalisation of Micro Food Processing Enterprises Scheme (PMFME) for providing technical, financial and business support for setting up/upgradation of 2 lakh Micro Food Processing Enterprises.

MoFPI has also launched the Production Linked Incentive scheme (PLIS) for the period 2021-22 to 2026-27 to create global food champions and improving the visibility of Indian food brands abroad.

In order to enhance the investment in Food Processing Sector the following measures have been taken by the MoFPI:

- i. Exempting all the processed food items from the purview of licensing under the Industries (Development and Regulation) Act, 1951.
- ii. 100% Foreign Direct Investment (FDI) permitted through automatic route for food processing sector subject to sectoral regulations.
- iii. 100% Foreign Direct Investment, under Government approval route, for trading including through e-commerce, in respect of food products manufactured or produced in India.
- iv. Lower GST for raw and processed products; more than 71.7% food products under various chapter heads/sub-heads are covered in lower tax slab of 0% & 5%.

(d), (e) & (f): As per NSSO 2015 report, the unorganized FP sector in the country comprises nearly 25 lakh food processing enterprises which are unregistered and informal. Most of these units falls under category of micro manufacturing units in terms of their investment in plant & machinery and turnover. These units face challenges in access to credit, modern technology & machinery, branding & marketing and food safety & hygiene.

As part of Atmanirbhar Bharat Abhiyan, MoFPI is implementing a centrally sponsored PMFME scheme for providing financial, technical and business support for setting up / upgradation of micro food processing enterprises in the country. The scheme is operational for a period of five years from 2020-21 to 2024-25 with an outlay of Rs. 10,000 Crore. The scheme 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.

PMFME scheme is implemented in all the 36 States/UTs including Odisha. Till date 31st January 2024, following progress made under various components of PMFME Scheme:

- (i) 72,556 loan sanctioned for the benefit of credit linked subsidy including 1175 loan sanctioned in Odisha.
- (ii) Rs.771.12 crores released as Seed Capital for 236704 SHG members including Rs.67.91 crores for 23,400 SHG members in Odisha.
- (iii) 62,140 beneficiaries trained in Food Processing Entrepreneurship Development Program, including 6439 trained in Odisha.
- (iv) 14 ODOP Brands and 166 products have also been successfully launched so far. No proposal in this regard has been received from the State of Odisha.
