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Findings of The Study and Suggestions

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FINDING OF THE STUDY AND SUGGESTIONS:

Introduction:

The form of organisation with regard to fruit processing units in the North Eastern Region indicates that majority of the units are under private sector. In the entire region, 68.85 per cent are under the private sector form of organisation. This shows that private sector plays the important role in the development of fruit processing industry in the region.

The overall performance evaluation reveals that the fruit processing units of the North Eastern Region faces mainly the three facets problems such as financial management, production and marketing. Shortage of working capital for procurement of raw materials and packaging materials which are not available in small units were the main problem of financial management. None availability of sufficient raw materials of good quality and adequate power supply were the main problem in producing a standard quality. Poor sales and marketing performance were experienced by the units of this region. The first hand survey reveals that majority of the fruit processing units of this region do not conduct market survey to know the needs and requirements of the customers.

A new orientation needs to be given to the fruit processing industry to upgrade quality, minimise post harvest losses, ensure remunerative returns to the growers as well as to the processors, increase employment avenues in the entire North Eastern Region and generate foreign exchange earnings.
Findings of the Study:

The following are the main findings of the present study:-

1. Private sector plays the important role in the development of fruit processing industry in North Eastern States. Assam, Manipur, Meghalaya and Nagaland have 88, 69.2, 75 and 60 per cent of private sector fruit processing industry respectively. In the entire region 68.85 per cent are under the private sector form of organisation.

2. The main sources of financing fruit processing industry in North Eastern Region can be broadly classified into three groups. The first group were the government and other agencies like MFPI, Govt. of India, National Cooperative Development Corporation (NCDC), EZE Germany (Foreign Agency) and other state agencies. Banking and financial institutions like State Bank of India, Central Bank of India, Small Industrial Development Bank of India (SIDBI), Manipur Cooperative Bank were the second group. Third and last group were family and own source. It was found out that family and own sources contributes the highest with 28.57 per cent share in the financing of fruit processing industry in the region.

3. The overall performance ranking of fruit processing units in the North Eastern Region indicates that the brand ‘DEEPSA’S’ of Deepashree Industries, Lakhimpur district of Assam stood the first. It is followed by the brand ‘MANIFRU’ of Manipur Fruit Juice Crushers, Imphal and the brand ‘MEG’ of the Govt. Fruit Preservation Factory, Meghalaya occupying the second and third position respectively. The brand
'WAIFRUIT' of Agrotech and Aqua Products, Thoubal district of Manipur stood the least in the overall ranking of the profitability of ratios of fruit processing units in the North Eastern Region.

Regional branding is absent, with each state and each unit going for its own branding. This dilutes the promotion effort and forces the brands into becoming local players only.

5. Post harvest facilities from the fruit plucking stage to the processing practices and cold stores facilities are very much lacking. It has been told that the farmers shake the tree in order to pluck the fruit from the tree. This thumb rule method has not only increased the wastage but also reduced the quality of the raw material.

6. Non availability of suitable raw materials in terms of size, colour, texture etc. lack of awareness about the processable varieties, low yield and poor quality of raw materials are the main causes which leads to low productivity of the units.

7. Availability of packing materials is erratic and the procurement is done from the Kolkatta and Guwahati market. The cost of the packaging material is also very high.

8. Marketing efforts are not well organised to counter the competitor from well established national brands, Such as Kissan, Bikaji and Rallies and products of third world countries importing through Moreh.
9. Lack of financial planning leading to short sighted decisions related to financial assistance, loans and subsidies. The financial measures are generally aimed at solving immediate problems of the units rather than the basic causes of those problems.

10. The technology is outdated with most of the plants had been commissioned many years back. This affects their efficiency and raises the costs of maintenance and repair.

11. The scale of operation is very small, this can neither absorb a significant proportion of the horticulture produce nor can it achieve the economies of scale for a national level market entry.

12. The power supply, transport and other infrastructural facilities of the region in general and particularly Manipur is inadequate to meet the requirement of these units.

13. Inadequacy of working capital leads to constraints which the sound financial management which affects the day to day workings of the units.

