

Book Review

India Poised for a Quantum Leap in Agro/Food Processing (Missing Link in Doubling Farm Incomes), U.K. Srivastava and Pramila Srivastava, Ahmedabad Management Association, 2018. Pp.90. Rs.100.00.

Agro processing plays an important role in the economic development of a country through its backward and forward linkages besides having direct impact on employment. Agro processing industries in general and food processing industries in particular are critical to India's development as they establish a vital linkage and synergy between the two pillars of the economy, namely, industry and agriculture. Strengthening this link is critical to reduce wastage of agricultural raw materials, improving the value of agricultural produce by increasing shelf-life as well as by fortifying the nutritive value of food products ensuring remunerative prices to the farmers as well as affordable prices to the consumers. Adequate focus on this sector could greatly alleviate our concerns on food security. Agro processing covers a wide spectrum of products from sub-sectors comprising agriculture, horticulture, plantation, animal husbandry and fisheries. It also includes other industries that use agricultural inputs for manufacturing of edible products.

This book as a small reference book, is an updated version of an earlier publication titled 'Sustainable Rural Transformation through Agro Industries Project Analysis and Case Studies' which was published by Concept Publishing Company in 2017. The book contains eight chapters, starting with outlining present state of processing and value addition in grains, sugar based products including alcoholic beverages and non-alcoholic beverages like tea, coffee etc., in the first chapter. Second chapter presenting marketing scenario, highlights the present state of fragmented value chain and to move towards integrated value chain what are the recent reforms implemented in the field of agricultural marketing in India. Chapter three defines the concept of agro and food processing industries. Emphasising backward and forward linkages provided by agro processing industries the chapter stresses the need to forge linkages between the large and small agro processing enterprises, so that they can build upon the strength of each other. The next three chapters present the enabling conditions, drivers and desired policies which need adoption for the rapid progress of agro and food processing industries. The chapter seven of the book rightfully put forward a need for holistic approach for agro processing while the last chapter summarises the conclusions and put forward policies that need implementation in a holistic way to achieve rapid agro-industrialisation in the country. In succinct, the book presents a comprehensive

analysis of the agricultural marketing reforms and enabling policies for the impetus and rapid strides towards agro/food processing industry.

The part of agro industries that produce edible products is termed as food processing industries. The agro processing industry transforms produce into usable form, improve storage and shelf life, create easy transportable forms, enhance nutritive value and extract chemicals for other uses. The authors provide distinction between primary processing, secondary processing and tertiary processing for grains, fruits and vegetables, meat and marine products. While there is cost addition in higher degree of processing but in comparison value addition is much higher and consequently, net margins are also much higher. The entrepreneurs have to decide the level of agro processing they would take up and accordingly they decide the kind of industry to set up. Depending on the nature of agro processing, the project planning, appraisal and financing has to be decided accordingly.

More than 75 per cent of food processing in India is done by the informal and small enterprises. These enterprises are constrained by outdated and traditional technology and cater to only local markets. Obviously in such circumstances, Indian agro processing is facing a fragmented value chain fraught with multiple stake holders and intermediaries each adding to cost without making any real value addition. Nonetheless, some large enterprises are trying to vertically integrate themselves in the backward linkages with farmers and growers and forward linkages with consumers and exporters. The future trajectory of agro industrialisation is moving from small informal and unorganised enterprises to more formal and larger organisational enterprises which use advance processing technology and are more capital intensive. These large enterprises have a built in compulsion to forge linkages with farmers through means like contract farming and direct procurement from the growers. Such linkages in turn would integrate primary producers into the dynamic supply chain for both output marketing and input supply. However, this process is rather slow.

The essential enablers for integrated supply chain put forward by the authors include: comprehensive and consistent government policies at the union and state level; viable land availability for industry in general and processing in particular; availability of essential infrastructure like highways to rural roads, power, water and other basic infrastructure; protection of intellectual property rights; reforms in agriculture enabling legal provision for contract farming, direct procurement of raw material and reforming land transfer through legal provisions for leasing-in to enabling economies of scale for the small growers and so on. In addition to essential conditions, the other sufficient conditions include, skilled manpower, research and development, legal framework for FDI, implementation of food safety standards; ease of doing business, financial viability under single window system, growth of organised retail and taxation reforms including GST and legal framework for insolvency and bankruptcy.

