



"MAKE IN INDIA"- AN ADVANTAGE TO THE FOOD PROCESSING INDUSTRY

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ABSTRACT :

Meeting growing global demand for food, fiber, and bio fuel requires robust investment in Food Processing industry. India is one of the fastest emerging as a sourcing hub of processed food. The nation's preparing segment is little and handling of nourishment to consumable models in India has achieved just 10% as of late. India's offer in fares of handled sustenance in World exchange has stayed at about 1.5 percent or \$3.2 billion India's nourishment preparing part incorporates foods grown from the ground; flavors; meat and poultry; milk and milk products, etc. The objectives of this study are: To study the market share of food processing industry, To find the demand and supply of food processing products and To find the yield of major crops in India. Secondary data was collected and the same was used for the analysis purpose. It was found out that there is a huge gap between the demand and the supply of processed food.

KEYWORDS : Industrial Policy, Food Processing, Agriculture Based Industry.

INTRODUCTION

Sustenance preparing area is crucial for the general advancement of an economy as it gives an imperative linkage and cooperative energy between the farming and industry. It differentiates and popularize cultivating; upgrade pay of ranchers; make markets for fare of agro nourishments just as create more noteworthy work openings. Through the nearness of such enterprises, a more extensive scope of sustenance items could be sold and appropriated to the inaccessible areas.

India is the world's second biggest maker of nourishment beside China and has the capability of being the greatest in the World. Sustenance and nourishment items are the greatest utilization classification in India, with spending on nourishment representing almost 21% of India's GDP and with a market size of \$181 billion. The Indian residential sustenance showcase is relied upon to develop by almost 42% of the present market size to \$298 billion by 2015 and \$344 billion by 2025 (World of Food India, 2014).

India's rural base is very solid yet wastage is exceptionally high and handling of sustenance items is low. While handling of nourishment to consumable principles are at dimensions of up to 80% in some created nations, the general preparing level in India has as of late achieved 10%. In this way, India's sustenance handling segment relatively is little and its offer in fares of prepared nourishment in world exchange has stayed at about 1.5 percent or \$3.2 billion. (Bhuyan, 2010).

For the most part, in creating nation markets, higher wages result in eating regimen updates, with expanded interest for meats, dairy items, and other high esteem items. In India likewise supported monetary development and expanding urbanization are powering fast development sought after for

high esteem nourishment items like natural products, vegetables, milk, meat, eggs and fish (Rao et al 2004; Ali et al 2007).

REVIEW OF LITERATURE:

Babu Suresh et al (Jan 2015): In India, FDI inflows in food processing sector were worth Rs.198 crore in the year 2000, these FDI inflows were rose to Rs.1314 crore in 2009 and it was fallen to Rs.826 crore in 2011. During this period the growth were registered 11.1 per cent per annum respectively. Ministry of Food Processing Industries (MoFPI) has formulated a Vision 2015 Action Plan that includes trebling the size of the food processing industry, raising the level of processing of perishables from 6 per cent to 20 per cent, increasing value addition from 20 per cent to 35 per cent, and enhancing India's share in global food trade from 1.5 per cent to 3 per cent.

Connie M Weaver et al(2014): Both fresh and processed foods make up vital parts of the food supply. Processed food contributes to both food security (ensuring that sufficient food is available) and nutrition security (ensuring that food quality meets human nutrient needs).so the food and processing industry will be in a good growth in the coming years.

Dave Rina et al(2013): India is fast emerging as a sourcing hub of processed food. India's food processing sector includes fruit and vegetables; spices; meat and poultry; milk and milk products, beverages, fisheries, plantation, grain processing and other consumer product groups such as confectionery, chocolates and cocoa products, soya-based products, mineral water, high protein foods etc. Dairy Industry is also growing. Government has implemented various schemes to promote at the same time favorable Exim policy is also benefiting equally. It is in the unorganized segment. Government should give more support and should more formalize it. It has export potentials. Generally, in making country markets, higher wages bring about eating routine updates, with extended enthusiasm for meats, dairy things, and other high regard things. In India similarly upheld money related improvement and growing urbanization are fueling quick advancement looked for after for high regard sustenance things like common items, vegetables, milk, meat, eggs and fish (Rao et al 2004; Ali et al 2007).

Mathavi et. Al (2013): No doubt India agriculture sector is very large but its contribution to Indian economy India is less compared to other sectors. India produces a lot but preservation is the most important process related to all the food products. Preservation of food products can be achieved by various ways like addition of salt, sugars, preservatives, antioxidants, naturally occurring antimicrobial substances and also by the processes like drying, freezing, refrigerated storage and Hurdle Technology.

