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FOOD PROCESSING SECTOR AND VIKSIT BHARAT 2047: GROWTH, VISION, AND STRATEGIC CHALLENGES

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ABSTRACT

The food processing sector in India has emerged as a key driver of economic growth, contributing 8.80% to manufacturing GVA and 8.39% to agricultural GVA as of 2024-25. With a market size of 26.41 lakh crore (US$307 billion) in 2023, projected to reach 60.22 lakh crore (US$700 billion) by 2030, the sector plays a vital role in employment, exports, and industrial investment. This study explores the sector's current contribution to the Indian economy, its projected Gross Value Added (GVA) target of 7.2% by 2047 under the Viksit Bharat vision, and the strategic roadmap required to achieve this transformation. It also investigates the challenges facing the industry, including low processing levels, fragmented supply chains, regulatory complexity, and workforce limitations. Using secondary data from government reports and industry publications, the study highlights the importance of infrastructure development, technology adoption, and policy support in unlocking the sector's full potential. The findings underscore the sector's role in promoting inclusive growth, food security, and sustainable development.

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INTRODUCTION

As India approaches the centenary of its independence in 2047, the national vision of Viksit Bharat, a fully developed, inclusive, and globally competitive economy, has become a guiding framework for sectoral transformation. Among the key pillars of this vision is the food processing industry, which serves as a critical link between agriculture and industry, offering immense potential to enhance farmer incomes, reduce post-harvest losses, generate employment, and ensure food and nutritional security. India is one of the world's largest producers of agricultural commodities, yet only a fraction of this produce undergoes processing. The current level of food processing in India is estimated at just 10%, compared to 65% in the United States and 23% in China. This underutilization results in significant economic inefficiencies, including annual post-harvest losses exceeding 92,000 crores. The sector contributes approximately 10.54% to manufacturing GVA and 11.57% to agricultural GVA, employing over 7 million people across formal and informal segments.

The vision for Viksit Bharat @ 2047 calls for a quadrupling of the sector's contribution to national GVA, which would require sustained annual growth of over 10%. Achieving this ambitious target demands addressing a host of challenges: inadequate infrastructure, fragmented supply chains, regulatory complexity, limited access to finance for MSMEs, and a shortage of skilled manpower. Moreover, the sector must adapt to evolving consumer preferences, global quality standards, and climate-resilient practices to remain competitive. Government initiatives such as the Pradhan Mantri Kisan Sampada Yojana (PMKSY), the Production Linked Incentive Scheme for Food Processing (PLISFPI), and the PM Formalisation of Micro Food Enterprises (PMFME) have laid the groundwork for sectoral reform. However, a comprehensive strategy integrating infrastructure, technology, policy, and human capital is essential to transform the food processing sector into a growth engine for Viksit Bharat.

This research paper aims to critically examine the challenges facing the Indian food processing sector in the context of the 2047 vision, analyze its current performance, and propose actionable recommendations for its sustainable and inclusive development.

OBJECTIVES OF THE STUDY

The major objectives of the current studies are listed below.

1. To study the contribution of the food processing sector to the Indian economy.
2. To investigate the Indian food processing Sector target GVA estimate by 2047.
3. To study the Indian food processing sector 2047 vision.
4. To explore the challenges facing the food processing sector in India.

RESEARCH METHODOLOGY

This study is based entirely on secondary data collected from reliable government and industry sources. Key data has been collected from the Annual Report 2022-23, published by the Ministry of Food Processing Industries, Government of India.

CONTRIBUTION OF THE FOOD PROCESSING SECTOR TO INDIAN ECONOMY

The food processing sector has emerged as a vital contributor to the Indian economy, accounting for approximately 8.80% of Gross Value Added (GVA) in manufacturing and 8.39% in agriculture as of 2024-2025. The sector accounts for 13% of India's total exports, including marine, dairy, and processed fruits. It represents 6% of total industrial investment, reflecting its capital intensity. India's food processing market size reached 26.41 lakh crore (US$307 billion) in 2023. It is projected to grow to 60.22 lakh crore (US$700 billion) by 2030. From 2015 to 2022, the sector grew at an average annual rate of 7.3%. The industry received 1.13 lakh crore (US$13.1 billion) in FDI from April 2000 to March 2025. Food processing comprises 32% of India's total food market, showing its scale. India is the largest global producer of milk and spices, key inputs for processing. It ranks second in fruits, vegetables, and meat production, supporting raw material supply. The sector employs nearly 2 million workers across 37,468 registered units. Government schemes like PMKSY, PLISFPI, and PMFME have boosted infrastructure and exports. India allows 100% FDI in food processing, encouraging global investment. The Southern states Tamil Nadu, Andhra Pradesh, and Telangana lead in factory registrations. Urbanization and rising incomes are driving demand for convenience and packaged foods. The sector is adopting AI, robotics, and machine learning for automation and safety. India's Agri-exports reached US$48.15 billion in 2023-24, with rice and marine products leading. Rice exports alone grew 15.22% to US$11.14 billion, a major processed commodity. The food processing sector is central to India's Viksit Bharat @ 2047 vision for inclusive growth.

