



# Development Positive

Grant Thornton Bharat

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**#GTBharat**  
SHAPING VIBRANT INDIA



# Foreword

Our teams are at the forefront of driving positive change, dedicatedly working to uplift lives and communities.

Welcome to the latest edition of Development Positive! Here, we dive headfirst into the heart of our mission: shaping a vibrant Bharat. This mission is powered by the unwavering spirit of our exceptional teams, who are dedicated to driving positive change across ecosystems.

Picture this: vast fields stretching as far as the eye can see, with unsung heroes tirelessly giving their all—the women farmers. They embody hard work, dedication, and resilience, serving as daily inspiration. Through projects like STREE (Social and Transformative Rural Economic Empowerment), our mission is to not just support them but to empower them to script an unparalleled success story. The STREE project is not just an engagement; it's a movement that has impacted

the lives of over 1.40 lakh women farmers and artisans across six key states in India, igniting rural development like never before.

But our commitment doesn't stop there. Our mission transcends gender boundaries and encompasses various domains. From FPO development to pioneering technology solutions - our teams are the driving force behind this positive change, tirelessly working to uplift lives and communities.

So, as you peruse this newsletter, reflect on the collective strength of our teams, each contributing to the ripple effect of positive transformations.

Thank you for being a part of this remarkable journey with us, as we collaborate to build a vibrant Bharat that embraces everyone, regardless of their background, gender, or life circumstances.

# STREE: Empowering Rural Women for Economic Growth

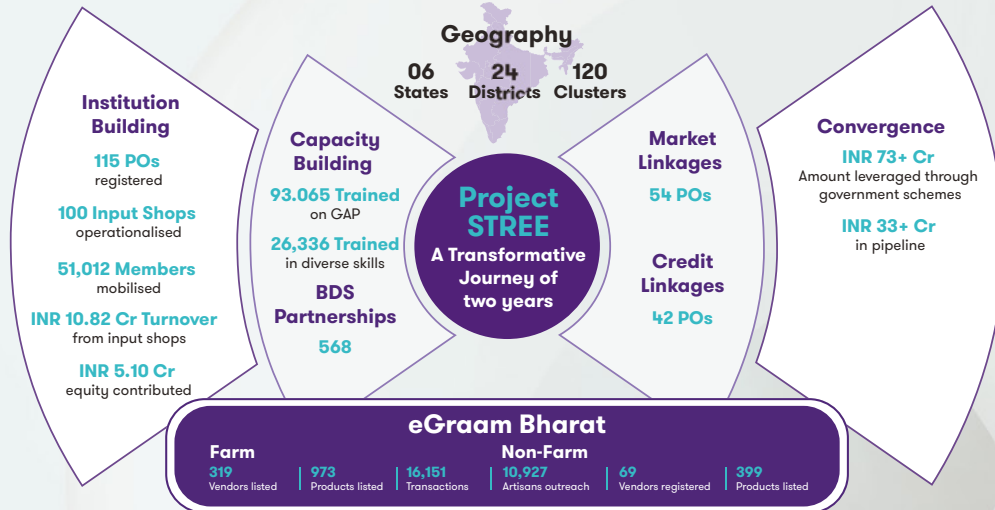
**Tarun Baijnath**

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With speed and agility at its core, the Social and Transformative Rural Economic Empowerment (STREE) project has reached over 1.40 lakh women beneficiaries and mobilized 47,000+ into POs in less than two years. Many of these POs are poised to achieve an annual turnover of around INR 1 crore. Additionally, over 60,000 beneficiaries have experienced significant income increases, ranging from 20%- 50%.

**1.40+ lakh rural women empowered, and still counting!**

Launched in January 2022, Project STREE is a powerful initiative dedicated to economically empower women farmers and artisans.



Currently, more than 8 million self-help groups (SHGs) encompass more than 82 million rural women in India, significantly contributing to rural livelihoods. However, there is a critical gap — only a fraction of these SHGs engage in income-generating activities, hindered by multiple barriers. The Social and Transformative Rural Economic Empowerment (STREE) project, launched by the HDFC Bank under the Parivartan initiative, is addressing some of these challenges by transforming SHGs into dynamic, income-generating producer organisations (POs) that empower women farmers and artisans.

