

India, Developing as a Powerhouse for Processed Food – A Snapshot of the Sector

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Section – Landscape View of Food Processing Industry in India

Overall Industry **Know How**

Food Processing industry in India – A know how

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry.

According to the industry estimates and as per the Department of Industrial Policies and Promotion (DIPP), the food processing sector in India has received around USD 7.47 billion worth of foreign direct investments (FDIs) during the period April 2000 – January 2017. The sector has the potential to attract even a higher number of FDIs in the coming years. India is the second largest producer of food in the world after China. It has the potential to become food basket for world, considering the scope and increasing demand for food processing. It is pertinent to note that during 2020-21, the total agro food exports from India were of USD 38,314.3 Million. Whereas, the processed food exports have been recorded as USD 8,543.06 Million.

As per the information furnished by Directorate of Commercial Intelligence and Statistics (DGCIS) under the Department of Commerce, inter alia, the major exported processed food items are: (i) marine products, (ii) spices, (iii) cereal preparations and miscellaneous processed items, (iv) meat, dairy and poultry products, and (v) oil meals. The major States exporting processed food items, inter alia, are Andhra Pradesh, Gujarat, Maharashtra, Uttar Pradesh and Kerala.

The government of India has also introduced lot of schemes for the creation of infrastructure for agro processing clusters . The budgetary allocation for the said scheme for the financial year 2021-22 is INR 37.50 crores. Further, the Ministry of Food Processing industries (MoFPI) incentivizes setting up of food processing industries through credit linked financial assistance (capital subsidy) in the form of grants-in-aid under component schemes of Pradhan Mantri Kisan SAMPADA Yojana (PMKSY)

Growth in Agro Food Exports from India

Over the past five years , the value of agro food exports from India has increased from USD 30, 871.4 Million to USD 38,314.34 Million. The value of processed food exports has increased from USD 5,051.7 Million to USD 8,543 Million over the past five years.

Exhibit 1.1 Past Five Year Trends in Agro Food & Processed Food Exports from India (Values in USD Million)

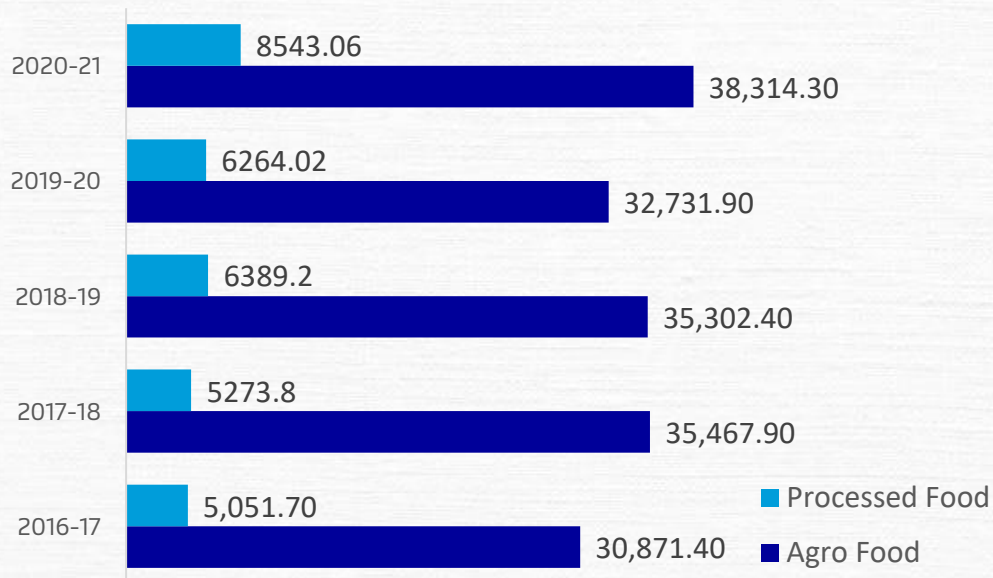
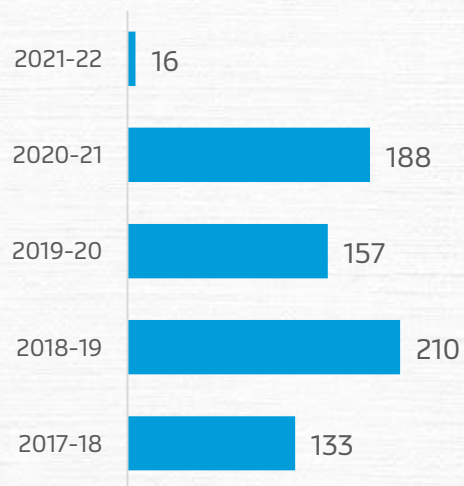


