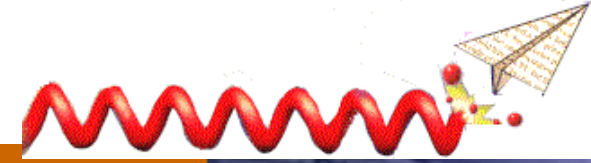


Export prospects of Agri & Processed Food Products of Orissa

Bhubaneswar 28 August 2009

K.Rajeswara Rao IAS
Joint secretary
Ministry of Food Processing
Govt.of India

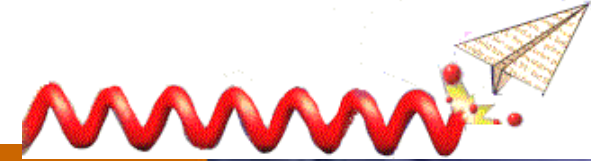




Overview of Food Processing Sector

- Production of 50 million tonnes of fruits (about 9% of the world's production) and 90 million tonnes of vegetables(about 11% of the world's production)
- Processing rate of F & V
India – 2.2%, USA – 65% , Philippines – 78%, China - 23%
- The lack of processing only for perishable fruits and vegetables results in annual approximate wastage of Rs. 33,000 crores (about 35% by value)
- In 2005-06,
 - Employment Generation
Direct - 14 million & Indirect- 36 million
 - Contribution to manufacturing GDP is about 12.5% with a share of Rs. 49,164 crores.
 - Share in global agricultural exports of approximately Rs 2,76,225 Crores is 1.5% (Rs 4,085 Crores)



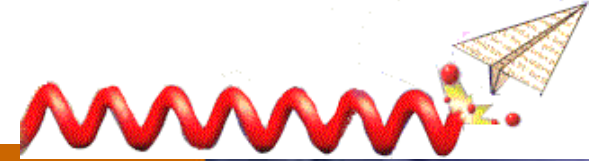


CRITICAL ISSUES

- ❖ We are Giant producers
- First in the world in Pulses , Milk & Tea production
- Second in Fruits, Vegetables , Rice , Wheat Sugarcane etc.
- Third in Grains & Edible Oils Seed
- Fifth in Poultry
- Seventh in Fish production

But we process only 2% Fruit & Vegetables, 35% of Milk , 26% of Fish & Overall Processing levels of only 6% as compared to nearly 70-80% in Developed Countries

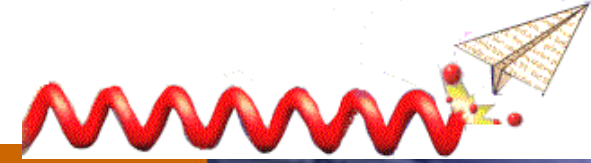




Potential of the sector

- Food consumption in India estimated at Rs. 8,60,000 crores.
- One percent growth in food processing sector generates additional employment of 5 lakhs directly and 15 lakhs indirectly
- Growth in food processing sector will facilitate farmer-processor linkage, reduce wastage and help in higher income realisation for farmers.
- The Sector has the potential to change the whole rural economic scenario.

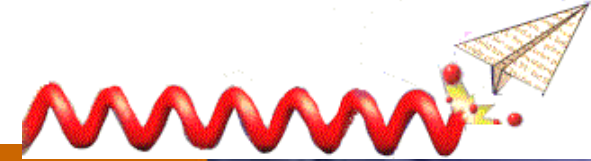




Food Processing – Growing market

- Increase in per capita income and purchasing power
- A largely untapped domestic market of 1 Billion Consumers
- 300 Million Upper and Middle Class consume processed food
- 200 Million more consumers expected to shift to processed food by 2010
- Increasing number of working women.
- Well developed infrastructure and distribution network.





CRITICAL ISSUES Contd...

