CHAPTER – I

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CHAPTER - I
INTRODUCTION

1.1 INTRODUCTION TO THE SUBJECT UNDER STUDY:

The economic growth of a nation depends on the agricultural and industrial development of that country. The contribution of small-scale industries is well understood in terms of growth of industrial output, generation of employment opportunities and dispersion of industrialization to cover the rural areas. Small-scale industries in India have legacy right from the ancient period. In good old days Indian Handicrafts and handloom products were famous throughout the world. After independence of India the role of small-scale industries has been officially recognised. The planning era and the industrial policy measures have adopted the policy of protection and development of small-scale industries on specific lines. It would be seen that, small-scale industries have played a pivotal role in the economic growth of the developing countries. Since, India is an Agro-industrial country and key to its economic growth depends on small-scale industries, these industries converting agricultural produces into consumer goods. It is evident from the growth and development of small units in Bombay, Pune, Hubli, Dharwad, Belgaum, etc. These points promoted Researcher to select the area in small-scale sectors and particularly the bakery industry in Belagum District.

Belgaum is southern west district of Karnataka State. It mainly depends upon agriculture. The main crops of the district are cash crops like, sugarcane, tobacco, cotton, groundnuts, vegetables and grain-crops such as
Jawar, Wheat, Rice, Maize, Bajra, and Millet etc. Because of the Agro-orientation district area, it has many Agro industries like - Sugar factories, Oil mills, Tobacco Processing Units, Beedi Making Units, Dairy Units, Bakery Industries etc.

There are nearly 205 bakeries in Belgaum district producing and marketing bread and bakery products. Out of these bakeries more than 50% are situated in the urban areas of Belagum, Nipani, Gokak, Chikodi, Hukkeri etc. Most of these bakeries are producing quality and tasty products. Hence these are having a wide market demand in the Karnataka State and even in Maharashtra, Particularly in Kolhapur and Sangli district. The bread produced by these bakeries is consumed by in large quantities in big and small hotels, small retail tea stalls (i.e. Gadas), Military departments, Civil Hospital’s etc. Thus the bakery industry has gained its prominence at present day.

1.2 IMPORTANCE OF THE STUDY:

Now a days bakery products are increasingly consumed in the home as well as outside eating-places. As now a days all class of people are busy with their activities particularly of city people and working class people, they choice a ready food products which may be substitute for their routine foods. Hence, at present a commercial bakery industry is having wide scope for its growth and development. Hence detail investigation in its present position would be useful to the industry as well as to the state, to plan and frame policy about the systematic growth and expansions of this small scale industry. This study mainly aims at the in-depth analysis of the problems concerned with the
The study would bring into light the role in the national economy, specifically in the generation of employment opportunities and enable the state to take necessary steps for the growth of this industry.

The study having proper representations of various problems of financial and marketing, the findings and suggestions would be helpful not only to the Baker's in Belgaum district but also in other regions, having bakery industry with similar problems and conditions.

1.3 STATEMENT OF THE PROBLEM:

Most of the bakeries in Belgaum district are of small scale and many units being a family business, they lack technical know how of modern production methods as well as financial attitude and marketing concepts. Most of the bakeries get finance from local sources like private finance, credit societies, Urban Banks, commercial Banks and from private moneylenders. The most of the bakeries are having financial problems and some marketing problems, which affects for expansion and growth of bakery industry. Hence, the statement of the problem taken up for the present study is “A STUDY OF BAKERY INDUSTRY IN BELGAUM DISTRICT [WITH SPECIAL REFERENCE TO FINANCIAL AND MARKETING PROBLEMS].”
1.4 OBJECTIVES OF THE STUDY:

The following have been set out as objectives of the study.

A. To know the profile of the Belgaum district in general and to take an overview of bakery industry in the study area in particular.