Table No. 1

Contribution of Food Processing Industry (FPI) to Gross Value Added (GVA) at Constant 2011–12 Prices

(Rs. in Lakh Crore)

Sr. No.	Economic Indicator	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	GVA -All India	85.46	90.64	97.12	104.92	113.28	120.34	127.34	132.19	125.85
2	GVA Manufacturing	14.87	15.61	16.84	19.04	20.55	22.09	23.29	22.61	22.48
3	GVA Agriculture, Forestry & Fishing	15.24	16.09	16.06	16.16	17.26	18.40	18.79	19.82	20.48
4	GVA-FPI	1.30	1.30	1.34	1.61	1.79	1.93	2.36	2.26	2.37
Growth Rate (%)										
5	GVA -All India	5.42	6.06	7.15	8.03	7.97	6.23	5.82	3.81	-4.80
6	GVA Manufacturing	5.46	4.98	7.88	13.06	7.93	7.49	5.43	-2.92	-0.57
7	GVA Agriculture, Forestry & Fishing	1.46	5.58	-0.19	0.62	6.81	6.60	2.12	5.48	3.33
(%) Share in the overall GVA of										
8	GVA -FPI	1.52	1.43	1.38	1.53	1.58	1.60	1.85	1.71	1.88

9	GVA Manufacturing	17.40	17.22	17.34	18.15	18.14	18.36	18.29	17.10	17.86
10	GVA Agriculture, Forestry & Fishing	17.83	17.75	16.54	15.40	15.24	15.29	14.76	14.99	16.27
(%) Share of FPI in										
11	GVA Manufacturing	8.74	8.33	7.96	8.46	8.71	8.74	10.13	10.00	10.54
12	GVA Agriculture, Forestry & Fishing	8.53	8.08	8.34	9.96	10.37	10.49	12.56	11.40	11.57

Source- Ministry of Food Processing Industries, GoI, Annual Report 2022-23.

Table No. 1 presents a comprehensive overview of the Gross Value Added (GVA) by Food Processing Industries (FPI) in India at constant 2011-12 prices, spanning the years 2012-13 to 2020-21. The data reveals a steady increase in the GVA of FPI from 1.30 lakh crore in 2012-13 to 2.37 lakh crore in 2020-21, indicating consistent growth in the sector despite economic fluctuations. The share of FPI in overall GVA also rose from 1.52% to 1.88% during this period, reflecting its expanding role in the national economy. Within the manufacturing sector, FPI's contribution increased from 8.74% to 10.54%, highlighting its growing importance in industrial value addition. Similarly, its share in agriculture, forestry, and fishing GVA rose from 8.53% to 11.57%, underscoring the sector's role in enhancing agricultural output through value-added processing. Notably, while the overall GVA and manufacturing GVA experienced a decline in 2020-21 due to the COVID-19 pandemic, the FPI sector showed resilience, maintaining positive growth and increasing its share in both manufacturing and agriculture. This trend emphasizes the strategic significance of food processing in India's economic development and its potential to drive inclusive growth under the Viksit Bharat @ 2047 vision.

INDIAN FOOD PROCESSING SECTOR TARGET GVA ESTIMATE BY 2047-

India's food processing sector is set to play a pivotal role in the country's economic transformation by 2047. According to the Viksit Bharat by 2047 report by Grant Thornton Bharat, the target Gross Value Added (GVA) contribution from this sector is projected to quadruple from 1.8% to 7.2% by 2047.

Table No. 2

Key GVA Estimates

Sr. No.	Metric	Current Level (2021)	Target by 2047
1	GVA Contribution to Total Economy	1.8%	7.2%
2	Required CAGR to Achieve Target	-	10.4%
3	GVA in Manufacturing (2020–21)	10.54%	-
4	GVA in Agriculture (2020–21)	11.57%	-

Source: https://www.grantthornton.in/globalassets/1.-member_firms/india/assets/pdfs/viksit_bharat_by_2047.pdf

Table No. 2 outlines the key Gross Value Added (GVA) estimates for India's food processing sector, highlighting its projected growth trajectory by 2047. Currently, the industry contributes 1.8% to the total economy, with an ambitious target to reach 7.2%, requiring a compound annual growth rate (CAGR) of 10.4%. In 2020-21, the sector accounted for 10.54% of manufacturing GVA and 11.57% of agricultural GVA, underscoring its critical role in both industrial and farm-level value chains. These figures reflect the sector's potential to drive inclusive economic development and rural transformation as part of India's Viksit Bharat vision.

