

RESEARCH PAPER

# An assessment FDI inflow in food processing industry and Government policy option

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## ABSTRACT

Food processing sector acts as an essential bridge between the agriculture and industrial sector, which is requisite for overall development of an economy. India has a diverse climatic condition which is capable of providing a raw material base for food processing companies. Despite of being one of the largest producers of raw material for the Food Processing Industry (FPI) in the world, the FP industry is not fully developed. It calls for considerable capital investments. Foreign Direct Investment (FDI) can be one of the best alternatives for this investment. The government is trying to attract FDI in this sector by providing transparent and investment friendly climate. The government has started a “Make in India” initiative which seeks to club the demand and supply advantages within India. Government is dynamically promoting the concept of Mega Food Parks (MFPs) to attract FDI. But still major constraints in expanding the food processing sector are investment and lack of adequate infrastructure facilities. The objective of this paper is to analyze the importance of FDI inflow in the food processing sector by using time series data and government policy response over the time to strengthen the industry.

**KEY WORDS :** FDI, FPI, Agriculture, Government policy, Economic development, JEL Code: F21, L81, Q10, H53, O19

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