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Abstract

The study examines the food processing industry's role in India's economic growth, emphasizing its impact on food inflation, employment, and exports. The sector has evolved since independence, with significant industrialization post the Green Revolution. With rising household disposable incomes, demand for processed food has increased, leading to structural changes in agriculture and manufacturing. The study highlights how food processing connects agriculture and industry, fostering economic diversification, reducing food wastage, and creating employment opportunities.

India's food processing industry contributes 13% of total exports and 6% of industrial investment, with a market size of USD 1.3 billion. Despite India being a major food producer, only 6-7% of its output is processed, compared to 65% in the US and 23% in China. The study employs time-series and panel data analysis to assess the sector's impact, incorporating methodologies such as club convergence, factor intensity analysis, and ARDL models.

Key findings suggest that states with higher industrial output have lower food inflation rates, emphasizing the need for regional policy interventions. The study also forecasts continued growth in the industry over the next decade, driven by investment, government policies, and market expansion. Challenges include supply chain inefficiencies, infrastructure gaps, and market fluctuations, necessitating targeted policy reforms.

Overall, the research underscores the food processing industry's potential to drive India's economic transformation, advocating for better investment, technological advancements, and policy support to enhance its contribution to GDP, employment, and exports.