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Food Imports in India: Prospects, Issues and Way Forward

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ARTICLE INFO	ABSTRACT

India is one of the fastest growing markets in the world. Among the various sectors contributing to the growth of the economy, food is one of the fastest growing sectors owing to factors such as a large population base, rising middle-class, increase in per-capita income, and greater consumer awareness. Demand for imported food products is increasing due to factors such as reduction in tariffs, changes in consumer preferences and growing adaptability to international cuisine. Several initiatives have been taken by the Indian government in recent years to improve the ease of doing business and reduce the compliance burden through use of technology. Despite these initiatives, India's ranking compared to other countries in some selective indicators such as documentary and border compliance and logistics performance is quite low. To improve ease of doing business, reduce cost and time taken in importing food products, and improve India's ranking in logistics performance indicators, there is an urgent need for backend process and information technology (IT) integration across the agencies involved in the import clearance process. Given this background, the objective of this paper is to (a) provide an overview of the food import clearance process in India, (b) identify issues in the import process and (c) make recommendations on how to streamline the process using technology and automation. The paper is based on a survey of key stakeholders engaged in the food import clearance process.

Based on a primary survey of 150 stakeholders in the United Kingdom and India, this paper finds that while India is an attractive market for importing food; low penetration of technology in the food import clearance process, lack of inter-agency coordination, and lack of risk management systems impedes the ease of importing food products into India. This paper recommends that in order to enhance ease of doing business, especially for SMEs, there is need to reduce procedural barriers by implementing technology and automation-oriented solutions, and a robust risk management system. In addition, there is a need to conduct continuous regulatory impact analysis to assess the time and cost reduction in importing food into India.

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1. Introduction

India, with a growth rate of 7.3 percent in 2019, is reported to be one of the fastest growing economies in the world (World Bank, 2018) [1]. Among the various sectors contributing to the growth of the economy, food is one of the fastest growing sectors owing to factors such as rising middle-class and per capita income, greater consumer awareness and diversification of food habits (Kumar, 2016) [2]. Economic theory suggests that per capita incomes and the general price levels are the key determinants of demand for consumer goods, but the level of demand may be expected to be modified by consumer tastes and preferences (Food and Agriculture Organization, 2011) [3]. There is also an increase in the demand for imported food products in India due to lowering of tariffs under trade agreements [4] (Hejazi et.al, 2019) such as that with the Association of South East Asian Nations (ASEAN). All these factors are leading to a growth in food products imports. India's imports of food products increased from US$4.71 billion in 2005 to US$24.35 billion in 2017 [5], reporting a growth of 45 percent on a year-on-year basis. In the year 2017, India became the 15th largest food importer in the world with a share of 2.03 percent in total world food imports [6].

According to UN Comtrade (2018), in 2017, Indonesia and Ukraine were India's top import partners of food products accounting for a share of 22.3 percent and 10 percent, respectively. Other top countries exporting to India include Australia (8.59 percent), Malaysia (6.46 percent) and United States (5.34 percent). In the same year, by region, ASEAN and European Union (EU) countries accounted for a share of 33.37 percent and 13.38 percent, respectively, in India's food import basket. India imports raw materials, intermediary products and final food products. Raw materials and intermediary products are used by the food processing industry while final products reach the consumers through store and non-store retail formats (World Bank Group, 2019) [7]. In 2017, India's top items of imports included palm oil, leguminous vegetables, sunflower oil and nuts. The top 10 products together accounted for a share of 85.6 percent of India's total import value (UNComtrade, 2018).

With respect to market size, the Indian food and grocery market is the world's sixth largest, with retail contributing 70 percent of the sales. India's food retail market is estimated at US$ 487 billion in 2017 and is expected to reach US$ 827 billion by 2023, growing at a compound annual growth rate (CAGR) of 9.23 percent (ASSOCHAM and TechSci Research, 2016) [8]. By 2020, food and grocery segment is expected to account for 66 percent of the total revenues in the retail sector [9]. A number of Indian corporate and foreign companies have entered into various segments including food manufacturing, retailing and supply chains. Companies have established both business-to-business (B2B) and business-to-consumer (B2C) operations and a variety of store and non-store formats are being tried out in the market, among which e-commerce is growing at a fast pace.

Indian government is encouraging foreign investment in food processing through incentives such as allowing 100 percent foreign direct investment. Several initiatives have been taken by the government in recent years to improve ease of doing business and reduce the compliance burden through use of technology. As signatories to the World Trade Organization's (WTO) Trade Facilitation Agreement, India is also taking measures to implement trade facilitation initiatives, including initiatives to improve transparency (web publication of compliance information, prior consultation, enquiry points, notification of alerts), efficiency (electronic processing, single window, international standards, co-ordinated border management), and predictability (pre-arrival processing, separation of release and clearance, authorised operators, risk management, post clearance audit, advance ruling) (Bolton, 2019) [10]. In line with global developments, Indian Government is inclined towards increased use of technology and automation for scientific risk analysis, risk assessment (high or low risk), risk communication, fast track import clearances, online licensing and registration, etc. This, on the one hand, is expected to ensure a high level of food safety and standards, uniformity of processes and practices and, on the other, is expected to ensure compliance with global agreements and standards, transparency, clarity of processes and better communication and implementation of uniform standards and processes within and across different agencies in the food chain [11].

In this regard, the role of the Food Safety and Standards Authority of India (FSSAI), the nodal agency for ensuring food safety and quality standards, is complex. The FSSAI and allied agencies such as plant and animal quarantine agencies have to ensure that imported foods adhere to safety requirements such as the maximum permitted level of pesticide and other chemical residues and are free of animal and plant borne diseases. They have to also ensure that regulations should be based on scientific evidence and are in conformity with international norms and regulations and should not be treated as a non-tariff barrier to trade. The FSSAI is required to use technology and automation to ensure India's commitments in WTO's Trade Facilitation Agreement.

The FSSAI has taken a carefully designed approach to

reforms and automation, aiming to improve the business regulatory environment over the course of several years. It has set up standards for food products and is trying to align them with international standards to ensure that Indian consumers have access to safe and hygienic food. To improve ease of doing business and reduce compliance burden for importers and other stakeholders, it has introduced 28+ micro sites/portals catering to specific use cases around the food operations. While some of these are applicable to imports only, others are either applicable to the domestic market only or to both imports and domestic market.

These efforts have resulted in gains for India in terms of improvements in World Bank's overall Ease of Doing Business ranking – India's rank has risen from 142 in 2014 to 77 in 2018 out of a total of 190 countries surveyed [12] (see Table 1.1). According to the Doing Business 2019 report, one of the factors that contributed to improvement in India's ranking includes introduction of / improvement in electronic submission and processing of documents for imports.

Table 1.1 Ease of Doing Business Ranking - India *vis-a-vis* selected Developed and Developing and Countries [13,14,15]

Country	2016	2017	2018
India	130	100	77
China	78	78	46
Singapore	1	2	2
United Kingdom	7	7	9
Germany	17	20	24

Source: Compiled from World Bank's Doing Business Reports

India's scores in the sub-categories like Documentary Compliance (documentary requirements of origin, destination and transit economies) and Border Compliance (customs regulations and inspections at the border) have shown over 50 percent improvement in time parameters and nearly 33 percent improvement in cost parameters. However, compared with selected developed countries like the United Kingdom (UK) and Germany and developing countries like China and Singapore, India's rank on select sub-indices shows that cost and time involved in importing food products into India is significantly high (see Table 1.2).