Surya Kumar (2013): In India, FDI inflows in food processing sector were worth Rs.198 crore in the year 2000, these FDI inflows rose to Rs.1314 crore in 2009 and the it had fallen to Rs.826 crore in 2011. During this period the growth was registered 11.1 per cent per annum respectively. Ministry of Food Processing Industries (MoFPI) has formulated a Vision 2015 Action Plan that includes trebling the size of the food processing industry, raising the level of processing of perishables from 6 per cent to 20 per cent, increasing value addition from 20 per cent to 35 per cent, and enhancing India's share in global food trade from 1.5 per cent to 3 per cent

STATEMENT OF PROBLEM:

The main problems faced by the food processing industry in India are lack of alignment on production incentives that impact farm output. There is limited organized presence and poor infrastructure in procurement and the supply chain that lead to waste and poor food quality. There is a lack of scale and modern technology and underinvestment that limit the value-add in the processing industry.

OBJECTIVE:

1. To study the market share of food processing industry.
2. To find the demand and supply of food processing products.

- To find the yield of major crops in India.

DATA BASE AND METHODOLOGY:

This study is based on analysis of secondary and hence descriptive analysis was adopted. The present study makes use of data and information provided by Reserve Bank of India and World Investment Reports published by UNCTAD. The FDI inflows of food processing industries data was collected from Ministry of Food Processing Industries, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, RBI bulletin, Economic survey of India and various websites.

MAKE IN INDIA:

Prime Minister Narendra Modi had hinted towards the initiative in his Independence Day speech of 15 August 2014. It was launched on 25 September 2014 in a function at the Vigyan Bhawan. On 29 December 2014, a workshop was organised by the Department of Industrial Policy and Promotion which was attended by Modi, his Cabinet ministers, chief secretaries of states and various industry leaders.

The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. Some of these sectors are: automobiles, chemicals, IT, pharmaceuticals, textiles, ports, aviation, leather, tourism and hospitality, wellness, railways, design manufacturing, renewable energy, mining, bio technology, and electronics. The initiative hopes to increase GDP growth and tax revenue. The initiative also aims at high quality standards and minimizing the impact on the environment. The initiative hopes to attract capital and technological investment in India.

In August 2014, the Cabinet of India allowed 49% foreign direct investment (FDI) in the defence sector and 100% in railways infrastructure. The defence sector previously allowed 26% FDI and FDI was not allowed in railways. This was in hope of bringing down the military imports of India. Earlier, one Indian company would have held the 51% stake; this was changed so that multiple companies could hold the 51%. Out of 25 sectors, except Space (74%), Defence (49%) and News Media (26%), 100% FDI is allowed in rest of sectors.

STATUS OF FOOD PROCESSING INDUSTRY IN INDIA:

- Rank of Industry -5th
- Employment in lakhs- 16
- % of total Industrial Labor -19 Force
- Total Industry Output in -14 percentages
- Output as % of GDP -5.5
- Estimated Turnover -1, 44,000 (rupees in crores)
- Unorganized Sector (rupees in crores) -1, 11,200

INVESTMENTS:

According to the data provided by the Department of Industrial Policies and Promotion (DIPP), the food processing sector in India has received around US\$ 6,215.46 million worth of foreign investments during the period April 2000—January 2015.

Some of the major investments in this sector in the recent past are:

- Foodpanda.in has acquired food ordering portal Just Eat India in an all-stock deal as it plans to strengthen its presence in India.
- Gujarat Cooperative Milk Marketing Federation (GCMMF), popularly known as 'Amul', plans to invest Rs 5,000 crore (US\$ 800.18 million) to set up ten new processing plants as well as expand the current capacity to touch 32 million litres per day (MLPD) capacity by 2020.
- Restaurant search service Zomato is in discussions to raise about US\$ 100 million in a fresh round of funding. Zomato is now present in 22 countries and over 500 cities around the globe.

