

## Despite 6.2 percent growth, India's agro industry lags behind

India's agro-industry has miles to go before it catches up with the rest of the world. Its share in the agro-products of developing countries has gone up only marginally from 3.1 percent in 1995 to 3.8 percent in 2005, despite growing at 6.2 percent in the 10-year period.

China tops the list by accounting for 26.5 percent of the total agro-products in developing countries, says the UN Industrial Development Organisation (Unido) International Yearbook of Industrial Statistics 2007.

'Malaysia's and India's agro-industry grew on average by 8 and 6.2 percent respectively over 10 years (1995-2005), while the regional agro-industry growth performed at 5.7 percent,' the report states.

India's agro-industry employment share, says the Unido report, in total manufacturing formal employment is only 1.2 percent, while it is 9.5 percent in the Philippines, 8.8 percent in Malaysia and 7.6 percent in China.

'There is tremendous potential in India for the growth of the agro-industry. It is happening in other countries, but not in India. What is needed is proper coordination with farmers, and adequate processing infrastructure for agro-products,' P. Chengal Reddy, secretary general of the Consortium of Indian Farmers Associations (CIFA), told IANS.

According to an official estimate, the food-processing sector has the largest employment generation potential.

It generates employment for 54,000 people per Rs.10 billion investment, while in textiles the job potential is 45,000 and in paper it is 25,000.

The employment generation in medium, small, and micro enterprises in food processing increased from 3.8 million in 2002-03 to 4.5 million in 2006-07.

Reddy said the lack of infrastructure and technical know how was causing a huge loss of agro products, particularly perishable products like fruits and vegetables.

'India loses agro products worth Rs.1 trillion every year caused by transport loss, post-harvest poor storage facilities and the use of pesticides,' Reddy said.

'Though India is the second largest producer of fruits and vegetables in the world, the level of processing is only about 2.2 percent'.

Officials in the ministry of food processing industries (FPI), however, paint a rosy picture, claiming that the food-processing sector will generate over a million jobs in due course when different initiatives start bearing fruit.

'Foreign direct investment (FDI) in food processing sector has gone up from Rs.1.75 billion in 2004-05 to Rs.4.41 billion in 2006-07,' a senior ministry official said.

The government has permitted FDI up to 100 percent in the food processing sector.

The FPI ministry is proposing mega food parks in different parts of the country with strong backward and forward integration facility, and integrated cold chain at the farm gate level, collection and strategic distribution centres.

The ministry's Vision Document 2015 on food processing industries intends to increase the processing of perishables from six to 20 percent and share in global food trade from 1.5 to 3 percent by 2015.

'In order to meet the estimated investment of Rs.2 trillion to accelerate the growth in food processing industries, the government will chip in 10 percent, while the rest of funds will come from financial institutions and private investors or FDI,' the official said.

*Rajeev Ranjan Roy ( © IANS / India eNews)*