Exhibit 1.2 Year wise addition in the number of food processing industries in India since 2017-18



Source : Eninrac Research, Ministry of Food Processing Industry

Government of India Promoting Food Processing Industries in India

Ministry has taken various measures for effective implementation of the schemes and handhold promoters like-



(i) Online Portal for submission of applications



(ii) Dashboard for monitoring the implementation of the projects



(iii) Regularly review meetings with the promoters to help remove bottlenecks in implementation



(iv) Inter-Ministerial Approval Committee and Technical Committee to streamline evaluation and approval process



(v) Assessing the progress of projects through Virtual site visit in the wake of Covid Pandemic to prevent delays

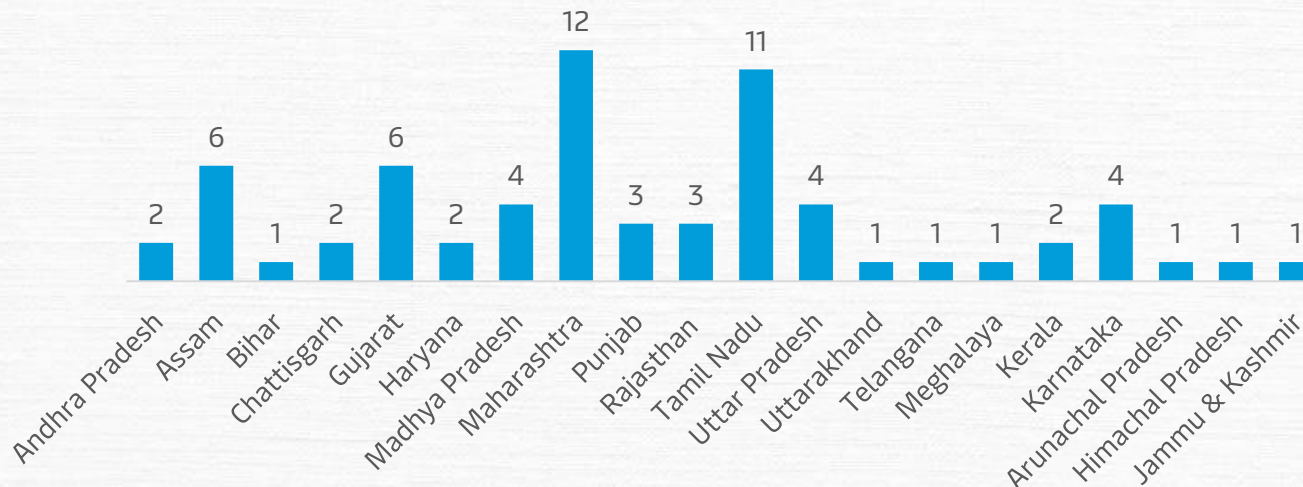


(vi) Ministry has also resolved many logistical and manpower related issues during covid pandemic, through interventions

State wise Agro Processing Clusters Approved in India since 2017-18 till 2021-22

The Ministry of Food Processing Industry, India has approved a total of 68 agro food clusters spread across distinct states in India. The ministry has also approved 10 Mega food parks over the past five years.

Exhibit 1.3 State wise spread of number of agro food clusters approved in India from 2017-18 to 2021-22



Cold Storage Warehouse Facility for Food Processing Industries

The government of India is implementing following schemes under which financial assistance is provided for setting up of cold storage throughout the country including rural areas to bridge the gap between availability and required cold storage capacity:



- i. **Mission for Integrated Development of Horticulture (MIDH):** Department of Agriculture Cooperation & Farmers Welfare is implementing Mission for Integrated Development of Horticulture (MIDH) for development of Horticulture in the country including rural areas under which financial assistance is provided for various horticulture activities including setting up of cold storage. The component is demand/entrepreneur driven from among entrepreneurs, private companies, cooperatives, Farmers group etc. through commercial ventures and an entrepreneur can avail assistance for individual component or combination of different components for which assistance at the rate of 35% of admissible project cost in general area and at the rate of 50% in hilly and scheduled area is available as credit linked back ended subsidy through respective state Horticulture Mission