B. To study the capital investment in this industry and the various sources of the capital.

C. To make the study of problems of the bakery industry in relation to finance and marketing.

D. To know the reason for selecting the bakery industry by the entrepreneurs.

E. To arrive various findings and to give appropriate suggestions of the study.

1.5 HYPOTHESES OF THE STUDY:

The following has been formulated as the hypotheses for the study:

Majority of the bakery units in Belgaum district are operate on small-scale basis and many as a family business unit. The marketing area of the bakery units is limited. Most of the bakery units under study are not maintaining records of costing finance and marketing.

1.6 SCOPE OF THE STUDY:

The geographical scope of the study is limited to the boundaries of Belgaum district consisting of 10 talukas and Belgaum City of Karnataka. The scope of the study would focus on the financial and marketing problems of the
bakery industry in the study area. The analytical scope would cover the fulfillment of the objectives and the testing of the hypothesis. The scope would be to confine to offering suggestions for the improvement of the bakery industry.

1.7 RESEARCH METHODOLOGY ADOPTED:

For the present study to fulfil the objectives both primary data and secondary data has been used. For collecting primary data the survey method has been adopted. Survey has been made by preparing an interview schedule, containing various set of questions to the proprietors, partners, supervisors / managers of co-operative bakery unit. Researcher personally administered the interview schedule and convinced the respondents about various questions set for getting factual data about the bakery units. For cross verifying the collected data by interview schedule, the observation method has also been adopted. The necessary secondary date has been collected from the library, various books and journals for the present study.

a) Sampling Method –

For the present study for collection of primary data, sample survey has been made by using stratified Random Sampling Method. In this method whole 205-bakery units in Belgaum district is segmented under various strata i.e. 10 Talukas and Belgaum City. Number of bakeries has been taken, prior to selection of samples at random. All these bakery units are of producing and marketing the bakery products. Then from all 10 talukas and Belgaum City bakery units on random basis i.e. 50% of the total available bakeries have been
taken as sample. This 50% sample of bakery units has been selected on lottery method i.e. selection of 100 bakery units out of 205 total units by drawing chits of all stratified bakery units as well as type of bakery units i.e. proprietorship, partnership and co-operative units etc has also been considered. Hence for the present study, combination of both random sampling and purposive sampling method has been adopted which is a most common for survey method for collection of data.

The information necessary for making stratification of whole 205 bakery units is given in table No.1.1.
Table No. 1.1

Table showing number of actual and sampled bakery units in Belgaum District.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Talukas And City</th>
<th>Proprietorship firms</th>
<th>Partnership Firms</th>
<th>Co-operative firm</th>
<th>Total firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Actual Sample</td>
<td>Actual Sample</td>
<td>Actual Sample</td>
<td>Actual Sample</td>
</tr>
<tr>
<td>1</td>
<td>Athani</td>
<td>07 03</td>
<td>00 00</td>
<td>00 00</td>
<td>07 03</td>
</tr>
<tr>
<td>2</td>
<td>Belgaum</td>
<td>09 04</td>
<td>02 01</td>
<td>00 00</td>
<td>11 05</td>
</tr>
<tr>
<td>3</td>
<td>Bailhongal</td>
<td>10 05</td>
<td>00 00</td>
<td>00 00</td>
<td>10 05</td>
</tr>
<tr>
<td>4</td>
<td>Chikodi</td>
<td>22 11</td>
<td>04 02</td>
<td>01 01</td>
<td>27 14</td>
</tr>
<tr>
<td>5</td>
<td>Gokak</td>
<td>17 08</td>
<td>04 02</td>
<td>00 00</td>
<td>21 10</td>
</tr>
<tr>
<td>6</td>
<td>Hukkeri</td>
<td>23 12</td>
<td>02 01</td>
<td>00 00</td>
<td>25 13</td>
</tr>
<tr>
<td>7</td>
<td>Khanapur</td>
<td>05 02</td>
<td>00 00</td>
<td>00 00</td>
<td>05 02</td>
</tr>
<tr>
<td>8</td>
<td>Raibag</td>
<td>06 03</td>
<td>00 00</td>
<td>00 00</td>
<td>06 03</td>
</tr>
<tr>
<td>9</td>
<td>Ramdurg</td>
<td>07 03</td>
<td>00 00</td>
<td>00 00</td>
<td>07 03</td>
</tr>
<tr>
<td>10</td>
<td>Savadatti</td>
<td>05 02</td>
<td>00 00</td>
<td>00 00</td>
<td>05 02</td>
</tr>
<tr>
<td>11</td>
<td>Belgaum City</td>
<td>72 36</td>
<td>09 04</td>
<td>00 00</td>
<td>81 40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>183 89</td>
<td>21 10</td>
<td>01 01</td>
<td>205 100</td>
</tr>
</tbody>
</table>