There is a vast potential for processing and value addition to meet the rising domestic demand as well as exports. This potential can be realised effectively linking the small farmer to international markets. The value addition not only would mean better price for the farmer but it also would help reducing post-harvest losses which as per some estimates is around US\$ 13.6 billion. To overcome the problem of quality assurance of processed products, Food Safety and Standard Authority of India (FSSAI) was established which has brought Food Safety Standards Regulations in 2011. These regulations prescribe the procedure for licensing and registration of food business and covers licensing, registration conditions, sanitary and hygienic requirements for all food business. These regulations further substantiate the mandate put forward by the Quality Council of India established in 1997 for the promotion agro processing.

For integrating value chain at the backward end, there is a need for farmers' associations, producer companies and other means of involvement of small holder in the value chain like contract farming and direct procurement. Farmers' cooperatives like Amul, Safal, Hopcoms and co-operative sugar factories have benefited the small holders. The buyer driven organisations like large processing units also have built in compulsions for long term inclusive relationships which can be equally beneficial for the small holders. This has been demonstrated in case studies of e-Choupal of ITC, McCain, SV Agri, BAIF Cashew, Patanjali and so on.

A holistic approach is required in implementation of enabling policies and procedures already put in place for the promotion of agro processing. As per the authors, the foremost enabling policy towards holistic approach would be to attract the desirable agro industry to rural areas to take the advantage of nearness to raw material and cheap labour which will also help plummeting access manpower working in agriculture and bringing sustainable rural transformation. The criterion used by a manufacturing unit in locating its area for processing agriculture or horticulture produce are the following: (a) Raw material - availability of required raw material; stable relationship with farmers producing quality and desired quantity raw material; competitive price for the raw material; access to land for acclimatising the imported seeds and genetic material for healthy relation with farmers though contract farming and other means. (b) Transport facility – availability of railway track; road facility like access roads, main highways, ports etc.; and air transportation access like cargo and air freight. (c) Other utilities – reliable and adequate power supply at competitive prices; portable water supply; sewage collection, treatment, disposal and drainage facility; telephone and other means of communications. (d) In addition, other social facilities like access to hospitals, schools, colleges and availability of skilled and semi-skilled labour force and elementary training facilities for the workers, labourers and farmers. The other back end infrastructure like pack houses, cold storage, refrigerated transportation and ripening chambers which may not be available but could be provisioned by the manufacturers themselves, although that is possible only by the large manufactures.

As a part of building integrated value chains for their processing operations, large units are expected to link with farmers for raw materials. However, the basic facilities need to be provisioned for the industry including multinationals to be attracted to the rural areas to set up their plants in such areas. These basic facilities need involvement of state governments, and three tier governance of local bodies and village panchayats. In this regard, the basic reforms of agricultural marketing, only 16 states have amended APMC Act and similarly, Contract Farming and Land Leasing reforms are also yet to be implemented whole heartedly. The e-NAM although started with a lot of fanfare is yet to be implemented in intent. The ranking in ease of doing business although improved yet India is way behind advanced countries.

The authors claim that the Union and almost all state governments have created most attractive enabling environment for the promotion of agro/food processing industry. As per the authors, the enabling policies include availability of land in mega food parks, support from Pradhan Mantri Kisan Sampada Yojana, liberalisation of FDI norms, tax concessions and GST, insolvency and bankruptcy laws, quality certifications, liberalisation and growth of retail and ease of doing business. Thus, by now all the enabling conditions ever wanted by FICCI and other industry chambers and food processors including the foreign ones and retail chains are in place. Thus the book projects, rapid expansion of agro processing in India which on the ground yet appears to be a dream. Thus, the book comprehensively presents the required infrastructure and reforms in agriculture and industry and at the policy and implementation front for the rapid expansion of agro processing in India. However, it lacks in empirical intents. It does not give the true picture of the present position of India in agro processing. The analysis remains only theoretical and empirical data is completely missing. As the book is updated version of previous volume published in 2017, it would serve much better purpose if the authors can present the sectoral and regional analysis in food processing and what lessons India can learn from the neighbouring countries especially from China which has much outsized advancement in agro processing. Lastly, the book title includes missing link in doubling farm incomes. However, nowhere in the contents of the book any mention is made about how agro processing would help in doubling farmers' income and how much. Nevertheless, the book would guide the researchers in understanding the roadblocks being faced by agro processing industry in India. The book will be extremely helpful to students, academia and policy makers.

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