Table 1.2 India's Performance on Select Sub-Indices Related to Imports *vis-a-vis* select Developed and Developing Countries [16,17]

Time and Cost of Imports	India		China		Singapore		United Kingdom		Germany	
	2016	2018	2016	2018	2016	2018	2016	2018	2016	2018
Documentary Compliance (hours)	61.3	29.7	65.7	24	3	3	2	2	1	1
Border Compliance (hours)	283.3	96.7	92.3	48	35	33	3	3	0	0
Documentary Compliance (US$)	134.8	100	170.9	122.3	40	40	0	0	0	0
Border Compliance (US$)	574	331	776.6	326	220	220	0	0	0	0

Source: Compiled from World Bank's Doing Business Reports

Table 1.3 India's Performance on the Logistics Performance Index *vis-a-vis* Developed and Developing Countries [18,19]

Parameters	India		Singapore		China		United Kingdom		Germany	
	2014	2018	2014	2018	2014	2018	2014	2018	2014	2018
Overall Rank (out of 160 countries)	54	44	5	7	28	26	4	9	1	1
Overall Score (1-5)	3.08	3.18	4.0	4.0	3.53	3.61	4.01	3.99	4.12	4.40
Customs (rank)	65	40	3	6	38	31	5	11	2	1
Infrastructure (rank)	58	52	2	6	23	20	6	8	1	1
International shipments (rank)	44	44	6	15	22	18	12	13	4	4
Logistics quality and competence (rank)	52	42	8	3	35	27	5	7	3	1
Tracking and tracing (rank)	57	38	11	8	29	27	5	4	1	2
Timeliness (rank)	51	52	9	6	36	27	7	5	4	3
Clearance time with physical inspection (days)	2	2	1	1	3	3	1	2	1	1
Clearance time without physical inspection (days)	1	1	0	0	2	3	1	1	1	1
Physical inspection (% of import shipments)	22	19	5	2	6.72	4	3	2	3	2

Source: Compiled from World Bank's Logistics Performance Index Reports available at https://lpi.worldbank.org/ (last accessed 7 May 2019)

Further, according to the World Bank's Logistics Performance Index, compared to Singapore and China, India's overall ranking in logistics performance is also quite low (see Table 1.3). India lags mainly on account of gaps in port infrastructure, quality of logistics facilities, tracking and tracing of cargo, and proportion of physical inspections.

The report of theLogistics Development Committee, Economic Advisory Council to the Prime Minister (EAC-PM), October 2018, pointed out that the low ranks of India in various indices can be attributed to limited use of information technology (IT) and automated solutions [20]. In India there is excessive reliance on paperwork and manual intervention in the import clearance process, which leads to delays, uncertainties, border issues, etc. [Indian Institute of Foreign Trade (IIFT), 2012] [21]. This is also evident from the policies and implementation plan of different agencies involved in the food import clearance process. For instance, the system of pre-shipment document filing and advance verification is mandatory in the online platform of Customs known as ICEGATE, but the FSSAI's Import Regulation 2017 states that only upon arrival of the consignment at the port of entry, food clearance process should start [22]. Thus, FSSAI is yet to adopt pre-shipment clearance.

While many studies have been conducted on identifying the existing gaps in implementation of trade facilitation in India, there are hardly any that present solutions specifically for streamlining the imports and improving ease of doing business (Dun & Bradstreet, 2018) [23]. This paper aims to fill this lacuna. The objective of this paper is to (a) provide an overview of the food import clearance process in India (b) identify issues in the import process and (c) make recommendations on how to streamline the process using technology and automation. It presents how IT solutions can be used to streamline processes and inter-agency coordination, provide easy access to the Indian market, especially for SMEs, reduce time taken in clearance and tracking of food products and help to improve food safety and public health.

The layout of the paper is as follows; Section 2 presents the research methodology; Section 3 focuses on an overview of the food import process in India. The key findings of the primary survey are presented in Section 4, while the issues raised by the survey participants are analysed in Section 5. Section 6 presents the way forward to streamline the food import clearance process and enhance ease of doing business through the use of technology.

2. Methodology

The study is based on secondary information analyses and a primary survey funded by the Foreign and Commonwealth Office (FCO), UK. The survey was conducted between November 2018 and March 2019. The survey covered a total of 150 stakeholders including foreign companies importing food products into India, industry associations, embassies, logistics service providers, and policymakers. The survey participants were selected randomly. The sampling framework is given below (see Table 2.1).

Table 2.1 Sampling Framework

Stakeholders	Numbers
Foreign companies and their associations	50 (35 companies and 5 associations)
Importers	40
Foreign embassies	10
Logistics service providers	15
Government departments and agencies	23
Others (including sector experts, consultants of foreign companies, private standard setting bodies, laboratories, etc.)	12
Total	150

Source: Primary Survey

The survey was conducted using open-ended, semi-structured questionnaires, to identify the following:

(1) Identify the challenges to ease of doing business in India, specifically with respect to the regulatory challenges;

(2) Identify the key issues faced by the companies in importing food products into India;

(3) Analyse how foreign companies perceive the Indian market - this is presented using a linear probability model (detailed in Section 4.1);

(4) Test the hypothesis that whether or not certain variables like duration of company's presence in India, technology implementation and ease of communication with government and a functioning risk management system have an effect on the ease of importing food products into India;

(5) Get stakeholders' inputs on how to streamline the process and improve the overall ease of importing food into India

During the survey the respondents were asked about the tenure of their presence in the Indian market. Survey participants were asked about route to entry into the Indian market and questions were asked about their current business models. Participants were also asked to list out the top challenges faced by them when importing food products into India and they were asked to list their suggestions for the government and FSSAI.

Based on their responses, an empirical scorecard representing the barriers/issues to food imports is presented using the following methodology:

(1) A list of issues/barriers (including sub-barriers) for developing the scorecard were identified based on an analysis of different secondary sources including Digital Book on IT Projects by IT Division, FSSAI, FSSAI's Food Regulatory Portals, FSSAI's Manual for Food Safety Officers, Food Safety and Standards (Food Safety Auditing) Regulations, 2017, among others.

(2) The respondents were presented with a list of barriers and indicators within a barrier (sub-barriers) and were asked to rank them on the basis of the severity of the indicator. The rank of each indicator is a quantitative value, which is perception based and is on a scale of 1 to 5 (worst to best). A low rank indicates a severe issue and the reverse is true.

(3) After the transformation, the average of all the indicators within a barrier (sub-barriers) was calculated to find the overall score of the barrier. All scores were presented on a scale of 1-5, where '1' implied to "most severe" and '5' implied "least severe".

Based on a comparative analysis of the ranking of different sub-barriers, a scorecard was developed for barriers, and issues related to food imports in India were identified. To mitigate these barriers a list of reform measures is detailed for streamlining the food import clearance process and ease of doing business.

2.1 Testing Framework and Limitations of the Study

For an analysis of how foreign companies perceive the Indian market and test the hypothesis that whether or not certain variables like duration of company's presence in India and technology implementation affect ease of importing food products into India, a perception based survey was conducted and tested using a limited dependent variable model - the Linear Probability Model (Ben-Akiva, McFadden and Train, 2019) [24].

In addition to this, using qualitative methods, we test the hypothesis that whether or not factors like easy communication with government agencies, use of IT in processes and functioning risk management systems, positively contributes to the process of importing food into India. However, a limitation of this study is that the model does not establish causality and it also suffers from a limited sample size.

3. Food Import Clearance Process in India

Many government institutions are involved either directly or indirectly in the food imports surveillance. The different government departments and agencies involved in the food import clearance process along with their role are presented in Table 3.1.

