



A STUDY ON INDIAN FOOD PROCESSING INDUSTRIES (FPI)

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ABSTRACT

The paper endeavours to analyze the food processing industry in its current form in India. It will primarily focus on performance issues related to food processing industry. The paper looks into the various challenges faced by the industry, and the future prospects of sector, the employment generation capability of industry, and the skills possessed by the workforce; it also deals with various public sector initiatives implemented through various policies, programmes and schemes of government. The Indian manufacturing sector is a classical example of and industries and has had great potential. Statistical data shows that over the last 20 years the Indian manufacturing sector recorded a very high growth rate in overall economy the participation of Indian manufacturing sector in India's GDP is 16%. India is a growing economy at a world level and a huge labour supply which is available at a very low cost and most of the production is based on labour intensive product.

Food processing is the transformation of raw ingredients in to food or of food in to other form. Today food processing industries are considered very emerging sector at world level because of its large potential growth and economic impact. India is agriculture dominant country and second largest producer of food and ranked fifth in food processing in terms of production consumption and export. Food processing covers activities related to such ad agriculture, horticulture, plantation, animal husbandry and fishes. In 2014-2015 the export of food processing industries is US\$ 35757 Million and this sector employs 16 million people directly and contributing 7% of India's GDP.

KEY WORDS: transformation, horticulture, plantation, animal husbandry, skills possessed.

INTRODUCTION

Food processing is the transformation of raw ingredients into food, or of food into other forms. Food processing typically takes clean, harvested crops or butchered animal products and uses these to produce attractive, marketable and often long shelf-life food products.

The processed food industry is divided into the following broad segments:

- Primary processed food - which includes products such as fruits and vegetables, packed milk, unbranded edible oil, milled rice, flour, tea, coffee, pulses, spices, and salt, sold in packed or non-packed forms.
- Value-added processed food - which includes products such as processed fruits and vegetables, juices, jams, pickles, squashes, processed dairy products (ghee, paneer, cheese, and butter), processed poultry, and processed marine products, confectionary, chocolates, and alcoholic beverages.

Prime Minister Narendra Modi launch the “Make In India” campaign on September 25, 2014 aimed at reviving the job-creating manufacturing sector – key to taking the economy on a sustainable high growth path. The drive, the Modi government hopes, will do for investment sentiment what the “Incredible India” campaign has accomplished for tourism. With his “Come, make in India” slogan in his Independence Day speech, Mr. Modi had invited global companies to set up manufacturing units in India to supply to the rest of the world. For the launch, the government is likely to invite the who’s who of the global corporate sector from the U.S., Japan, Korea, Sweden, Poland, Australia, China, Italy, Germany and France.

The food processing industries in India is seen as a growing manufacturing sector and a source of empowering the rural economy. Food processing industries are utilising the food grains and other agriculture product optimally. The food processing industries are generation employment both urban and rural area, reducing wastages, ensuring the value addition in the food and promoting crop diversification beside it the FPI are engaged with the export which provide foreign exchange to the country. As we know that the production of agriculture product are continuously decreasing in the country and the rural population who are engaged in the farming are moving to other areas and people are migrating due to disguised unemployment and numbers of problem in the farming and agriculture activities i.e. low price of the cope, low technological facilities, proper irrigation facilities and low level of income. In this circumstances the food processing industries are motivation to the farmers for increasing their output because the raw material of the FPI are come form the agriculture sectors

FOOD PROCESSING UNITES IN INDIA

year	Food Processing Sector(Billion)	All Industry	(%) share
2013	1211	22246	5.44
2014	1487	24987	5.95
2015	1687	26582	6.35

Sources: DGCI&S Kolkata

The FPI unities in India are continuously increasing due to changing the thinking of the consumers of India towards the food processed products in 2013 the FPI in India was 1211 billion which increases in 2014 to 276 units with 22% growth rate and the % share in the

REVIEWS OF LITERATURE

Wilkinson (2004) studied transformations in the food processing sectors of developing countries are increasingly seen as strategic from the point of view of export earnings, domestic industry restructuring and dietary issues.

Studies by Chenggapa et al (2005) and Mukherjee & Patel (2005) pointed out though Indian consumers have preferred fresh and unprocessed food over processed and packaged food but due to the western effect and changed standard of living now the Indian consumers are consuming food processed products.

