

1. Agro-Industries to Increase Farmer's Income

Context:

- The NSSO survey on employment estimated about **49% worker's major livelihood support coming from agriculture**. Added to that **70% of our population lives in rural areas** (census 2011) whose income augmentation should be the number one priority.
- The added feature **in Indian Agriculture is the marketed surplus of the commodities has been increasing**, demanding more post-harvest management and processing to provide adequate shelf life to the produce for negotiating the market.

Income and Employment Opportunities:

- One of the critical areas that can enhance the income of the rural households is to provide higher opportunity in agro-based food and non-food activities.
- The Annual Industrial Survey shows that **agro-industries contribute about 36% of the industrial employment**.
- Additionally, the substantial employment is generated in production agriculture and the supply chain.
- Agro-food processing industries have the potential to generate directly significant employment in production activities and also indirect employment through its forward and backward linkages.
- This employment will be in rural areas where these industries have to be located near the source of raw materials, especially perishable agricultural products.
- These industries would help in reducing post-harvest losses and wastes as well as in using by-products more efficiently.
- This can increase rural income by fetching better prices to producers and also consumer welfare by increasing the availability of agricultural consumer goods.

Major Constraint for the Growth of this Industry:

- Investment in infrastructure comprising roads, electricity, and communication would reduce agribusiness costs and induce the private sector to invest in agro-processing, cold storage facilities, refrigerated transportation and retail chains.
- Institutional arrangements such as contract farming, producers organizations and cooperatives that provide farmers easy access to markets, distribute price risks, and reduce marketing and transaction costs can go a long way in pushing high value agriculture.

Food Processing Industry:

- FPI is one of the **Major Employment Intensive Segments Contributing 11.5% of employment generated**. The food processing industries covers a wide range of activities utilizing farm, animal and forestry based products as raw materials.
- There are traditional agro-based industries such as rice and flourmills, sugar, khandsari and gur, manufacture of edible oils and the processing of plantation crops like tea, coffee and cashew nuts.
- There are also some relatively modern food processing industries such as dairy products, confectionery, marine products, horticultural and vegetable products as well as meat and poultry products.
- Though processing necessarily changes the basic characteristics of the raw produce, but policies relating to food processing activities apply differently in the case of different activities depending on the purpose of processing.
 - ✓ Some processing refers to necessary processing that must be done before consumption. Cereals sector belongs to this category of processing.
 - ✓ The next category of agro-based food processing is **concerned with processing and packaging in order to provide easy transportability and marketability of some food products**. The processing of milk and milk products falls in this category. This would increase the income of farmers, especially small farmers and landless agricultural labourers in the rural areas. It would also promote consumer welfare.
 - ✓ The **third category relates to processing activities which would help in extending the storage life of seasonal food products**. Fruits and vegetables belong to this category. Processing of fruits and vegetables would help in reducing post-harvest losses and would also provide stable income to the growers by eliminating the seasonal fluctuations in income.

Food processing policy of India:

- The ministry of Food Processing Industries brought out **Food Processing Policy of India in 2018**. This policy included the best practices across states and the world.
- Several initiatives have also been announced for ushering into zero post-harvest wastage by creating a **national food grid and national cold chain grid**. Increasing focus is also being given to supply chain related infrastructure such as cold chains, abattoirs and Food Parks.

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- The other such as allowing **100 per cent FDI in multi-brand retail** will have a long lasting impact on the employment generation.

Conclusion:

- The agro-industries are getting even more important in view of very impressive growth in high value commodities alongside rising income in recent years.
- The cold storage facilities need to be developed in the major production catchments so that the farmer has the option to store the produce and may hold it back when the market is saturated and sell it when shortages occur.
- Turning agro and food-processing industry into a major export industry can also create vast employment opportunities for workers since it is a labour-intensive industry.

