

# Cultivating Growth: Unveiling the Potential of India's Agriculture Food Processing Sector at WIC

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## Agriculture & Allied sector

The agriculture sector continues to be the prime pulse of India's economy and driver of the nation's socio-economic development. In recent years, India has emerged as the net exporter of agricultural products, with export value amounting to \$43 Bn+ in FY 2022-23, registering a ~6% year-on-year increase.

Creating an Agri-Export Policy for the first time in India has led to nationwide logistics and infrastructure development, creating more than 100 district-level hubs connecting the district to the global markets. The number of Mega Food Parks has increased from 2 to more than 20, and India's food processing capacity has increased from 12 Lakh Metric Tonnes to more than 200 Lakh Metric Tonnes, which is a 15-time increase in the last 9 years.

The remarkable feat has been made possible through continuous efforts by the government to increase crop production and promote crop diversity, ensuring certainty of return for farmers through price support, horticulture best practices and organic farming. Besides, the export promotion activities under the Agriculture & Processed Food Products Export Promotion Scheme aimed towards infrastructure & market development and quality control have played a key role in increasing exports.

## Government Support for Agriculture & Food Processing

Realising that the agriculture sector is at the epicentre of the country's journey towards becoming truly Aatmanirbhar with farmers at its core, the government has introduced pro-farmer initiatives for their upliftment and empowerment. The **PM Kisan Samman Nidhi Scheme** is the world's largest direct benefit transfer scheme, providing income support of INR 6000 in three easy instalments to all land-holding farmer families. The government has disbursed over INR 2 Lakh Cr to more than 11 Cr farmers.

**Pradhan Mantri Fasal Bima Yojana** provides a simple and affordable crop insurance product to ensure comprehensive risk cover for crops to farmers against all non-preventable natural risks from pre-sowing to post-harvest and to provide adequate claim amount crop insurance at the lowest premium. The scheme is the largest crop insurance scheme in the history of independent India, giving insurance coverage to over 29 Cr farmers since its inception in 2016.

To enhance water accessibility for crop production, the government launched **Pradhan Mantri Krishi Sinchai Yojana**. Over 463 Ha of land across India have been covered under micro-irrigation systems. **The Agriculture Infrastructure Fund**, launched as part of the Aatmanirbhar Bharat Package, is playing a crucial role in closing existing infrastructure gaps and mobilising investment in agriculture infrastructure. The fund of INR 1 Lakh Cr under the scheme will be disbursed from FY 2020-21 to FY 2025-26, and the support under the scheme will be provided for the duration of FY2020-21 to FY2032-33.

Allied sectors like the food processing industry account for 32% of the country's total food market, ranking fifth in terms of production, consumption, export and expected growth. Besides, India's food processing industry provides ~12% employment in the registered factory sector. Moreover, India has around 3319 DPIIT-recognised startups in the food processing sector as of April 10, 2023, spread across 425 districts.

**The Production Linked Incentive Scheme for the Food Processing Industry (PLISFPI)**, with an outlay of INR 10,900 Cr from 2020-21 to 2026-27, supports the expansion of processing capacity, enhances the presence of strong Indian brands in the global market while promoting the creation of more employment opportunities for off-farm jobs and ensuing high income for farmers.

Other major schemes, such as **Pradhan Mantri Kisan SAMPADA Yojana (PMKSY)**, have been implemented to create modern infrastructure with efficient supply chain management from farm gates to retail outlets. The scheme has assisted in generating total employment (direct and indirect) of ~13 Lakh from various component schemes of PMKSY since their inception.

**Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) scheme** aims to enhance the competitiveness of individual micro-enterprises in the unorganised segment of the food processing sector. Under the scheme, 194589 applications have been submitted from 2020-21 to 2023-24, while 61230 loans have been sanctioned over the same period.

## Food processing in India

India's agri-food processing market is projected to grow exponentially in the coming years, owing to rapid population expansion, urbanisation, and rising demand for enhanced quality and variety of foods. The food processing industry has received FDI inflow worth \$12,354 Mn from April 2000 to September 2023. By 2025, India's food processing market is estimated to reach \$535 Bn, growing at a compound annual growth rate of ~15%. The major growth centres will include the Tier-II and Tier-III cities by consuming more processed food in the coming years.

To keep up with the rising demand, India is ready to lead its frontier in the new agriculture revolution, known as agriculture 4.0 or the 'Internet of Farming'. Many new startups in the agritech space that use AI, machine learning, the internet of things, and other new-age technology to provide services to farmers could help boost farm income and improve quality with end-to-end traceability. As per Ernst & Young report, India's agri-tech startups present a potential of \$24 Bn by 2025 - dominated by segments like supply chain tech and output market linkages, precision agriculture and farm management, quality management and traceability and market linkages - farm inputs.

However, many agri-startups come from humble backgrounds and need financial backing. The agriculture sector attracts less attention from private investors, who are primarily interested in quickly multiplying their investments. Global investments could open new doors for Indian agritech startups, which could ultimately fuel the Indian economy.

## New India Opportunity at WIC

The WAIPA World Investment Conference (WIC) is an event organised by the World Association of Investment Promotion Agencies (WAIPA) to enable discussions on current economic and social issues. The forum provides a platform to attract and facilitate foreign direct investment, bringing together investment promotion agencies (IPAs), government officials, business leaders, and other stakeholders worldwide. The forum enables the exchange of information and expertise on the latest technologies, branding and exports, and current market trends, reshaping the agriculture food processing industry globally. Besides, long-term private capital from global investors could help India achieve their potential in the agriculture food processing industry.

When it comes to foreign investments, the agriculture sector remains the most crucial segment since India is an agrarian economy. FDI could help progress the scientific and technological advancements in the agriculture and food processing sectors. As per the current government regulation, 100% FDI is allowed in the agriculture and allied sectors. Besides, an infusion of capital could help increase productivity, establishing India as a leading exporter.

WAIPA World Investment Conference (WIC) is your getaway to the delectable New India Opportunity in the food processing, agri-tech and agriculture sectors.

Register now for the presentation on "Investments in Food Processing & Agri Business" at the 27th World Investment Conference here: <https://waipa.org/wic-register/>