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Q14

Elaborate the policy taken by the Government of India to meet the challenges of the food processing sector.

UPSC Civil Services Mains 2019 · GS III · 15 marks · Food Processing

Food processing and related industries in India - scope and significance, location, upstream and downstream requirements, supply chain management.

Core demand of the question

- Elaborate Government of India policy to meet food-processing challenges
- Name **SAMPADA / PMKSY**, **Mega Food Parks**, cold chain, **Operation Greens**, **FDI**, **FSSAI**
- Link policy to wastage, farmers, and jobs

Revision summary

Food processing must cut perishable wastage, formalise units, and raise farm prices in a glut.

Mega Food Parks and integrated cold chain are the cluster and logistics tools.

SAMPADA / PM Kisan SAMPADA Yojana is the umbrella; **Operation Greens** began with tomato, onion, and potato.

100 per cent **FDI** and **FSSAI** standards bring capital and safety.

Success needs FPO contracts, a full reefer network, and power and GST that let units stay formal.

Introduction

- **Food processing sits between the farm gate and the plate:** milling, dairy, meat, fruit pulp, ready-to-eat. India's challenge is **seasonal glut, high wastage of perishables, a thin cold chain, mostly informal units, and weak brand-and-export standards**. Policy since the 2000s, and especially **SAMPADA (2017)** - later aligned as the **Pradhan Mantri Kisan SAMPADA Yojana** - tries to put **parks, cold chains, and grants** where private capital will not go alone.

Body**The challenges the policy is answering**

- **Post-harvest loss** of fruit, vegetable, milk, and fish for want of pack-houses, reefer vans, and processing within hours of harvest.
- **Small and scattered** farm lots that processors cannot contract cheaply without **Farmer Producer Organisations**.
- Informal processing that fails **Food Safety and Standards Authority of India (FSSAI)** tests and export audits (**APEDA, MPEDA**).
- Credit, power, and skilled operators short in rural clusters.
- A cereal-heavy public food system while horticulture and protein need a different logistics spine.

Core scheme architecture

- **Mega Food Parks:** industrial plots with common infrastructure (cold storage, quality lab, effluent) so many units share cost. Slow land and anchor-unit problems have limited success, but the model is the flagship cluster tool.
- **Integrated Cold Chain and Value Addition** scheme: from farm-level pack-house to distribution hub, including irradiation in some projects.
- **SAMPADA / PMKSY (food processing):** an umbrella that also funds **agro-processing clusters, backward and forward linkages, food testing labs, operation greens**, and creation of **backward linkages** with farmers.
- **Operation Greens (2018-19 Budget):** started with **tomato, onion, potato (TOP)** to tame price crashes and spikes through storage and processing - later logic extended to more perishables.
- **Scheme for Creation of Backward and Forward Linkages and food processing capacity** grants for new units and modernisation of existing ones.

Investment, standards, and trade policy

- **100 per cent foreign direct investment** under the automatic route in food processing (and, with conditions, in trading of food products manufactured in India) to bring capital and technology.
- **FSSAI:** licensing, hygiene ratings, fortification standards, and training of street and small processors so the informal majority is not only punished but upgraded.
- **Make in India** and skill programmes (food processing courses) to staff plants.
- **Tax and infrastructure:** GST rates on processed food remain a live debate because a high rate kills formalisation; electricity and last-mile roads decide whether a park is a real plant or a shed.
- **Export: APEDA** for processed horticulture; marine and spice boards for their slices. Policy is to move from raw commodity export to **value-added** lots.

What still fails and what to add

- Parks without **assured raw material** and a working **anchor** stay empty. Tie parks to FPO contracts and horticulture clusters, not only to a land allotment.
- Cold chain must be a **network** (pack-house plus reefer plus retail freezer), not a single warehouse for a subsidy claim.
- Working capital and **seasonal credit** for processors who buy in a three-week glut.
- Align **MSP-procurement** so it does not pull all public energy into rice and wheat while perishables rot.
- Strengthen **contract-farming** rules that protect the farmer's price without scaring the processor off.
- **Waste-to-value:** biogas and pectin from peels as a parallel policy, not an afterthought.

Flow diagram

Wastage informal thin cold chain -> SAMPADA PMKSY

SAMPADA PMKSY -> Mega Food Parks

SAMPADA PMKSY -> Integrated cold chain

SAMPADA PMKSY -> Operation Greens TOP

FSSAI FDI APEDA FDI APEDA -> SAMPADA PMKSY

FPO farm links farm links -> Mega Food Parks

Conclusion

Government policy meets food-processing challenges with **Mega Food Parks**, cold-chain grants, the SAMPADA/PMKSY umbrella, **Operation Greens** for TOP crops, **FDI**, and **FSSAI** standards. The map is right. Delivery fails when parks lack raw material, cold chain is a single warehouse, and GST or power keeps units informal. Link FPOs to plants, finish the reefer chain, and treat perishables with the seriousness given to grain.

Facts & figures

SAMPADA / PMKSY

Umbrella food-processing scheme (2017 onward) for parks, cold chain, clusters, labs, and linkages; branded as Pradhan Mantri Kisan SAMPADA Yojana.

Mega Food Parks

Cluster parks with common infrastructure so many processing units share cost near production belts.

Operation Greens

2018-19 Budget scheme to stabilise tomato, onion, and potato through storage and processing.

FDI

100 per cent foreign direct investment under the automatic route in food processing to bring capital and technology.

FSSAI

Food Safety and Standards Authority of India: licensing, standards, and hygiene that processed food must meet for domestic and export markets.