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Harsimrat Kaur Badal wants control over two key export development bodies

The govt has now made it clear that it will not favour multi-brand retail

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Food Processing Minister Harsimrat Kaur Badal complained that access to credit remains a major problem

The food processing ministry has decided to begin consultations with the commerce department to bring two key export development bodies — the Agricultural & Processed Food Products Export Development Authority (APEDA) and Marine Products Export Development Authority (MPEDA) — under its wing.

Currently under the commerce department, both bodies deal with broad policies to develop production and export infrastructure in the food sector. They also monitor the outbound shipments of various sectoral goods and ensure trade promotion. The food processing ministry has pointed to these, saying this is its natural domain. Officials at the ministry suggested they have initiated talks and both ministers may meet soon to discuss the issue. Food Processing Minister Harsimrat Kaur Badal has pushed for the proposal, arguing the need for integrating the foreign outreach of the sector with its domestic industrial focus.

“I need to know what the international trends are and process what can go abroad. I’m looking at the home end, Commerce is looking at the outside end; somehow it doesn’t make sense,” Badal told Business Standard earlier this month. The government expects the sector to attract major Foreign Direct Investment this year. Most of this is geared around the ministry’s flagship investment show, the World Food India 2019, the second edition of which is set to be held from November 1 to 4. Ministry officials hope to acquire the two bodies before that.

Many plans

However, the ministry's demands to integrate the Food Safety and Standards Authority of India (FSSAI), overseen by the health ministry, had got the cold shoulder. "If you look at it ideally, the FSSAI, which deals with standards, should be with us," Badal had said.

She also complained that access to credit remains a major problem as banks are unwilling to provide loans to an industry that has remained investment-heavy. Her push for a separate non-banking financial company (NBFC) dedicated to the sector has also run into problems with the Prime Minister's Office (PMO), which has questioned the idea.

"The PMO has said there are already a large number of NBFCs. It wants us to engage with Nabard, despite it being a non-starter earlier as well," the minister had said.

Officials at the commerce ministry suggested they were not open to the idea. Both ministries had clashed earlier on the issue of multi-brand retail as well. Arguing that the global model for retail continued to be food plus home care products, the food processing ministry had suggested the same be allowed for India. "In food, the margins are tight because of perishability, so everyone makes their money from home care products," an official said.

As long as the home care products are also made locally, and companies invest at farm level infrastructure, we had suggested the sector be opened up, he added.

However, the government has now made it clear that it will not favour multi-brand retail.