



THE INDIAN FOOD PROCESSING INDUSTRY - SIGNIFICANCES IN GLOBAL MARKET ITS AND CURRENT PERSPECTIVE



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ABSTRACT

The food industry is a complex, global collective of diverse businesses that together supply much of the food energy consumed by the world population. The Food Standards Agency of the United Kingdom defines the food processing as “the whole food industry - from farming and food production, packaging and distribution, to retail and catering. India is the world’s second largest producer of food next to China, and has the potential of being the biggest with the food and agricultural sector. The food processing is one of the largest industries in India. It is ranked fifth in terms of production, consumption, export and excepted growth. The Food processing industry contributed 6.3% percent of India’s GDP and has a share of 6% of total industrial production. The industry employs 1.6 million workers directly. The Food Processing industry is on track to ensure profitability. This sector is expected to attract phenomenal investments of Rs 1400 billion in the next decade. Hence the present paper is an attempt to provide holistic picture of the present day Food processing industry.

KEYWORDS: Food Industry, Processing Industry, Specialty Processing, Packaging, Fast-Food, Ready-to-Eat Breakfast Cereals.

INTRODUCTION

The Food Standards Agency of the United Kingdom defines the food processing as “the whole food industry – from farming and food production, packaging and distribution, to retail and catering.”^[1]

The Economic Research Service of the USDA uses the term food system to defines the food processing as “The U.S. food system is a complex network of farmers and the industries that link to them. Those links include makers of farm equipment and chemicals as well as firms that provide services to agribusinesses, such as providers of transportation and financial services. The system also includes the food marketing industries that link farms to consumers, and which include food and fiber processors, wholesalers, retailers, and foodservice establishments.”^[2] The food industry includes:

- **Regulation:** local, regional, national and international rules and regulations for food production and sale, including food quality and food safety, and industry lobbying activities
- **Education:** academic, vocational, consultancy
- **Research and development:** food technology
- **Financial services :** insurance, credit
- **Manufacturing:** agrichemicals, seed, farm machinery and supplies, agricultural construction
- **Agriculture:** raising of crops and livestock, seafood
- **Food processing:** preparation of fresh products for market, manufacture of prepared food products



- **Marketing:** promotion of generic products (e.g. BT Brinjal), new products, public opinion, through advertising, packaging, public relations, etc.
- **Wholesale and distribution:** warehousing, transportation, logistics

India is the world's second largest producer of food next to China, and has the potential of being the biggest with the food and agricultural sector. The total food production in India is likely to double in the next ten years and there is an opportunity for large investments in food and food processing technologies, skills and equipment, especially in areas of Canning, Dairy and Food Processing, Specialty Processing, Packaging, Frozen Food/ Refrigeration and Thermo Processing. Fruits & Vegetables, Fisheries, Milk & Milk Products, Meat & Poultry, Packaged/ Convenience Foods, Alcoholic Beverages & Soft Drinks and Grains are important sub-sectors of the food processing industry. Health food and health food supplements is another rapidly rising segment of this industry which is gaining vast popularity amongst the health conscious.

India's food processing sector covers fruit and vegetables; meat and poultry; milk and milk products, alcoholic beverages, fisheries, plantation, grain processing

and other consumer product groups like confectionery, chocolates and cocoa products, Soya-based products, mineral water, high protein foods etc. We cover an exhaustive database of an array of suppliers, manufacturers, exporters and importers widely dealing in sectors like the -Food Industry, Dairy processing, Indian beverage industry etc. We also cover sectors like dairy plants, canning, bottling plants, packaging industries, process machinery etc.

The most promising sub-sectors includes Soft-drink bottling, Confectionery manufacture, Fishing, aquaculture, Grain-milling and grain-based products, Meat and poultry processing, Alcoholic beverages, Milk processing, Tomato paste, Fast-food, Ready-to-eat breakfast cereals, Food additives, flavors etc.

