

1. Explain and elaborate the backward and forward linkages of food processing industry in promoting rural development. (150 words)

Answer:

The food processing industry is one of the most important sunrise (emerging) sectors in India considering its linkage to agriculture and food consumption. It employs 13 million people directly and about 35 million people indirectly.

Given the high growth and value addition in the sector, it can contribute hugely to agriculture by providing a fairly high prices for agricultural products and also relieving the pressure on central government to purchase the products on MSP. It will provide a mechanism to bring farmers, processors and retailers together and link agricultural production to the market so as to ensure maximization of value addition, minimize wastages and improve farmers' income.

A direct farmer-industry linkage can also lead to emergence of contract farming, which will lead to development of futures market, acting as a safety net for farmers, given it is well regulated and prevented from speculators. Similarly it would also minimize the Gap between Farm-Gate Price and Final Price as it would lead to reduction of intermediaries' interference. Another development in terms of forward linkage would be development of marketing network and capabilities and warehousing capacities. All these changes are likely to bring farmers more income in a sustainable manner.

However, currently the sector is developing to its potential due to lack of direct backward and forward linkages. For instance, the prevailing (Agricultural Produce Market Committee) APMC act requires companies to obtain specific permission to source directly from farmers, which hinders the development of backward linkages and increases the power of middlemen, while unnecessarily adding to the overall industry costs and reducing the farmer's share from the crop's final price.

PRACTICE QUESTIONS

Answer the following Questions

1. Explain the salient features of the recently established Defence Planning Committee. How can it help in credible defence preparedness? (150 words)
2. Recent reports of Maoist leaders having amassed huge assets in property and cash underlines the significance of probing the funding network as part of counter-terrorism efforts. Discuss. (150 words)

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