



MAJOR CONSTRAINTS OF INDIAN FOOD PROCESSING INDUSTRY: A STUDY

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ABSTRACT

The present research paper focuses the main constraints of food processing industry of India. The very significant point in food processing industry is that a considerable segment being rural based and it has very high employment prospective with considerably lower investment. There are various constraints and problems in the field of consumption, production and exports of food processing industry. Thus, similar to other industries of the economy food processing industry also suffers from definite problems. The raw materials, particularly vegetables and fruits aren't obtainable all through the year, these shows to be a main constraint in the development of the food processing industry. The industry is facing many difficulties such as pertaining to finance, marketing, technical and export for smooth running of their industrial units. There is an imperative requirement to supply the facilities which assist them setting up of inexpensively feasible units.

KEY WORDS: Industry, Problems, Development, Prospects

INTRODUCTION

Food processing industry is one of the most significant industries for agricultural country, which plays a significant role in the economic growth. It can be defined as a procedure of value addition to the horticultural and agricultural product by many techniques such as storing, grading and packaging etc. It is a method of developing and protecting food continuation in an effectual way with a view to improve their shelf life, advance quality as well as make them functionally more valuable. This industry is based on local usual resources and original knowledge and skill of the people. Separately from straight contributing to returns and employment creation, this industry stimulates output and employment enlargement not directly through its linkages with other industries. Food processing can be made at house as well as in food processing industry. In addition decreasing unnecessary wastage of unpreserved products it helps in value addition. It makes the manufactured goods attractive, profitable and demandable. The quality and quantity of raw materials are the fundamental characteristics of food processing industry. The very significant point in food processing industry is that a considerable segment being rural based and it has very high employment prospective with considerably lower investment.

OBJECTIVES

The main objectives of the present paper are:

- To recognize the main problems that adversely affects food processing industry of India.
- To recommend appropriate measures for the development of food processing industry in India.

RESEARCH METHODOLOGY

The present research paper is based on the Primary and the Secondary data; however it is chiefly based on the primary data. The main sources of secondary data are the information provided by Small Scale Industrial Corporation, Economic surveys, Population Census, Statistical Reports, Survey of Industries, Reference books, Journals, Magazines, News papers, etc. The discussion done on the paper is of exploratory nature. The information was gathered from exporters and producers to recognize problems being faced by them in Indian food processing industry. The secondary data was also used available from various authenticated sources.

REVIEW OF LITERATURE

R. P. Kurulkar, A. K. Mitra and B. Sahoo in their book entitled, *Agro Based Industries and Rural Development* (1994) explore the role of two agro-based industries, the cotton-based industry and the sugar industry, in the development of rural areas. They discuss each of the agro-industries, capital requirements, and potential employment levels.

S. K. Goyal in his research paper namely, *Potential in Agribusiness – Fruit and Vegetable Processing Industry in India* (2006) explains that India is the second biggest manufacturer of fruit and vegetables in the world. The paper highlights the consumption of fruit and vegetables in India. Expenditure of consumers on fruit and vegetables has been increasing over the years in India. The demand of consumers for fruit was more receptive than was the demand for vegetables to increased income.

Mohammed Asmatoddin, G. T. Pawar and M. Atefuddin in their research article entitled, ‘Employment and Income Pattern in Bakery and Confectionary Units in Maharashtra ... (2008) studies the agro-based food processing bakery and confectionary firms in Parbhani city. In this paper information was gathered on income pattern and employment forty five in bakery and confectionary firms. The sample included large, medium and small bakery and confectionary firms.

Sreenivasa Murthy in his paper namely, ‘SMES In Fruit Processing Sector – A Study of Financial Performance of Fruit Processing Industry In Chittoor District of Andhra Pradesh’ (2014) tries to evaluate the role and financial performance of fruit processing industry in the medium and small sector and their important role in Indian economy.

Mike Battcock in his book entitled, *Training in Food Processing* (2014) explains that how to give efficient training