The STREE programme, implemented by Grant Thornton Bharat across 24 districts in 6 states (Assam, Chhattisgarh, Jharkhand, Odisha, Punjab and West Bengal), aims to:

- Increase the real income of direct beneficiaries by 40%
- Benefit more than 500,000 women farmers and artisans across 120 clusters
- Leverage new investments, including government schemes and private sector partnerships
- Foster collaborations at the national, state and local levels

## Scale and speed: The differentiators

What sets STREE apart is its unprecedented scale and speed. Within two years of launch, we have reached out to more than 1.40 lakh women beneficiaries and successfully mobilised more than 51k rural women into 115 producer organisations. In addition, we have operationalised 100 input shops with a cumulative turnover of more than INR ~11 Cr. These numbers are a testament to the project's remarkable pace and reach.

STREE is powered by cluster planning and a market-led approach and is centred around a three-pronged income enhancement strategy — elevating existing income, diversifying income sources, and converging with government schemes. Clusters of SHGs create self-sustaining ecosystems, offering enterprise development, skillset training, and financial and digital inclusion. The market-led approach ensures sustainability, linking producer organisations with larger markets and value chain players.

## A vision for a new India: Driving progress, inspiring change

While the immediate target of the STREE project is to impact half a million beneficiaries, its potential reverberates across the SHG ecosystem, empowering more than 80-90 million women farmers and artisans by building stronger institutions, fostering convergence, and enhancing the creditworthiness of borrowers.

Some of the unique features of this project are digital literacy, transparency and accountability. The share capital collected from members is done digitally — through the PO's bank account, indicating no cash transactions are permitted, resulting in more confidence and trust among PO members as well as more professional enterprise management.

Another highlight is the eGraam Bharat portal. Through this platform, farmers can buy input materials, artisans can sell their products and avail necessary professional services effectively and transparently in 15 regional languages. In addition, eGraam Bharat is digitising PO operations by implementing purchase/procurement and inventory management systems, tracking sales, managing finance and accounts, and sharing insights. Within six months, almost 11k women artisans across six states have been outreached with 399 product listings on the portal.

So far, the STREE project has formed 568+ productive partnerships with BDS providers across six states. Key partnerships include input providers (Bayer, FMC, UPL, and IFFCO); buyers (Keventer, Mother Dairy, Pepsi Co); and start-ups (Cropway, Kheti Mitra). These collaborations provide a spectrum of benefits to POs, from the availability of agri-inputs to crop advisory services, buyback of crops, GIS mapping, capacity building, and farmer training on advanced cultivation practices, credit linkages, optimising procurement, and enabling market connectivity.

While the project has been making a significant impact at the district and state levels in terms of outcomes, increase in incomes, building strong institutions, enabling convergence, and ensuring the creditworthiness of the borrowers, the teams have been receiving tremendous support from

respective state governments and their departments, such as the Department of Agriculture, Horticulture, Rural Development, and Planning, in terms of timely and subsidised supply of agri-inputs, training on agricultural best practices and latest farming techniques, and helping beneficiaries avail government schemes. The project has received extensive backing from government departments, and financial institutions are also not far behind. NBFCs and Banks such as Samunnati Finance, Avanti Finance, State Bank of India, NABKISAN, and Union Bank have partnered with POs to offer credit and financial support for input services, forward linkages as well as operation of common facilities.

- The project's most considerable success lies in bringing about a change in the social fabric that a woman working in the field is as good a farmer as her male counterpart. This lack of recognition and identity for women farmers

has led us to launch the Main Bhi Kisaan campaign, which aims to help women farmers get their due respect in society. Moreover, there has been a considerable rise in the number of women in Board of Directors (BODs) exhibiting a strong mindset, a passion for supporting women in their communities, having a voice in society, and a decision-making role in their families.

- STREE is a tribute to the 'Parivartan' it brings to communities. Over the past two years, we have seen hundreds of homemakers transform into first-gen entrepreneurs and groups of women coming together to run all-women POs. Resilience is the common thread connecting these women who never cease to astonish us with their incredible strength. By empowering these women, STREE is transforming their livelihoods and contributing to India's inclusive economic growth.



# Fostering FPOs: Transforming Indian Agriculture

**Prof. V Padmanand**

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Grant Thornton Bharat

In the Indian agriculture sector, a persistent challenge has been the fragmentation of land holdings into small farms. This phenomenon has hindered farmers' ability to efficiently procure inputs, invest in production technology and directly market their produce, leading to reduced and stagnant incomes. In this regard, farmer producer organisations (FPOs) have emerged as a formidable solution, enabling farmers to come together for increased bargaining power and access to vital support services.