Table 3.1 Government Bodies and their Role in the Food Import Clearance Process

Government Bodies	Role
Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry	Importers have to register with the DGFT, which issues an Import-Export (IE) Code to the importers, which is mandatory for imports. The DGFT also provides a list of free, prohibited and restricted items through its ITC-Harmonised System (HS) Import Policy and the importers are required to check it before importing any product (food and non-food).
Central Board of Indirect Taxes and Customs, under the Department of Revenue, Ministry of Finance	Customs in India is managed by the Central Board of Excise and Customs. It is mandatory that all imports entering India (food or non-food) have to be cleared by the Customs.
Food Safety and Standards Authority of India (FSSAI), under the Ministry of Health and Family Welfare	FSSAI is the nodal agency for regulating imports of food products into India. It sets food safety standards and regulations that every food importer is required to adhere to and possess a valid FSSAI Import License for food imports.
Directorate of Plant Protection, Quarantine & Storage (DPPQS), under the Ministry of Agriculture and Farmers' Welfare	DPPQS regulates imports of agricultural commodities (Regulation of Import into India, Order 2003) in India. It inspects imported agricultural commodities for preventing introduction of exotic pests and diseases harmful to Indian fauna and flora.
Animal Quarantine and Certification Services (AQCS), under the Department of Animal Husbandry Dairying and Fisheries (DAHDF), Ministry of Agriculture and Farmers' Welfare	DAHDF regulates imports of livestock and livestock products (Livestock Importation Act, 1898) in India. It inspects imported livestock and livestock products to prevent entry of any exotic livestock diseases into India.
Legal Metrology, under the Ministry of Consumer Affairs, Food and Public Distribution	Legal Metrology's role is to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. As per the Legal Metrology (Packaged Commodities) Rules, 2011, all the pre-packaged food commodities that are imported or domestically produced, are required to comply with certain mandatory labelling requirements with respect to net quantity, maximum retail price and customer care information.

Source: Author's Compilation

Among these agencies, the FSSAI is responsible for

regulating and governing food safety and for both imports and domestic compliance. For importing food products into India, the importers need an Import-Export (IE) Code given by Directorate General of Foreign Trade (DGFT) and a FSSAI import license.

3.1. Imports of Food Products into India

The FSS (Import) Regulation, 2017of FSSAI lays down the procedures for clearance of imported food products. As of February 2019, there are around 578 points of entry of the Customs[25], of which there are 417 points of entry from where consignments carrying food products enter in India. By contrast, most countries have a few designated ports of entry for food products - for example, there are around 25 designated ports of entry for food products in the UK [26].

As of December 2018, on behalf of FSSAI, the Customs issue clearance certificates for food import at 396 locations/port of entries while FSSAI officials handled the process at 21 locations/port of entries [27]. This is primarily due to the shortage of FSSAI staff. In locations where the Customs handle the clearance process, the Customs officers are appointed and trained by the FSSAI – they are designated as Authorised Officers (AO).

At the point of entry of food products, Customs coordinates with the different government agencies as shown in Figure 3.1. They work closely with the FSSAI for food safety and standards related clearances and the DPPQS and the DAHDF, for prevention of pest-infestation in plant-based and animal-based food products, respectively.
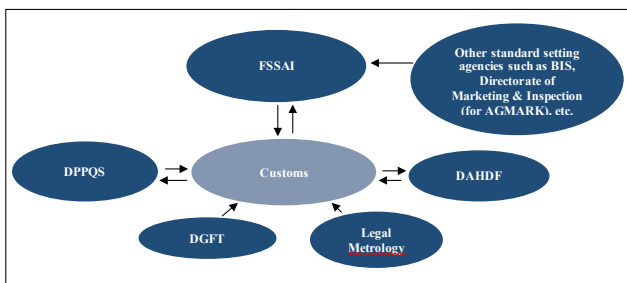

Figure 3.1 Coordination between Different Government Bodies: Food Import Process

Source: Author's Compilation*

* The arrow signs indicate the direction of information sharing between the agencies. The Customs take inputs from all the key agencies i.e. DGFT, FSSAI, DPPQS, DAHDF and Legal Metrology. However, it shares information with only the FSSAI, DPPQS and DAHDF as these agencies are directly involved in the import clearance process. The FSSAI being the nodal agency in setting standards related to food safety, it takes inputs from other standard setting agencies such as the BIS, Directorate of Marketing and Inspection (for AGMARK), Tea Board of India, etc.

The import clearance process of FSSAI is presented in Figure 3.2. Broadly the process involves, document check, physical inspection, sample collection, laboratory testing, uploading documents on Internet Food Laboratory Network (INFoLNET) and clearance of consignments based on laboratory test results. While some errors such as labelling errors are rectifiable at the port of entry for others (as in the case of chemical contamination) the product may have to be shipped to other destinations or even destroyed. For the purpose of regulating food imports and granting clearance, the FSSAI has an online application system called the Food Import Clearance System (FICS), which is integrated with the Custom's online system for import clearances ICEGATE. In order to execute linkages between ICEGATE and other participating agencies, the Central Bureau of Excise and Customs (CBEC) has implemented an online message exchange between ICEGATE and FICS [28].
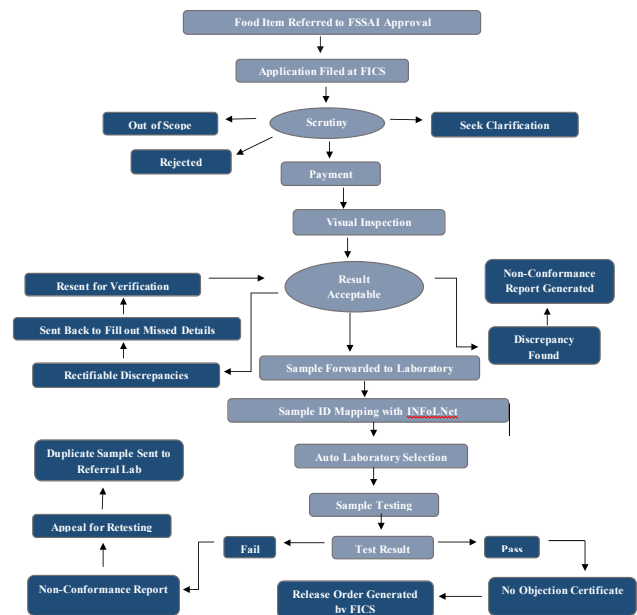

Figure 3.2 Food Import Clearance Process of FSSAI

Source: Extracted from Manual for Food Imports, FSSAI, available at. https://www.fssai.gov.in/dam/jcr:7fc2d5f5-3e70-4dfb-b855-2f1de8142007/Food_Imports_Manual_08_11_2017.pdf (last accessed February 13, 2019)

In addition to the FSSAI, DAHDF and DPPQS, there are some government departments like the Legal Metrology which sets standards for weights and measures of products including food. Apart from this, there is the Bureau of Indian Standards (BIS) and other agencies such as the AGMARK, whose standards are applicable for specific food product imports. While BIS sets voluntary standards for all domestic food products, the standards set by BIS for certain products such as bottled drinking water, infant milk and milk powder, has been made mandatory for imports by the FSSAI. Thus, there can be issues with multiple agencies, overlaps in regulations and standards and

implementation them in a manner which can discriminate against foreign suppliers.

To examine the experience of foreign companies and their business partners, identify the gaps and issues faced by importers of food products a primary survey was conducted in India and its findings are given in the following section.

4. Primary Survey and Findings

The aim of the primary survey was to:

(a) Understand the perception of foreign companies about the Indian market

(b) Identify the key issues faced by the companies in importing food into India

(c) Identify the different operational aspects that are impeding the ease of operating in the regulatory environment in India and,

(d) Take inputs from stakeholders' to improve the overall ease of importing food into India

4.1 Perception about the Indian Market

Over the past five years, there has been an increase in interest of foreign companies in the Indian food market. The success of a foreign company in India depends on various factors including government policy, import process, demand for the product, its own business model, brand building and promotional activity and its go-to market strategy. According to importers and India-entry strategy consultants, in India, it is extremely important for the foreign companies to (a) know the market and processes; (b) price their product appropriately; (c) identify their competitors, the products of the competitors and their price points and (d) engage right distributors, retailers and logistics partners.

The companies surveyed, pointed out that it is not difficult for them to meet Indian food safety and standards based on scientific evidence. However, while operating in the Indian market, there may be issues such as delays in product approvals, or limited product approvals, labelling, or lack of recognition of certificates/protocols, etc.