India is one of the world major food producers but accounts for less than 1.5 per cent of international food trade. This indicates vast scope for both investors and exporters. Food exports in 1998 stood at US \$5.8 billion whereas the world total was US \$438 billion. The Indian food industries sales turnover is Rs 140,000 crore annually as at the start of year 2000. The industry has the highest number of plants approved by the US Food and Drug Administration (FDA) outside the USA.

Table-1 Year Wise Export Statement of Food Products

Food Product	2008-09	2009-10	2010-11	2011-12 (Upto May)
	Value	Value	Value	Value
Fresh Fruits And Vegetables				
Fresh Onions	1670186.29	182752.21	1664922.39	27,207.93
Other Fresh Vegetables	505285.46	68020.32	419241.35	13,376.14
Walnuts	5696.34	14123.63	9073.38	2,018.33
Fresh Mangoes	83703.18	17071.25	74460.61	10,193.77
Fresh Grapes	124627.97	40861.28	131153.61	7,474.65
Other Fresh Fruits	256768.53	43086.84	260675.43	8,878.51
Total	2646267.77	365915.53	2559526.77	69149.33
Processed Fruits And Vegetables				
Dried & Preserved Vegetables	147861.22	49641.51	124613.50	11,118.26
Mango Pulp	173013.60	75298.90	186197.85	7,630.08
Other Processed Fruits & Vegetables	387126.42	137179.00	397978.17	23,703.80
Pulses	136880.08	54232.50	100130.94	26,087.00
Total	844881.32	316351.91	808920.46	68539.14
Animal Products				
Buffalo Meat	462749.62	483970.99	495019.71	1,43,448.19
Sheep / Goat Meat	37790.65	49336.94	52868.01	5,775.72
Poultry Products	1057016.47	42205.80	1016783.10	5,532.09
Dairy Products	70146.77	98086.06	34379.97	4,928.70
Animal Casings	1823.72	884.32	2020.56	623.97
Processed Meat	857.63	1014.40	716.19	331.74
Natural Honey	15587.53	14896.37	13310.77	11,369.03
Swine Meat	817.82	917.23	1117.96	60.66
Total	1646790.21	691312.11	1616216.27	172070.10
Other Processed Foods				
Ground Nuts	297890.37	123900.93	340246.31	53,355.43
Guargum	258567.56	133898.53	218479.74	97,065.70
Jaggery And Confectionery	1467904.90	200482.09	53639.76	45,316.24
Cocoa Products	6831.90	8403.91	5863.88	2,185.71
Cereal Preparations	206928.49	110092.50	168795.50	28,244.98
Alcoholic Beverages	56152.90	54254.20	70504.99	18,510.78
Miscellaneous Preparations	139637.31	59172.63	158803.46	16,062.23
Total	2433913.43	690204.79	1016333.64	260741.07
Cereals				
Basmati Rice	1556411.06	947702.98	2016775.00	2,35,459.52
Non Basmati Rice	931879.80	168737.41	139540.76	16,493.89
Wheat	1120.52	145.73	47.30	18.61
Other Cereals	3999648.05	392057.69	2924468.29	91,073.87
Milled Products	41053.51	8133.77	60284.18	1,386.06
Total	6530112.94	1516777.58	5141115.53	344431.95
Grand Total	1,41,01,965.67	35,80,561.92	1,11,42,112.67	1,37,688.47