Source: Karnataka Industrial Center, Udyambag, Belgaum.
b) Collection of Data –

Primary data has been collected through a structural interview Schedule, consisting of set of various questions by Researcher itself by taking interview of 100 respondents, i.e. Proprietors, Partners, Managers / Supervisors of bakery units in the study area. The schedule consists questions of getting profile of bakery units, information of labour, finance and marketing problems, and other related matter.

Secondary data for the present study has been collected from Government offices namely Karnataka Industrial Center, District Statistical Abstract office, Belgaum, The Belgaum District Bakers Co-operative Credit Society. For getting necessary theoretical background of the study published data from various library books and journals has been taken.

The various libraries visited by the researchers for collecting theoretical background and review of literature and other related matter, which are very useful, were:

2. Mahatma Phule Agricultural University, Rahuri Dist – Ahmdnagar
3. Karnataka University, Dharwad.
4. Agricultural University, Anand, Gujarat.
5. Agricultural College, Kolhapur.
6. Chhatrapati Shahu Central Institute of Business Education and Research, Kolhapur.
7. Rajarambapu Institute of Technology, Management Studies, Sakharale-Islampur.
1.8 PROCESSING OF THE DATA:

The collected data has been processed to present whole data in a systematic way by preparing the Master Sheet with tables of columns and sub-columns with tally bar system which have given a clear cut picture at a glance.

1.9 PRESENTATION OF DATA:

On the basis of master sheets with columns and sub columns, classification and tabulation of data has been made. It has been presented by various statistical tables and charts systematically for proper analysis and interpretation of data. The profile of the study area and set up of bakery industry in Belgaum district has been systematically presented along with necessary statistical data available with tables and charts for giving at a glance picture.

1.10 ANALYSIS AND INTERPRETATION OF Data:

It is the most important task from the point of view of research to arrive valid conclusions. On the basis of presented data by statistical tables and charts, researcher carries out further analysis and interpretation of data. Finally the researcher has come out with concrete findings and conclusions of the study.

1.11 LIMITATIONS OF THE STUDY:

The limitations of the present study are:

a) The geographical scope of the study is only limited to Belgaum district consisting of ten talukas. So, for selecting 50% sample on random basis of segmented area, there may be the possibility of bias and error in stratification. Hence, findings are to be read with this limitation.
b) The interview schedule being in English was required to be explained in Kannada or Marathi as most of the proprietors, partners do not follow English.

c) It was observed for collecting some specific financial and sales data that, Most of the baker’s were not properly disclosed the information.

1.13 CHAPTER SCHEME:

The thesis is divided into five chapters as given below:

Chapter I – Introduction: This Chapter deals with the Introduction to the Subject under Study, Importance of the Study, Statement of the Problem, Objectives of the Study, Hypotheses of the Study, Scope of the Study, Research Methodology Adopted, Processing of the Data, Presentation of the Data, Analysis and Interpretation of Data, Limitations of the Study undertaken, Chapter Scheme, and Review of Literature of the study undertaken.