All importers said that they try to import products that have a demand in India. The demand depends on two key factors: (a) knowledge about the cuisine and (b) its affordability/price point. Indian consumers have knowledge about certain international cuisines like Thai, Chinese, French, Italian, Mexican and Mediterranean, and hence there is a growing demand for food products and ingredients related to these cuisines. A lot of the ingredients like the Thai ginger are now grown in India, to tap into price sensitivities and affordability. International companies

trading these products benefit too. For instance, the survey found that, Indians have a fairly good knowledge and a strong preference for whiskey, beer and other alcoholic beverage from the UK and that constitutes more than 90 percent of the import from that country. This has been due to significant marketing initiatives by the UK government and industry associations. The UK food and drink organizations and industry associations in India such as the International Spirits and Wines Association of India (ISWAI) have worked hard to promote alcoholic beverages and address barriers to its import, and in that, they have been very successful. The survey found that a product specific promotional strategy like the Spanish government did for promoting olive oil in India, leads to fast growth in demand for the product in the Indian market. Thus, it is important for the foreign businesses and their industry organizations and Embassies to promote the products in India. They may start with a list of 5-6 products and promote and market it extensively in India.

The importers pointed out that affordability of the product is another key determinant of import. The Indian market is highly price sensitive. A low priced product becomes a premium product in India after adding import duties, margins of importers, distributors, retailers and logistics costs. While incomes are rising, the consumers of premium products are limited. A number of food retailers, including organized retailers do not keep premium products in their stores due to the lack of demand. There is uncertainty related to imports and Indian retailers and distributors are concerned about having a reliable process of product delivery to the shelf. Therefore, they prefer to source locally. Specifically, with reference to the foreign companies, importers pointed out that companies from some EU Member countries for example the UK companies often keep a high margin and price their product at a premium range compared to products from China, Thailand, Vietnam and other EU Member States such as Italy. The high price of the products along with high margin of the companies, tariffs in India and logistics and other costs almost doubles the price of the products, compared to what is offered in the home market. It makes the product a premium product which affects sales in India. Therefore, given this risk, Indian importers often cannot or do not want to import such products where the exporters expect high price margins.

The perception of foreign companies about the Indian market and the food import process depends on the duration of their presence in India, their experience in identifying the right business partner and in setting up the import process, their experiences in bringing their consignments through a specific or multiple ports of entry and their ex-

periences in interaction with different government agencies and departments.

In order to empirically validate the claim that foreign companies' success depends on their duration in the Indian market, we ran a simple OLS (ordinary least squares) regression using a linear probability model. In this model, the success of a company is binary dependent variable which takes the values "1" or "0" to denote "success" or "no success" respectively. This binary variable is regressed on a variable for duration which takes the value of "0" if the company has been in India for less than 2 years, takes the value of "1" if the company has been in India for 2-5 years and takes the value of "2", if the company has been in India for more than 5 years. As can be seen from the Table 4.1, the empirical exercise proves that duration has a significant positive impact on the success of a foreign company in India. The model shows that companies, who are in India for more than 5 years have a 58 percent chance of success in the market. Since, linear probability models tend to be heteroskedastic, the model uses robust white standard errors (in parentheses) for inference.

Table 4.1 Relationship between the Duration of Presence and Success of a Food Business Operator using Linear Probability Model

	Success
Duration	0.296***
	(0.0523)
Constant	0.0517
	(0.0795)
Observations (N)	127
R-squared	0.158

Notice: *** $p<0.01$, ** $p<0.05$, * $p<0.1$

On an average, it takes a foreign business 2 years to identify a consultant and prepare a go-to-market study, identify and do due diligence of the local partner/importer, set up the import process including product approval from the FSSAI, test market the product and then establish manufacturing facilities or local sourcing/supply chain.

Companies pointed out that India's dynamic food market presents a plethora of trade and investment opportunities for the foreign companies across the value chain, ranging from the introduction of novel consumer food products and technology upgradation to establishing cold chain and logistics infrastructure.

Most foreign companies are interested in establishing their presence in the Indian market. India is a large and growing and market, and with rising disposable incomes, changing tastes and preferences of Indian consumers, demand for food has increased over the years. When asked about their perception of and what attracts foreign companies to India, the following responses emerged as the top 5 factors attracting foreign food businesses into India (see Figure 4.1). Other factors, like political stability or culture had a share of less than 25 percent. Overall, foreign companies have a positive perception of the Indian market, due to its large population and growing demand. This is directly linked to their interests in investing in and establishing presence in the Indian market for food and drinks. The foreign companies are aware about price sensitivity of Indian consumers and hence they are trying to find out the right strategy in terms of market positioning, product packaging and offering, before entering the market.
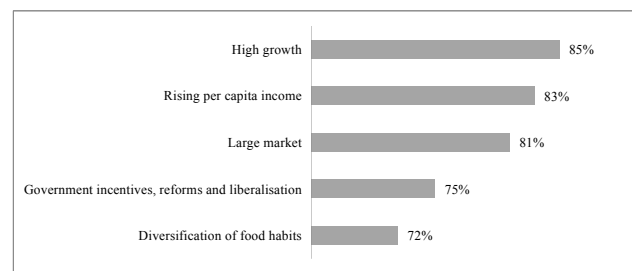

Figure 4.1 Perception of the Indian Market

Source: Primary Survey

Many large foreign food companies are either present in India or they are trying to establish presence in India through multiple routes. Companies like Hindustan Unilever (subsidiary of Unilever Global-a British-Dutch company), Nestle India (subsidiary of Nestle S.A. Switzerland) and Amway India Enterprises Private Limited (subsidiary of Amway Global-US-based company) have been operating in the Indian manufacturing sector for a long time and have successfully captured the market. In India, companies such as Metro Gmbh (Germany) and Walmart (US) operate under the wholesale cash and carry segment, and have around 27 and 23 outlets, respectively. Diageo India, which is a subsidiary of Diageo UK, established its presence in the Indian market by acquiring the Indian alcohol beverage company United Spirits Limited. While many global companies have established their presence in India, other large companies like Wattle health (Australia), Waitrose and Partners (UK), Holland & Barrett (UK), Dr. Oetker and Lavazza (Germany), etc., are only importing into India. They are currently importing products and depend on their partners in India, for product selling, guidance on product range, etc. In the e-commerce sector, leading global players such as Amazon.com, Incorporated (US) have a major presence in the country.

The survey found that while a number of large compa-

nies have established presence or are planning to establish their presence, small and medium enterprises (SMEs) from overseas have not been successful in penetrating the Indian market. These SMEs offer innovative products and technology, and if they enter into partnership with Indian companies there are mutual gains and both partners can grow in global markets. This is mainly because of the gaps in the import clearance process.

4.2 Communicating with the FSSAI: Role of Technology

In terms of regular consultations and engagements between the FSSAI and stakeholders, the survey found that 50 percent of the respondents state that they have a "very good working relationship" with the FSSAI team at the centre and they regularly interact and participate in consultations with the FSSAI. However, when asked, they pointed out that it is "extremely difficult" to get information on the food import process and FSSAI initiatives online. They have to fix appointments and physically visit the FSSAI office and technology interventions are limited and there are hardly any 24x7 online helpdesk or chatbot to resolve queries.

The survey found that while 85 percent were aware of some of the IT initiatives taken by the FSSAI to streamline the import process, but their enforcement in terms of stakeholders' consultations using IT, access to information on website, grievance redressal online and one-stop website providing complete information is limited (see Figure 4.2).
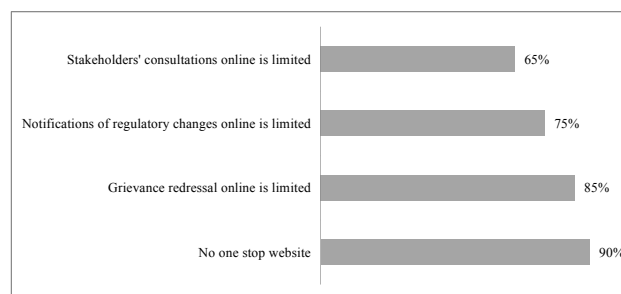

Figure 4.2 Respondents' Experience of Communicating Online with the FSSAI

Source: Primary Survey

Respondents pointed out that the process of interaction between the government and stakeholders needs to improve, especially when it comes to introduction of new notifications/changes to regulations. Overall, there seems to be a large group of stakeholders who are either not invited to participate in the consultation process or may not have been connected to FSSAI through emails resulting in gaps in communication about certain changes in policies. For instance, during the survey it was found that a number of stakeholders were not aware of the FSSAI Draft Labelling and Display Regulation, 2018 and FSSAI Advertising and Claims Regulation, 2018, which were due to be implemented soon.