Grant Thornton Bharat has taken a leading role in spearheading the promotion of FPOs in India. The journey began in collaboration with the World Bank and expanded to encompass other partners, including the ADB, government and CSR foundations. The overarching mission is to address challenges on both the supply and demand sides of agricultural value chains, with a particular focus on improving storage and post-harvest value adding facilities.

The World Bank has played a crucial role in supporting groundbreaking programmes aimed at strengthening and promoting FPOs. Notable among them are the Maharashtra

Agriculture Competitiveness Project (MACP), Rajasthan Agriculture Competitiveness Project (RACP), Assam Project for Agriculture and Rural Transformation (APART), State of Maharashtra Agriculture and Rural Transformation (SMART) project, and Tamil Nadu Irrigation and Agriculture Mechanisation Project (TNIAMP). These initiatives are strategically designed to foster agricultural growth and empower farmers.

The related project development objective (PDO), outlay and programme components, which also pivoted around formation and promotion of FPOs may be viewed as follows:



## Programme contours of WB-assisted programmes

	MACP	SMART	RACP	TNIAMP	APART
<b>PDO</b>	Increase productivity, profitability and market access of the farming community in Maharashtra	Support the development of inclusive and competitive agriculture value chains, focusing on smallholder farmers and agri-entrepreneurs in Maharashtra	Sustainably increase agriculture productivity and farmer's income in selected locations of Rajasthan	Enhance productivity and climate resilience of irrigated agriculture, improve water management and increase market opportunities for farmers and agro-entrepreneurs in selected sub-basin areas in Tamil Nadu	Add value and improve resilience of selected agriculture value chains, focusing on smallholder farmers and agro-entrepreneurs in targeted districts of Assam
<b>Outlay</b>	INR 708.20 crore (USD 94.42 million)	INR 2250 crore (USD 300 million)	INR 832.50 crore (USD 111 million)	INR 3007.95 crore (USD 401.06 million)	INR 1500 crore (USD 200 million)
<b>Programme Components</b>	<ul style="list-style-type: none"> <li>Intensification and diversification of market-led production</li> <li>Improvement of farmers access to markets</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing institutional capacity to support agricultural transformation</li> <li>Expanding market access and supporting enterprise growth</li> <li>Building risk mitigation mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Market-led agriculture technology transfer</li> <li>Agribusiness promotion facility</li> <li>Livestock services</li> <li>Market information services</li> </ul>	<ul style="list-style-type: none"> <li>Irrigation and water management- INR 2329 crore (USD 352.93 million)</li> <li>Agriculture productivity enhancement, diversification, improved livelihoods, marketing and value addition-INR 629.13 crore (USD 95.32 million)</li> </ul>	<ul style="list-style-type: none"> <li>Enable agri-enterprise development:</li> <li>Facilitate agro-cluster development</li> <li>Market-led production and resilience enhancement</li> </ul>

These programmes have not only pioneered but also complemented the promotion of FPOs at the state level. For example, in Maharashtra, MACP and SMART have supported more than 400 FPOs, while RACP has nurtured 30 FPOs in Rajasthan. TNIAMP has formed 120 FPOs and strengthened 70 more in Tamil Nadu, and APART has supported more than 100 FPOs in Assam.

What sets World Bank-supported FPOs apart is their integrated support, enabling them to converge with and leverage government schemes effectively.