Goyal and Singh (2007) found, that rising income, increased urbanization, changing lifestyle, greater willingness to experiment with new products, increase in the number of working women etc are some important elements which force to the customers to consume the food processed products.

Study by Dharni and Sharma (2008) indicated that Food processing sector is very important for linking between agriculture and manufacturing industry.

OBJECTIVES OF THE STUDY

- ♣ To know the sect-oral performance of Indian manufacturing industries with special reference to “Food Processing Industry”.
- ♣ To explore problem and prospect of Food Processing industry in India.
- ♣ To developed a model to raise Food Processing industry of India to the level of “Make in India”.

RESEARCH METHODOLOGY

The study has been fully based on secondary data which has been collected from *ITC, Geneva & DGCI & S, Kolkata* Reserve Bank of India (RBI), Economic Survey, Ministry of Commerce, and Ministry of Finance. In this study last 5 year data has been analysis.

manufacturing industries are increased form 5.44 % to 5.95% this trends continued in the 2015 also and there are 200 extra FPI unites are increased with the growth rate of 13% here it is noted that the growth rate of the are decrease in 2015 as compare to 2014.

Export of Agri. and Food Processed Products

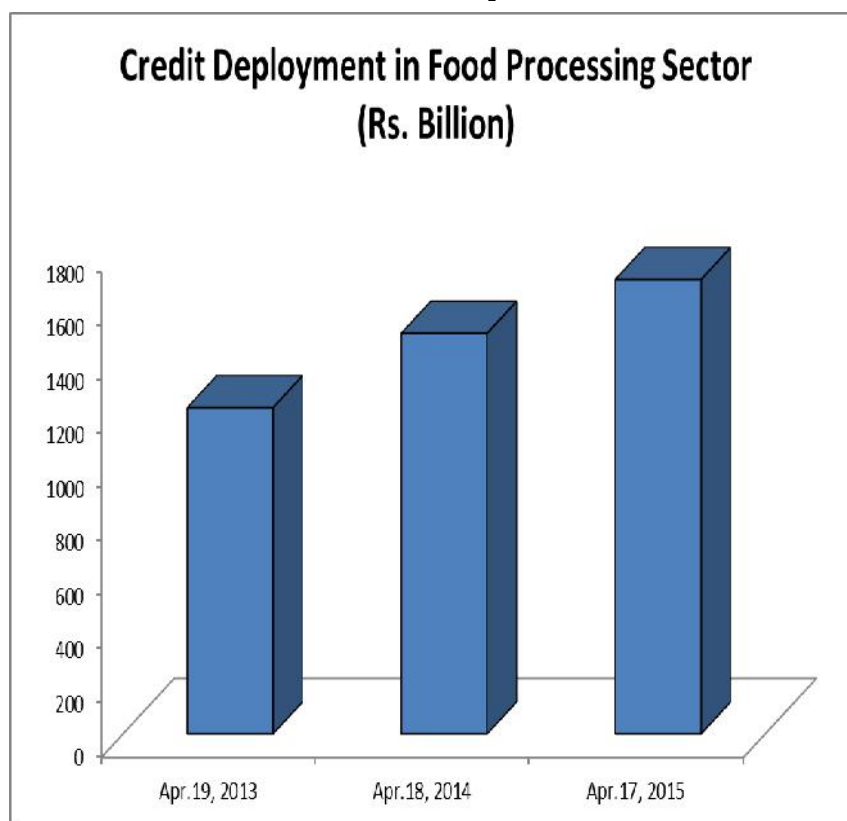
Year	Export((US \$ Million)
2009-10	14,871
2010-11	20,541
2011-12	31,854
2012-13	36,457
2013-14	38,111
2014-15	35,757

Source: DGCI&S, Kolkata

Foreign trade is a very important component for the development of the country foreign trade not only provide the foreign exchange earning but also generate employment opportunities in the country and the foreign trade increase the competitiveness amongst the producer which leads to higher level of production in the country. India is agriculture land and there are numbers of

agriculture products are producing in the boundary of the country and more than 50% population of the country are directly and indirectly. Food process product export is increasing but in 2014-15 the export earning decrease as compare to the 2014 due to low productivity in the primary sector.