In case of communication with the different government bodies, their experience varies. According to stakeholders, in case of a problem at the operational level at ports, if queries or issues can be cleared through helpline or e-mails, it would have saved time. Overall, the response

Table 4.2 Stakeholders' Inputs on the Online Processes

Participating Agency	Description of Import Clearance Process	User Manual for Import Clearance Process	Import Clearance Portal	User Manual for Import Clearance Portal
Food Safety and Standards Authority of India	Yes	Yes	Yes	Yes
Department of Animal Husbandry, Dairying and Fisheries	Yes	No	It is available only for the process of getting an SIP	It is available only for the process of applying to get an SIP
Directorate of Plant Protection, Quarantine and Storage	Yes	No	Yes	Yes
Bureau of Indian Standards	Not Applicable	No	There is an online portal for registration of applications to grant a BIS license, irrespective of the applicant being an importer or a domestic manufacturer	BIS website does not state which BIS standards are mandatory for imports. According to BIS, its standards are voluntary. BIS confirmed that FSSAI had made their voluntary standards for domestic market mandatory for imports, for products like packaged drinking water, infant formula, milk powder etc.
AGMARK	FSSAI website provides a link to AGMARK website and AGMARK website provides a link to FSSAI website without clearly specifying the role of the importers			
Legal Metrology	While over the years FSSAI and Legal Metrology have tried to align their regulations related to weights and measures, the information is not consolidated			

Source: Primary Survey and Respective Government Websites

to online communications across all government departments involved in food import process is low and there is a strong preference for face-to-face interactions.

In terms of availability of information, 90 percent of the respondents pointed out that there is no one-stop website providing complete information about the food import clearance process for different product categories (see Figure 4.2). Further the respondents were probed on awareness of the availability of information on import clearance processes online by different agencies. Their responses were analysed and are presented in Table 4.2.

To simplify the process the FBOs are advised to appoint an "FSSAI consultant" for ease of communicating with the FSSAI. This acts as a barrier.

4.3 Availability of Import Guidelines by Product Categories

In a number of countries the import process by different products is clearly laid down, unlike India. In such cases, the importers type the HS codes at 8 digit levels and get a consolidated requirement, which may be set by multiple agencies. In the case of India, a foreign company and their importers have to browse through the websites of multiple agencies to collect and collate information.

All survey participants (including Indian government departments) confirmed that if the import clearance process and its requirements including the documentation requirements are clearly laid down by different food product categories, classified by HS code at 8 digit level it will reduce confusion/misinterpretation of rules and delays. This will also help officials in understanding the 'end-use' of the product (food versus non-food) at the port of entry, and process the application accordingly. At present, once a product reaches the port of entry, there is confusion between different agencies as to the requirements that the product should meet. For example, if coco butter is imported it can be used as food ingredient or in cosmetic. In such cases, all agencies are asked to give clearances or no objection certificates, which may not be required if the purpose of commodity as food or non-food is clearly asked for as part of import requirement.

5. Identifying Barriers and Issues faced by Importers of Food Products into India

This section is based on the inputs provided by the Indian policymakers, foreign Embassies, importers and FBOs about barriers faced while importing food products into India. The survey inputs confirms why India has a low rank in select cross-country ease of doing business comparative indices.

How Easy or Difficult it is to Import Food Products into India?

The 135 stakeholders (excluding Indian government department and agencies but including foreign Embassies) were asked to rank their overall experience of importing food products into India on a scale of 1 to 5 in which 1 being "very easy" and 5 being "very difficult". Eighty two per cent have given a rank of 4 stating it is "difficult" to import food products into India. There is a perception amongst the stakeholders that Indian government sporadically imposes "non-tariff measures" (NTMs) such as labelling requirements, or restrictions on perishable cargo through the express route, etc., to restrict the entry of food into the country.

The respondents were given a list of indicators within a barrier (sub-barriers) and were asked to rank those in order of severity (see Table 5a). The average of all the sub-barriers was calculated to find the overall score of the barrier. All scores were presented on a scale of 1-5, where '1' implied to "most severe" and '5' implied "least severe" (see Table 5b).

Table 5a. Ranking of Barriers to the Import Clearance Process for Food Products

Issues	1	2	3	4	5
Gaps in IT Adoption					
Pre-Arrival Shipment Checks	✓				
System for Cross-Verifying Entries		✓			
Online Submission of Documents	✓				
Documentation Requirements in Physical form	✓				
Updating Websites		✓			
Back-end IT integration	✓				
HS Code wise Product Concordance across different Agencies	✓				
Risk Management System (RMS)					
Clearly defined Conceptual Framework such as Sampling Requirements		✓			
Enforcement of RMS using Technology		✓			
Differential treatment of Imported vs. Domestic Food Items in RMS		✓			
Multiple Agencies having different RMS		✓			
Issues with FSSAI					
Licensing and Registration					✓
Shelf-life requirement					✓
Labelling		✓			

	1	2	3	4	5
Product Approval Process				✓	
Products Safety and Standards			✓		
Excessive Manual Intervention		✓			
Manpower and Resource Capacity		✓			
Inter-agency Co-ordination and Policy Issues					
Data Sharing			✓		
Ad-Hoc Policies by different Departments	✓				
Multiple Standards Across Departments/Agencies				✓	

Source: Primary Survey

Table 5b. Overall Scorecard of Barriers to the Import Clearance Process for Food Products

Overall Score	1	2	3	4	5
Gaps in IT Adoption	✓				
Risk Management System (RMS)		✓			
Inter-Agency Co-ordination and Policy Issues			✓		
Issues with FSSAI				✓	

Source: Primary Survey

5.1 Gaps in IT Adaptation for Speed of Clearances and Ease of Doing Business

To begin with, pre-shipment filing is mandatory in ICE-GATE but is not adopted by the FSSAI for food clearances. However, in countries such as Singapore, the UK and all other EU countries, pre-shipment filling of all the documents (including those whose physical copy accompanies the consignment, such as veterinary certification) is a mandatory requirement. In such cases if documents are incomplete the government authorities can inform the exporters, importers and/or CHAs and the latter have time to complete the documentation process. In the case of food products, in India, the documentation check happens only after arrival of consignment and this delays the process from 5-10 hours to several days.

If the documents are correct and still there is a huge delay this is mostly because the FSSAI officials carry print outs of the forms for visual inspections, fill up the details, come back to their office (which can be at a distance of 10-30 kilometres), enter the data and then laboratories are allocated and then the person from the laboratory comes and collects the samples. The whole process takes at least 24 hours if the official is highly efficient. If there could be real time data entry during visual inspections, such delays can be addressed.

In some of the cases, the importers are also required to submit all documents in physical form. For example, in the Chennai Seaport and Menambakkam Airport, the Customs officials refuse to accept e-NOCs (no objection certificates) uploaded on the ICEGATE and demand for hard copies from the importers/CHAs. Manual submission of documents creates backlog of work and acts as a barrier in streamlining trade and in promoting faceless transactions.

In addition, there is also no system to cross-check wrong entries. Once the FSSAI officials check and confirm that the product is a food product they take printouts and go for visual inspection. During the visual inspections and field visits, in one instance out of 6 visits it was found that the FSSAI official has wrongly typed the country name in the laboratory sample form. This was the case of an imported beer consignment from Belgium where print out carried by the field official had the country of origin mentioned as 'Burundi' instead of 'Belgium', while the information in Customs ICEGATE was "Belgium". This error could easily be rectifiable if the FSSAI officer was carrying a tablet where real time data could be uploaded and verified. If a wrong data or information is entered and not cross-checked, it may make it difficult to develop a robust Risk Management System (RMS) based on data analytics.