## Ongoing interventions and funding patterns in the FPO ecosystem in the ecosystem

Institutions	No. of FPOs (GT)	No of FPOs in India	Regions	Methodology	Funding pattern per FPO	Remarks
Foundations (HDFC, BMGF)	120+12=132	700+	Assam, Chhattisgarh, Jharkhand, Odisha, Punjab, West Bengal	1 Typically & largely 3-year intervention; 2 Supporting implementing agency with integrated financial support	INR 80 Lakh	Deliverables in terms of Quantitative outcomes
World Bank (assisted through State Govt)	531	70+	Maharashtra, Tamil Nadu, Rajasthan, Assam	1 Typically & largely 3-year intervention; 2 Supporting Resource Institution fee, CEO/ Accountant Salary, grant for working capital & Common Facility Centre (CFC)	INR 80 Lakh (in Tamil Nadu) INR 43+ Lakh	
ADB (assisted through State Govt)			Maharashtra, Himachal Pradesh	3 Deliverable in terms of qualitative outputs (baseline survey cum awareness campaign for 6 months, FPO registration by 6th month, mobilisation of equity cum preparation of business plan for min 300 members by 12th month, initiation of business activity within 12 months, credit, input, market linkage by 18th month, establishment of CHCs & CFCs where feasible along with convergence of schemes by 24th month, expansion of business activities till 36th month followed by exit of the resource institution)	INR 43+ Lakh	Deliverables in terms of Qualitative outcomes
Delhi SFAC, NABARD, NAFED, NCDC (10,000 FPO Programme)	48	15,500	Andhra Pradesh, Assam, Jharkhand, Kerala, Maharashtra, Odisha, Punjab, Tamil Nadu, Telangana, West Bengal			
State Government (Kerala, AP)	30+100=130	200	Andhra Pradesh, Kerala		INR 43+ Lakh	
<b>Total</b>	~850	17K+	10 States- Tamil Nadu, Andhra Pradesh, Assam, Chhattisgarh, Karnataka, Jharkhand, Maharashtra, Odisha, Punjab, West Bengal		INR 43 Lakh - INR 80 Lakh	

What sets World Bank-supported FPOs apart is their integrated support, enabling them to converge with and leverage government schemes effectively.



## Initiatives to strengthen existing FPOs

Institutions	No. of FPOs	Regions	Funding Pattern (INR)	Remarks
SFAC Delhi- CBBO demonstration programme by Team GT	30	Karnataka, Madhya Pradesh, West Bengal	-	Demonstrated substantial increase in turnover and activity mix in 2 years
Bayer Foundation-demonstration programme by Team GT	10	Maharashtra	43 Lakh per FPO	Demonstrated substantial increase in shareholders, turnover, conversion of schemes and activity mix in 2 years
Supporting FPOs under the World Bank funded REWARD programme by Team GT	15	Odisha	~INR 43 Lakh per FPO, including convergence of central and state government schemes	Recently initiated
Total	55	Karnataka, Madhya Pradesh, West Bengal, Maharashtra, Odisha		(Increase turnover by 25% in about 2 years of selected FPOs)

\*Across these projects, the methodology followed was handholding FPOs directly through their BoDs.

In addition to these initiatives, Grant Thornton Bharat is actively handholding FPOs in West Bengal, Jharkhand, and Gujarat under various livelihood missions. Team GT's expertise has made it a prominent service provider in the outcomes-seeking market segment.

In conclusion, the promotion and strengthening of FPOs represent a pivotal step in transforming Indian agriculture and improving the lives of millions of farmers. Organisations like Grant Thornton, in collaboration with the World Bank, Asian Development Bank (ADB), CSR foundations, and the government, are driving progress towards a more prosperous and sustainable future for Indian agriculture, one FPO at a time. The journey is ongoing, with the promise of a brighter and more inclusive agricultural sector for all.

# Commodity Stewardship Councils: Transforming the agriculture landscape in Maharashtra

**Chetan Bhakkad**

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Maharashtra, a frontrunner in agricultural production, infrastructure development, and a proclivity for adopting global best practices, excels in production of exotic and normal fruits and vegetables. It is the largest producer of seedless grapes, pomegranates and onions, and the third-largest producer of mandarins. Additionally, the state boasts of significant production in soybeans, pulses and cotton.

Despite these accolades, the agriculture sector grapples with ongoing challenges such as non-uniform information and an unequal distribution of marketing margins among value chain participants. To address these issues effectively, institutions such as the Commodity Stewardship Council (CSC) are being planned as a pivotal initiative.

## The vision of CSCs

Under the visionary SMART Project, supported by the World Bank, the Government of Maharashtra is set to establish CSCs. These councils serve as associations that coordinate the efforts of stakeholders within specific agricultural commodity value chains. Operating as non-profit organisations under Section 8 of the Companies Act 2013, CSCs possess the unique ability to function both as private entities and non-profit organisations.

