

Food Processing Industry

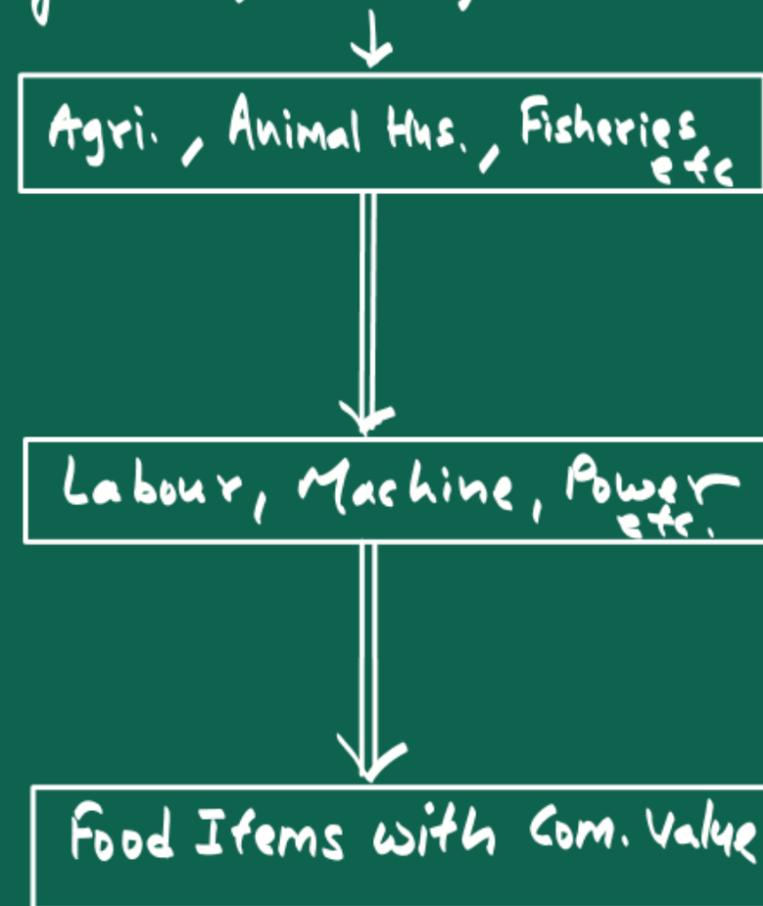
Scope -

Under this industry, the following two activities are included -

1.