Chapter II – Theoretical Background of the Study: This Chapter deals with the Financial Aspects of the Study, consisting of introduction, concept of finance, importance of the finance, sources of finance, Marketing Aspects of the Study which consists, Conceptual Backdrop - Evolution of Marketing - Goals of Marketing - Marketing Mix and Marketing Problems of SSI Units, and History and Production Process of Bakery Products, which consists - History of Bread Making and Its Production process - Evolution of Biscuits and Biscuit Making Process - History of Cakes and Cake Making Process. In this chapter,
information about New Policy for Modernisation and Technological Up-Gradation of SSI's is also given.

Chapter III – Profile of the Belgaum District and Setup of Bakery Industry in Belgaum District: In this chapter, A Brief Note of Karnataka, A Brief note of Belgaum District, along with Location - General Highlights of the District - Basic amenities - District income - Rainfall - Water Resources - Distribution of Chemical Fertilizers, Land Holdings, Agricultural Markets, Family Welfare Programmes, Price and Price Index, District Planning, Other General Information of the district, Historical Places of the District has been given. This chapter also deals with the information of Set up of Bakery Industry in Belgaum District, which has been presented through tables and diagrams.

Chapter IV – Data Presentation, Analysis and Interpretation:

This chapter deals with Presentation of Information about the Location and Layout of Bakeries under Study, Information about Production of Bakery products, Information about the Labour, Information about the Financial Aspects of the Study, Information about Marketing Aspect of the Bakeries under Study, Other Information Related to Bakeries under Study has been presented in the form of statistical tables and diagrams.

Chapter V - Findings and Suggestions: This chapter deals with the specific Findings and Suggestions of the study undertaken which have been arrived on the basis of the data analysis and interpretation.
1.13 REVIEW OF LITERATURE:

The review of related literature is an important part of research work. The researcher reviewed it as preliminary to the present study. The recommendations and suggestions of various committees, study groups, seminars, and conferences have been reviewed. A number of books, journals, reports, articles, newspapers, seminar papers, etc., have been thoroughly reviewed. The review of literature facilitated understanding the background and present situation related to the subject selected for the research study.

a) Strategy For Survival And Growth of Bakery Industry - Seminar

The Society of Indian Bakers, New Delhi had invited speakers to address their members on the above subject on 19.03.2001 at New Delhi.

Mr. L R. Khandari, Director, U.S. Wheat Associates addressed the members how MNC's have popularized eating Pizzas and Burgers with more than 200 retail outlets all over India and how this has helped the Indian Bakery Industry. He suggested bakery should now make Pie's filled with Carrot Halwa, Dietary foods, etc., making the Bakery Foods nutritious and hygienic while considering to use environment friendly packing materials. He also stressed the need of educate consumers.

Mr. Kumar Bhatia, Chief Engineer, Minister of Food Processing Industries, Government of India, said that only Rs. 5 to 6 crores worth bakery foods were imported so far. But few of these imported goods are of gelatin based, use animal origin fats, etc., and law of the land should be made applicable to safeguard the interests of vegetarian consumers. He said the Indian Bakery
Industry should gear up to face competition by upgrading their facility and meet world standards in quality and packing. There is an opportunity to export to 4 billion-dollar export markets.

Mr. V. C. Sood, Chief – PD & QE, Domino Pizza addressed the advantages and disadvantages of small companies and threats they are likely to face due to withdrawal of WTO restrictions w.e.f. 1/4/2001.

**Strengths:**

1. Owner/Manager could communicate better and decision will be faster.
2. Overhead expenses are lower.
3. Prompt service could be provided.
4. Freshness of Bakery Food is better.

**Weaknesses:**

1. Limited access to market.
2. Inconsistent quality assessment and products.
3. Shortage of skilled labour.

**Threats within!**

Modern bread was taken over by HLL, exactly one-year back. Small-scale manufacturers of Bread are under threat due to aggressive market penetration by the HLL through Modern units and Britannia, through their franchisees all over India respectively.