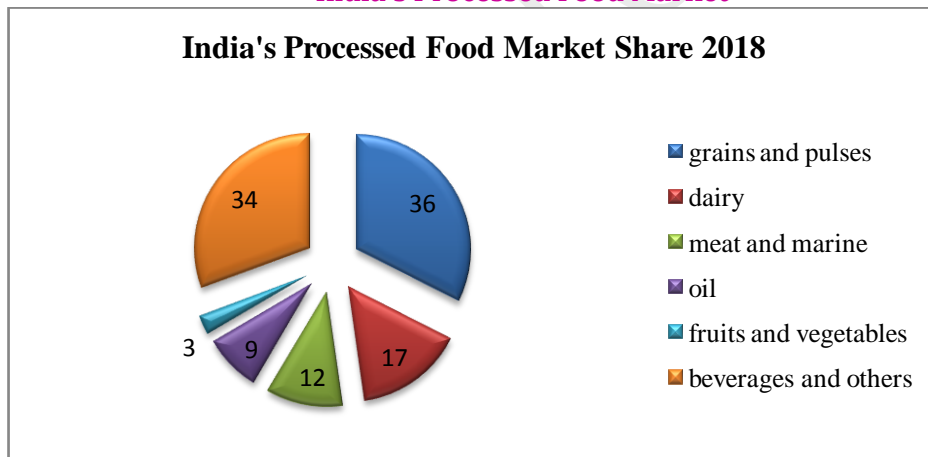
- Online restaurant search service Zomato has acquired Urbanspoon, for an undisclosed amount, in an all-cash deal marking its entry into the US. This is Zomato’s sixth acquisition in six months.
- ITC Ltd plans to invest Rs 1,000 crore (US\$ 160.03 million) for its ambitious foray into dairy and juice businesses which it plans to roll out in the January-March quarter of 2015.

GOVERNMENT INITIATIVES

Some of the major initiatives taken by the Government of India to improve the food processing sector in India are as follows:

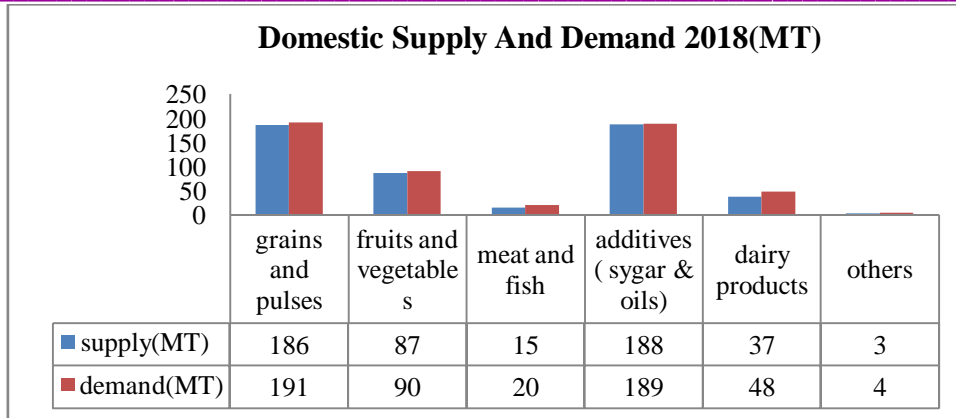
- Ms Harsimrat Kaur Badal, Union Minister for Food Processing Industries, Government of India has inaugurated the first of its kind Rs 136 crore (US\$ 21.76 million) mega international food park at Dabwala Kalan, Punjab.
- Ministry of Food Processing Industries has a scheme for human resource development (HRD) in the food processing sector. The HRD scheme is being implemented through State Governments under the National Mission on Food Processing. The scheme has the following four components:
 - Creation of infrastructure facilities for degree/diploma courses in food processing sector
 - Entrepreneurship Development Programme (EDP), Food Processing Training Centres (FPTC), Training at recognised institutions at State/National level
- The Food Safety and Standards Authority of India (FSSAI) under the Ministry of Health and Family Welfare has issued the Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011 and the Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011 which prescribe the quality and safety standards, respectively for food products.

India's Processed Food Market



Source: ministry of food processing industry’s annual report for 2018

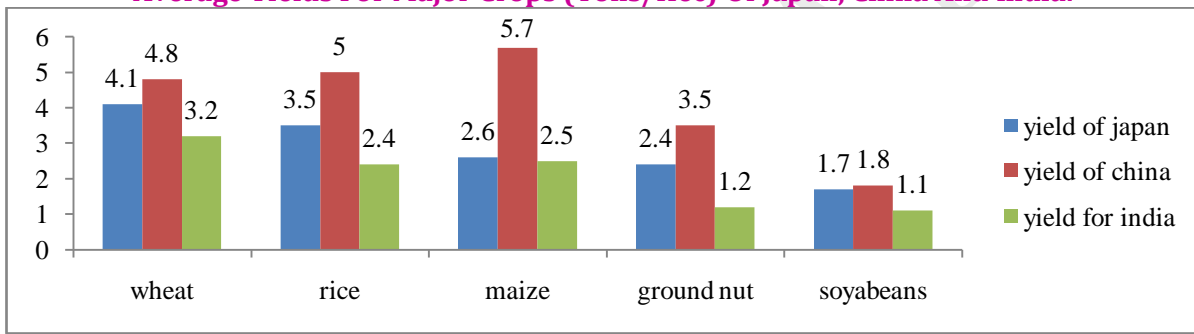
Analysis: From the above table, it is clear that the maximum share in the processed food is that of grains and pulses which 36% is followed by beverages which is 34%. Dairy, meat and oil have 17%, 12%, and 9% respectively.