(i) Manufacturing Activity -

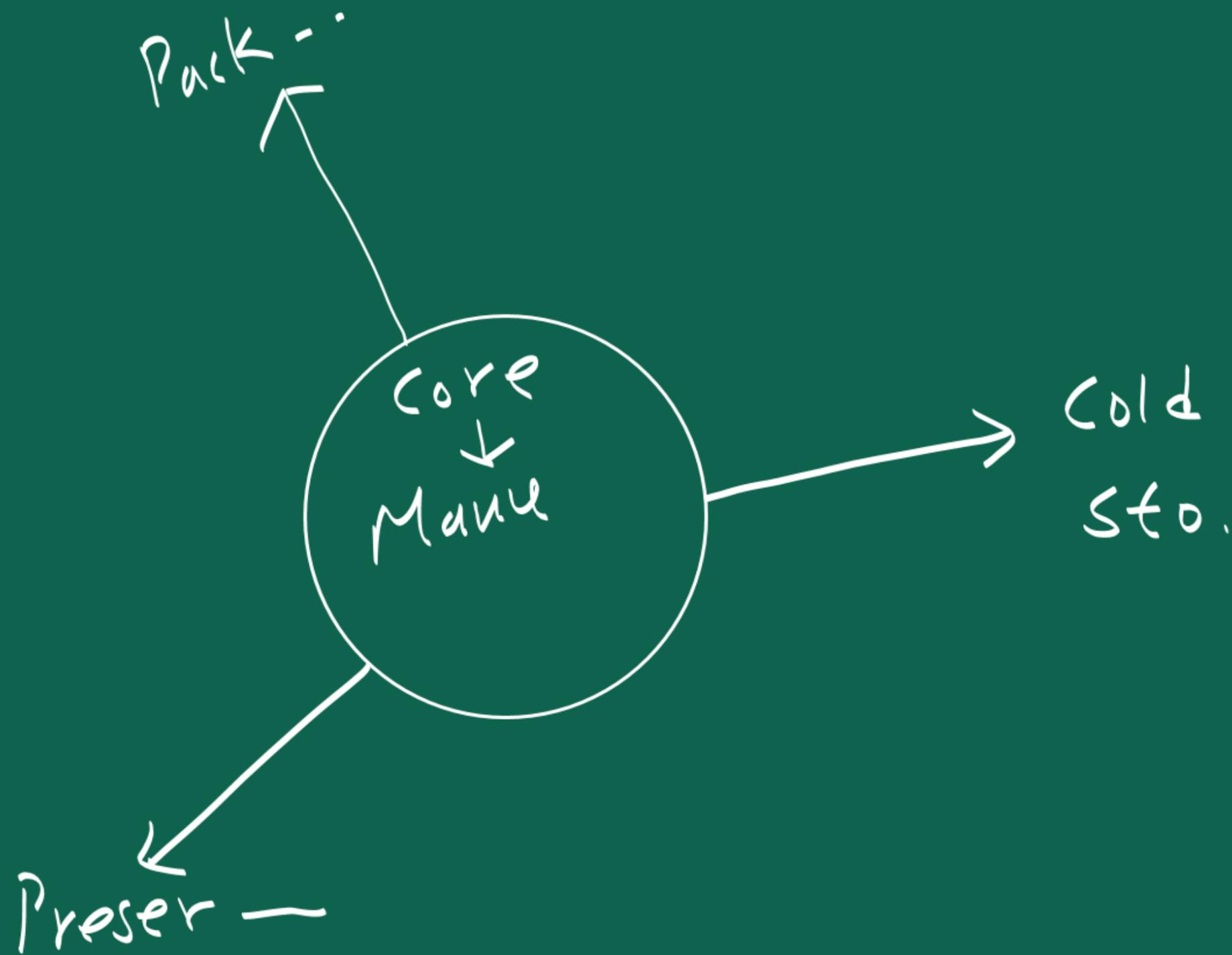
Under it, raw items are procured from agriculture, animal husbandry, fisheries etc. and they are converted into various food-items having commercial value by using labour, machine, power etc.