Both the retailers and consumers are offered various free gifts such as shampoo, ketchup, and biscuits besides 1 loaf free for 10 loaves purchased, as extra incentive besides cash incentives.
Experienced bakers opine that the fellow enjoying are the retailers at the cost of Bakeries, who never saw, this much margin all these years. This is just the beginning and we have to want and watch what next to follow, and how many heads will roll in the process.

**Hindustan Lever Ltd., to make Biscuits?**

Yes, It is reliably learnt that HLL, FMCG Company would like to enter manufacturing and marketing of Biscuits, thus increasing their presence in this sector also.

HLL is already in Breads, Cakes, Vanaspathi and Kissan range of Tomato based products. Wait and watch for a big drama to unfold shortly.

**Ahara 2001, 17-21 March, New Delhi**

This year it is learnt that new bakery machinery will be on display at Ahara 2001, both Indian and Imported machinery respectively.

1. Dough kneading Spiral Mixers from KAY MATTALICS, Bangalore,
   25kgs to 100kgs

2. Bakery and Deck ovens from CS Aerotherm, Bangalore.


**Budget 2001**

Bakery Industry was looking forward for the budget proposal to open new opportunities but got disappointed.
1. Increase in Import duty on edible oils has already made its impact in increase of price of Rs. 70/- to Rs. 100/- per tins of 15kg of Refined Oils, Vanaspathi, Margarine, etc.

2. Excise duty exemption is withdrawn on small pack biscuits. This is likely to affect branded biscuits.

3. Exemptions withdrawn on cartons, boxes, containers and cases of corrugated paper or paperboard; thus increasing the cost of packaging. This is likely to increase the MRP of Biscuits, cakes and confectionery items in the near future.

In a surprise move, FCI has reduced the price of Wheat w.e.f 1/3/2001 to Rs. 700/- per quintal sold to flourmills in East, West and South regions retaining Rs. 650/- for northern region. Flourmills in Bangalore have reduced the price of wheat flour by Rs. 20/- to Rs. 30/- w.e.f 12/3/2001.

Source: Website www.bakeryindia.com

b) Radhakrishnan K.L. (1999) article titled “Bakery Industry in India in the 21st Century”, at the beginning, takes a review of the bakery industry today in India. In this article he mentioned that the industry has today come to occupy a most important place on the industrial map of India and it is recognised as the large among the food processing industries with an annual turnover of over Rs. 7000 crores. The bakery units, of which around 90% are in the small and tiny sectors in both rural and urban areas, of the country. It provides employment to few lakhs of People. The industry produces 1.8 million tones of
bread and 1.2 million biscuits annually. But India’s per capita consumption of bread is only around 1.8 kg and that of biscuits only around 1.2 kg. Annually, as compared to about 100 kg of bread and 15 kg. Of biscuits in the developed countries. This gap indicates the wide scope for increasing in the production of bakery items.

For future of bakery industry, Radhakrishnan stated that the quality conscious of consumer is increasing and bakery industry has to strive to meet their needs. It is therefore, imperative that a holistic approach is followed in the bakery plants. Rigid quality control of the raw materials, correct processing techniques and regular quantity checks of the products necessary for the Total Quality Management (TQM) system in the industry. There is an urgent need for modernization of the bakery units by introducing new machineries.

