

# Value addition from food processing

Multiple economic and social benefits for India

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While India is among the leading nations of the world in the production of grains, milk and other food and agro commodities, it faces extraordinarily high levels of wastage. While food processing technologies are available in the country, they are nowhere as widely used as they should be, nor are they supported with adequate infrastructure or reasonable awareness levels. This article shows how, if food processing is used with full national will, it will reduce wastage, increase economic prosperity, minimize urban migration and uplift all sections of society, including the poorest and the most deprived.



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## Introduction

India is a country of continental size with a population of over 1,000 million, out of which 350 million live in urban areas. For the latter, processed foods will sooner or later become the mainstay. Global business in processed food is valued at around Rs.16,000 billion (US\$ 335 billion) while India's contribution is Rs.1,400 billion (US\$ 30 billion).

Several efforts have been made in the last few years to give a big thrust to this "sunrise industry". With the liberalization of the Indian economy in 1991 and globalization, it was felt that the food processing industry would come up in a big way. In fact, during the post liberalization period of 1991-2000, foreign direct investment (FDI) approved in the food processing sector was Rs.834 billion (US\$ 17 billion) through 698 collaborations, of which 137 were of

a technical nature and 561 of a financial nature.

But, sadly, these hopes have been belied. Unless and until the infrastructure improves, agricultural and horticultural productivity increases, modern post harvest management of foods is followed and entrepreneurial skills are brought in, the hopes remain dim.

The food processing industry has been identified as a thrust area for development. This industry is included in the priority lending sector. Most units of the food processing industry have been exempted from the provisions of industrial licensing, with the exception of beer and alcoholic drinks and items reserved for the small-scale sector, like vinegar, bread and bakery products. As far as foreign investment is concerned, automatic ap