

Standing Committee Report Summary

Food Processing Sector under Make in India Program

- The Standing Committee on Agriculture, Animal Husbandry, and Food Processing (Chair: Mr Charanjit Singh Channi) presented its report on 'Initiatives taken in Food Processing Sector under Make in India program' on August 20, 2025. The Committee observed that the food processing industry has grown at a higher annual average growth rate than the manufacturing sector between 2013-14 and 2023-24. It noted that the industry is one of the largest employers in organised manufacturing in the country. Several initiatives have been taken under the Make in India Program for the sector. Key observations and recommendations include:
 - **Funding for the food processing sector:** The Committee noted that 100% Foreign Direct Investment (FDI) policy through government approval has been a primary growth driver for the sector. However, it identified geopolitical uncertainty as the key reason for moderation or decline in FDI over the last three years. It recommended that the government expedite the FDI approval process to incentivise investment by foreign companies. It further recommended that credit flows in rural areas under the Priority Sector Lending Scheme need to be evaluated through an impact assessment study.
 - Under the PM Formalisation of Micro Food Processing Enterprises Scheme, beneficiaries are offered credit-linked subsidies. The Committee observed that the credit availed by beneficiaries under this Scheme has declined due to delayed subsidy release by state governments. It recommended: (i) the Ministry to engage with lending institutions and states to resolve subsidy and sanctioning issues, (ii) set annual formalisation targets, and (iii) conduct regular monitoring and evaluation to maximise formalisation of food processing units.
 - **Utilisation of the Special Food Processing Fund:** A Special Food Processing Fund of Rs 2,000 crore was set up in 2014-15. This was set up with the mandate to provide affordable credit to food processing units to set up mega food parks. The Committee highlighted that out of the total fund value, only Rs 830 crore (42% of the total fund value) was disbursed until March 2025. Therefore, the Committee requested information on the following:
 - (i) lower sanctions and disbursements under the fund,
 - (ii) repayment of loans availed by mega and industrial food parks and agro processing clusters, (iii) operational capacity of the borrowers to produce as per agreed quality and quantity.
 - **Ease of doing business:** The Committee observed that changes in procedural regulations under Food Safety and Standards Authority of India (FSSAI) and exemption of licensing under the Industrial (Development and Regulation) Act, 1951 has helped ease compliance burden on food processing businesses. The Committee recommended integration of all relevant authorities on the National Single Window System. This will facilitate statutory approvals and clearances from multiple authorities on one single platform. It also recommended that the Ministry of Food Processing Industries promote participation of MSMEs in e-commerce platforms in rural and semi-urban areas.
 - **Food safety:** The Committee recommended the following to ensure food safety and quality: (i) FSSAI to increase its efforts to enhance food safety compliance, (ii) ensure availability of adequate personnel and provide capacity building training for them, and (iii) explore blacklisting of individuals alone in place of units and factories engaged in adulteration and non-compliance. In addition, it recommended all the 36 pending food testing labs be completed on a priority basis under the PM Kisan SAMPADA Yojana. It also suggested upgrading existing labs and setting up labs in regions with higher food processing capacities.
 - **Post-harvest losses:** The Committee observed that government spending in the sector has the potential to bring down post-harvest losses. To address this, the Committee recommended conducting an updated study to assess post-harvest losses in India. Further, it recommended that the Ministry should explore setting up wholly government owned cold storages, value-chain modern infrastructure, and supply chain management systems in districts.
 - **Cold chain and storage facilities:** The Committee identified the lack of adequate cold chain and storage facilities as one of the main issues under the Make in India initiative in the sector. It recommended the Ministry to prioritise allocation of resources to low-coverage regions and incentivise adoption of advanced storage technologies.

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