Source: DGCIS Annual Export

India's exports of Processed Food was Rs. 1,11,42,112.67 in 2010-11 which including the share of products such as Fresh Fruits And Vegetables like Fresh onion, other Fresh Vegetables, Walnuts. Fresh Mangoes, Fresh Grapes, Other Fresh Fruits worth Rs 25,59,526.77. Processed Fruits And Vegetables items such as Mango Pulp, other Processed Fruits & Vegetables and Pulses worth Rs 8,08,920.46. The Animal Products such as Buffalo Meat, Sheep / Goat Meat, Poultry Products, Dairy Products, Animal Casings, Processed Meat, Natural Honey, Swine Meat, worth Rs 16,16,216.27. Other Processed Foods

items such as Ground Nuts, Guargum, Cocoa Products, Cereal Preparations, Alcoholic Beverages, Miscellaneous Preparations, Jaggery and Confectionery worth Rs 10,16,333.64. Cereals and its products such as Basmati Rice, Non Basmati Rice, Wheat, Other Cereals, Milled Products worth Rs 51,41,115.53

The Indian food processing industry is primarily export orient. India's geographical situation gives it the unique advantage of connectivity to Europe, the Middle East, Japan, Singapore, Thailand, Malaysia and Korea. One such example indicating India's location advantage is the

value of trade in agriculture and processed food between India and Gulf region.

While United States brands such as Mc Donald's, Pizza hut and Kentucky fried chicken have become Indian household names, the new wave in food industry is not only about foreign companies arriving here attracted by the prospective size of the market. It is also the migration of made in India tag on food products traveling aboard.

Indian food brands and fast moving consumer goods are now increasingly prime finding prime shelf-space in the retail chains of United States and Europe. These include Cobra beer, Bikanervala foods, MTS food's ready to eat food stuff, ITC kitchen of India and Satnam overseas Basmathi rice

The table 2 tabulates the top five destinations for the export of food products of India during the year 2010-2011

Table-2 The Top Five Destinations for export of Food Products Year 2010-2011

Fruit And Vegetable Seeds				
Pakistan (37.33 %)	Bangladesh (8.30 %)	United States (7.37 %)	Netherland (6.96 %)	Nepal (4.80 %)
Fresh Onions				
Bangladesh (32.86 %)	Malaysia (26.61 %)	Sri Lanka (10.11 %)	United Arab Emirates (9.55 %)	Indonesia (5.17 %)
Other Fresh Vegetables				
United Arab Emirates (26.69 %)	Nepal (8.68 %)	Sri Lanka (7.78 %)	United Kingdom (7.36 %)	Saudi Arabia (7.25 %)
Walnuts				
Egypt Arab Republic (13.57 %)	Netherland (11.66 %)	Germany (11.55 %)	France (11.54 %)	Spain (9.90 %)
Fresh Mangoes				
United Arab Emirates (61.79 %)	Bangladesh (11.41 %)	United Kingdom (8.92 %)	Saudi Arabia (3.79 %)	Kuwait (2.32 %)
Fresh Grapes				
Netherland (28.66 %)	Bangladesh (13.34 %)	United Arab Emirates (12.94 %)	United Kingdom (11.76 %)	Russia (4.70 %)
Other Fresh Fruits				
United Arab Emirates (31.01 %)	Bangladesh (20.08%)	Saudi Arabia (9.82%)	Netherland (5.18 %)	Nepal (4.39 %)
Dried And Preserved Vegetables				
Russia (11.53 %)	Germany (10.81 %)	Malaysia (7.86 %)	United States (7.81 %)	France (7.49 %)
Mango Pulp				
Saudi Arabia (25.87 %)	Netherland (13.18 %)	United Arab Emirates (7.60 %)	Yemen Republic (7.46 %)	United Kingdom (6.94 %)
Other Processed Fruits And Vegetables				
United States (23.16 %)	United Kingdom (9.48 %)	Netherland (8.58 %)	Saudi Arabia (6.86 %)	United Arab Emirates(4.51 %)
Pulses				
Pakistan (31.85 %)	Algeria (13.02 %)	Turkey (11.73 %)	Sri Lanka (9.43 %)	United Arab Emirates (7.68 %)
Buffalo Meat				
Vietnam Social Republic (14.97 %)	Malaysia (12.47 %)	Egypt Arab Republic (12.08 %)	Saudi Arabia (7.76 %)	Philippines (6.13 %)
Sheep / Goat Meat				
Saudi Arabia (59.27 %)	United Arab Emirates (23.09 %)	Kuwait (7.79 %)	Qatar (4.00 %)	Oman (3.07 %)
Poultry Products				
Oman (12.79 %)	Pakistan (10.53 %)	Germany (7.87 %)	Angola (7.78 %)	Maldives (6.37 %)
Dairy Products				
United Arab Emirates (17.33 %)	Bangladesh (12.02 %)	Egypt (11.43 %)	Nepal (8.68 %)	Philippines (5.58 %)
Animal Casings				
Myanmar (29.64 %)	Hong Kong (17.17 %)	Vietnam (10.31 %)	South Africa (6.60 %)	Italy (5.97 %)