(ii) Other value-addition activities -

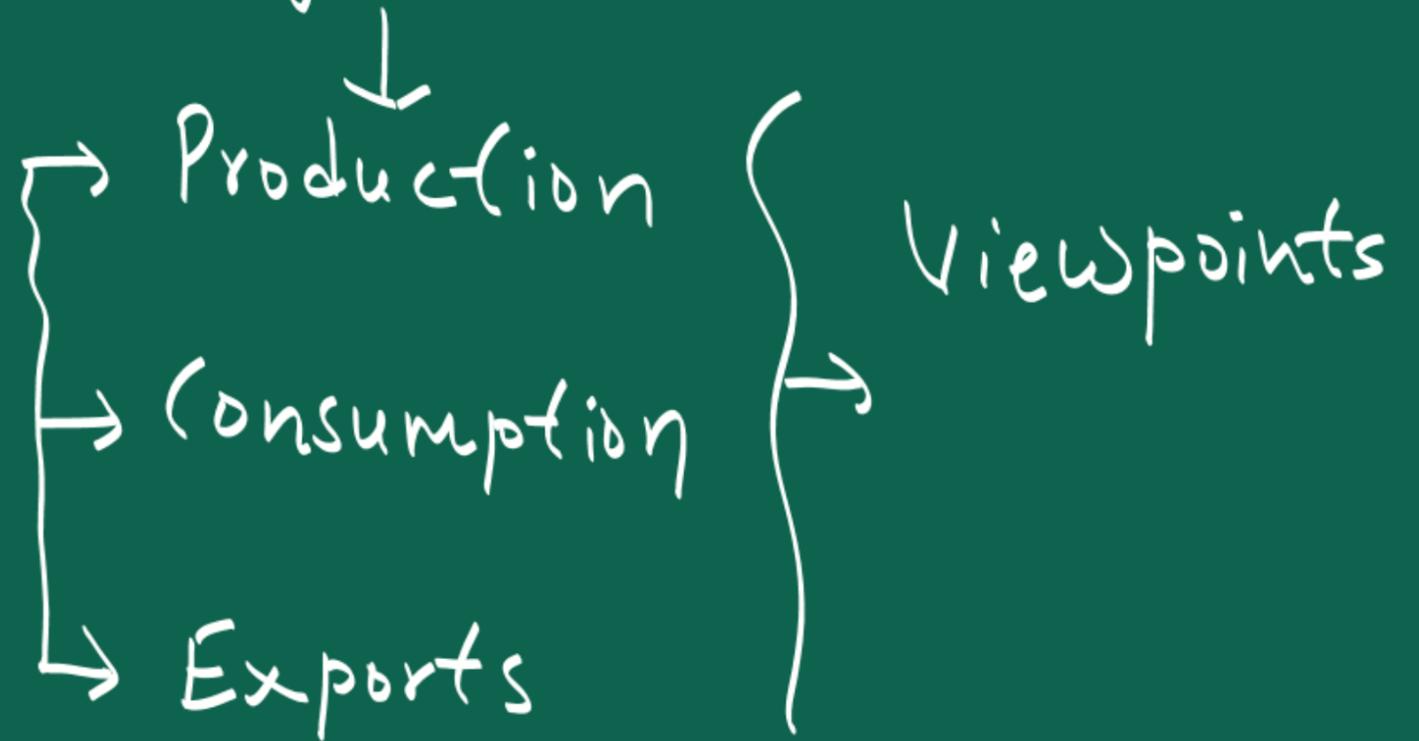
like cold-storage

etc.