The author opines that the bakery industry has bright prospects as we approach the 21st century. Consumption of bakery products is increasing with increase in urbanization and changes of food habits. For satisfying the needs of the consumers the industry will have to produce good quality products, modernisation of existing bakery with induction of trained human resource, availability of good quality wheat flour to meet the specific needs of bread, biscuits or cake production, introduction of T.Q.M. system and aggressive marketing are some of the issues which need immediate attention to meet the challenges of the 21st Century. *1

c) An article “Essential Hygiene Control in Bakery Industry” by Sushil Gupta’s starts with the observation that hygiene is a subject of ever increasing importance in bakery industry today. Hygiene serves diverse purposes in a bakery, viz. (a) complying with legal requirements, (b) meeting the moral obligations to consumers, (c) maintaining clean surroundings, and (d) storing finished goods under proper conditions. The six principles to be basically to be considered for instituting a system of hygiene in a bakery are (a) clean working area, (b) clean working habits, (c) avoidance of spillage, (d) clean personal habit, (e) avoidance of insect containing, and (f) clean protective clothing. The author elaborates each of these principles, giving clear instructions as to how most hygienic conditions may be obtained in a bakery. 2

d) “Packaging of Wheat and Wheat Products”.

An article by P. Ahluwalia, Amarjeet Kaur stated that the packaging is a co-ordination system preparing the goods for transport, distribution, storage, and end use. Packaging adds nothing to the food value but it adds freshness. The main role of packaging is to eliminate the wastage and would thus increase the market of Indian produces in India as well as in one international market. The role of packaging of wheat, wheat flour, and bakery products is stated in this article specifically.

The role of packaging of baked products from wheat flour has been started clearly as packaging of bread — (a) At present more than 80% of bread is packed in low-density polyethylene bags. The major advantage of bags to housewives revolves around reusability, easy of removal and better self-life also cheap. Bread is packed in tinplate coons for use by hunters, sportsman and military personnel for long self life (b) Packaging of Buns — Packaging of buns is done in bulk containers like returnable cardboard boxes with wax paper or film as linear or in disposable box and bag system which is more sanitary method. (c) Packaging of Biscuits for packaging of biscuits the packaging material, which is grease proof, moisture resistant, and easily sealable, is required. So, the flexible films with coating on the surface of film for moisture barrier and sealability with neutralized foil wrapping with tear strip opener is used.

Outer casings are often made up of corrugated paper to give protection during distribution. For chocolate-coated biscuits aluminum foil laminates are used. As (d) packaging of sandwiches contains two this slices of bread with a wide variety of fillings. They must be wrapped for display and convenience in retailing shelf life is very short.

In concussions, it is stated that, packaging plays an important role in determining the quality of product during storage. It also adds to the appeal of the product for consumer utilization. An eye-catching package promotes the sale of the product.  

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An article titled “Asia Pacifics Bakery and Cereals Marked” – Source: Datamonitor food database local trade interviews. It is stated that, the market for bakery and cereals in Japan is huge, accounting for 66% of the $22 billion Asia pacific market. Cakes and sweet pastries from a large portion of the Japanese market, which is not only very sophisticated, but also focused on local produces. In this way it is a unique market unlikely and other in Asia.

Although economic problems in Asia have hurt consumer markets badly and bakery categories have lost over one quarter in value in the affected countries.

India and Taiwan have experienced the highest growth in per head consumption of bakery and cereal products in the region. According to datamonitor, underdeveloped markets such as India, Indonesia and Pakistan, where consumption is low, have huge potential. In more developed markets like, Hongkong, Taiwan and South Korea, where consumption is higher, marketing is more crucial for development. India’s bakery and cereals market is worth $1 billion, the third largest in Asia pacific after Japan and Australia (valued at $20.2 billion and $3.4 billion respectively). It is larger than the chines market, which by comparison is worth just $0.93 billion.
Asia Pacific’s bakery and cereals market consumption per (kg/heard)