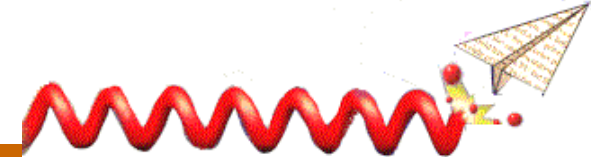
The low level of processing/Value addition results in

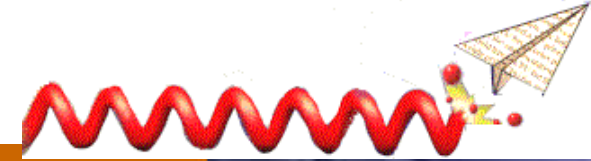
- National Loss of Rs. 33,000 Crores p.a. due to wastage of perishable Commodities alone and Rs 15000 Crores p.a. due to non-perishables
- Agriculture becoming more and more unviable economic activity
- Growth rate of Agriculture sector going down from 2.6% in 2004-05 to 1.7% in 2005-06
- Distress level of farmers increasing day by day inspite of the best efforts of the Government
- More and more farmers leaving agriculture and taking other professions
- The exploitation of farmers by Middlemen (Arhatias) is assuming alarming proportion



The root causes are

- Not enough remunerative prices to farmers for their produce
- Negligible value addition at farmers end
- No cleaning, grading, sorting and controlled temperature storage facility available to the farmer at his farm door
- Farmer has no access or linkage to the secondary processing units or industry
- Too many intermediaries leaving little to farmer
- Market information not reaching the farmer
- Farmer not enabled to respond to market
- The total Supply Chain Issues and Infrastructure Gaps have not been addressed effectively
- The farmer has been pushed to a back seat.

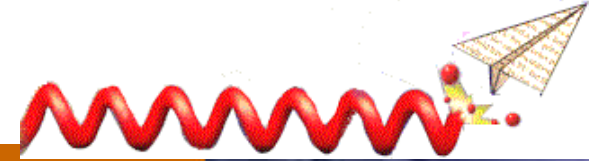




VISION - 2015

- Enhancing the income level of farmers
- Providing choice to consumers in terms of greater variety and taste including traditional ethnic food.
- Providing greater assurance about safety and quality of food to consumers
- Promoting a dynamic food processing industry
- Enhancing the competitiveness of food processing industries in both domestic and international markets
- Making the sector attractive for both domestic and foreign investors
- Achieving integration of the food processing infrastructure from farm to market
- Putting in place a transparent system of standards based on science





Vision -2015 Contd...

❖ The specific targets would be to increase (by 2015)

- Level of Processing of perishables from 6% to 20%
- Value addition from 20 % to 35%
- Share in Global Food Trade from 1.5% to 3 %

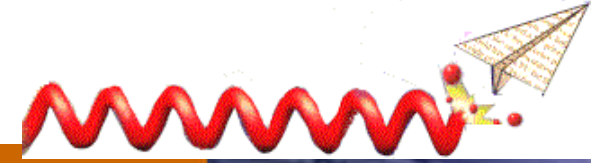
❖ Investment Needed

- Rs 1.00 lakh crore required to achieve the above vision
- 45000 crore- Expected investment of the Private Sector
- 45000 crore- Share of F.I.s/ Banks
- 10,000 crore- Government

❖ The proposed interventions would:

- Raise the growth rate of the food-processing sector from the current 7% to 10.1% during the 11th Five Year Plan
- It would create an additional 28 lakhs jobs during the 11th Five Year Plan

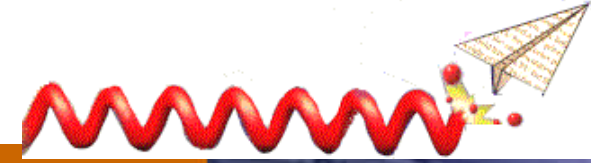




MFPI INITIATIVES SO FAR

- Infrastructure – Food Parks (56), Cold Chain(73), Abattoirs(1), Packaging Centre(1), Irradiation Plants(6), Value Added Centre(5).
- Setting up of food processing units – assisted units (1153)
- HRD – Capacity building and training requirements (250)
- R&D (113), Quality Control Laboratories(36) and Quality Assurance(35)

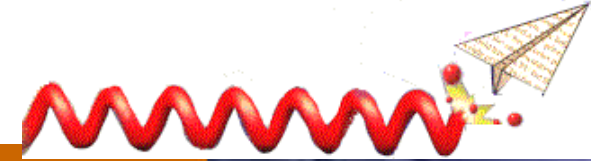




Strategy for XI Plan

- In spite of all efforts no private investment is coming for the critical infrastructure of this sector
- Hence Govt. to facilitate creation of critical infrastructure by public-private-participation (PPP) initiatives.
- Projects to be implemented by Professional Private Sector Project Management Agencies (PMAs) in collaboration with private investor