Source: <http://www.mofpi.nic.in/>

Analysis: From the above graph it's clear that there is a gap of domestic demand and the actual supply of all the items.

Average Yields For Major Crops (Tons/Hec) Of Japan, China And India:

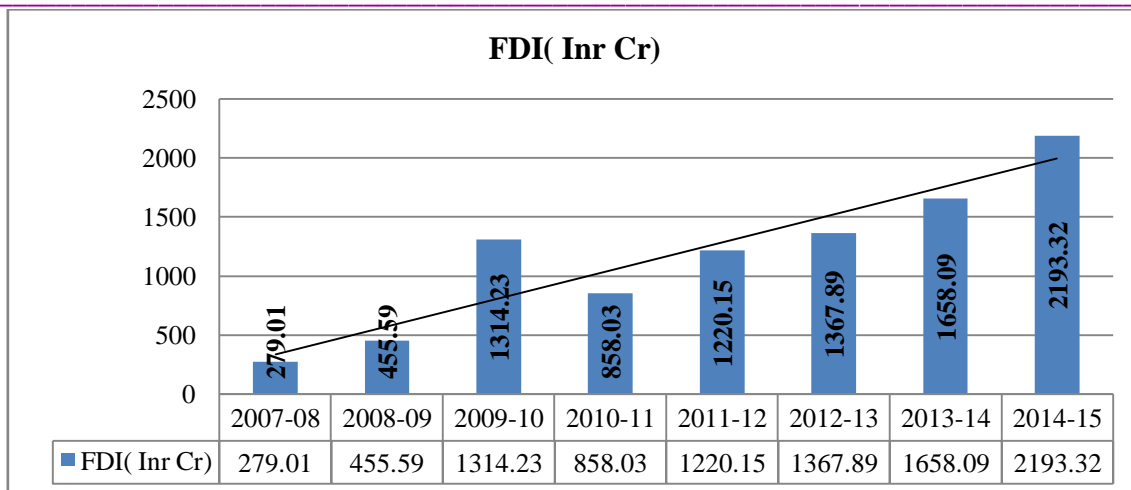


Source: Food And Agriculture Organization Production Yearbook, FAOSTAT, Indian Agriculture Census 2014

Analysis: A comparison is made among three countries Japan, China and India. The comparison is made in terms of yield (tons/ hectare). The yield is maximum in China compared to India and Japan.

FOREIGN DIRECT INVESTMENT (FDI):

FDI is permissible for all the processed food products up to 100% through automatic route except for items reserved for MSMEs. For MSMEs, the permissible FDI limit through automatic route is 24%. For any foreign investment more than 24%, the government route can be opted. In such a case, the enterprise will have to be licensed under Industrial License and Industries (Development & Regulation) Act, 1951. An inflow pattern of the FDI in food processing units is given in the table below:



Source:<http://www.mofpi.nic.in/>

Analysis: From the above graph and table, it's clear the FDI is continuously increasing from 2007-08 till 2009-10 but then decreases till 2012 and again it increases in the year 2012-13.

CONCLUSION:

Round the year accessibility of crude materials. Social adequacy of agro-preparing as critical zone and backing from the focal government. Tremendous system of assembling offices everywhere throughout the nation. Opening of worldwide markets may prompt fare of our created innovations and encourage age of extra pay and work openings. Despite the fact that there are many promising elements which bolster great development of this industry, there are still some huge requirements which, if not tended to sooner, can obstruct the development prospects of the Food Processing Industry in India. The Government has established 60 fully equipped Agri- Export Zones (AEZs), in addition to food parks, to provide a boost to agricultural and food processing exports. India's relatively in expensive but skilled workforce can be effectively utilised to set up large low cost production bases for domestic and export markets. The second biggest bottleneck in expanding the food processing sector, in terms of both investment and export, is lack of adequate infrastructure facilities. Another limitation is poor framework for putting away crude nourishment materials. Financial incentives and support should be provided on liberal scale to promote the modernization of agro-processing industry and for establishing new such industries in production catchments.

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