



Editorials/Opinions Analysis For UPSC 27 January 2022

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Contents:

1. Unlock India's food processing potential
 2. Keeping faith
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Unlock India's food processing potential

Context:

Increasing population and unsustainable use of natural resources has increased the need to have an efficient food value chain.

Relevance:

GS-III: Food Processing

Dimensions of the Article:



1. The 'Challenge'
2. Production-Linked Incentive Scheme (PLIS)
3. Easing credit access to Food Processing Sectors
4. Need for Sustainable food value chain
5. Way Forward

The 'Challenge':

Food is the most essential requirement for every living being. It connects people together. It is tied to our community, traditions, our past and our future.



By the mid-century, the population can go up to 10 billion and the challenge to feed them requires efficient ways of production that are both economically viable and ecologically sustainable.

Recent technologies have aided revamp the traditional approach of farm to fork and with a lower environmental footprint. India, being the world's largest producers of fruits and vegetables came up with a unique Production-Linked Incentive Scheme (PLIS) to boost food



processing, to incentivise incremental sales and branding/marketing initiatives taken abroad.

Production-Linked Incentive Scheme (PLIS):

- **Investment:** A sum of ₹10,900 crore has been earmarked for the scheme
 - Under the scheme the beneficiaries are obliged to commit a minimum investment while applying for the scheme.
 - In the next two years, the sector is likely to witness at least ₹6,500 crore worth of investment.
- **Export Market:** With reference to the export market, it is now established that sales promotion is positively related to increased sales volume, but inversely related to profitability.
 - To bridge this gap, of the 13 key sectors announced under the PLIS, the 'Food Processing PLIS' earmarks a dedicated Category 3 for supporting branding and marketing activities in foreign markets to increase India's share of value-added products in the exports basket.
 - It aims to leverage untapped markets of Europe, the Middle East/West Asia, Africa, Oceania and Japan.
- **Recent figures:**
 - **Study in United States:** It found that 1% increase in public infrastructure, increased the food manufacturing output by 0.06% in the longer run.
 - This correlation holds good for India as well.
 - **Performance of states:**
 - Higher investment is being concentrated in the States such as Andhra Pradesh, Gujarat, Maharashtra, Tamil Nadu and Uttar Pradesh.
 - **Good Governance Index 2020-21:** These states ranked highest in the 'Public Infrastructure and Utilities' parameter with 'Connectivity to Rural Habitations' showing the highest improvement.

Easing credit access to Food Processing Sectors:

- For the last two years, the coronavirus pandemic has accelerated the demand for products such as ready-to-eat. This is mainly attributed to the fact that a significant number of people working from home.
- According to Netscribes (global data and insights firm), the ready to eat market saw a rise of approximately 170% in sales volume between March-June 2020.
- The pandemic has bolstered consumer awareness of functional foods, which is expected to provide a launchpad for health-orientated start-ups and micro-food processing units.
- **What is the problem?**



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- Access to Finance is a perennial problem of micro, small, and medium enterprises (MSMEs).
 - This is mainly due to lack of proper credit history mechanism for MSMEs.
 - **How can this be improved?**
 - Smart financing alternatives such as peer-to-peer (P2P) lending hold potential for micro-food processors. Example: MUDRA Bank, or Micro Units Development and Refinance Agency Bank.
 - Access to working capital has in theory been addressed by the Trade Receivables Discounting System (TReDS), a platform for facilitating the financing/discounting of trade receivables of MSMEs through multiple financiers.
 - However, the platform requires considerable scaling-up and simultaneous enforcement of stringent measures for corporates to comply with.
 - Integrating the TReDS platform with the Goods and Service Tax Network's e-invoicing portal will make TReDS more attractive and give relief to financiers.

<https://www.youtube.com/watch?v=aXXctIzII-w>

Need for Sustainable food value chain:

- Increasing population coupled with changing food habits and unrestricted use of natural resources has emphasised the need for Nations to come together and lay a road map for a common efficient food value chain.
- **New alternatives** to replace staple food like rice and wheat:
 - Nutri-cereals
 - Plant-based proteins
 - fermented foods,
 - health bars and
 - fresh fortified foods for pets

Way Forward:

- PLIS scheme has created an enabling ecosystem for innovation in both food products and processes by favouring new brands in the category.
- The ability of nations to feed their populations can be an significant indicator to measure the progress of Nations in the future.



[-Source: The Hindu](#)

Keeping faith

Context:

The Pakistan Hindu Council has requested India to allow pilgrims of both countries to travel by air to avoid cumbersome journeys.

Relevance:

GS II: India and its Neighbourhood, Effect of Policies & Politics of Countries on India's Interests

Dimensions of the Article:

1. Weakening ties between India and Pakistan
2. Religious exchange between India and Pakistan
3. Current Scenario
4. Significance
5. Way Forward

Weakening ties between India and Pakistan:

- The ties between the two countries are at their worst ever in peace times, with no political dialogue at a bilateral or multilateral level for over five years.



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- India has stopped normal communications and cultural exchanges with Pakistan after many terror attacks.
 - Pakistan also stopped all trade ties with India after the Government's moves on Article 370 in Jammu and Kashmir.
 - Both the countries have downsized their diplomatic missions.
 - Subsequently the COVID-19 pandemic virtually sealed the borders for almost two years, with only few direct routes operating between them.

Religious exchange between India and Pakistan:

- Religious exchange between India and Pakistan is governed by a protocol signed in 1974.
- Religious exchange mainly involves Muslim pilgrims from Pakistan, and Hindus and Sikhs from India moving across the borders.
- **The Kartarpur corridor:** It was inaugurated in November 2019, was an example of the exception made by the Governments for faith based travel.
 - This gains significance in the backdrop of a terror attack that was carried out in Pulwama in February, in the same year.
- **Travel route for Sikh Pilgrims:** Hundreds of Indian and Pakistani pilgrims cross over at the Wagah/Atari border to travel from Indian Punjab to the Pakistani Punjab province. This route is easy compared to further circuitous journey. Significant pilgrim sites include:
 - Hinglaj Mata Mandir in Balochistan
 - Paramhans Mandir in Khyber Pakhtunkhwa
 - Ajmer Sharif dargah in Rajasthan
 - Nizamuddin Aulia in Delhi

Current Scenario:

- A conscious attempt is being made by the two countries to make an exception for faith-based travel between the two countries.
- To avoid the extra time in travel, the Pakistan Hindu Council, has signed a MoU with Pakistan International Airlines (PIA) to facilitate pilgrims from Karachi and Lahore to fly direct to Indian cities this week, with a view to also allowing reciprocal air charters from India.
- This is the first time that pilgrimages would be accorded this facility and also this would be the first time such air travel has taken place in years.
- Pilgrims are allowed to travel after critical examinations from both sides to avoid possible security threats.



Significance:

- [Weakening ties](#) between the two nations could have even led to cancelling the movement of pilgrims.
- Despite the current tensions and concerns over a serious military confrontation between the two nations, such people-to-people initiatives can help build some goodwill between India and Pakistan.
- No evident harm can be caused from such moves on National interests. The recent examples include-
 - LoC ceasefire announcement in February
 - the decision to reopen the Kartarpur corridor in November
 - Government's nod for cricket under the T20 World Cup
 - Other sporting events

Way forward:

- Indian Government as a response can deny the request. But it may prove wiser to give the proposal some deliberate consideration.

-Source: The Hindu