Credit Development in FPI



Sources: DGCI&S Kolkata

In this diagram it is very clear that in the food processing industries the credit development is continuously increasing credit development is very important for the sustain and marinating proper production activities for the FPI but there is a problem of

high interest rate on the credit money and long procedures for obtaining this credit money. Due to low level of technology the cost of production of the food processed product is very high which increase the cost of production.

FDI in Indian Food processing Industries

year	FDI(in Crore)	Share in total FDI
2009-10	1,23,120	1.08
2010-11	97,320	0.88
2011-12	1,65,146	0.48
2012-13	1,21,907	1.79
2013-14 (Apr.- Mar.)	1,47,518	16.39

Foreign direct investment is a very important component for the development of manufacturing industries FDI not only brings the sufficient capital for the manufacturing industries for meeting their manufacturing related requirement but also bring the high level of technology which increases the production of food processing industries. In this data there is a very clear picture that in 2013-14 there are huge rate of increased growth rate recorded of FDI in food processing Industries.

The food processing industry contributed 7% to India's GDP. The industry employs around 13 million workers directly and about 35 million indirectly. The food processing industries is divided into the following sectors

- ✧ Milk and allied products (dairy).
- ✧ Meat and poultry, seafood, bakery and confectionery.
- ✧ Fruit and vegetables, grain, pulses and oilseeds (staple) products.
- ✧ Alcoholic and non-alcoholic products (beverages) and packaged foods.

India ranks No. 1 in the world in production of Milk (Fresh, whole, buffalo), Pulses, Ginger, Chick Peas, Bananas Guavas, Papayas and Mangoes. Further, India ranks No. 2 in the world in production of Rice, Wheat, Potatoes, Garlic, Cashew Nuts, Groundnuts, Dry Onion, Green Peas, Pumpkins, Gourds, and cauliflowers. India is the largest food producer in the world and the labour supply is available at a very low rate which reduce the cost of production the agro-climatic condition is very good for the food processing companies because the raw material is available at the time and reasonable rate. One this which generally found in India that more the 50 per cent income of the Indian are expend on the food items consumptions so there is a very great opportunities to the food processing industries from this view point due to this vital characteristics most of the food processed products are demand by domestics population and rest of the production are exported to rest of the world which provide the foreign exchange and numbers of benefits.

Key growth drivers of Food Processing Sector in India:-

- ✧ Increasing spending on health and nutritional foods

- ✧ Increasing number of nuclear families and working women
- ✧ Changing lifestyle
- ✧ Functional foods, fresh or processed foods
- ✧ Organized retail and private label penetration
- ✧ Changing demographics and rising disposable incomes Key opportunities in Food Processing Sector
- ✧ Process able varieties of crop
- ✧ Contract farming
- ✧ Investments in infrastructure through Public Private partnership (PPP)
- ✧ Mega Food parks
- ✧ Logistics and cold chain infrastructure
- ✧ Food safety Management Systems
- ✧ Machinery and packaging

CONCLUSIONS AND FINDINGS

Food processing industries are very important for the growth of manufacturing sector in India because it creates the direct linkage between primary and manufacturing sectors so for the development of food processing industries there is a need to developed the agriculture sector and find out the problem of agriculture sector and remove it because without the sufficient raw material the FPI can work smoothly. The most recorded problem of the agriculture sector as well as FPI is the credit facilities because the credit is available at a very high interest rate which a poor farmer and small manufacturers cannot afford. So policy maker should try to solve this problem. The newel implemented scheme i.e. Mudra Yojana and Make in India are working very good to resolve the problems of manufacturing industries regarding credit and foreign direct investment the policy makers should suggest that they should try to do something which creates healthy marketing environment of Food processed product in India.

However, it is encouraging to note that the food-processing sector is one of the sectors attracting a considerable share in FDI. The inflow of FDI was low in the year 2004-05 as compared to the previous year but the total inflow of FDI in FPI sector has increased in the subsequent year i.e., from Rs 174 crore in 2004-05 to Rs.183

crore in 2005-06 which is 3.12 per cent of total FDI inflows, it has again increased considerably in subsequent years i.e. Rs 441 crore in 2006-07 and now 147518 crore in 2013-14. Further, the development of Food Parks would surely help in attracting higher FDI for the sector. The competitive advantages of Indian Food Processing Sector needs to highlighted in International Trade Fairs and Multinational Food Processing Companies may be encouraged to set up their subsidiary units in India.

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