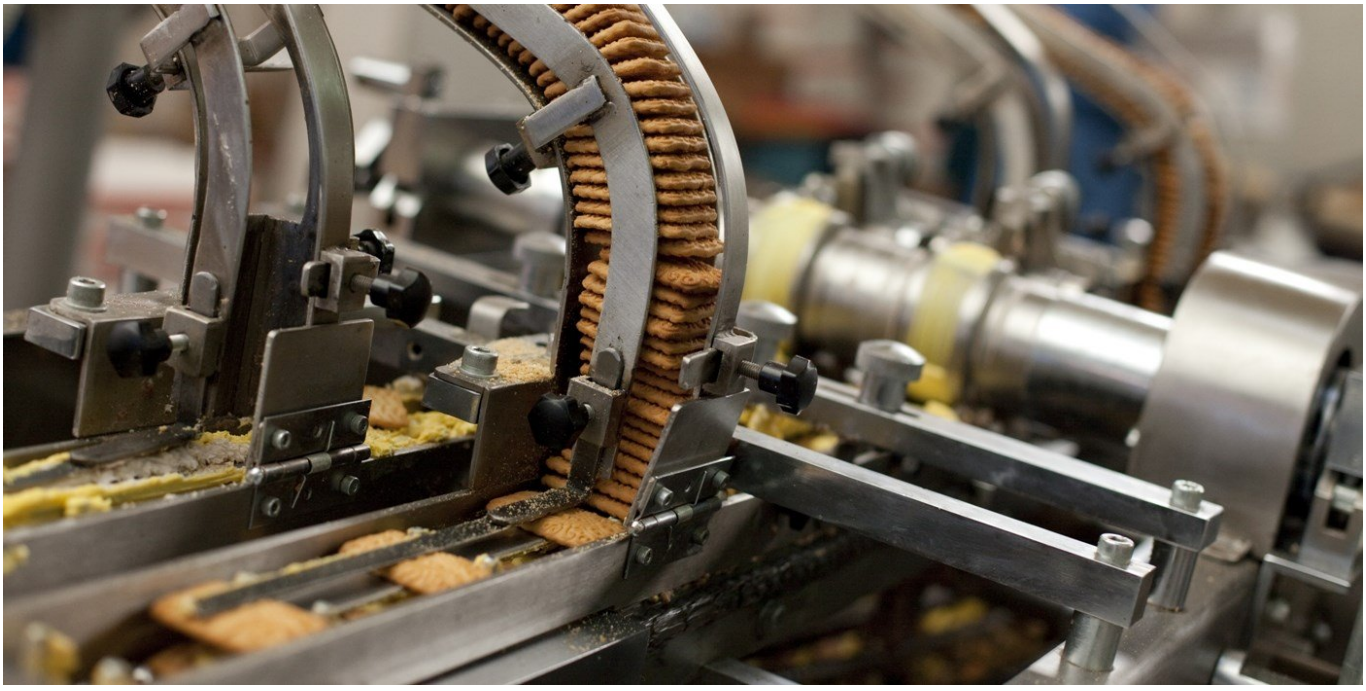
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Indian food processing sector has potential to attract $33 bn of investment: ASSOCHAM study

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By **Guest** | November 23, 2017



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The report says that while the $121 billion food processing industry in India presents an opportunity for growth, the sector needs to focus on product conformity with global standards and quality together with factors like logistics traceability and safety, quality of packaging and delivery.

“There is a need for policy intervention and field level changes for India to develop global competitiveness in many related sub-sectors and ensure that they are firmly entrenched in global value chains,” noted the study

It however noted that significant reforms undertaken by both central and state governments be it 100 per cent foreign direct investment (FDI) under government approval route for trading, including through e-commerce, in respect of food products manufactured or produced in India; enhanced investment in food processing; proactive steps simplifying ‘ease of doing business’, delisting of horticulture crops and insurance schemes to support the vulnerable farmers will make the sector more competitive and market oriented.

The report stated that even marginal reductions in post-harvest losses of fruits and vegetables which are to the tune of about 25-30 per cent are bound to give better returns and improve farmers’ level of incomes. There is a huge scope for large investments in food processing technologies, skill development and equipment as total food production in India is estimated to double in next 10 years.

The ASSOCHAM-Grant Thornton report further noted that fast growth in food processing and simultaneous improvement in the development of value chain are of great importance to achieve favourable terms of trade for India's agriculture sector both in domestic and international markets.

"Given the trade in production of food commodities, the food processing industry in India is on an assured track of growth and profitability. It is expected to attract phenomenal investment in capital, human, technological and financial areas", the study said.

According to the joint study, Indian food and retail market is projected to touch $482 billion (bn) by 2020 from $258 bn in 2015.Indian food processing sector has potential to attract $33 bn of investment and generate employment of 9 million (mn) persons' days by 2024.

With globalisation and increasing trade across the borders approximately about 460 million tonnes (MT) of food valued at $3 bn is traded annually. India has thus, a great potential for global trade in agricultural and processed food products. The share of food processing exports in total exports was around 12 per cent in the last few years. During FY11-15, India's exports of processed food related products have been growing at a CAGR (compounded annual growth rate) of 23.3 per cent.

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