

1. What do you understand by the food value chain? Explain with the help of suitable examples. What are the challenges related to the value chains of India's food processing industry? Examine.

Approach

Candidates can start the answer with giving basic idea of food value chain also with giving an example highlight the challenges of FPI in India.

Introduction

Food value chain is the process of the flow of goods. It includes the movement and storage of raw materials, inventory and finished goods from point of origin to point of consumption.

Body

Example:

- Raw materials like grains, raw meat, fish etc are collected by different sources. These sources may do preliminary processing of these to make components of a food product. The manufacturer does the final processing of these components to make the food product. This completes only the first stage of supply management.
- Now the finished product has to be delivered to the consumer. Here there will be a number of middlemen and stages. The manufacturer normally hands over the food product to a wholesale dealer. The wholesaler passes the product to a retailer from where the consumer buys the processed food item for his personal use.
- Thus, Supply Chain Management is the management of the upstream and downstream value-added flow of materials from suppliers → company → retailer → final consumers.

Challenges faced by India's food processing sector:

- Underdeveloped processed food market: Indian processed food market is still evolving and still is at its infancy stage.
- Fragmented supply chain: The long and fragmented supply chain results in the wastage and price escalations. This is because of the large share of unorganised players in the supply chain and operating commercial viability challenges.
- Inadequate cold storage and warehousing facilities: Warehousing is a key requirement in the overall supply chain it is mostly dominated by unorganised players. 20% of warehousing is organized currently with 70% of the organised market controlled by the Government.
- Fragmented market: Indian retail sector is still dominated by small traders and Kirana shops. This poses a serious challenge in building of consumer base.

- Other issues: Apart from the above areas of concern, other issues such as Lack of applied research, Taxation issues, access to credit, obsolete technologies, etc. persist in the sector.

Logistics issues:

- Indian national highways account for only 2% of the total road network but carry 40% of all cargo.
- Port capacity may be increasing, lack of connectivity to these ports leads to cost escalations and delays in the goods transferred.
- Lack of last-mile connectivity from rail transporters.

Conclusion

Thus, FPI presents immense opportunities to boost processing levels and attract investments in this sector. Further, the growth of the food processing sector will be led by the demand in retail and the rise of health-conscious consumers.

Q-2 India's food processing industry has lot of untapped potential to fill in the employment gap in the economy. Do you agree? substantiate .

Approach -

In this question candidates need to write their opinion on how India's food processing industry has lot of untapped potential to bridge the employment gap in economy. substantiate their views in second part of answer.

Introduction -

Food Processing includes process under which any raw product of agriculture, dairy, animal husbandry, meat, poultry or fishing is transformed through a process in such a way that its original physical properties undergo a change and the transformed product has commercial value and is suitable for human and animal consumption.

Body -

- The food processing industry in India is increasingly seen as a potential source for driving the rural economy as it brings about synergy between the consumer, industry and the farmer.
- A well-developed food processing industry can increase farm gate prices, reduce wastage, ensure value addition, promote crop diversification and increase export earnings.
- However, food processing activity is still at a nascent stage in India with low penetration. The challenges for the food processing sectors are diverse and demanding, and need to be addressed on several fronts to derive market benefits.

- Some of these challenges are: Inadequate infrastructural facilities; GST implementation; access to credit; lack of applied research; constraints on quality of inputs; and food safety laws.
- India's food processing sector continues to grow in response to changing demographics,
- Inadequate infrastructure-While the Indian national highways account for less than 3 per cent of the total network, they carry 40 per cent of all cargo, which puts a lot of pressure on the highways due to high traffic volumes, leading to delays in transit.
- We need to:Develop dedicated freight corridors in rail, supplemented by concrete dual carriageways for the State and national highways, which will directly reduce the cost of goods supplied,
- Implementation of GST-The government should ensure timely implementation of GST to provide incentives to the food processing sector, while removing subjectivity in treatment and classification of various food products.
- Access to Credit-The Government should establish a national bank, on the lines of Nabard, or extend the scope of Nabard, to lend credit to food processing industries. This will ensure speedy disbursement of funds to the food processing sector, which is always grappling with the issue of lack of access to credit from banks.

To bridge employment gap in economy

- By 2024, food processing sector is expected to employ 9 million people in India and expected to generate about 8,000 direct and 80,000 indirect jobs as per ASSOCHAM.
- Farm related employment in agricultural sector (Allied activities like dairying), self-employment opportunities particularly to women, development and management of infrastructural facilities like storage and processing centers, transportation network, research and innovation to add value to the product and others.
- Over 16 % of the total workforce in the organized sector and 32 % in the unorganized manufacturing sector are employed in the food processing industries. The industry employs nearly 15 million people directly and 37 million indirectly.
- The food processing industries has an enormous potential to boost India's Economy.
- India with large raw material base in the agricultural sector can overcome the increasing problems poverty and unemployment rate in the rural areas through this sector.
- Therefore it is of vital importance to take measures to boost the growth and development of these industries through increasing government interventions and policies.
- India is one of the top rankers in the production of bananas, guavas, ginger, papaya etc although processing levels in the country remain limited, which indicates an extensive opportunity in the food processing sector.
- Government of India has come out with SAMPADA scheme to give boost to Food Processing Industry in the country.

