



In Order To Have A Global Presence, India's Food Supply Chain Needs To Be Agile, Adaptive, and Efficient. In This Context, Bring Out The Causes of Supply Chain Disruptions. Discuss What Initiatives Have The Government Taken, As Well As The Need For Public-Private Partnership In Ensuring a Resilient Food Supply Chain. (250 Words / 15 M) (GS-3 Food Processing & Related Industries)

Approach :

1. Introduction – overview of the food sector.
2. Mention the causes of supply-chain disruptions.
3. Mention the revolution in food supply chain through government initiatives.
4. Conclusion – the need for PPP.

Over the past two decades, there has been rapid growth in the food sector in India. Food production and processing are developing in tandem with the growth in the capital-output ratio. India establishes itself second in worldwide farm exports and first in the net cropped area followed by US and China. India's agricultural and processed foods are exported to the broadest ranging 120 countries. India's agriculture commodities export alone accounted for 3.50 billion US dollars in March-June 2022.

India is the **second-largest producer** of fruits and vegetables and milk, fifth-largest producer of eggs, and **sixth largest producer** of fish. The **fragmented supply chain** along with the lack of adequate cold chain infrastructure leads to inefficiency and losses in the supply chain.

Causes of supply chain disruption :

- **Intermediaries:** With no proper link between players in the supply chain, and with the presence of intermediaries there is mistrust and this lowers product quality.
- **Standards:** The absence of regulative authorities in small and medium organizations might result in less quality and unsafe products.
- **No Demand-** Supply drivers: Consumer and consumer behaviour is continuously changing. Also, the supply chain is fragmented and it results in an uneven volume demand-supply pattern.
- **Subsidized pricing:** The pricing decision of a product will vary if subsidies or reverse charge applies to a product. The involvement of third-party vendors results in price increases.
- **Improper packing and manual handling:** Quality, safety, and hygiene are being compromised by unconventional packing and human errors.
- **Lack of Organized logistics:** The poor infrastructure and lack of cold chain infrastructure results in delays and wastage.



- **Lack of adoption of Technology:** End to end supply chain visibility and optimization are missing

Revolution of food supply chains in India :

There has been a rapid transformation in the food market in India. Retail sales are **growing at 49% annually**, penetrating both urban and rural markets. The food processing industry is also growing fast to meet the demands of consumers in the urban market. Improvements and advances in the logistics sector have also seen the emergence of wholesale markets.

Up to **90%** of the Indian market is served by **Kirana stores** and other **informal street vendors**, **8%** by **supermarkets**, and **2%** by **online merchants**. The pandemic affected the food retail sector with disruptions in the food supply chain. However new opportunities emerged with the establishment of e-commerce avenues. Consumer's expectations of nutritious and high-quality food also gave an opportunity for **high-value consumer-oriented preferences** of food products.

Government initiatives :

- **National Mission on Food Processing (NMFP)** launched by the Ministry of Food Processing Industries (MOFPI) focuses on working with state and district levels for the national mission relating to planning, monitoring, regulating their policies.
- **Relaxation of Foreign Direct Investment (FDI) norms** for the sector along with 100% FDI in the marketing of food products and food products through e-commerce automatic route.
- **100 % FDI** is allowed in the food processing sector and incentives are offered to set up processing plants in Agri-Export zones or outside them.
- **The Food Safety and Standards Authority of India (FSSAI)** is working on investing in setting up food testing infrastructure across the country. 62 new mobile testing labs are to be installed along with an upgrade of 52 testing laboratories.
- The Ministry of Food Processing Industries (MOFPI) has come up with Human Resource Development (HRD) implemented through state government which focuses on creating infrastructures for training, degree and diploma courses, and entrepreneurship development programs.
- **PM Kisan Sampada Yojana** aims at promoting entrepreneurs in incorporating food processing units closer to agricultural lands. It also helps in setting up and developing of warehouse, packing, storage and transportation.
- There are many more schemes like **Operation Green**, **PM Formalization of Micro Food processing Enterprises (PMFME)**, **Production-linked incentive (PLI)**.

Need of Public-Private sector synergy : Globalization in the food industry has forced players in the organization to move into the production of non-traditional agricultural products to diversify and increase foreign exchange. India has a certain geographical advantage in terms of producing certain fruits and vegetables which have high value in the export market. Food safety has become the topmost priority. With an increase in demand for safer products, protocols regarding packing, operating, traceability, pesticide use, technology measuring contamination have also increased. **Demand in volume increases the need for private and public sectors** to work together. An efficient supply chain would require both these players to adhere to their



roles precisely.

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