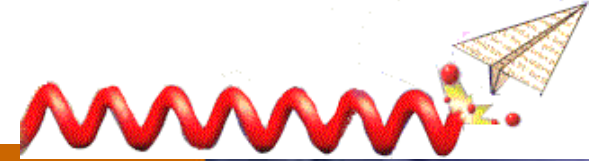




Strategy Contd

- Clusterization of farming & processing
- Strengthening backward & forward linkages
 - **Developing & dovetailing Supply Chain**
- Detailed clusterised mapping of the country
- Special focus on North East & less developed states
- Better project selection, development and implementation
- Decentralized cluster based development particularly for creation of infrastructure.
- Industry led capacity building and upgradation of standards.
- An integrated food law and science based standards
- Strategic intervention with redesigned schemes

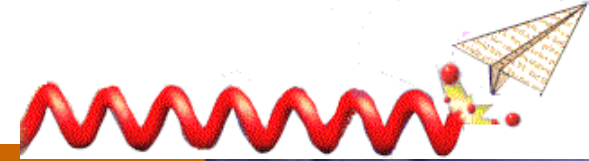




Thrust areas for XIth Plan

- Improving farmer's income
- More safe and quality food to consumers
- Promote dynamic food processing industry
- Enhance competitiveness of food processing industries in domestic and international markets
- Make food processing sector attractive for domestic and foreign investors
- Transparent and Industry-friendly regulatory mechanism based on scientific standards





SCHEMES

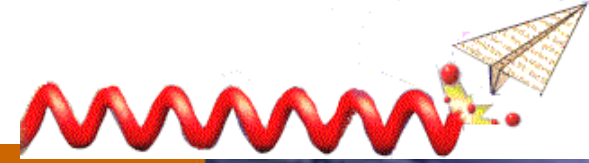
1. INFRASTRUCTURE DEVELOPMENT

- Mega Food Parks
- Integrated Cold Chain Infrastructure
- Modernization of Abattoirs

2. SCHEME FOR TECHNOLOGY UPGRADATION/ESTABLISHMENT/MODERNISATION OF FOOD PROCESSING INDUSTRIES

3. SCHEME FOR QUALITY ASSURANCE, CODEX STANDARDS AND R&D and promotional activities



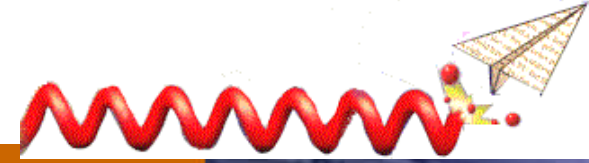


4. SCHEME FOR HUMAN RESOURCE DEVELOPMENT

5. SCHEME FOR STRENGTHENING OF INSTITUTIONS

6. SCHEME FOR UPGRADATION OF QUALITY OF STREET FOODS



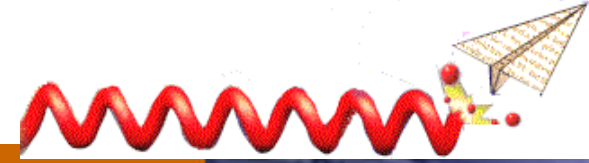


Mega Food Park

Objectives of the scheme:

- a. To provide state of the art infrastructure for food processing in the country in selected clusters to be identified in a demand driven manner.
- b. To ensure value addition of agricultural commodities including poultry, meat, dairy, fisheries etc.
- c. To establish a sustainable raw material supply chain for each cluster
- d. To facilitate induction of latest technology

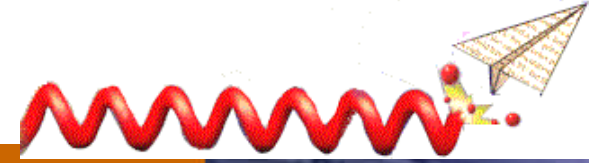




e. To address issues of small farm size and small and medium nature of processing industries through a cluster approach with stakeholders managing the supply chain.

f. To provide an institutional mechanism for producers, processors, retailers to work together to build the supply chain.



