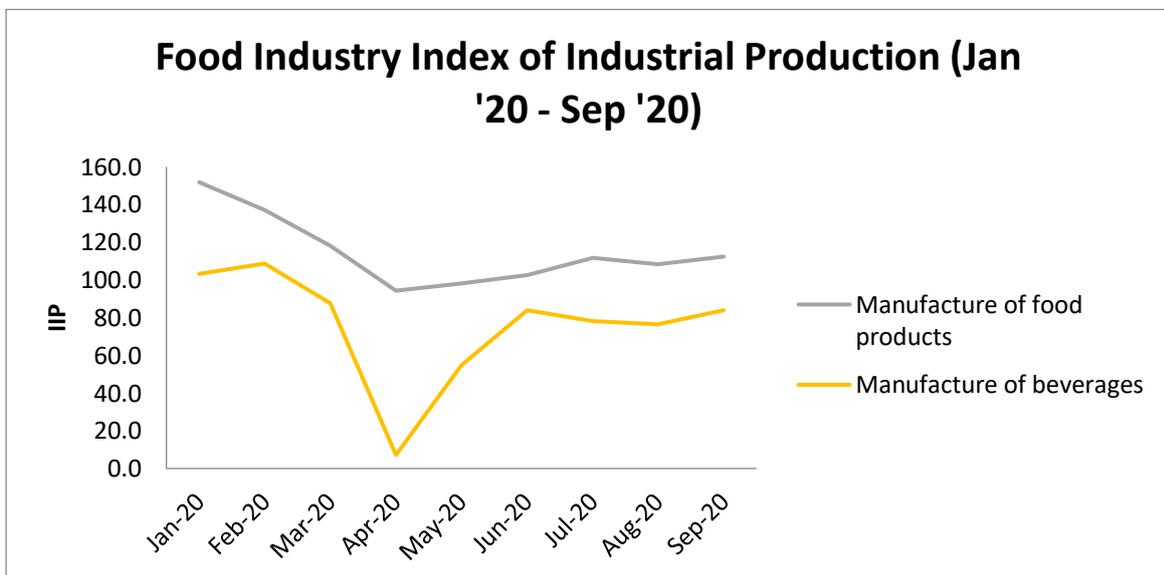


## Processed food sector needs to recover lost growth momentum

Food processing is a major source of employment in the country as almost 70 lakh people are employed directly in this sector and 21% of them are women. Food Processing sector has traditionally been a high growth industry in India with an average annual growth rate of around 10% in the last five years, compared with hardly 3% growth of the an Agriculture sector. However, since March 2020, the sector has been facing contraction in output on the back of the COVID pandemic. As indicated in the following chart, manufacture of food products in September 2020 hasn't restored to its January 2020 level. Similarly, manufacture of beverages is yet to return to its January 2020 level.



No doubt, the COVID pandemic has reduced demand for processed food because of safety concerns of the consumers and also because of lower income on the back of job losses. However, there are new opportunities emerging in the processed food sector as consumers demand healthy foods, dietary supplements to boost immunity. The increasing trend of health consciousness will also prompt demand for hygienic packaging materials and increased demand for food testing labs. Packaging materials manufacturers such as the Hyderabad based AGI glaspac have benefited from this trend by introducing anti-bacterial food storage glass jars and bottles. The Indian food industry is also looking for collaboration with Italy, which is the leading manufacturer and exporter of food packaging processing machineries.

It is time the government and the local industry work hand in hand to capture the new business opportunities thrown by the COVID pandemic. Government of India's move to

establish 42 mega food parks with plug and play facilities for small units, modern processing facilities and allied infrastructure such as road, water supply, drainage, training centres and other facilities will boost output with timely implementation of these projects. Already, government has approved 37 out of these 42 mega food parks and 19 of them are operational.

These food parks not only offer opportunities for processing food grains, fruits and vegetables, but also throw enormous opportunities for processing of herbal and traditional plant varieties with medicinal and nutritional values. The post-pandemic world offers immense potential for growers and processors of herbal plants, including crops grown organically.

Recently, Government of India inaugurated an organic food processing unit to produce lemon ginger green tea, sweet rose, tulsi masala and other nutritional foods. The government should also support MSMEs and farmer producer organizations to adopt cutting edge technologies on traceability to improve credibility of standards and reduce food wastage. Fruits, vegetables and other farm products, including processed food items sold in the market should have dynamic QR code, so that consumers can trace the entire supply chain of these products right from the farmland they are grown to ensure safety and hygiene of these products. Traceability technology can also minimize wastage of food in its journey through the supply chain. Indian food producers and farmer producer companies can also explore the growing market for health drinks and nutraceuticals. Currently, the Indian energy drink market is dominated by foreign firms such as Red Bull GmbH, Coca-Cola, PepsiCo, Danone, besides large Indian firms such as Goldwin Healthcare, Parle Agro, Universal Group, Dabur, Hector Beverage, One8 etc. Nutraceuticals, which largely includes dietary supplements, herbal and non-herbal extracts is a promising segment of the food processing industry where Indian MSMEs can penetrate. Currently, major Indian firms operating in this category are Amway, Himalaya, Dabur and Emami. The food licensing authority at the central and state governments should create awareness about the Recommended Dietary Allowance norms that manufacturers of nutraceuticals and health supplements need to comply with. Awareness should also be created about World Health Organisation's Good Manufacturing Practices and similar standard norms of India's FSSAI.

It is laudable that the Food Safety and Standards Authority of India (FSSAI) taken various measures recently to improve ease of doing business. Some of its measures are: introduction of simplified process for new license application, registration and renewal of existing licenses, approval of 30 rapid food testing kits or devices for speedy testing of food at the field level, launch of food safety training and certification programme, certification schemes for unorganized food vendors etc.

While the government's recent emergency credit line guarantee scheme will act as a much needed cushion to the food processing industry, creating awareness and training programmes among aspiring food processing entrepreneurs will help recover the lost momentum in growth of this industry since the outbreak of the pandemic.

## Notifications

### PIB

Mining sector has seen maximum reforms in six years

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1673713>

Webinar on Global Collaboration of Indian Defence Industry

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1673769>

### RBI

Maintenance of Escrow Account with a Scheduled Commercial Bank

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11996&Mode=0>