

Rajasthan Food Pro-tech 2017
January 19, 2017, Hotel Marriot, Jaipur, Rajasthan

Address by Knowledge Partner

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Hon'ble Ministers, Other Dignitaries, Ladies & Gentlemen,

Good Morning and a warm welcome to this Conference!

It gives me immense pleasure in delivering this address. As we know, India is world's second largest producer of food after China, and has the potential to be the biggest. With increasing disposable income and rapid urbanisation in India, the food processing industry has a vibrant future. Currently, food consumption accounts for nearly 21 per cent of India's gross domestic product, which is expected to grow to nearly 40 per cent by 2025, according to World of Food India. The sector contributes around 14 per cent to manufacturing GDP, 30 per cent to India's exports and 6 per cent to total industrial investment.

Given this background, the sector is hugely responsible for economic development, providing employment opportunities to both skilled as well as unskilled workers. Largest pool of 11.69 per cent of workers are engaged in this sector and around 37,500 industries are registered in India. *In Rajasthan, there are 795 registered industries and around 62 per cent of population earns its livelihood from this sector.*

However, though this sector is really promising for the growth of the Indian economy, it still at a nascent stage and faces massive domestic challenges, including low level of quality and safety standards in processing, inadequate infrastructure, fragmented structure of the industry and consumer perception. Addressing these challenges is of high importance to face global competition with enhanced product acceptance overseas.

Most of the food processing industries in India are still run at household level, thus in an unorganised manner, with less exposure to the outer world, resulting in lower returns. Around 42 per cent food processing units in India falls under unorganised category. Consumer perception in India is still not positive about processed food. Still India lacks industrial level infrastructure for food processing sector. Due to these challenges, the sector has not yet achieved its potential, both in terms of revenues and fame.

Thus, infrastructure and technological factors play a major role for augmenting aggregate agricultural output and food processing sector. On the other hand, factors such as tariff rates and market access opportunities, export support measures, non-tariff measures, intellectual property rights, trade and investment facilitation influence the export of processed food products.

During 2011-16, India's exports of processed food and related products grew at a compounded annual growth rate of 11.74 per cent, reaching US\$ 16.2 billion. Main export destinations for food products have been the Middle East and Southeast Asia. For expanding exports the Government needs to regulate its trade liberalisation policy so that it leaves enough space for its domestic food industry to grow. The industry should focus on maintaining high food standards, safety and hygiene norms and should adopt the latest technology to produce quality goods, which will offer several benefits to the food processing industry. Better product quality, at competitive prices will enable the food industry to face global competition with enhanced product acceptance overseas.

India, with diverse agro-climatic conditions, is likely to benefit from investment opportunities in agriculture, food infrastructure and contract farming. Policy interventions such as inviting private sector participation, allowance of 100 per cent foreign direct investment under automatic route, promoting rationalisation of tariffs and other duties relating to food processing sector, setting up of a National Mission on Food Processing are needed. This is because liberalisation and growth of organised retail have made the Indian market more attractive for global players.

In this respect, let me state that Rajasthan, the largest State of India, is also the largest producer of herbs and second largest producer of milk. The State has one of the highest livestock populations in the country. The food processing sector of the State contributes almost 25 per cent to the State Domestic Product. I am pleased to know that in order to promote competitiveness of the food processing sector, the State Government has taken a number of policy initiatives to improve agri-marketing infrastructure such as Mega Food Park Scheme, Rajasthan Agro-Processing and Agri-Marketing Promotion Scheme.

Thus, India, with favourable supply side of abundant raw materials, other cost advantages including a large pool of semi-skilled and skilled workers, with the adoption of global best practices and technologies, and with complementary support from public and private sector, it can become a major outsourcing hub of processed food in the global supermarket.

My best wishes for this Conference to come out with pragmatic recommendations for the benefit of the Indian food processing sector. I am particularly thankful to Indian Chambers of Commerce for getting us on board as a Knowledge Partner of this event and we look forward to work with ICC towards the implementation of the recommendations of this Conference.