<table>
<thead>
<tr>
<th>Kg/Head</th>
<th>1993</th>
<th>1995</th>
<th>1997</th>
<th>C.AGR 1993-97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>76.56</td>
<td>78.34</td>
<td>77.58</td>
<td>0.3%</td>
</tr>
<tr>
<td>China</td>
<td>0.42</td>
<td>0.42</td>
<td>0.45</td>
<td>1.7%</td>
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<tr>
<td>Hongkong</td>
<td>13.21</td>
<td>15.16</td>
<td>16.58</td>
<td>5.8%</td>
</tr>
<tr>
<td>India</td>
<td>0.63</td>
<td>0.73</td>
<td>0.88</td>
<td>8.8%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1.70</td>
<td>1.72</td>
<td>1.76</td>
<td>0.8%</td>
</tr>
<tr>
<td>Japan</td>
<td>28.82</td>
<td>28.63</td>
<td>29.41</td>
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</tr>
<tr>
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<td>9.57</td>
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<tr>
<td>New Zealand</td>
<td>63.84</td>
<td>62.63</td>
<td>61.50</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2.78</td>
<td>2.96</td>
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<tr>
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</tr>
<tr>
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</tr>
<tr>
<td>Thailand</td>
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<td>5.84</td>
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<tr>
<td>Vietnam</td>
<td>0.26</td>
<td>0.27</td>
<td>0.27</td>
<td>0.7%</td>
</tr>
<tr>
<td>Average</td>
<td>2.78</td>
<td>2.89</td>
<td>2.91</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source – Datamonitor food database, local trade interviews.

Growth in per head consumption of cereals is highest in Taiwan and India, which since 1993 have increased by almost 9% annually. In India, breakfast cereals and cakes and pastries are the fastest growing categories, with volume growth of 30% and 16% respectively. In Taiwan, the same categories have witnessed growth of over 10%. The market of sweet biscuits and bread substitutes are also showing fast growing.

High growth belies the difference between the Taiwanese market and the Indian market. India and Pakistan suffer from poor distribution system. Only products with long self-lives can travel from cities to rural areas intact and as a result, consumption is limited to cities, which account for the majority of bakery product sales. In rural areas, people have the means to buy products but produces are simply not available.
In contact, Taiwanese distribution is more streamlined, and all consumers have easy access to products. There, the limiting factor to consumption growth is consumer purchasing power. *4

f) In an article titled “Bakery Products In Next Millennium by Harish Kumar Sharma”, Saurabh Tewari, Mahav Singh and Prateek Goyal, Agra, it is given that, the bakery industry in India has now occupied a significant place in the industrial sector. It is one of the largest food processing activities in the country and has played a vital role to remain forerunners in the industrial growth of India. It provides a variety of products of fairly good nutritional value to a cross section of the population. In the period from 1978-79 to 1987-88, the number of industries increased only by 1.1% while those for food products grew by 0.9%. In contrast the number of units on bakery industry increased by 7.3% employment marginally declined for all industries and food products but increased by 3.4% for bakery industry. In 1987-88, there were 6.79 bakery units in the country showing a total growth of 37% during the preceding ten years. It is expected that the bakery industry will continue to grow at the rate of 5% per annum.

There are a few large scale and medium scale units producing bulk quantities of bread and biscuits. The bakery units are scattered all over India. It is a labour intensive industry and provides both direct and indirect employment. Several baked products are popular in India and of good quality will have ample demand in future particularly for the bread and biscuits, Pav-Bhaji, Wada-Pav, Bun, Cakes etc. for this purchase a special attention of Government, its regularity and quality control facility, training etc is necessary for future development of bakery industry and its products in future. *5

g) In an article in Martha titled “Bakery Vyavasayikanchya Sanasya” (Problems of Bakery professionals) by S.B. Plkale, in 1997, stated that, the various problems of bakery units in their day-to-day functioning. The most important problem is about the quality and the rising prices of wheat flour. Which is a basic raw material required. Thereafter, the State Government has imposed the 8% sales tax and central Government imposed 8% excise duty on cakes, biscuits and pastries. Being with this many small and medium bakeries is in the verge of closure. The bakery industry suffers from the shortage of trained and skilled workers because of the inadequate bakery training facilities in the country. Bakery being a fuel-intensive industry, but the prices of electricity, firewood and diesel increased the fuel costs more.