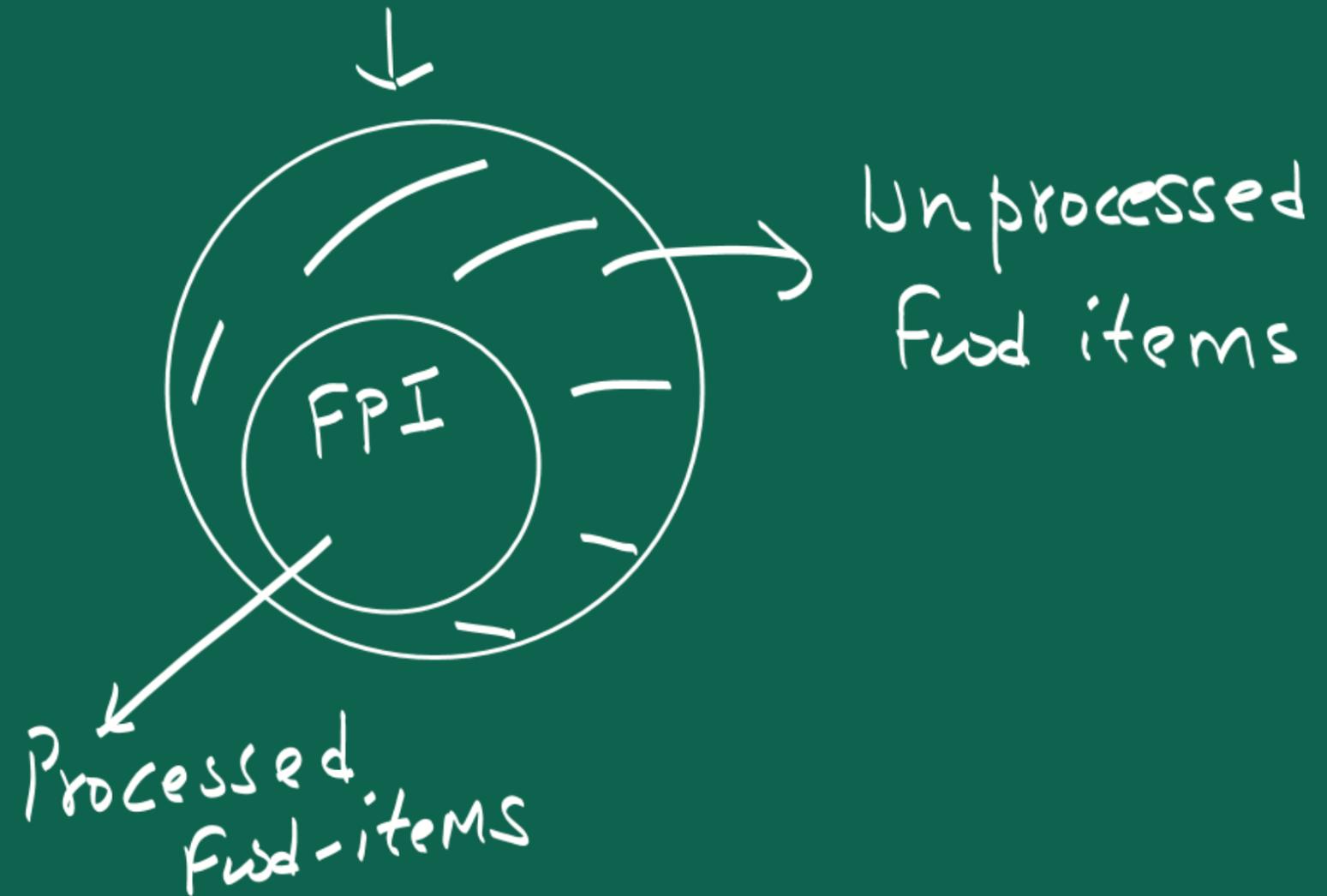


Significance of FPI

(1) It is the 5th largest Industry.



(ii) It contributes around 32% in India's total food market



(iii) It contributes around 10% of the GVA of manufacturing sector.

(iv) It contributes around 12.38% in the total employment in the registered factory sector of India.

