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NEDFi

North Eastern Development Finance Corporation Ltd.

DISTRICT WISE RESOURCE MAPPING ON POTENTIAL

FOOD BASED INDUSTRIES

IN ALL DISTRICTS OF

ASSAM

YES BANK

EXECUTIVE SUMMARY

TITLE OF THE STUDY

DISTRICT WISE RESOURCE MAPPING ON POTENTIAL FOOD BASED INDUSTRIES IN ALL THE DISTRICTS OF ASSAM

Assam's economy is fundamentally based on agriculture with over 70% of the state's population relying on the sector for their livelihood. A majority of state's population, almost 86% percent of an estimated 31.2 million in 2011, live in rural areas where the mainstay of business is agriculture and allied activities. Assam produces both food and cash crops. The principal food crops produced in the state are rice (paddy), maize (corn), pulses, potato, wheat, etc., while the principal cash crops are tea, jute, oil seeds, sugar-cane, cotton and tobacco. Tea is the most important cash crop in Assam and the state is well known world-wide for its quality tea.

Owing to Assam's long standing resourcefulness in terms of agrarian resources, infrastructure, human labour, policy and economic scenario as well as the government's focus on Act East Policy, it is imperative to leverage and streamline the resources in order to boost the food processing sector. For accomplishing the same, it is critical to have a holistic overview of the resources in hand in terms of raw material, its supply and demand, human capital, infrastructure, utilities available as well as existing policy environment which are essential for holistic development of the food processing industry in the state.

The presence of surplus horticulture/agriculture and livestock produce in Assam poses lucrative opportunities for trade in raw form or processed form. The processing of produce has rewarding outcomes and better customer acceptability and outreach. The processing sector not only benefits the people involved in food processing but also people involved with services sectors like transportation, packaging, food service, advertisement and marketing.

For the same, the Government of Assam requested NEDFi to commission a study on district wise resource mapping on potential food based industries in all districts of Assam. The study was awarded to the Food and Agribusiness Strategic Advisory and Research Team of YES BANK Ltd through a competitive bidding process.

The study broadly covers the following aspects in detail:

- Availability of local raw materials of Agri-Horti produces and their mapping.
- Requirement of raw materials for the existing as well as upcoming food based industries.
- Existing infrastructure like power, water, connectivity including other basic industrial infrastructure as well as
- gap analysis.
- District wise various food based Industries that may come up based on availability of local raw material.
- Demand analysis of various food items in ASEAN countries, Bhutan, Bangladesh and Gulf countries etc. and
- the prospect of export to these countries from Assam.
- Marketing strategies of existing food based industries and measures to be taken for improvement of market
- linkages for existing/upcoming industries.
- Availability of Skilled manpower sector-wise and skill gap in the sectors.
- Scope for skilling and placement of local manpower and availability of institutions for skill training/up-

- gradation.
- Policy and incentives provided under central/state government schemes.
- Identification of viable projects and preparation of project profiles.

The initial chapters of the report (**chapter 2, 3 and 4**) map the agri & allied produce (including medicinal & aromatic plants) and the Agribusiness & Food Processing scenario of the state of Assam. Chapters 1 & 3 highlight the key districts producing food grains (rice, wheat, maize, pulses), oil seeds, fruits, vegetables, milk, fish, meat & poultry and plantation crops and provides a snapshot of the medicinal and aromatic plants grown in Assam, distribution of crops in different districts for cluster cultivation and throws light on Project AROMA. Chapter 2 captures the agribusiness and food processing scenario of the state with a detailed SWOT analysis and existing Infrastructure in the state. As per NIC 2008, the total number of registered food processing industries in Assam was 1,745, while the total number of beverage manufacturers was 108 in 2015. Other sources such as ASI & Economic Survey of Assam also suggest the number of FBOs to be in the range of around 1,300-1400 nos. To improve industrial activities, the State is trying to introduce growth-inducing factors by removing the infrastructure inadequacies. The state government is creating as well as upgrading requisite infrastructural facilities across various locations in the state. Infrastructural facilities in the form of Export Promotion Industrial Park (EPIP), Growth Centres, Food Processing Industrial Park, Industrial Estates, Industrial Areas, and Commercial Estates etc. have been set up throughout the State. The state government's vision is to see Assam as the centre of Act-East Policy. In this regard, the state government has proposed to set up a World Class Global Business Centre in Guwahati. This will facilitate trade in Assam and act as business hub for the entire North East as well as for the neighbouring countries. The chapter maps in detail the available industrial infrastructure, cold storages and other utility infrastructure and also highlights the upcoming key projects.