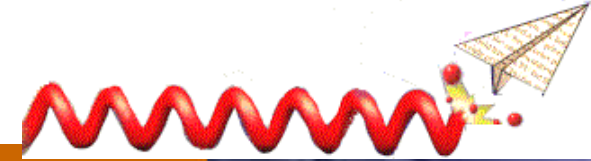


Pattern of Assistance:

(i) Financial assistance (grant-in-aid) @ 50% of the project cost in General areas and 75% for NE Region & difficult areas (North East including Sikkim and J&K, Himachal Pradesh and Uttarakhand) subject to maximum of Rs. 50 crore for creation of common Infrastructure facilities and facilities for backward and forward linkages.

(ii). Project Management fee @ 5% of the grant to meet the cost of engaging project Management agency (PMA) at apex level to assist the Ministry and also domain consultancies for SPV.





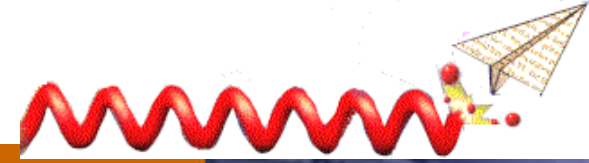
Physical and Financial Targets for 11th Plan

- Physical target : 30 proposals
- Financial target: Rs.1575.00 crores

Approval Details:

- a. Approval of Scheme:
24-10-2008
- b. Issue of Operational
Guidelines: 24-10-2008

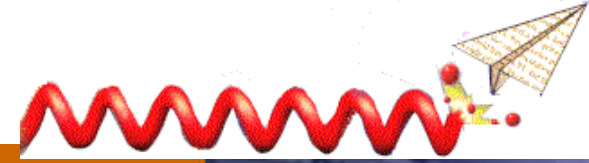




Action Plan for 2009-10:

On receipt of satisfactory evaluation reports in respect of 10 Mega Food Parks taken up in the 1st phase, Cabinet will be approached for upscaling of the scheme for taking 20 more Mega Food Parks, during the 11th Plan Period.



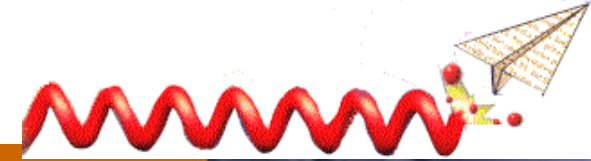


Integrated Cold Chain Infrastructure

Objective of the scheme:

- to provide integrated and complete cold chain and preservation infrastructure facilities without any break, from the farm gate to the consumer.
- to enable linking groups of producers to the processors and market through well equipped supply chain and cold chain.





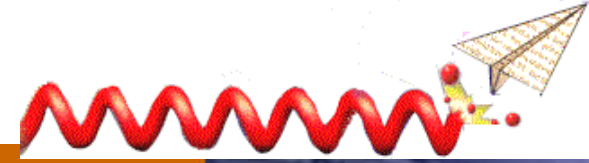
Pattern of Assistance:

Financial assistance (grant-in-aid) of 50% the total cost of plant and machinery and technical civil works in General areas and 75% for NE region and difficult areas (North East including Sikkim and J&K, Himachal Pradesh and Uttarakhand) subject to a maximum of Rs 10 Crore.

Physical and Financial Targets for 11th Plan

- Physical target : 30 proposals
- Financial target: Rs.210.00 crores





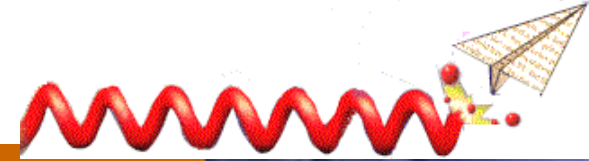
*No specific allocation for cold chain as cold chain was one of the component of Scheme for infrastructure Development during 10th Plan Period.

** Including expenditure on food park, cold chain etc.

Action Plan for 2009-10:

(i). EFC recommended that 10 cold chain proposals may be taken up in the first phase. After showing the progress of implementation of the 10 proposals and evaluating the Scheme in its med-term





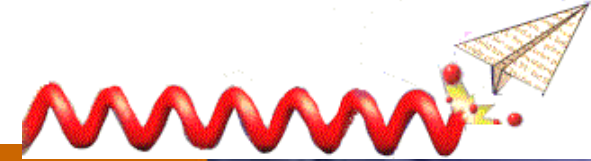
Contd...