Importers also find it difficult to upload documents online. For product approvals all documents have to be submitted manually. In case of renewals/modifications, the importers are required to re-submit all documents that have been submitted earlier. Even though the FSSAI has an online tool or a system to store important documents such as IE code, FSSAI Import License, etc. – commonly referred to as the digital storage/locker, the importers opined that it is not functional. Further, during the interview it was pointed out that through this tool, the FSSAI officials are not able to verify the documents online. As a result, on a given day some FSSAI officials sit with around 120 files (with close to 100 documents in each file) and verify them manually.

Also the different portals of the agencies in the import clearance process are not fully integrated with the ICE-GATE portal of the Customs. When the import clearance portals are not fully integrated, the importers are often required to upload the same set of documents on both portals. This hinders real-time data reporting and adversely affects inter-agency co-ordination.

Another issue regarding adoption of IT initiatives is the absence of a common online sharing platform/dashboard across the various participating agencies. For instance, there is no common online platform between the FSSAI and the DAHDF to share laboratory test results as there are around 123 common tariff lines between the two agen-

cies.

5.2 Gaps in Risk Management System

The survey participants pointed out that there are technology gaps in three key areas: risk identification, mitigation and communication. While some steps have been taken to have a robust RMS, they are several shortfalls. For instance, in 2017, the FSSAI initiated a system of risk communication, but it does not have a real-time information reporting process. The core issue of food safety is real-time communication and information sharing across different government agencies and different FSSAI offices engaged in the import clearance process and the current system is not able to do so. In order to ensure mitigation of risk and immediate action, real-time communication is essential. Moreover, the FSSAI and the DPPQS upload details of rejected consignments online in form of PDF documents which is difficult to analyse.

While the FSSAI has clearly laid down a process of risk management, at the ground the IT system developed for risk management is not working and the process is not laid down in the "Digital Book on IT Projects by IT Division" of the FSSAI [29]. The Handbook does not refer to use of data analytics and modern technology for risk management. There seems to be an absence of data, risk profiling and screening of importers (including consignments rejected / accepted, changes in nature of goods imported, etc.) based on past records. Around 95 percent of survey participants mentioned that 100 percent sampling is conducted at the ports. During the field visits, 100 percent sampling was conducted irrespective of whether the product was high-risk or low-risk, perishable (apples) or non-perishable (beers and wines), irrespective of the country-of-origin and the importers and their past history.

The survey found that the Customs also had devised a RMS called the Customs Electronic Risk Management System, but its scope is limited to analysing only two data points, (1) information available in the Bill of Entry (BoE) and Import General Manifest (IGM) filed electronically through the ICEGATE, which determines whether a particular bill of entry would be taken up for action or be cleared after payment of duty, without any assessment or examination, and (2) randomly selected BoEs for audit, after clearance of the goods [30].

Risk analytics models / tools does not seem to have been integrated in the Customs' RMS for analysis of data on different indicators like number of consignments cleared / rejected, history of the importers, type of products imported at HS 8-digit / 10-digit level, end-use of the products imported, agency-wise import data diverted for getting clearance, etc., and identify risks. The FSSAI

officials interviewed at the port of entry confirmed that there is no real-time data / information sharing between the Customs, FSSAI and other allied agencies. This prohibits alerting agencies involved in the process in case of a food safety risk identified. If this is done, entry of such consignments can be stopped immediately from all ports of entry.

Absence of an integrated RMS leads to such barriers and inefficiencies in the import clearance process. Overall, around 95 percent of survey participants strongly agreed that absence of a robust risk management system adversely impacts India's food safety.

5.3 Inter-agency Co-ordination

Involvement of multiple agencies in the import clearance process is a global practice, but overlap in their roles acts as a barrier. For instance, as mentioned earlier in Section 3, in case of food products such as packaged drinking water, infant formula, skimmed milk, etc., there are standards put forth by both the FSSAI and the BIS. The BIS standards are voluntary for packaged drinking water but the FSSAI made it mandatory in its regulation, when the regulation was first designed. Subsequently, the FSSAI came up with more rigid and comprehensive standards, but adherence to BIS standards continued to be a regulatory requirement. Such regulatory overlaps create confusion at the ports of entry. For instance, in case of packaged drinking water, the FSSAI tests for around 70 broad parameters which is way more comprehensive than the BIS requirements. As per the survey participants, which FSSAI officials agreed, additional requirements of the BIS create unnecessary hassle for businesses as BIS certification process involves plant / factory visits overseas which involves huge costs. The core issue is that while the standards are mandatorily imposed on imports there is a wide variation in standards in the domestic market, where according to the BIS it is the job of the FSSAI to monitor and implement uniformity. Thus, if FSSAI does not take up the role of the nodal standard setting agency for food safety, there can be variations in standards and other bodies are likely to blame the FSSAI. The confusions related to standards adversely affect ease of doing business and leads to withholding of consignments and delays at the ports.

There are regulatory overlaps between the FSSAI and other agencies such as Legal Metrology and the State Excise departments and the classic case of this is with respect to labelling and claims for alcoholic beverages. While the FSSAI and Legal Metrology has tried to align the labelling requirements recently, the FSSAI and the State Excise departments have different mandates for incorporating statutory warnings in case of alcoholic

products, creating unnecessary multiplicity in labelling requirements. There are also pricing differences across different states and as alcohol is outside the purview of the Goods and Services Tax (GST) which India recently implemented, State Excise departments have different policies of pricing for alcoholic beverages based on maximum or minimum retail price which leads to variation in prices across states. Multiple bodies with different rules, regulations and pricing requirements decrease the ease of doing business for the industry.

In case of imported vis-à-vis domestically produced products, 88 percent of survey participants (including many FSSAI officials) pointed out that dual standards are followed – with higher standards and extreme rigid checks for imported products and lower standards for domestically produced food products. Such dual standards and differential treatment, creates an uneven playing field for imported food products vis-à-vis the domestically produced food. It is a violation of the WTO's most favoured nation principle and can be scientifically questioned in the WTO by the exporting country. In such cases, India may lose the case in the WTO as has been the recent experience of case against the US for American poultry imports.

Such disparity between treatment of domestic players and importers is also seen when the FSSAI implements a new regulation or make regulatory changes. For instance, Embassies pointed out that when a regulation is proposed to be changed, the domestic food businesses get 30 days after the draft regulation is out for comments and 30 days after the final regulation/notice is released. Thus, they get 30 days to adjust to change. However, foreign food businesses get 60 days in all after the draft regulation is out and no notice period after the final notice is released. This does not provide the foreign businesses/importers with enough time to adjust to regulatory changes.

In general, while the regulations in India are quite complex they are sometimes less stringent with respect to food safety requirements and the implementation varies with significant scope for personal interpretation of regulation by authorities at different ports of entry. This is primarily because the import requirements of different agencies by product categories using certain global classifications such as HS codes at 8 digit level are not collated and laid out in one place. If it was laid down the FSSAI would in itself be able to identify the issues related to multiple standards and address them. The lack of clarity in requirements not only increases the risk of food safety but it also creates a non-transparent environment, scope for personal interpretation, delays and consignment being withheld at the port of entry for seeking clarifications, and scope for speed money to circumvent the processes. While this may act

as a barrier to foreign businesses, especially the SMEs, it creates risk for Indian consumers as poor quality of products may enter the market while high quality produce may be withheld.

5.4 Issues within the FSSAI

Majority of the survey participants pointed out that post 2014, it has become easier to work with the FSSAI, but there are still certain issues, which are as listed below.

There are issues with licensing, labelling, products standards and product approval. While the licensing process was digitised with a view to reduce paperwork and fast-track the license granting process, the desired goals have not been achieved. Once a foreign business decides to enter into manufacturing there are delays in getting licenses, mainly due to time taken in premise visit, which can go up to one year. Without this, a number of companies cannot establish manufacturing or food retail establishments. Thus they have to continue to import.

