Indian Economy · GS - III

Elaborate the policy taken by the Government of India to meet the challenges of the food processing sector.

EXAM YEAR	PAPER	SUBJECT
2019	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Mega Food Parks; Pradhan Mantri Kisan SAMPADA Yojana; cold-chain infrastructure; food processing clusters; FDI; production-linked incentives; farmer linkages; food safety; value addition

Model Answer

Introduction

Food processing adds value to agricultural produce through preservation, packaging and transformation. It can reduce post-harvest losses, increase farmers' incomes, generate employment and strengthen food security.

Government Policies and Initiatives

1. Pradhan Mantri Kisan SAMPADA Yojana

The scheme supports the development of food-processing infrastructure, including cold chains, agro-processing clusters, preservation capacity and backward and forward linkages.

2. Mega Food Parks and Processing Clusters

These initiatives seek to create integrated facilities with common infrastructure, storage, logistics and processing units close to agricultural production centres.

3. Production-Linked Incentive Scheme

The food-processing PLI scheme seeks to encourage investment, expand manufacturing capacity, strengthen Indian food brands and improve competitiveness.

4. Foreign Direct Investment

Permitted FDI, including 100% FDI under the automatic route in food processing, supports investment and technology transfer, subject to applicable rules. Retail trading in food products manufactured or produced in India has separate conditions.

5. Cold-Chain and Storage Support

Refrigerated transport, modern warehouses and primary processing facilities help reduce spoilage in perishable commodities.

6. Support for Micro-Enterprises

The Pradhan Mantri Formalisation of Micro Food Processing Enterprises scheme supports small processing units through formalisation, training, credit-linked assistance and branding support.

7. Food Safety and Quality

Regulatory standards, improved testing and compliance with food-safety requirements aim to enhance consumer confidence and market access.

Challenges and Way Forward

High logistics costs, fragmented supply chains, limited credit, inadequate skills and weak market linkages continue to constrain the sector. Better farmer-producer organisation linkages, research, export facilitation and sustainable packaging can improve competitiveness.

Conclusion

India’s food-processing policies seek to connect agriculture with industry. Their success depends on effective implementation, accessible finance, modern infrastructure and stronger participation by farmers and small enterprises.