

FOOD INDUSTRY BUFFETED BY 15 MAJOR CHALLENGES
**Need for Adequate Infrastructure, Comprehensive
National Policy, Enforcement of Food Safety Laws,
Consistent Central & State Policies
& Availability of Trained Manpower: FICCI SURVEY**

NEW DELHI, August 3, 2010. Despite the Indian food industry's strong market growth potential of 40% by 2015 to touch USD 258 billion from the current USD 181 billion and accounting for a spend of about 21% of GDP, the industry is buffeted by 15 major challenges that have depressed its yield levels and constrained it from contributing its mite towards the inclusive growth of the nation, says a *FICCI Survey on the 'Challenges before the Indian Food Industry'*.

The FICCI Survey released here today, the urgency of developing a robust food processing industry arises from the imperative for driving the rural economy as it brings about synergy between the consumer, industry and agriculture. A well developed food processing industry is expected to increase farm gate prices, reduce wastages, ensure value addition, promote crop diversification, generate employment opportunities as well as export earnings.

The key challenges identified by the FICCI Survey are:

- Absence of a comprehensive national level policy on food processing sector
- Lack of availability of trained manpower
- Paucity of Processing plants with cost effective technologies
- Lack of Cost effective food machinery & packaging technologies
- Constraints in raw material production
- Inadequate infrastructural facilities
- Lack of access to Credit
- Poor Market Intelligence
- Inconsistency in central and state policies
- Lack of Applied research
- Inadequate value addition
- Lack of specific plan to attract private sector investment across the value chain
- Food safety Laws
- Weights & measures Act & Packaging commodity rules
- Heavy Taxation

The pan-India FICCI Survey was conducted across the entire value chain reached 250 companies and the total of 125 responses were received. The respondents profile constituted of the top decision makers of food organizations.

The top five challenges identified by the FICCI Survey through a weighted response approach are: **inadequate infrastructural facilities, lack of comprehensive national level policy on food processing sector, food safety Laws, inconsistency in central and state policies and lack of availability of trained manpower.**

Challenges Identified	Weighted %age of respondents
Comprehensive national policy on food processing sector	34.46
Availability of trained manpower	25.53
Processing plants with cost effective technologies	16.59
Cost effective food machinery & packaging technologies	13.19
Constraints in raw material production	25.10
Inadequate infrastructural facilities	44.25
Access to Credit	20.85
Market Intelligence	13.19
Inconsistency in Central and state policies	28.08
Lack of Applied research	21.27
Adequate value addition	9.78
Lack of specific plan to attract private investment across value chain	17.87
Food safety Laws	28.51
Weights & measures Act & Packaging commodity rules	5.10
Taxation	21.70

Apart from the aforementioned major challenges hampering the growth of sector, the respondents to the FICCI Survey also indentified constraints in raw material production, taxation, access to credit, processing plants with obsolete technologies, lack of applied research etc as other major challenges for the growth of food processing sector.

The following are the key recommendations of the FICCI Survey to give a fillip to the food processing sector:

- Address Infrastructure bottlenecks to give further impetus to the sector by overcoming long & fragmented supply chain and providing impetus to logistics & supply chain sector
- Formulate a Comprehensive National Level Policy on Food Processing

- Bring about a Second Green Revolution in Agriculture
- Constitute an Inter-Ministerial Working Group to Address the Issues
- Undertake appropriate measures to address the skill Gap Issue in the sector
- Implement GST as per the set deadline
- Implement Food Safety and Standards Act (FSS Act)
- Implement all the provisions of Model Act across all States/UTs
- Ensure Credit Access to Food Processing Industries
- Bring all Industry incentives under single window clearance
- Open up multi-brand retail to bring in more global investments in the infrastructure and logistics domain; and in turn contribute to the growth of supply chain & logistics sector in particular and economy in general
- Create a state specific plan to attract domestic and foreign investment in this sector.
- Promote agri-food parks by involving industry participation for better functioning of these parks.
- Make concerted efforts to enhance private sector investment in infrastructure development, increasing farm productivity and up gradation of quality.

MEDIA DIVISION

Taresh Arora
Media Relations Officer
Tel : 23736307 & 23357392 (Direct)
9899115719 (Mobile)
23753119 (Fax)