- Thus the policymakers have identified food processing as a key sector in encouraging labour movement from agriculture to manufacturing.
- Women can be given training in the area of processing and can go for value addition through mango pulp processing, guava products processing such as guava leather, guava nectar and various carbonated and fresh fruits beverages.
- Foreign Direct Investment (FDI) policy: FDI up to 100%, under the automatic route is allowed in food processing industries.
- Agricultural and Processed Food Products Export Development Authority (APEDA)– an apex organization under the Ministry of Commerce and Industry – focuses on 'export' of scheduled products.
- Food Processing being a labour intensive industry will provide localized employment opportunities and thus will reduce the push factor in source regions of migration.

Way Forward-

- Food processing seems to have promising future, provided adequate government support is there.
- Food processing has numerous advantages which are specific to Indian context. It has capacity to lift millions out of under nutrition.
- Government has challenge to develop industry in a way which takes care of small scale industry along with attracting big ticket domestic and foreign investments.

Conclusion-

To fully leverage the growth potential of this vast untapped sector, the challenges being faced by the stakeholders in this sector need to be properly addressed, as there is a huge opportunity to increase prosperity from farm to fork.

Q-3- What are the current challenges of India's existing land acquisition legal framework ?Is it too stringent ? critically examine.

Approach -

In this question candidates need to write about what are current challenges of India's existing land acquisition legal framework and whether they are too stringent or lenient .Examine critically .

Introduction -

Land acquisition is required for most of the nation building projects, however, it is not a simple process and is often the sole impediment in the development.This creates friction in federal nature of our polity as the state sensitivities are sometimes not realized by Union's acquisitions.

Body -

Current challenges of of Land Acquisition Act-

The land Acquisition Act, 2013, was amended in 2015 which resulted in the following shortcomings:

- The Social Impact Assessment was a must for every acquisition in the Act but the mandatory requirement was removed for security, defence, rural infrastructure and industrial corridor projects in the amendment.
- Consent is not mandatory for government projects in the latest amendment. This can result in forceful evictions of land owners, without proper alternate arrangements for their rehabilitation and resettlement.
- Earlier, multi-cropped land could not be acquired for any purpose but according to the latest amendment, even multi-crop irrigated land can be acquired for security and social infrastructure projects.
- It leads to the issue of displacement of locals and even at times cut across ecological sensitive and bio diverse region.
- The current legal framework for land acquisition adds additional complications. The compensation, rehabilitation and resettlement provisions of the RFCTLARR Act are not in consonance with those from 13 other related laws which have been exempted from the RFCTLARR Act.
- These laws include major infrastructure-related laws such as the National Highways Act of 1956, the Metro Railways (Construction of Works) Act of 1978, the Railways Act of 1989 and the Electricity Act of 2003
- The government's sentiment towards the RFCTLARR Act is also that it is an inconvenient piece of legislation that both impedes the speed and raises the cost of land acquisition: the RFCTLARR has already been challenged at the central level via two ordinances and two amendment bills.
- With land being a State subject, States too have taken to State-specific legal reforms that bypass the RFCTLARR, many of which drop the need to conduct Social Impact Assessments (SIAs) for land acquisition and change land compensation amounts – two areas where the RFCTLARR is seen as inflexible and prescriptive by developers, but as key to ensuring people affected get a fair deal.
- All of this, compounded with the majority of existing civil cases in district courts being land and property disputes, makes for a convoluted state of affairs in governing land acquisition where no one really wins.

Land acquisition issue as a major Impediment in the development process:

- Delays important infrastructure projects and increases their costs making them unsustainable.
- Increasing NPAs in infrastructure sector can be attributed to some extent to the delays in land acquisition.
- Under the 2013 Act, land acquisition is estimated to take minimally four to five years. In addition, there remains uncertainty with respect to eventual successful completion of acquisition. There is need for a less time-consuming alternative to the current regime for private or PPP projects in areas such as rural roads, affordable housing, infrastructure and building cities remains.
- Inadequate compensation to the owners, mostly poor farmers exclude them from agriculture as well as prevent them from a decent living standard.
- Using agricultural land for non-agricultural purposes, on one hand creates infrastructure whereas on the other hand serves as an impediment in the food security.

- Poor land acquisition policies in one region can transfer the development to other regions with favourable policies.
- The land to be acquired from the land owners should be acquired either on a long lease or in the form of equity for the proposed business. This option will ensure a steady income for the affected families.
- Under the Indian Constitution, land acquisition belongs to the Concurrent List. Article 254(2) of the Constitution allows a state to amend a central act on the Concurrent List provided the central government approves of the amendment.
- Under the present government, states of Rajasthan and Madhya Pradesh have amended several labour laws that fall under the Concurrent List. The same instrumentality can be applied to land acquisition subject to the central government giving its approval.
- The role of governments should be restricted to ensuring that adequate provisions are made for the protection of interests of the landless tillers of the land to be acquired.
- In case of outright sale, open bidding through minimum prices acceptable to all landholders. Alternatively, government may take land on long-term lease rather than purchase or acquire it. Again, landowners may find this option attractive because it allows them to keep ownership of land, earn an assured return and retain the option to renegotiate the terms once the initial terms of the lease expires.
- Unfortunately, land acquisition is still an issue and is impediment to development projects. By reducing major land acquisition roadblocks like compensation issue, judicial delays etc. development in India can be accelerated. A major political push is required for this.

Conclusion-

Although the intentions are noble, but certain lacunae in the act might lead to failure in the long run. Methods to make Landowners stakeholders should be devised. State level solutions can be implemented rather than a one size fits all solution.