## The objectives of CSCs

CSCs hold the key to sustainably integrating FPCs into the organised supply chains of processing industries and SMEs. Their mission is to create an inclusive platform that unites all stakeholders with a focus on:

- Enhancing competitiveness
- Developing new markets and optimising agri-value chains
- Crafting sustainable strategies for all participants
- Converging stakeholders onto a common platform
- Charting a long-term vision and identifying critical gaps
- Expanding market access plans and disseminating critical findings
- Paving the way for entrepreneurial opportunities for all stakeholders



## Grant Thornton's role in institutionalising CSCs

The concept of CSCs is relatively new in India, and Grant Thornton Bharat LLP, acting as the technical support agency (TSA) for the project, plays a pivotal role in their institutionalisation. In collaboration with the government, GT undertook comprehensive feasibility studies for more than 58 commodities in Maharashtra, ultimately identifying ten viable commodities for the formation of stewardship councils.

Over the past two years, GT has been in constant consultation with key players across value chains, including FPOs, producer associations, processors, input suppliers and

exporters, as well as state agricultural universities (SAUs), research institutes, agri-tech companies, and officials from line departments. These engagements aimed to understand the unique challenges and expectations of each stakeholder from a collaborative forum.

As a testament to its commitment, GT successfully facilitated the formation and registration of the first-ever CSC in the country, the Indo Grapes Development Council (IGDC), on 31 March 2023. The firm will continue to provide comprehensive, end-to-end support, from the inception of each CSC to

post-establishment operations for the next two years. GT will formulate strategic roadmaps and business plans for each CSC, ensuring their sustainability. To streamline CSC services, GT is developing a digital portal repository.

In this era of transformative change, the advent of CSCs marks a significant leap towards a more inclusive and prosperous future for Maharashtra's agricultural sector. Grant Thornton's pioneering role in this endeavour underscores its commitment to facilitating sustainable, growth-oriented solutions in agriculture.

## Progress so far



# Elevating the role of agriculture in Northeast India

## Karan Sood

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Grant Thornton Bharat

The northeastern region (NER) of India, encompassing the states of Assam, Meghalaya, Tripura, Manipur, Mizoram, Nagaland, Arunachal Pradesh, and Sikkim, holds a distinct position within the country. This region covers diverse agro-climatic zones and terrains, with several areas receiving considerable rainfall, making it a prime candidate for the development of agriculture and horticulture-based industries. The agricultural sector in the NER can be categorised into four sub-sectors: crops (including horticulture and field crops), livestock, forestry, as well as fishing and aquaculture.

The NER boasts of an abundant supply of water resources, accounting for 33% of the country's total. It receives an annual average rainfall ranging from 2,480 mm to 6,350 mm. With such ample water resources, the implementation of appropriate technologies, including rainwater harvesting, can ensure sufficient irrigation facilities in the region.

Approximately 70% of the NER's population depends on agriculture as a primary source of livelihood, making agriculture the cornerstone of the regional economy. However, despite its significance, the production of grains and agricultural produce in the region is disproportionately low compared to the national average. This discrepancy is further accentuated by the region's fertile land, diverse horticultural produce, and the high demand for livestock and poultry products, which are often underutilised and relegated to subsistence-level farming.

## Challenges faced by the agriculture sector in NER

### Small land holdings and manual farming

This is one of the prominent challenges faced by the agriculture sector in the NER, with small and marginal farmers dominating the landscape. A majority of agricultural operations are conducted manually or with rudimentary tools, without the use of modern machinery. This reliance on manual labour for ploughing, sowing, irrigating, and harvesting has resulted in reduced yields.

Limited market access and infrastructure gaps: The presence of major players and national-level enterprises in the region



is minimal, primarily due to logistical challenges. The rugged terrain, restricted accessibility, and limited transportation options hinder the development of a robust supply chain. This issue is further exacerbated by the absence of essential infrastructure, such as cold storage facilities, machinery, testing laboratories and processing units. The lack of moisture-proof storage facilities, coupled with exposure to pests and rodents, forces farmers to sell their produce immediately after harvest, often at low market prices due to oversupply. Consequently, farmers experience significant post-harvest losses.



## Interventions and recommendations

### Entrepreneurship and partnerships

The transformation of agriculture and its allied sectors in the NER requires a systematic approach driven by entrepreneurship and partnerships that place the farming community at the core of development efforts. It is crucial to harness and showcase the region's strengths. For instance, the northeastern climate is conducive for abundant production of unique and exotic fruits specific to the area. Some of these have even received coveted "Geographical Indication (GI)" tags to acknowledge their distinctiveness and facilitate their commercialisation, such as the Queen pineapple of Tripura, Kachai lemon of Manipur, Tezpur litchi of Assam, Khasi mandarin of Meghalaya, and Malbhog banana of Assam.