VISION 2047 FOR THE INDIAN FOOD PROCESSING SECTOR-

India's Vision 2047 for the food processing sector is a transformative roadmap aimed at positioning the industry as a cornerstone of national development. The goal is to increase the sector's contribution to Gross Value Added (GVA) from 1.8% in 2021 to 7.2% by 2047, requiring a compound annual growth rate of 10.4%. This ambitious target reflects the sector's potential to reduce post-harvest losses, enhance value addition, and improve farmer incomes. With India currently processing less than 10% of its agricultural output, including just 4.5% of fruits and 2.7% of vegetables, the scope for expansion is immense.

To achieve this vision, the government and industry stakeholders are focusing on several strategic enablers. These include infrastructure development such as cold chains and rural processing hubs, technology integration through AI and blockchain, and cluster-based growth under schemes like PMFME and PLISFPI. The sector also aims to increase the share of processed foods in agricultural exports, which currently stands at only 24%. By improving access to credit, ensuring cost competitiveness, and streamlining regulations, India can unlock the full potential of its Agro-climatic diversity and youthful workforce to drive innovation and entrepreneurship in food processing.

Beyond economic growth, Vision 2047 aligns with India's broader goals of sustainability and social equity. A robust food processing sector can help address critical issues such as food security, inflation, and undernutrition, especially given that over 189 million people in India are undernourished and 34.7% of children under five are stunted. By promoting crop diversification and healthier diets, the sector supports multiple Sustainable Development Goals (SDGs), including Zero Hunger, Good Health and Well-being, and Decent Work and Economic Growth. As India approaches its centenary of independence, the food processing industry is poised to become a global leader and a driver of inclusive prosperity.

CHALLENGES FOR THE FOOD PROCESSING SECTOR IN INDIA-

India's food processing sector, despite its vast potential, faces several structural and operational challenges that hinder its growth and global competitiveness. One of the most pressing issues is the low level of processing across key agricultural commodities. For instance, only about 4.5% of fruits and 2.7% of vegetables are processed, compared to 60-80% in developed countries. This leads to significant post-harvest losses estimated at nearly 30% due to inadequate cold storage, poor transportation, and a lack of rural infrastructure. These inefficiencies not only reduce farmer incomes but also affect food availability and affordability for consumers.

Another major challenge is the fragmented and complex supply chain, which involves multiple stakeholders, including farmers, processors, distributors, and retailers. Coordination across this chain is often weak, resulting in delays, spoilage, and increased costs. Small and medium enterprises (SMEs), which dominate the sector, struggle with outdated technology and limited access to capital, making it difficult to meet modern food safety and quality standards. Regulatory compliance is also a hurdle, as businesses must navigate a maze of guidelines from agencies like FSSAI, which vary by region and product type. This complexity discourages new entrants and slows innovation.

Workforce limitations further compound the sector's challenges. There is a shortage of skilled labor in areas such as food safety, processing technology, and quality control, especially in rural regions. High attrition rates and a lack of vocational training programs reduce operational efficiency and increase waste. Addressing these issues requires a multi-pronged approach: expanding infrastructure under schemes like PMKSY, promoting technology adoption through the Production Linked Incentive (PLI) scheme, and investing in skill development via initiatives like Skill India. With strategic reforms and targeted investment, India's food processing sector can overcome these barriers and emerge as a global leader in value-added food production.

CONCLUSION

India's food processing sector is poised to become a cornerstone of national development, aligning with the country's Vision 2047 goals. Its growing contribution to GVA, employment, and exports reflects its strategic importance in enhancing agricultural value addition and industrial output. The ambitious target to quadruple its GVA share to 7.2% by 2047 requires sustained growth, innovation, and investment. Despite its potential, the sector faces significant challenges such as low processing rates, supply chain inefficiencies, regulatory hurdles, and skill shortages. Addressing these issues through targeted infrastructure expansion, digital transformation, and skill development initiatives will be critical. Government schemes like PMKSY, PLISFPI, and PMFME, along with 100% FDI allowance, provide a strong foundation for progress. As India approaches its centenary of independence, the food processing industry is well-positioned to drive inclusive prosperity, global competitiveness, and sustainable economic transformation.

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