- ii. **Pradhan Mantri Kisan SAMPADA Yojana (PMKSY):** Ministry of Food Processing Industries is implementing the Scheme for Integrated Cold Chain and Value Addition Infrastructure as one of the component of Pradhan Mantri Kisan Sampada Yojana (PMKSY) with the objective of reducing post-harvest losses of horticulture & non-horticulture produce and providing remunerative price to farmers for their produce. Under the scheme, Ministry provides financial assistance in the form of grant-in-aid at the rate 35% for general areas and 50% for North East States, Himalayan States, ITDP areas and Islands for storage and transport infrastructure and at the rate of 50% and 75% respectively for value addition and processing infrastructure subject to a maximum of Rs.10 crore per project for setting up Integrated Cold Chain projects including Irradiation facility. Standalone cold storages are not covered under the Scheme



iii. Capital Investment Subsidy for Construction/Expansion/Modernization of Cold Storages and Storages for Horticulture Products: National Horticulture Board is implementing a schemes "Capital Investment Subsidy for Construction/Expansion/Modernization of Cold Storages and Storages for Horticulture Products" under this scheme, credit linked back-ended subsidy @35% of the capital cost of the project in general areas and @50% in case of North east, Hilly States & Scheduled areas for Cold Storage capacity above 5000 MT and up to 10000 MT is sanctioned for construction/expansion/modernization of cold storage and CA store. In case of NE Region (including Meghalaya) the capacity above 1000 MT are also eligible

Exhibit 1.4 Top ten states in India with maximum number of cold storage warehouses as of March'2022