In terms of labelling, adhering to the FSSAI's labelling requirements is one of the most daunting tasks for food importers and foreign companies. The survey found that 100 percent of the importers and foreign Embassy officials were of the view that labelling requirements in India are unjustifiably stringent and is a technical barrier to easily import food into India. The FSSAI themselves acknowledge that unlike other countries like Canada where majority of food consignments from overseas are rejected on grounds of food safety, in India, "food consignments are usually rejected or held-up due to failure in adhering to the labelling requirements"[31]. In fact, between March and July 2018, around 25 percent of the 73 imported food consignments were rejected by the FSSAI on grounds of labelling[32].

According to survey participants, the FSSAI does not have a proper system of using Radio Frequency Identification (RFID) tag and bar coding for product traceability, as is the global best practice. Therefore, they require information like contract manufacturer of a brand to be printed on the label. Labels are generally for consumer information. If a consumer has a concern, he/she will need to take legal action against the brand and not the contract manufacturer of the brand. Thus, unnecessary details are requested in the label, raising costs and leaving little room for designing the package and it also affects the look and feel of the product. Also in general, whenever the FSSAI comes up with a change in its labelling requirements, the requirement is often implemented on an ad-hoc/immediate basis.

The issues with regard to product standards and classification are broadly related to either the existing standards

regarding certain food products are different from what is commonly approved across different markets or standards for certain products such as fruit based baby food are missing. Countries do have the right to design their own food safety standards, but it can create a problem if the standards are restricting innovation or product diversification or leading to product misrepresentation. The list of FSSAI approved additives and nutraceuticals is limited for which product approvals take around 1-2 years on an average, even for products that are sold across more than 40 countries for several years and have undergone all relevant scientific tests. Inability to get product approval is delaying their plans to manufacture locally, bring in FDI and create employment opportunities. During the meeting, the FSSAI officials pointed out that product approvals takes a long time, as the FSSAI does not have enough scientists to verify. The lack of manpower and resource capacity is also a problem at the ports, sometimes 4-5 FSSAI officers in Mumbai, are required to clear 200 consignments which arrives in a day, resulting in delays. There are also issues with efficient staff allocation. Some ports of entries are overstaffed while others are understaffed. The staffing is not based on the volume of consignment that is coming through that port.

6. Reforms: Discussions and the Way Forward

In the past five years, the FSSAI has taken several initiatives to ensure uniformity in food safety and standards, design new standards, align it with global standards, enhance transparency in processes, and ensure compliances and ease of doing business for imported produce. The FSSAI is also keen to use technology and automation for ease of doing business, improvement in transparency, better information sharing and communicating with users along with scientific risk analysis, risk assessment (high or low risk), risk communication, fast track import clearances, online licensing and registration, to name a few. It has entered into collaborations/partnerships/memorandum of understanding/cooperation arrangements with a number of countries including the UK, Germany, France, Denmark, New Zealand and Japan and EFSA to learn from the global best practices, customize them to the Indian situation to ensure that Indian consumers have access to safe food and there is ease of doing business for foreign companies and their stakeholders.

Given this background, and the issues presented in the previous sections, the paper suggests some reform measures to streamline the food import clearance process in India and facilitate ease of doing business.

6.1 Need for a Strategic Vision Plan

In India, the FSSAI has a number of responsibilities, such as ensuring food safety and standards, ensuring that Indian consumers have access to wholesome food and nutrition, contributing to trade policies, and ease of doing business, reduction of compliance burden and greater transparency. While the FSSAI has been introducing many initiatives it is not clear to the businesses what FSSAI plans to do and what are its focus areas and targets in the coming years. They are of the opinion that policies are ad-hoc and random while they may be well thought out.

The FSSAI, therefore, should clearly document a Strategic Vision Plan (2019-23) stating what it wants to achieve, how it wants to achieve, how can businesses collaborate in such endeavours, etc. The vision plan should cover existing vision of the FSSAI such as "one country one food law" or "using technology to enhance transparency and ease of doing business". While these are laid out in multiple communications from the FSSAI including their IT initiatives and media communications, there is no clear plan in one document which will enable all the FSSAI officials at the Centre and regional offices to work together towards a target. Given the quasi-federal nature of governance, it is extremely difficult for the FSSAI central office to ensure compliance or communicate its vision across multiple other government agencies and within its own officials.

In this context, the FSSAI may examine the Strategic Vision document [33] of other countries like UK, where the Food Safety Authority (FSA) clearly lays down the coverage and plan for implementation of its strategy. This Vision document can be revised every 5 years to assess the implementations and add new areas for developments. The Vision plan may be drawn in close coordination with other government agencies and with FSSAI regional offices. This will help all agencies to harmonise their actions and introduce coordination across all of them. This will also reduce duplication of IT initiatives, regulations and product standards, which is currently the case.

6.2 Prioritise and Implement

While there are a number of best practices available globally, as a developing country India may not have the resources (both in terms of manpower and finances) to implement them. Instead of starting multiple initiatives in one go, it may be prudent to prioritise the initiatives and work towards implementing them. In terms of prioritisation, the FSSAI may focus on ensuring food safety, public health and hygiene. For this they will require a (a) technology based robust risk management system (b) bet-

ter vigilance mechanism (c) uniformity in implementation of food safety standards across the country. Hence, all its policy and IT initiatives should be in line with these objectives.

6.3 Ensure Regulatory Certainty through Greater Responsibility

Food is an evolving sector and globally there are several amendments to food regulations and India is no exception. The FSSAI is also amending its regulations but it needs to ensure that the regulations are comprehensive and transparent. As discussed earlier, there are duplication of food safety standards as has been the case between the BIS and the FSSAI, for select products like packaged drinking water. It is important to review and if required amend food standard related regulations across multiple food standards setting bodies (FSSAI, AGMARK, BIS) to ensure duplication is removed. This will significantly improve ease of doing business.

6.4 The Pre-regulation Consultation Process

Food regulations are complex and globally it involves multiple consultations with different stakeholders. The FSSAI has started a robust consultation process and its engagement with stakeholders has shown distinct improvement. There is scope for further improvement in the consultation process through greater engagement with (a) SMEs (b) foreign companies (c) foreign Embassies (d) importers, sector experts, technology experts and other stakeholders.

Once the consultation is completed, the final policy has to be uploaded, ensuring a lead period for the companies to adhere to the regulation. It is true that while some changes (for instance, a food safety alert) need to be implemented with immediate effect, there are others that are less urgent and FBOs can be given enough time to accommodate. For instance, globally, labelling requirements do not change frequently (at least there should be a 5-year gap) and even if they do, FBOs usually get at least 2 years post implementation to adjust to major changes and requirements in the regulation.

Active stakeholder consultation also helps in making all stakeholders more responsible, in terms of compliance and reduces their compliance burden. The FSSAI can also enforce regulations and policies in such a way that FBOs themselves take responsibility of food safety, hygiene and public health.

6.5 Regulatory Impact Analysis

For any country, it is important to have a robust system of regulatory impact analysis and back-up plans. In case the government is foreseeing an uncertain regulatory environment, they can pre-empt the impact and plan for regulatory changes accordingly. After six month of a regulation being implemented, it is important to do a regulatory impact analysis which will help to better plan future regulations and understand the compliance cost. This can be done through a structured questionnaire based industry survey.

6.6 Technology Solutions for Improving Inter-Agency Coordination

Information and communication technology can play a critical role in inter-agency cooperation and coordination across multiple agencies involved in the food import clearance process. The specific areas of coordination include:

(1) Back-end IT integration for sharing of information and real-time data (including alerts) within and across all agencies involved in the process should be integrated through a common IT system. For instance, in the UK, the Automatic Licence Verification System (ALVS) is a background messaging system that receives import control decisions from the different IT systems of multiple agencies (PEACH, TRACES, etc.) and matches these to Customs declarations available on the CHIEF System. Once the ALVS completes a match on specific data items then an automated Customs clearance can occur delivering a substantial time and efficiency saving to trade. India can also adopt similar practices and develop such a system for inter-agency coordination for streamlining processes and expediting import clearances.

