

‘Shortage of capital, technology hits food processing sector’

Pune, March 6 ,2009: Inadequacies continue to affect the food processing industry though the Government had implemented development measures, said Mr. Sukhbir Singh, Chief General Manager of Nabard, addressing a seminar here.

“Despite steps taken by the Government of India and the State Government, there are some critical issues that need to be addressed. These are inadequacy and quality of raw materials for processing, lack of awareness among customers about processed foods, food adulteration and inferior quality of final products, chemical and pesticide residues above minimum prescribed levels and inadequate database on production and marketing,” Mr. Singh said on Friday at the seminar on promotion of agro processing in Maharashtra through institutional credit.

Though there was potential, institutional credit from banking sector was not commensurate to the investment flowing into this sector. He said agro-based units and their associations had always expressed their concern at inadequate availability of working capital.

The food processing industry was included in the list of priority sector for bank lending in 1999.

Cash flow

The sector has a capital appetite of about Rs 2,000 crore a year. During 2006-07, the credit limit sanctioned by various scheduled commercial banks was Rs 636.38 crore and the outstanding was Rs 449.99 crore, indicating the inadequacy of bank loans to this sector.

Commercial banks that financed agro-based projects, said Mr. Singh, contributed only 22 per cent of the investment requirement of the industry. He said the exploitable credit potential of Rs 421.56 crore, assessed by Nabard for 2008-09, could be looked into by the banking sector.

Mr. Prabhakar Deshmukh, Commissioner of Agriculture, Government of Maharashtra, delivering the inaugural address, said one of the main concerns of the sector was the shortfall of institutional finance, which had always remained less than the stipulated 18 per cent bank credit every year.

Sudden food shortages experienced in the past and rising food prices were also causes of concern, he said, pointing out that due to over-dependence on monsoon, the average farm productivity had stagnated to one tonne a hectare compared with four tonnes in irrigated conditions. The State’s average is less than one tonne a hectare.

Water woes

Only 40 per cent of agriculture land in the country was under irrigation and only 16 to 17 per cent of cultivated land in Maharashtra was irrigated, Mr. Deshmukh said.

Food wastage

Mr Deshmukh said that according to the estimates of the Ministry of Food Processing, food worth Rs 58,000 crore was being wasted due to lack of adequate post-harvest management infrastructure. “There is a need to draw a comprehensive roadmap for arresting this huge wastage,” he said.

Development Plan

The Ministry had drawn up Vision 2015 entailing an expenditure of Rs 1 lakh crore. A roadmap was drawn for cluster-based and demand-driven farming and integration of food processing infrastructure from farm to market.