Chapter 4 of the report provides a district-wise mapping of food processing units and puts forth the key findings from the primary survey. In terms of installed capacity, food grains processing, primarily based on rice, pulses and cereals has the major contribution to the food processing basket of Assam with around 77% of the industries focusing on the sector. Tea, which is a major plantation crop in Assam, occupies the second spot with 14% of the processing capacity. F&V, Dairy, Spices, Bakery/Namkeen, Meat, Oilseeds and Marine sectors consist of 8% of the processing basket. The remaining 1% is occupied by other miscellaneous sectors the major one being bottled water manufacturing. The chapter also captures the sectoral distribution, capacity utilization, raw material consumption, quality control & food testing aspects, marketing & retail, utilization of government infrastructure & quality of utilities, finance & credit, assessment of raw material requirement for upcoming industries and status of agri marketing infrastructure in Assam.

Chapter 6 analyses the demand of various food items in ASEAN countries, Bhutan, Bangladesh and Gulf countries and the prospect of export to these countries from Assam. India's relationship with ASEAN is a key pillar of its foreign policy and the foundation of Act East Policy. The up-gradation of the relationship into a Strategic Partnership in 2012 was a natural progression to the ground covered since India became a Sectoral Partner of the ASEAN in 1992, Dialogue Partner in 1996 and Summit Level Partner in 2002.

India-ASEAN trade and investment relations have been growing steadily, with ASEAN being India's 4th largest trading partner. The annual trade between India and ASEAN stood at approximately US$ 65.04 billion in 2015-16. Similarly, India's trade relations with BIMSTEC countries and China have been thriving in recent years. Owing to the geographic and cultural factors, North East India becomes a major component in expanding the trade relations with these countries, particularly the ones with which it shares its borders and South-east Asia. The chapter delves deeper into the current imports into the respective countries, imports from India and India's share in the import.

Chapter 7 of the report assesses the overall employment scenario in Assam, employment in food processing sector,an assessment of the existing skill gap and highlights the opportunities for new skilling & up-gradation. Engagement of workforce in manufacturing of food products (34%) emerges as a key sector of employment in Assam.

Chapter 8 identifies viable food processing projects for the state of Assam. The identification was derived based on a ranking matrix based on the critical parameters including **Production in Assam, Current level of processing in Assam, Marketable Surplus, Domestic /Exports Demand, Potential for secondary/tertiary value addition and Scope for Monetary Premium** (Organic/Certified etc). Major commodities in each sector based on production levels in the state were considered for evaluation in the ranking matrix. Each commodity was ranked and a consolidated score was derived based on the weight-ages given to each parameter for an individual commodity. Based on this matrix, spice processing, fruits based processing, RTE processing, dehydrated fruits & vegetables, red rice processing and pork processing were short-listed for detailed assessment and the market potential, indicative location, catchment analysis, process flow, project cost, profitability statement/metrics, operational assumptions etc. has been detailed out for each. Further to this Chapter 10 identifies the opportunities for investment in technology and infrastructure in Food Processing-like Frozen Food Technologies/IQF, High Pressure Processing, Vacuum Frying and Freeze Drying, Food Testing Services and novel Packaging Technologies

Chapter 9 captures the policies and key incentives under the central and state government schemes; including, Atmanirbhar Bharat packages, Kisan SAMPADA Yojana, Scheme of Fund for Regeneration of Traditional Industries, Regional Connectivity Scheme by the central Government and Central Institute for Horticulture (under MIDH), North East Industrial Development Scheme, Industrial & Investment Policy of Assam, Chief Minister Samagra Gramya Unnayan Yojana and Mission Organic Value Chain Development in Assam, which are state/ region specific schemes.