(2) Creating a technology based platform integrating the requirements of different agencies (especially FSSAI, DAHDF and DPPQS) by product categories at HS 8 digit level, so that the Customs and other agencies are aware of the requirements and are able to verify if that are met. In addition, there should be a common website/portal that provides complete information on rules and requirements across different product categories. India can also learn from the Automated Import Reference System (AIRS) of Canada, which allows foreign exporters to enter a HS code and retrieve all the information regarding the import of that product into Canada. The system lists down the requirements in place, relevant acts and regulations one needs to adhere to, and links the foreign exporters to the right tariff link for the product. It will also create a systematic workflow for importers that help them to prepare the pre-shipment documentation will go a long way in ensuring compliance and seamless clearance of their consignment from Customs. While doing so, it will be evident

that in a number of cases a NOC is needed from different agencies while the product is not within their domain. Such anomalies can be removed and this will significantly reduce the clearance time.

(3) All agencies should strive to move to pre-shipment document checks. It will involve checking whether the documents are completed and if incomplete documents are submitted, a flag should be raised.

(4) Manual processes such as taking printouts of forms and filling it up during visual inspection should be replaced by use of technology such as tablets which help to upload real time data and data sharing. Collecting evidence is also crucial in food import clearance process. At present, if there is an error, the FSSAI official click pictures in their personal mobile phone and post it in the FICS portal. If they had tablets they could share the real time data on one hand while on the other it will ensure data security and authenticity of the evidence collected.

(5) To ensure traceability and ability to recall a product in case of a food safety issue, in case of imported products, it is possible to have RFID/Bar Coding, etc., at the first stage and later move towards blockchain and other technology for traceability. However, officers on field during visual inspection and sampling should have devices which enable then to read the RFID/Bar Coding, so that in future products can be traced and even in-store products can be recalled.

(6) At the ports, all officers should be provided with adequate facilities to support online data transmission and sharing.

(7) Officers should be well-trained to use IT systems and tools. Interestingly, the FSSAI has already been developing in-house IT personnel and through regular training apprising them of developments. A similar practise has to be adopted by all agencies.

(8) At present there is a gap in process of online query resolution which requires importers to make physical visits. Physical interactions should be minimized by use of chatbots, online helpdesks for 24X7 queries, analysis of the queries raised and presentation of responses online through frequently asked questions (FAQs), etc.

(9) There is need to develop a robust technology based risk management system.

6.7 Risk Management System

Broadly risk management requires risk identification, assessment, communication and mitigation. The FSSAI has a risk management system that drives sampling formula. However, this was not visible on the ground during the survey and visits to ICDs and ports of entry, where 100 percent sampling was conducted. It is important to establish a robust risk management process based on commodity classification (high risk or low risk) and risk classification for example product risk, country of origin risk, importer risk, risks associated with transportation/transit, storage related risk and other supply chain risks, risks due to vulnerabilities in border controls, etc. Such risks are analyzed using both real time data collection and analysis of secondary data and information. This can be done through a robust risk management system which uses data analytic, machine learning, artificial intelligence and other modern technology to identify and mitigate risk by taking into account various functional and non-functional risk parameters. The risk management system can be further refined to predict and analyse emerging risks such as risks related to climate change, and risks related to poor agriculture practices and monitor anomalies in existing trends.

Risks can also be analysed using various global databases such as the World Integrated Trade Solution (WITS), CountrySTAT, Food and Agriculture Organization Corporate Statistical Database (FAOSTAT), Global Information and Early Warning System (GIEWS) country briefs, European Union Notification System for Plant Health Interceptions (EUROPHYT), Joint Meeting on Pesticide Residue (JMPR) database, Rapid Alert System for Food and Feed (RASFF), etc. It is important to use such secondary sources of data to identify the risk and work with (a) farmers to mitigate them at the field level and (b) businesses, especially small and medium-sized businesses to mitigate it during manufacturing and in the supply chain.

In case a risk arises it is important to share it across all import clearance agencies in real-time and raise alert to reduce the food safety threats. This is a key area for capacity building and cross country collaboration and partnership / Memorandum of Understandings (MoUs) / cooperation arrangements of the FSSAI with other countries may include this.

India can improve its risk management and risk assessment system by learning for the import clearance system of Australia which is known as Agriculture Import Management System (AIMS). A number of countries have adopted this system. The EU/UK has a fairly robust system for risk management and sampling for plant based products. For importer risks and risks related to animal based products it is best to examine the system adopted in the United States.

6.8 Data Analytics

Analysis and interpretation of data provides the intelligence which is needed to inform risk assessment, policy development and the targeting of enforcement activity, and therefore enables the regulating authority to deliver its

public health and consumer protection obligations. There are different sources of data available. The data should be collected and stored in a data repository. In India, the Customs Electronic Risk Management Systems, Central Board of Excise and Customs, Department of Revenue Ministry of Finance, has the bandwidth and is collecting data on several data points. They can collect and collate data on food imports from multiple sources and share with the FSSAI. In addition, the scope and coverage of the FS-SAI's existing Surveillance Programme may be expanded to include compliance in food import clearance process. At present, the scope and coverage of the existing system is limited to domestic compliance only. There is need for a predictive early warning and surveillance system, where the identification of risks takes place beforehand, and intelligence is provided for a more targeted risk management, sampling and analysis.

6.9 Addressing Issues Related to Compliance with Labelling Requirements

In most countries information for consumers are printed on the label while product traceability and information for regulators are bar coded. Precisely, information relevant for consumers like product category, manufacturing date, warnings etc. should be displayed on the label, and information relevant to the regulating authority can be bar coded. For data entry and verification, officers at ports should carry screening devices that are integrated with the port authority's IT systems to screen information coded in the 'bar' and should collect photographic evidence with the use of tablets, to verify whether information displayed on the labels is in line with legislative requirement related to consumer information.

6.10 Reforms in Product Approval and Standards

Delay in product approval have been identified as a key barrier. There is need to have more manpower and reduce the delay in approval from present up to 2 years to not more than 6 months. There is need for a more in-depth study to (a) identify products such as fruit based baby food for which the FSSAI is yet to develop a standard (b) identify ingredients which are approved globally in more than 40 developed and developing countries but are not approved in India or there may not be any non-scientific restriction on the quality (c) revisit the list of approved nutraceuticals and novel foods, examine it and broaden it (d) check the list of approved additives and ingredients. Accordingly, the WTO's SPS Agreement should be a scientific base for implementation of product approval related restrictions. If the FSSAI does not have enough in-

house manpower, research organisations may be engaged to do research and set up food safety standards. The FS-SAI may form an advisory body of food scientists and nutritionists who can provide advice on the standards which are WTO compliant and ensure food safety.

7. Conclusion

There is a need for focus on the safety and quality of food consumed in India and this is applicable for imported food. In doing so, it is also important to ensure compliance. However, the process should not be restrictive and cumbersome, which may restrict future investments in food processing and thereby creation of jobs. Foreign food manufacturer first tests market their product before making investment decisions. Hence, their experiences at the entry stage through imports decide their future plans of investment, job creation, etc. In this context, technology should be used to ensure ease of doing business and compliance and policies, strategies and procedures should be in place to support it. Ease of doing business entails regulatory efficiency and process efficiency and it is important to have effective rules and processes in place that are easy to follow and understand. In a globalized world, it is important to have rules based on scientific evidence and implement them uniformly, or else the health of the consumers may be affected.

In this context, there is need to do more research on how the data generated through the implementation of technology can analyzed to develop a robust risk management process and classify products under a high and low risk category. Further, studies may be conducted in inter-linkages between imports and investment in food processing sector in the context of developing countries such as India. A larger sample size can help in more robust econometric modelling and may help to identify the best practices across different ports of entry. Future research may also focus on how India can learn from global best practices in improving food safety and standards and at the same time ensuring ease of doing business.

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