Action Plan for 2009-10:

correction, if any, EFC is to be approached again for upscaling the number of proposals from 10 to 30 to be considered during the 11th Five Year Plan.

- (ii) Ministry will approach EFC for upscaling the number of proposals from 10 to 30 again after evaluating performance of 10 cold chain proposals approved by Ministry during 2008-09.



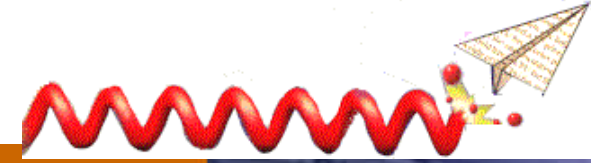


Modernization of Abattoirs

Aims/Objectives of the Scheme

- Scientific and hygienic slaughtering of the Animals.
- Application of modern technology for slaughter waste management and pollution control.
- More humane treatment of animals/ minimizing transportation of animals.
- Better by -product utilization/ value addition.
- Providing chilling facility to prevent microbial activity in slaughtered animals.
- Better hygiene, safety and retail cold chain management.
- Better forward linkage facilities for finished meat & meat products.



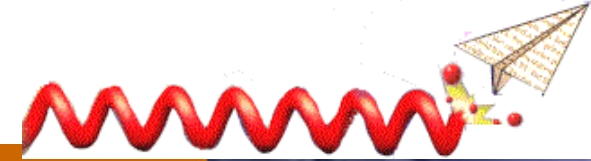


XIth Plan

- The scheme will be implemented with involvement of local bodies (Municipal Corporations and Panchayats) and will have flexibility for facilitating involvement of private investors through competitive bidding.
- Financial assistance (grant-in-aid) would be provided at 50% and 75% of cost of plant & machineries and technical civil work in general and difficult areas respectively, subject to maximum of Rs. 15 crores for each project. Technical Consultancy fee @ 5% of grant will be provided to meet cost of engaging Technical Consultancy firms at apex level to assist the Ministry.
- Allocation is proposed for two components of the scheme during the rest of XIth Plan.
- Setting up of New Abattoirs/ Modernization of Existing Abattoirs. (i) Rs. 470.55 crores as grant-in-aid for setting up of 40 new abattoirs and modernization of 110 existing abattoirs. (ii) Rs. 23.53 crore for Technical Consultancy fees @ 5% of grant-in-aid.

Date of Sanction of the Scheme-9/9/2008.

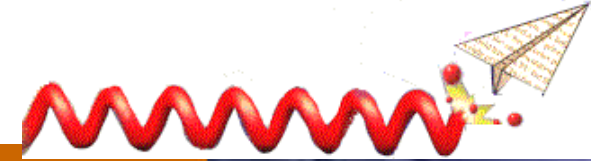




Physical and Financial Targets for 11th Plan

- Physical Target: 50 New Abattoirs, 110 Modernization of existing Abattoirs
- Financial Target: Rs. 599.55 Crores
 - a) Approval of Scheme: 09/09/2008
 - b) Issue of Operational Guidelines: 09/09/2008





Scheme for Technology Upgradation/Establishment/Modernization of Food Processing Industries

Aims

Creation of new processing capacity and up-gradation of existing processing capabilities

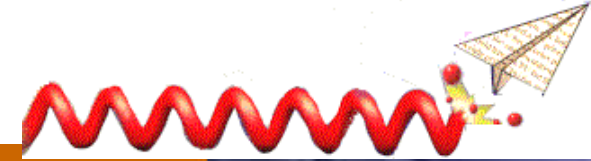
Modernization of Food Processing Sector

- **Milk Fruit & Vegetables**
- **Meat / Poultry / fishery / cereal / consumer / oil seeds / rice milling / flour milling / pulse / agri – horticulture**

Quantum Of Grants

- **For General Areas** – Grant upto the extent of 25% of the cost of plant & machinery and technical civil works subject to a maximum of Rs.50 lakhs
- **For Difficult Areas** ((North Eastern States, Jammu & Kashmir, Uttarakhand, Himachal Pradesh, Sikkim, Andaman & Nicobar Islands, Lakshadweep and Integrated Tribal Development Project (ITDP) areas) – Grant upto 33.33% of the cost of Plant & Machinery and Technical Civil Works subject to a maximum of Rs.75 lakhs