The quality of other raw materials like yeast and shorting forcing the baker's to use additional quantities making the production cost compromise on the product quality one of the major problem in the mechanisation of the bakery units is the excise duty as also sales and other taxes on bakery machines and equipment's of 25% of the invoice value. Hence if government reduces the taxes etc thus industry will have much scope for growth. *6

h) N.G. Hemantha Kumar, P.G. Chengappa and M. K. Gaur (1992) in an article titled "Pattern of Expenditure and opinion of consumers in bakery products". It is a summary of a survey conducted of 75 selected consumers on random basis of bakery products in Bangalore. The survey states that households spend 6.5 percent of their income on bakery products consumption of bakery products increases with income and size of the family. Consumption of bakery products is influenced by the factors such as nutrition consciousness, children's at demand, lack of time to prepare food at home, taste, habit, easy availability and price advantage. The survey also indicated clearly that, 76 percent of the respondents purchase bakery products from a particular bakery because of the perceived good quality, faith due to long association, religious sentiments, nearness and availability of the required items at one place. The popularity of a particular brand and it relative the continued purchase of products of a particular bakery.

*6 "Bakery Vyavasayikanachya Samasya" (Marathi) by S.V.Pokale (1997) in 'Souvenir of the seminar on bakery technology and profession, 20-21 May 1997, organized by the Department of Food Sciences and Technology, Mahatma Phule Agricultural University, Ruhari - PP 3-5.
It is also observed that, at home preparation of one or the other type of bakery products by 35% of the respondent households. It was found that 89% of the respondents had knowledge about the nutritional value of bakery products through the media such as television, magazines, radio, booklets, newspapers, exhibitions and lectures. Discussions with friend's relatives and advice from the doctors also contributed to the consumption of bakery products. Majority of the respondents expressed their views that the bakery products are of quality food. 

i) The National Productivity Council (1981) has been taken which has been sponsored by the Society of Indian Bakers titled “A study on Accounting, Costing and Budgetary control system for Bakery Industry” of 50 bakery units (i.e. 16 large units, 20 medium units and 14 small units.) spread all over the country it has studied the present costing, accounting and budgetary control practices of these bakery units, pointing out certain specific and general difficulties. The study also proposed an improved, comprehensive system, to be implemented in four stages, to meet the costing accounting and budgetary control needs of the bakery units. The proposed system lays greater emphasis on ratio analysis technique to measure and monitor the performance of the bakery unit over the specified period.


*8 National Productivity Council (1981) “A study on Accounting, Costing and Budgetary Control system for Bakery Industry”, New Delhi, Society of Indian Bakers PP – 1-15
j) In an article “Financial Problems of Small Scale Bakery Industries” by C.Sitaramayya (1979) clearly stated that the various financial problems that small-scale bakery units may face and advises about the precautions that need to be taken. He stated that, financing a small bakery unit requires careful analytical appraisal to arrive at a sound investment decision. The success of the project depends upon the sound financial plan. It means that, a proper mix of owned and debt capital and the establishment of the debt servicing capacity of the unit by the forecasted cash flow statements.

The financial plan should be in such a way to provide for a considerable component of equity in the total investment. The promoter needs to considerable staying power to face the interest burden until he establishes the unit. Hence, to avoid this, he has to see the capital, which will not cost. However, with available liberal financing schemes, the proportion of debt equity in the total investment ranges from 1:1 to 1:10 such a financial plan contributes to starting the unit with debt rather than equity. The promoter thus may be threatened with the closure of the unit. So, it is essential in a financial plan to have a more equity, which will give him sufficient stimulation for production and marketing of products smoothly. After evolving a suitable financial plan, it is necessary to assess self-the production and marketing skills, apart from managerial abilities.

About the marketing aspect, the promoter should be adequately helped to locate the right market and select proper outlets for his products. With reference to bakery industry, it is essential that, if necessary, a comprehensive market survey is to be carried out to establish the existing and potential demand for the products.