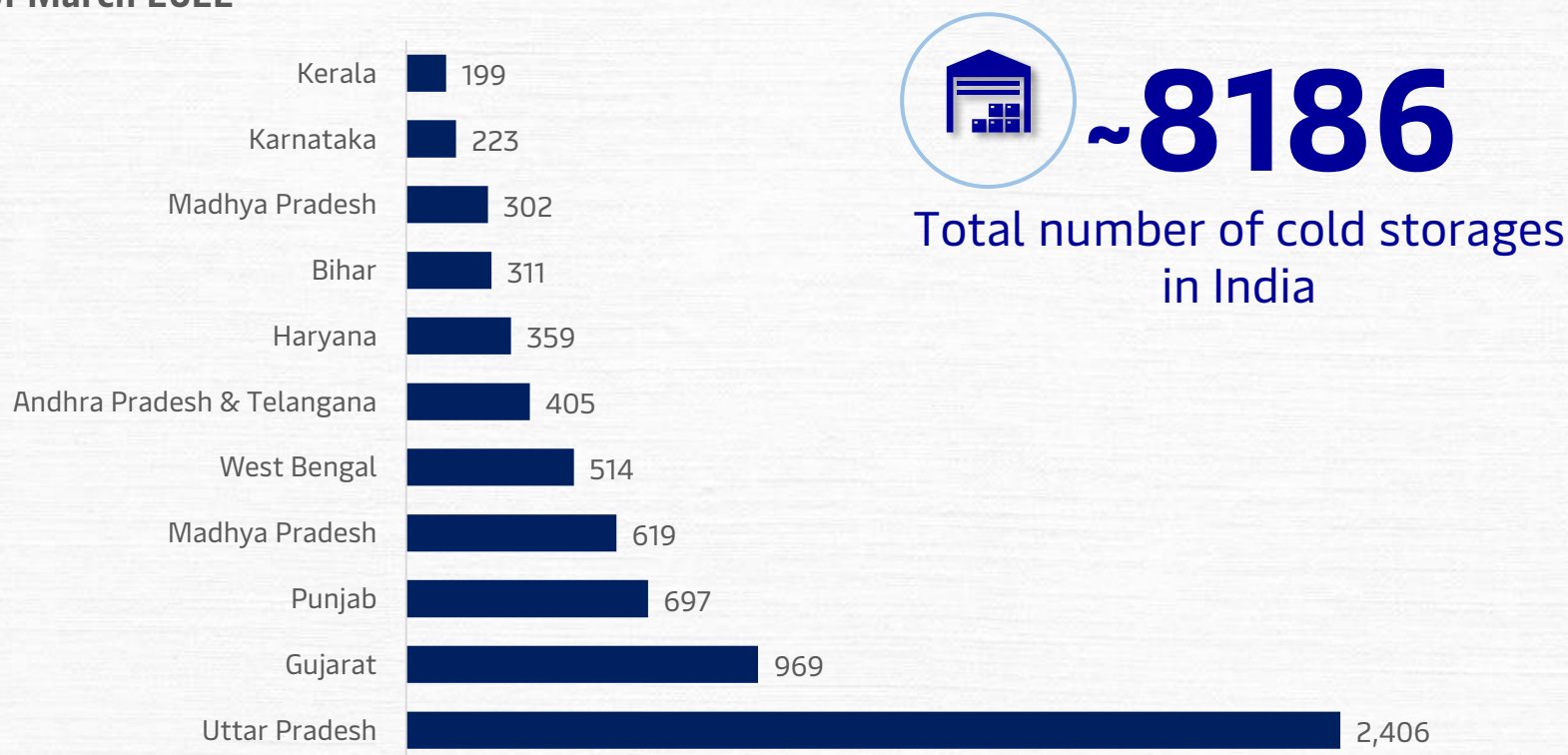
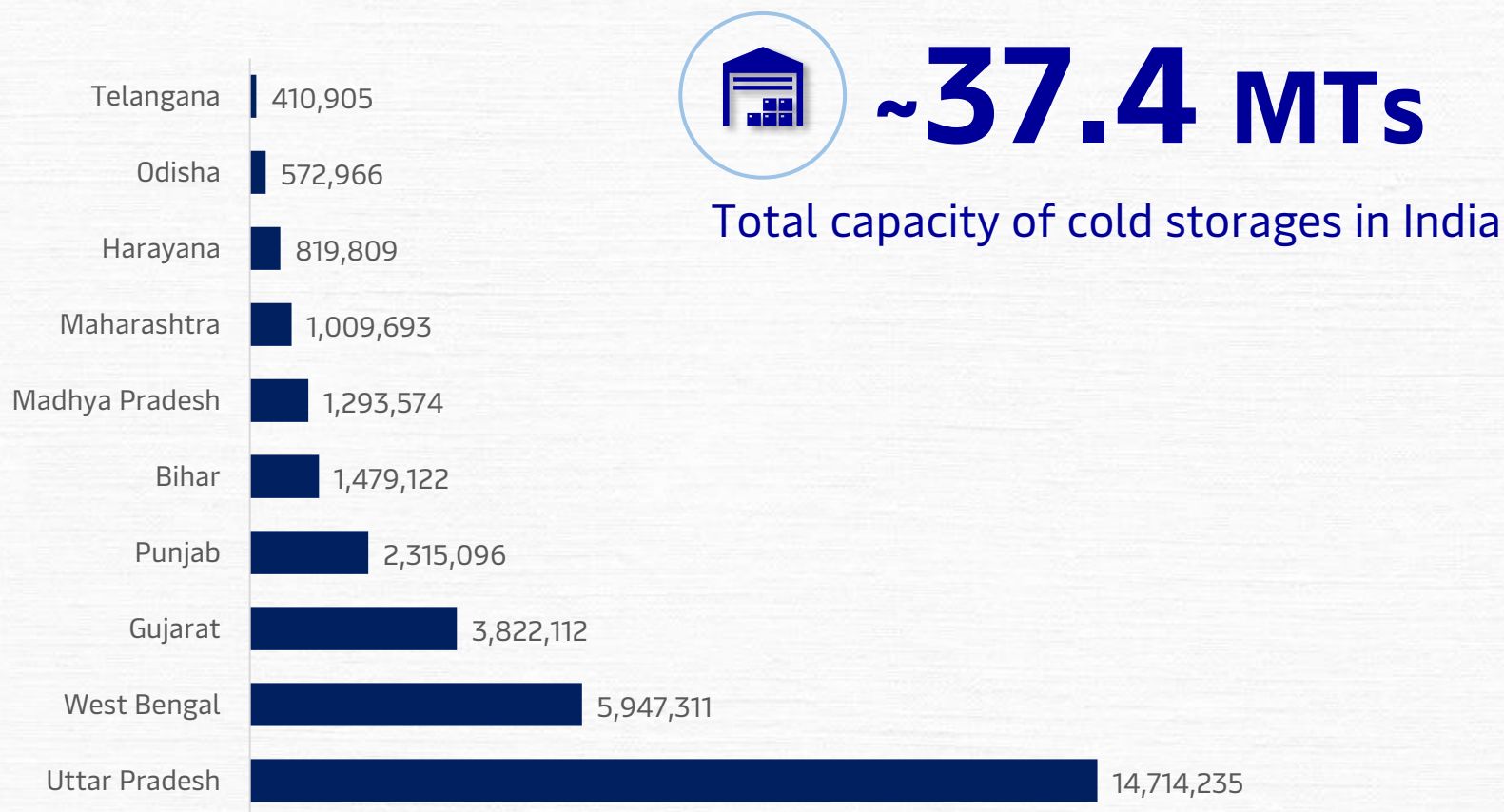


Exhibit 1.5 Top ten states in India with largest capacity (MTs) of cold storage warehouses as of March'2022





Truth is ever to be found in the simplicity, and not in the multiplicity and confusion of things

- Sir Isaac Newton



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