

GOVERNMENT OF INDIA
MINISTRY OF FOOD PROCESSING INDUSTRIES
LOK SABHA
UNSTARRED QUESTION NO. 261
ANSWERED ON 20TH JULY, 2021

GROWTH OF FPI SECTOR

261. SHRI S. JAGATHRAKSHAKAN:

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

- (a) whether it is true that the inherent tastes of our multicultural society, propensity to consume fresh food and the traditional distrust of outside food and its quality have hampered growth in the food processing sector; and
- (b) if so, the details thereof along with the steps taken by the Government keeping in mind that increasing urbanization, rise in disposable income, availability of a greater variety of processed food, increasing demand from tier 2/3 cities, and the emergence of E-commerce will bring a change in food consumption patterns of the country and propel the food processing industry towards a growth trajectory leading to higher processing levels?

ANSWER

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES
(SHRI PRAHLAD SINGH PATEL)

- (a). No, Sir. The Gross Value added (GVA) in the food processing sector has steadily increased over the years as indicated below:

(Rs. in lakh crore)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
GVA-FPI	1.34	1.61	1.79	1.91	2.08

Source : National Account Statistics 2020

The Annual Average Growth Rate in the food processing sector during this period has been 10% compared to 8.3% & 3.1% in Manufacturing & Agriculture & allied sectors respectively.

- (b): The Government has taken a number of measures and implementing several schemes to ensure higher processing levels and augment the growth in FPI sector. These includes:

(i) Ministry of Food Processing Industries (MoFPI) is implementing a Central Sector scheme- PRADHAN MANTRI KISAN SAMPADA YOJANA (PMKSY) for overall growth and development of food processing sector including increasing the preservation and processing capacity. The scheme consists of a number of sub-schemes with the main objective to minimize the post-harvest losses and to increase the extent of processing and ensure higher realisation for the farmers.

(ii) As part of the Aatmanirbhar Bharat Initiative, the Ministry is also implementing a Centrally Sponsored Scheme-Prime Minister's Formalisation of Micro Food Processing Enterprises Scheme (PM FME) to upgrade and support 2 lakh micro food processing units through credit linked subsidy based on One District One Product (ODOP) approach.

(iii) Recently Government has also announced a Production Linked Incentive (PLI) Scheme for the food processing sector to support creation of global food manufacturing champions and boosting domestic manufacturing and promoting exports.

(iv) In addition, the Government has also undertaken various policy measures and reforms to support food processing sector as indicated below:

- 1) A Special Food Processing Fund of Rs. 2000 crore was set up with NABARD in November 2014 to provide affordable credit for investments in setting up Mega Food Parks (MFP) as well as processing units in the MFPs. In 2019, the coverage of the fund was extended to setting up of Agro Processing Clusters and individual manufacturing units within them.
- 2) Inclusion of food & agro-based processing units and cold chain as agricultural activity under Priority Sector Lending (PSL) norms in April 2015.
- 3) As a measure towards improving ease of doing business, the FSSAI through notifications in 2016 has shifted from product-by-product approval to an ingredient and additive based approval process.
- 4) 100 per cent FDI under automatic route has been permitted for the food processing sector. 100% FDI under the government approval route has been allowed for retail trading, including E-commerce, in respect of food products manufactured/ produced in India.