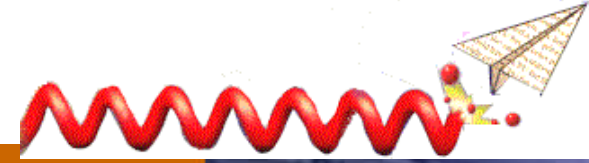


Setting Up / Upgradation of Food Testing / Quality Control Lab

Objectives

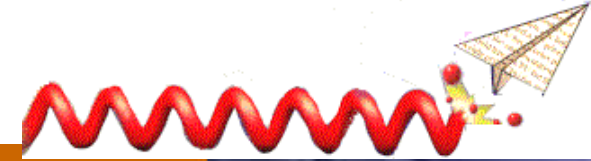
- To establish a surveillance system for monitoring the quality and composition of food
- To analyse the samples received from food processing industries, and other stakeholders.





- To reduce the time of analysis of samples by reducing transportation time of samples.
- To ensure compliance of International standards on food in case of exports as well as imports.





Pattern of Assistance

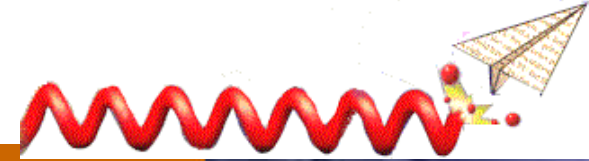
•Central/State Government and its organizations / Universities

- Equipments : 100% cost of equipments
- Furniture & Fixtures : 25%
- TCW : 25% in general areas, 33% in difficult areas

•Other implementing agencies / private sector organizations

- Equipments : 50% cost of equipments
- Furniture & Fixtures : 25%
- TCW : 25% in general areas, 33% in difficult areas



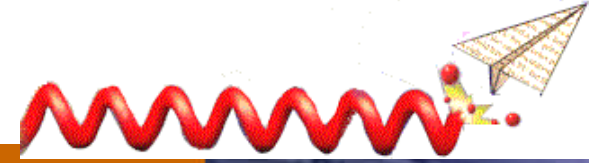


Implementation of HACCP / ISO14000, ISO22000 / GHP / GMP

Objectives

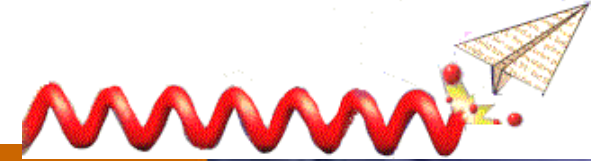
- To motivate the food processing industries for adoption of food safety and quality assurance mechanisms such as TQM including ISO 14000, ISO 22000, HACCP, GMP, GHP
- To prepare them to face global competition in post WTO Regime





- To enable adherence to stringent quality and hygiene norms.
- To enhance product acceptance by overseas buyers.
- To keep Indian industry technologically abreast of international best practices.



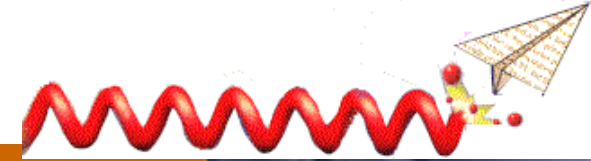


Pattern of Assistance

Central/State Government organizations, IITs, Universities and Private Sector

- 50% of cost of consultant fee, fee charged by Certification Agency, Plant & Machinery, TCW subject to maximum of Rs. 15 lakh in general areas and Rs. 20 lakh difficult areas

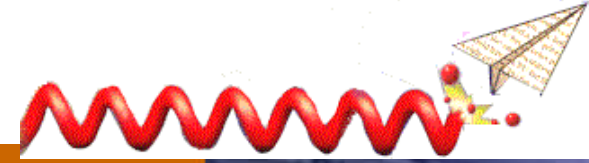




Action Plan for 2009-10

- R&D component is part of the Scheme of Research & Development, Food Laboratories, Implementation of HACCP, Codex etc and Promotional activities. The note for the said scheme was considered by the CCEA in its meeting held on 16.2.2009 and the same has been deferred. A note would be resubmitted again to CCEA on the formation of new Government.
- Reconstitution of the Techno Scrutiny Committee
- Processing of cases for the TSC & PAC approval



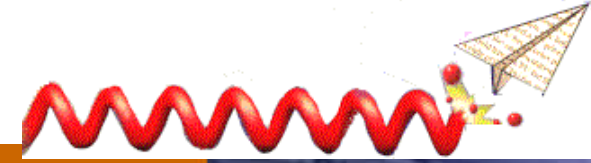


Scheme of HRD – Setting Up of Food Processing Training Centres

Objectives

Development of Rural Entrepreneurship and transfer of technology for processing of food products by utilizing locally grown raw material and providing “Hand-on” experience at such production cum training centres, while according priority to SC/ST/OBC and women minorities candidates.