Processed Meat				
Myanmar (28.72 %)	Vietnam Social Republic (23.21 %)	United Arab Emirates (16.36 %)	Australia (9.04 %)	Seychelles (4.43 %)
Natural Honey				
United States (78.70 %)	Saudi Arabia (8.30%)	Belgium (2.64 %)	United Kingdom (1.99 %)	Morocco (1.68 %)
Swine Meat				
Myanmar (35.77 %)	Vietnam Social Republic (19.98 %)	Portugal (16.36 %)	Bhutan (9.42 %)	Thailand (5.53 %)
Ground Nuts				
Indonesia (43.06 %)	Malaysia (17.46 %)	Philippines (11.04 %)	Pakistan (4.29 %)	China P Rp (4.13 %)
Guargum				
United States (59.96 %)	China P Rp (7.36 %)	Germany (6.16 %)	Russia (4.20 %)	Italy (2.53 %)
Jaggery And Confectionery				
Bangladesh (25.48 %)	Pakistan (18.80 %)	Sri Lanka (9.10 %)	Somalia (7.10 %)	Indonesia (5.53 %)
Cocoa Products				
Netherland (25.48 %)	Nepal (17.28 %)	United States (13.68 %)	China P Rp (9.59 %)	Sri Lanka (7.82 %)
Cereal Preparations				
United States (16.75 %)	United Kingdom (11.12 %)	Bangladesh (7.49 %)	United Arab Emirates (6.64 %)	Nepal (6.07 %)
Alcoholic Beverages				
United Arab Emirates (23.53 %)	Angola (21.66 %)	Ghana (7.22 %)	Singapore (5.36 %)	Nepal (3.62 %)
Miscellaneous Preparations				
United States (18.46 %)	United Arab Emirates (10.62 %)	Nepal (7.08 %)	Kenya (6.39 %)	United Kingdom (6.12 %)
Basmati Rice				
Saudi Arabia (27.42 %)	United Arab Emirates (25.77 %)	Iran (17.95 %)	Kuwait (9.62 %)	United Kingdom (3.06 %)
Non Basmati Rice				
Nepal (18.96 %)	South Africa (18.30 %)	Maldives (10.96 %)	Vietnam Social Republic (10.77 %)	Philippines (8.60 %)
Wheat				
Nepal (60.39 %)	Saudi Arabia (7.74 %)	Singapore (7.22 %)	Australia (5.83 %)	Germany (5.31 %)
Other Cereals				
Bangladesh (21.46 %)	Vietnam Social Republic (20.41 %)	Malaysia (20.31 %)	Indonesia (15.11 %)	United Arab Emirates (3.57 %)
Milled Products				
United States (26.61 %)	United Arab Emirates (15.30 %)	Nepal (10.34 %)	Australia (7.66 %)	United Kingdom (5.86 %)

Source: DGCIS Annual Export

CONCLUSION

The future of the Indian farmer depends on the success of the food industry as India's prosperity is predominantly the market forces are linked to the growth of incomes in the agrarian sector of the economy. Increasing liberalization of the economy has tried to lift the food and agricultural sector ones again. The market forces are compelling the Indian agriculture to compete effectively in global food market

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