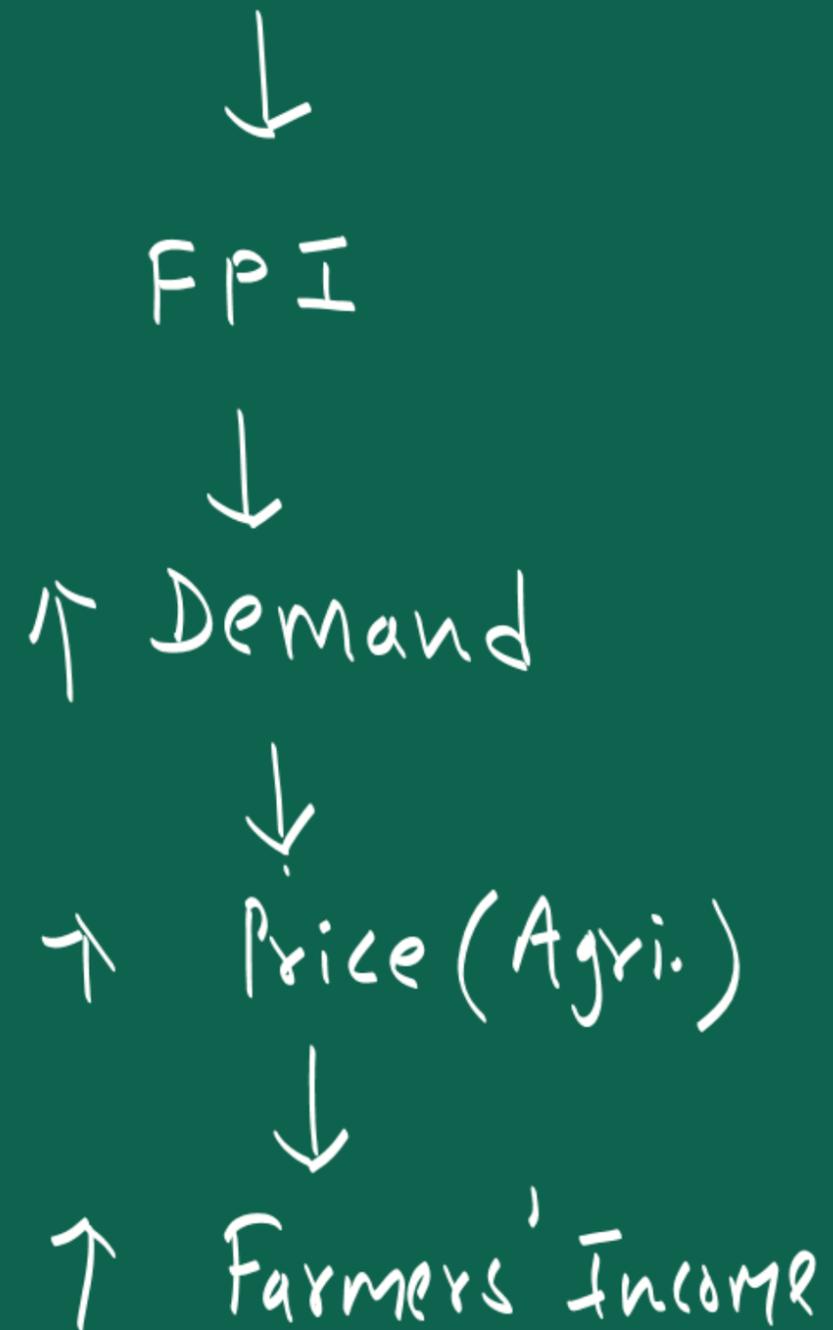
Apart from the above,

Apart from the above, its significance may also be highlighted through the following points -

- (i) It promotes integrated dev.



(ii) It improves the income of the farmers.



MSP, Crop Insurance
& FPI

ANS.

MSP → Market Risk

Crop Insurance → Income & Production Risk

FPI → better price

(iii) It helps in commercialisation of agri.

(iv) It helps in crop-diversification.

(v) It helps in reducing wastage of F & V. achieving

(vi) It helps in food-security. etc.

Potential of Dev.

↓
Huge

↓
Why! both supply & demand
sides are stronger.

Stronger Supply side

(i) Diversified climate

↓
India can grow various
types of F&V.

↓
2nd Place in the production
of F&V.

↓
Horticulture
Production } → 351 MT
(2022-23)

(ii) Diversified soil



46 soil types

(out of 60 available in
the world)

(iii) High Foodgrains Productⁿ



Around 330 MT

(2022-23)

(iv) High Milk Productⁿ



Around 221 MT

(2021-22)

* India is the largest producer of milk in the world.

(v) High fisheries productⁿ



Around 174 lakh tonnes
(2022-23)

(vi) High eggs productⁿ etc.

Stronger Demand Side



- (i) Large population.
- (ii) An average Indian has high tendency to spend on food-items.
- (iii) Urbanisation is increasing.
- (iv) Increasing level of literacy & education, etc.

Thus, from the above, it can be said that this industry has good potential of dev. in India.

SCM = Supply Chain Management (FPI)

Meaning -

Under the SCM, raw items are procured from agriculture etc. & food items made from such items are supplied to the consumers in an efficient manner.

Thus, in the SCM, all the activities of farm to fork or end to end are included out which the following are important -

- (i) Procurement
- (ii) Transport
- (iii) Storage
- (iv) Packaging
- (v) Distribution/delivery etc.