### Comprehensive interventions across value chains

To facilitate the development and enhancement of agriculture in the region, comprehensive technical, institutional, and governmental interventions are required across the agricultural and horticultural value chains. These interventions should aim to establish a network that allows farmers, farmworkers, and non-farm stakeholders to access

inputs, services, and knowledge, leading to improved sales and profits. This holistic approach will result in enhanced produce quality, increased processing scale, better pricing, and higher returns for farmers, while also minimising post-harvest losses.

### State-specific and value-chain interventions

To initiate this process, tailored interventions specific to states, regions, and value chains must be developed. Given the diverse terrain and varying demands associated with each value chain or commodity, in-depth research and analysis are essential for mapping the situation, identifying requirements, and suggesting actionable interventions to enhance farm productivity and profitability.

In Meghalaya, for instance, a comprehensive mapping of the turmeric value chain was conducted to promote on-farm enterprises. This initiative, managed by the Program Management Unit for the Cluster Development Programme of the National Horticulture Board, assessed activities, value addition, and prices at each stage of the product's journey, from farming by producers to sale to consumers for enterprise development. Such exercises are crucial

for understanding value addition, pricing dynamics, and potential opportunities throughout the cultivation, processing, disposal, and logistics stages.



## Leveraging collective action

Adopting a collective action approach that leverages the strength of numbers is another pivotal strategy. Uniting farmers through farmer producer organisations, companies, producer groups, and self-help groups (SHGs) streamlines access to credit and inputs, making it more affordable and efficient. Furthermore, this collective approach increases the scale of operations, creating better prospects for marketing and processing.

## Industry associations and common facility centres

In Assam, the Cluster Development Technical Agency (CDTA-APART) Project, funded by the World Bank, has fostered the formation of Industry Associations comprising farmers and food processing workers. These associations aim to establish common facility centres (CFCs) for various value chains, effectively operating as food processing enterprises under a common brand name. For instance, a paddy CFC has already been established, and plans are underway to establish a kachi ghani oil mill for mustard oil production.

By collaborating, farmers have successfully secured funds, machinery, and established their brand for their product

lines. This cooperative approach has enabled them to procure raw materials, packaging, and labeling items at cost-effective rates and meet compliance requirements more efficiently than if pursued individually. Additionally, this approach opens improved marketing prospects for their products.

## Support from institutional organisations

Support from institutional organisations can play a transformative role in enhancing agricultural practices. Krishi Vigyan Kendras (KVKs), state agriculture universities, ICAR branches, the National Seed Corporation, and collaboration with organisations such as NABARD and RSETI can provide valuable resources and services. These include information dissemination, training, technology transfer, access to inputs (including breeder seeds, fertilisers, and farm equipment), market information, credit facilities, infrastructure development, and more. Collectively, these institutes serve as avenues to enhance and expand agricultural extension services for both farmers and workers.

## Empowering women in agriculture

Projects initiated by Grant Thornton Bharat, such as the Promotion of Value Chain and Market Linkages Project with Assam State Rural Livelihood Mission or the initiatives undertaken in Assam under the STREE project, emphasise

the importance of linking and converging women farmers with such institutions. This central component of capacity building and skill training empowers women in agriculture and strengthens their participation in the sector.

### Conclusion

While many other regions in India are progressively shifting from traditional agriculture-based economies to industry or service-oriented ones, the NER remains heavily reliant on the agricultural sector. To ensure inclusive development in the area, there is a compelling need to promote agro-based industries. The abundance of raw materials can readily support the growth of processed food industries and open up opportunities to tap into global markets. Strategic planning, that improves market linkages with the mainland and introduces larger players, aggregators, and buyers, will be instrumental in fostering regional agricultural development and expanding the reach of its produce beyond its borders.

The NER is uniquely endowed with diverse agro-climatic conditions, varying soil types, and copious rainfall. These conditions offer immense potential for horticulture and value-added products that can be marketed within the

country and abroad. With the right interventions, the region's agricultural produce can be celebrated, local economies can thrive, and the livelihoods of farmers and other stakeholders involved in the industry can be significantly uplifted. There is both opportunities and challenges in this journey towards achieving these goals. However, with concerted efforts, strategic planning, and unwavering commitment, the NER can set the stage for a brighter and more prosperous future, where agriculture flourishes, communities thrive, and the world recognises the NER as a formidable agricultural powerhouse.