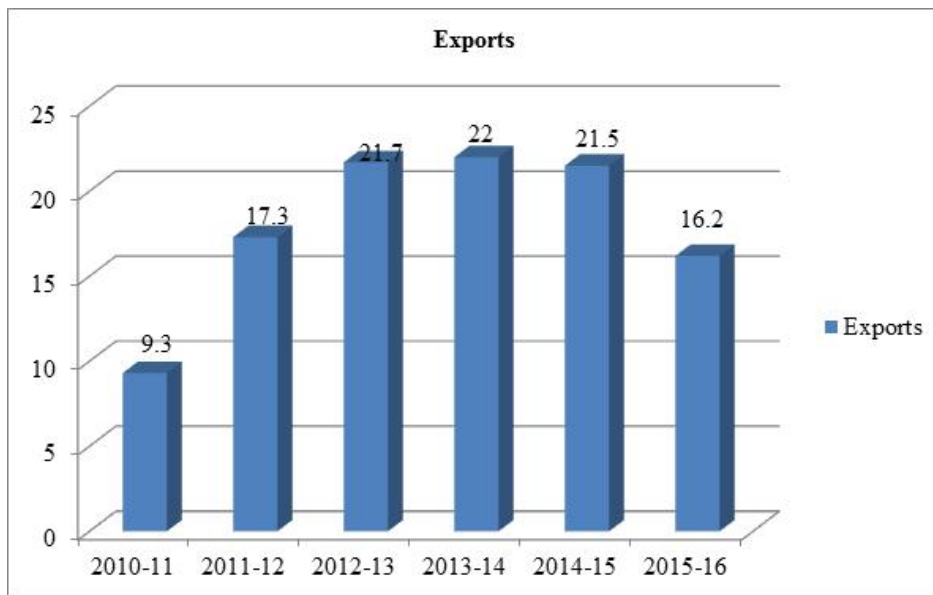
in food processing, which can inaugurate prospects for individuals who lack business knowledge. It shows the significance of needs assessment, monitoring, course homework and the worth of realistic work and chances for trainers to talk about their thoughts and innovations. With instances of lesson plans and forms, practical case studies and information of institutions that help food processing training.

EXPORT PERFORMANCE

The exports of food products from India to other countries are regularly increasing. But in the financial year 2015-16 it decreased because of many constraints of the industry. The given below figure demonstrates the export quantity of India’s food processing industry during the period from 2010-11 to 2015-16.

India’s Exports of Processed Food Products during the Period from 2010-11 to 2015-16

(Values in US \$ Billions)



Sources: Agricultural and Processed Food Products Exports Development Authority

MAJOR CONSTRAINTS OF THE INDUSTRY

There are various constraints and problems in the field of consumption, production and exports of food processing industry. Thus, similar to other industries of the economy food processing industry also suffers from definite problems. After studying many reports from dissimilar government and non government organizations many problems have been recognized that need instant concentration to smoothen the development pathway of the industry.

Indian food processing industry suffers from insufficient infrastructural conveniences. Although, on policy papers there have been many programmes to give infrastructural facilities to the industry. The food processing industry of India has along and disjointed supply chain. The last mile connectivity is still absent from the supply chains. This is obvious from the truth that transportations losses constitute the main fraction of the losses that is suffered by the food processing industry. The research accomplished by MOFPI in the year 2010 has expected harvest and postharvest losses of main agricultural manufactures at national level to be of the

order of Rs. 44,143 crore annual at the year 2009 wholesale prices. (MOFPI, Government of India, 2015)

However, Indian food processing industry is main employer, but still it suffers from lack of experienced and skilled manpower. This has become a dangerous problem in the growth of the industry. Today the requirement of the industry isn’t only restricted to supply chain, but has extended to value chain management. This demands experienced and skilled manpower.

This is a recognized truth that India is the second biggest food producer in the world. Therefore, giving a vast base of raw materials to the food processing industry, still the quality of the items received by the industry isn’t up to the good standard. Thus, a main part of the production couldn’t be exported. It has to be sold at low prices in the domestic market. Not all varieties that are refined in India are fit for processing; there is a shortage of process able varieties in India.

The agriculture of India is a risk of monsoon. There constantly exists insecurity in the crop production. In addition to this the raw materials, particularly vegetables and fruits

aren't obtainable all through the year, this shows to be a main constraint in the development of the food processing industry.

RECOMMENDATIONS

The following policy implications can be recommended to improve the performance of food processing industry in India:

- The agriculturists should apply new experiments in food processing industry.
- The exports of agricultural products should be promoted so that the person associated this industry could be motivated.
- The training programmes should organize to get skilled and semi-skilled persons for the industry.
- The Government of India should open the door for 100 per cent Foreign Direct Investment in marketing of food items.
- Government should promote the industry at central and state government level along with a sturdy focus on supply chain infrastructure.
- Government should sanction the sufficient budget for the industry in every financial year as in Union Budget 2017-18.

CONCLUSION

Thus, it can be concluded that there are some major constraints which can obstruct the expansion prospects of the food processing industry in India, if not controlled faster. One of the largest problems is that this industry is capital intensive. It creates a sturdy entry obstacle and permits limited number of players to go into the market. Players mean competition which decreases hard work to develop quality principles. Major confronts faced by the food processing industry of India include refining consumers that processed foods can be more healthful; dealing with low price flexibility for processed food items; need for distribution network; development of marketing channels; streamlining of food laws; humanizing food superiority standards and intensification food testing network; spiraling institutional structure to expand manpower for improving capabilities to address global confronts. These challenges must be tackled to attain full prospective of the Indian food processing industry. The

industry is facing many difficulties such as pertaining to finance, marketing, technical and export for smooth running of their industrial units. There is an imperative requirement to supply the facilities which assist them setting up of inexpensively feasible units.

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