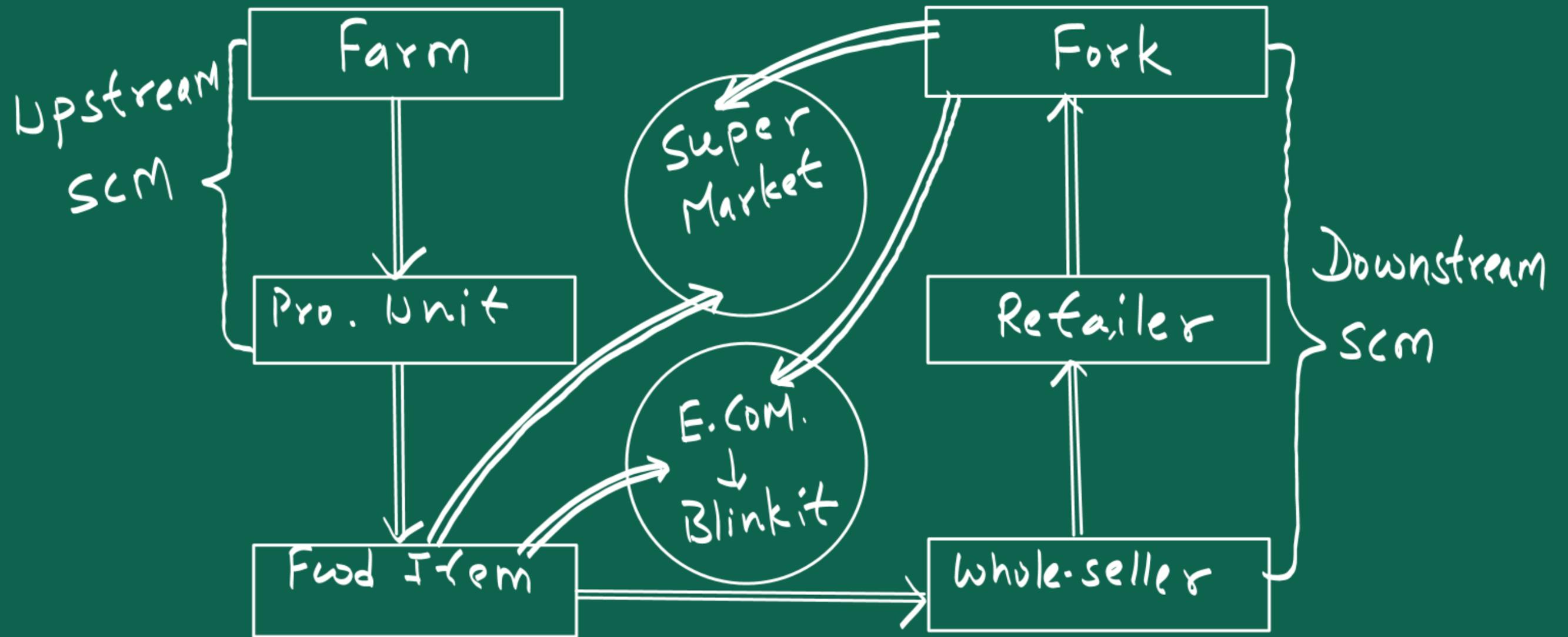
Division -

The whole SCM can be divided into two parts -

(i) Upstream SCM

(ii) Downstream SCM

Diagram -



Problems in SCM

(i) State APMC Act



does not allow



contract farming

upstream SCM becomes difficult.

(ii) State APMC Act



does not allow



Direct Marketing.

(iii)

Lack of logistics

- Warehouse
- Cold storage
- transport etc.

Upstream & downstream both.

(iv) Unclean harvesting
by
farmers



Upstream SCM.

(v) Provisions of ECA, 1955
↓
Essential Commodity Act

(vi) Poor last-mile connectivity

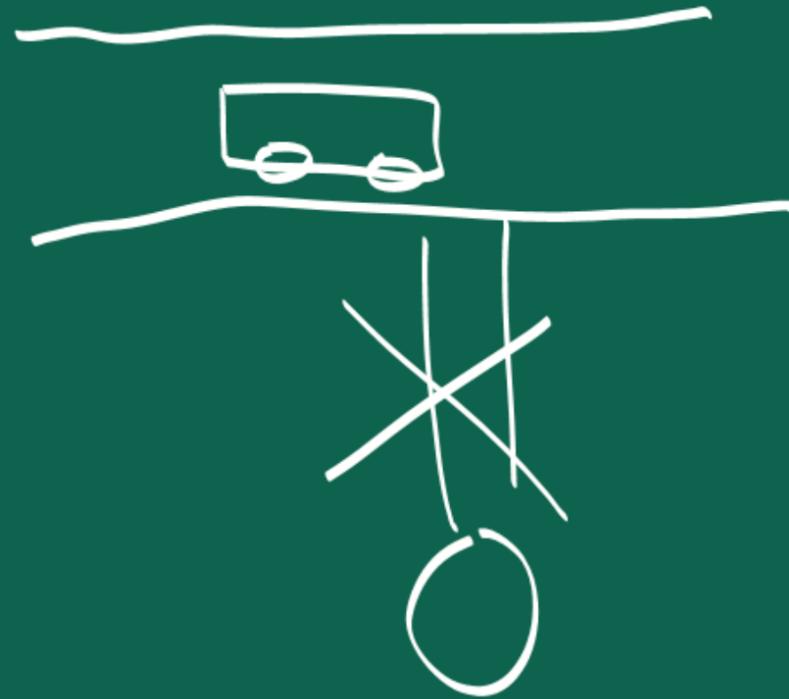


Not able to make available
items in remote areas.



Downstream SCM

etc.



the NMP (2011), includes this industry into the list of ⑤ manufacturing activities having high potential of emp.