# Transforming India's Food Processing Sector: Paving the Path to Prosperity by 2047

**Chirag Jain**

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**The food processing sector in India has the potential to reshape the country's economic landscape going beyond the reduction of wastage and upliftment of farmers' incomes. This article delves into the current state, growth trends, key challenges, and the strategic initiatives needed to position India as a global leader in processed food exports by 2047.**

India's journey towards becoming a developed country is intricately linked with the growth of its food processing sector. This sector, bridging the gap between farmers, consumers, and international markets, has the potential to revolutionise agriculture, uplift rural livelihoods, and significantly contribute to economic development.

The food processing industry, currently contributing less than 10% of total food production in India, has witnessed robust growth from 2015 to 2022, boasting an average annual growth rate of 7.3%.

The sector's contribution to India's total GDP has soared by 27% over the last five years, underscoring its substantial

impact on the country's economic landscape. It has contributed 10.54% to the gross value added (GVA) in manufacturing and 11.57% in the agriculture sector during 2020-21.

However, the food processing sector must quadruple its contribution (to ~7.2%) to the overall GVA for India to achieve a developed nation status by 2047. Various growth scenarios and projections emphasise the urgency of devising a robust strategy to attain this remarkable target.





## Summary of projections assumed depicted in graph above

#	(%) share in overall GVA of GVA-Food Processing Industry	CAGR	Reason for CAGR assumption
Projection 1 (target)	7 years: 3.6% 25 years: 7.2%	10.4%	Contribution to double by 2030 and quadruple by 2047
Projection 2 (middle-path)	7 years: 3% 25 years: 5.5%	7.6%	Medium growth
Projection 3 (per current As-Is)	7 years: 2.35% 25 years: 4.3%	3.5%	As is scenario

GT Analysis

### Key challenges

Despite remarkable growth, the sector also faces significant challenges. This is depicted in the graphic below. While the sector enjoys the benefit of 100% foreign direct investment (FDI) under the automatic route, the recent years have seen challenges in sustaining FDI inflows due to factors such as COVID-induced lockdowns, infrastructural limitations and global competition. Recognising these challenges is crucial to addressing bottlenecks, attracting foreign investments, fostering infrastructure development and ensuring sustained growth.

## Challenges

High wastage rates in cereals, fruits, vegetables, dairy, poultry and marine products

Fragmented agricultural sector characterised by small-scale and unorganised units

Infrastructure gaps, including inadequate storage facilities and an underdeveloped supply chain infrastructure

Insufficient emphasis on quality and safety standards

Shortage of skilled workforce

A complex regulatory environment

High cost of capital

Low awareness regarding sustainable practices

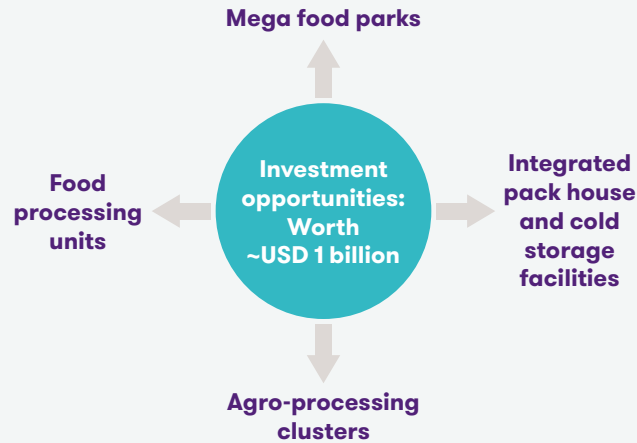
Difficulty in implementing and enforcing food safety standards and regulations

## Opportunities and growth drivers

India's food processing sector offers significant potential for expansion, presenting lucrative investment opportunities. Beyond contributing to economic growth, such investments play a vital role in empowering farmers and ensuring the sustainability of agricultural practices. Developing robust supply chains that connect farmers to processing and marketing is essential. Significant investments in rural infrastructure, including grading and packing centres, storage facilities, transportation, and testing laboratories, are imperative for unlocking the sector's full potential.