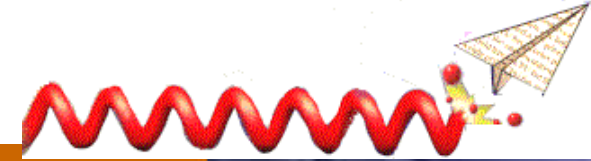


National Meat and Poultry Processing Board

Objectives

- To set up an independent autonomous body having professional and industry driven approach for systematic and proper development of the meat sector in the country.
- To establish an independent national body to work as a national hub to address all the issue related to meat and poultry sector for close liaison with various agencies/ Ministries involved in meat processing.
- To establish a single window service to producers, manufacturers and exporters of meat and meat products.
- To provide a focussed approach for the organised development of the sector on scientific lines.
- To promote and establish integrated, environment friendly modern meat processing plants / abattoirs for production of safe, wholesome and hygienic meat and meat products.
- Total cost of setting up board is 1530.85 lakhs for 3 years. Government support is 1464.27 lakhs.
- Expenditure for 2008-09 was Rs. 60 lakhs.
- An amount of Rs. 200 lakhs has been kept for 2009-10.

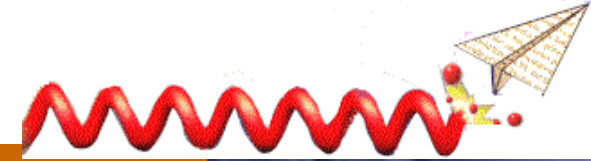




Important Objectives of IGPB

- To focus on Research & Development, Extension, Quality upgradation, market research and information, domestic and international promotion of Indian wine.
- To foster sustainable development of Indian Wine Industry
- To formulate a vision and action plan for the growth of Indian Wine Sector including research and development for quality upgradation in new technologies/processes.
- To set up facilities for wine analysis, testing for “quality” defining and label standards, certification of wine and promoting Good Manufacturing Practices (GMP)/Hazard Analysis and Critical Control Points (HACCP)/ISO 22000; 2005 etc.
To provide a platform for the advocacy of Indian wine sector.

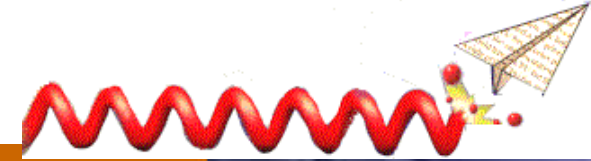




Objectives of Safe Food Towns

- Make them capable of voluntarily adopting hygienic practices in handling, preparation, storage and presentation of food stuffs.
- Provide an identity to the street food vendors, empower and bring them to the national mainstream
- Enhance their Economic Condition
- Improve their Health status





Pattern of Assistance

- Capacity-Building and DPR Preparation:
 - Rs. 13.00 Lakhs for about 1000 vendors in four installments in the ratio of 10:40:40:10
- Assistance towards safe and hygienic Food-Cart/Kiosk
 - A single installment for the grant towards 25% of the cost of Food-Cart/Kiosk limited to Rs. 7,500/- per cart/kiosk
 - Remaining amount to be funded through beneficiary's own contribution or would be suitably assisted for tying up through micro-finance of banks and/ or financial institutions
- Insurance premium
 - First installment towards the insurance premium will be paid by the Ministry
 - Insurance would be for:
 - Health of the vendor and 4 other family members
 - Food-Cart
 - Life insurance cover for accidental death/ dismemberment/ partial disability of the vendor



Objectives of Food-Street

- One street each in the selected city of tourist importance will be upgraded as Food-Street for attracting tourists to promote ethnic cuisine in a delightful ambience.
- Provide adequate infrastructure facilities to develop them as attractive tourist locations
- Promote Indian ethnic cuisine.