The Government of India has taken several steps to address the challenges faced by the food processing industry. This includes launching the Pradhan Mantri Kisan Sampada Yojana (PMKSY) and the Food Processing Industries Scheme (FPIS). However, more needs to be done to create a favourable environment for the industry to thrive. Here are some of the steps being taken by the Government of India to foster growth in the sector:

## Investment opportunities in the Indian food processing sector



**Make in India initiative:** The food processing sector has been recognised as a key priority industry under the “**Make in India**” initiative, led by the esteemed Prime Minister of India. The Ministry of Food Processing Industry (MoFPI) has undertaken various programmes to improve infrastructure and promote food processing industries to encourage investment in this sector.

**Promoting international events:** The MoFPI have organised ‘**World Food India 2023**’ in New Delhi to bolster the sector’s global presence. This event serves as a platform for stakeholders across the food value chain to interact and showcase their strengths, fostering collaborations, attracting investments, and catalysing innovation.

**Removing roadblocks:** Enhancing the ease of doing business is crucial for the sector’s growth. Initiatives such as the transition from product-by-product approval to ingredient and additive approvals by the Food Safety and Standards Authority of India (FSSAI) contribute to a transparent and efficient regulatory environment.

## Schemes to promote investments in the food processing industry

Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)

Pradhan Mantri Kisan Sampada Yojana

Integrated Cold Chain and Value Addition Infrastructure Scheme

Mega Food Park Scheme

Scheme for Creation of Infrastructure for Agro Processing Clusters

Creation of Backward and Forward Linkages Scheme

Operation Greens

## The road ahead

**A concerted effort is needed across multiple dimensions to scale up India's food processing sector.**

**Developing a 3-I model:** A 3-I model consisting of innovation through technology, infrastructure development and investment convergence has been developed. Innovation involves technological advancements, research and development, and the adoption of best practices. Infrastructure encompasses the creation of a robust network of supply chains, storage facilities, transportation, and technological integration. Inclusivity underscores the need for policies that ensure that the sector's benefits reach all stakeholders, from farmers to processors.

**Focusing on cluster development:** As per the latest Annual Survey of Industries (ASI) 2019-20, 41,481 food processing units existed in the country. However, cluster-based approaches should be promoted in the eastern and north-eastern states to increase the output of India's food processing sector. Cluster development models have several advantages, including an increase in productivity, competitiveness, and overall economic growth in the region.

**Increased focus on quality and value addition:** Categories such as processed fruits and vegetables, processed fish and seafood, meat, dairy, poultry and egg present significant potential. However, to tap into these opportunities, India needs to focus on innovation, quality, and value addition. With its leadership in the production of commodities such as shrimps, spices, fruits, and being the second-largest producer of rice, India has the foundational elements to become a global leader. The emphasis should be on transforming production into value-added exports, aligning with global trends and consumer demands.

## Growth drivers for the Indian food processing sector

S.No	Category	Total value of world imports, USD bn	Total value of India's exports, USD bn	India's share of market (%)	India ranking	World leader	World leaders market share (%)	Opportunity
1	Processed Fruits and Vegetables	52.4	0.5	0.9	18	China	15.6	Advancement of new technology to reduce wastage levels and increasing focus on processed food products
2	Processed Fish and Sea Food	97.2	4.4	4.6	6	China	14.6	Huge export potential to different countries with the increasing demand for frozen foods. Innovation in product development such as ready-to-cook, ready-to-eat, canned and frozen food
3	Meat	101.8	1.7	1.6	10	USA	12	Need for ready-to-eat and on-the-go food products
4	Dairy	77.9	0.2	0.3	35	New Zealand	14.3	Significant demand for value-added dairy products, i.e., cheese, custard and flavoured milk.
5	Poultry and Egg	24.7	0.05	0.2	61	Brazil	22.2	Rising awareness for protein-rich diets, coupled with higher nutritional value of poultry

Source: FICCI

## Conclusion

The journey towards 'Viksit Bharat by 2047' is linked to the transformative potential of the food processing sector. From leveraging global best practices to addressing challenges and fostering innovation, a holistic approach is essential. The sector's role is not confined to economic growth but extends to shaping a resilient and thriving India. As India aspires to become a developed country, the food processing industry stands as a testament to its ability to innovate, adapt, and lead on the global stage. By recognising its pivotal role, aligning policies, and fostering collaboration, India can truly usher in a new era of development through its vibrant and dynamic food processing sector.

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