14. Trends of the Indian food market were not easily adopted by these units because of the isolation of the region from the mainland, the local presence of the regional products and the financial constraints on these units.

15. There is lack of awareness and information on WTO provisions among the processing units of the region. Hence, they hardly prepare to tackle
the situation in the event of WTO implementation particularly in India being a member country.

16. There is an absence of stable linkage between the grower and the processing unit and also between the market and the processing units.

17. The processing units of this region has little knowledge about the national market and international market and therefore, at present, they are not trying to enter either national or international market.

18. Most of the units are still following the traditional method of marketing and so they are not fulfilling the customer’s desire and needs.

19. Lack of a adequate subsidy, grants and schemes to the poor farmers has resulted in less development of household industries in the region.

20. Though various factors including insurgency, dearth of raw materials and skilled workers, communication bottlenecks etc. have been hold responsible for generating a depression prone atmosphere, inadequate supply of power is considered to be a major deterrent to the growth of the fruit processing industry in the region.

21. The role of co-operative sector is negligible as its contribution to this sub-sector is just 8 per cent in the region. This could be one of the reason for slow progress of processing units in the region where there is vast potentiality in growing horticulture crops particularly the fruit crops.
22. The attention of the Indian corporate sector focuses on emerging opportunities in the North East. This has been identified as agro and food processing sectors which includes fruit processing industry in particular and horticulture in general, can usher in a green revolution as the region offers diverse agro-climatic conditions for growing a variety of crops which have rich export potential.

23. India has one of the highest tax rate charged against the food processing industries as compare to other Asian Countries. It is the only country to levy excise duty on processed foods apart from Thailand.

24. Post harvest technology, infrastructure building, cold chains and packaging are some of the thrust areas in which India is seeking competent overseas collaboration for food processing industries.

25. The estimated production of fruits for 2002-03 in the country is 33 million tonnes which account only 8 per cent of total world production of fruits next to China. Calculating 30 per cent post harvest losses on the above estimate, the total losses of India will be 9.9 million tonnes. Where as processing of 2 per cent of fruits in the above estimate will be 0.66 million tonnes. Therefore, the remaining 22.44 per cent of fruits are supposed to have marketed and consumed in fresh form.
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Suggestions:

Despite all difficulties and constraints discussed in the above, the scope for expansion in fruit sector is enormous. Some of the suggestions on the basis of the above study are given as under:

1. More fruit processing units should be set up in North Eastern Region. These units could be tied up with large and established companies like Hindustan Lever Ltd. and Dabur which has been successfully marketing fast moving consumer goods like fruit products in India and abroad for the past many years so as to get wider market for the products of this region.

2. Co-operative marketing which is considered as the ‘golden rule’ in agriculture marketing should be fully developed in the region for both the fresh fruits and the processed fruit products.

3. The existing fruits processing units in North East India should try to create a uniform product line so that the marketing can be done under a single brand name. The units need to practice uniform production practices so that the quality will be standardised and the marketing agency should have enough supply pool to gather.

4. There is a need to increase manufacture of safe, hygienic, nutritive and better quality value added processed products conforming to global standards at competitive and economic cost.
5. Training centres should be created for the farmers in the area of post harvest management of agro produce to encourage creation of preprocessing facilities close to the area of production to avoid wastage and to reduce cost of transportation of raw material. Processing units, can collect products from the doorsteps of growers. Alternatively farmers can take it to the industry before it perishes.

6. It is most essential to optimally utilise waste of processing units for manufacture of food items, animal feeds, fertilizer (green manure) as well as other industrial products. This will not only improve the economies of operation but will also be environment friendly.

7. North Eastern Region of India is bordering with four other nations namely, China, Myanmar, Bangladesh and Bhutan and this offers the unique opportunities and potential for export trade not only to these countries but also to other South East Asian Countries. Therefore, policies should be formulated in such a way that North Eastern States should be benefited out of this.

8. Government level agreement with Bangladesh, regarding road/rail transport through Bangladesh to Kolkata may once get finalised. This will provide a boost to the trade and industrial activities of the region.

9. Technological improvements in packaging, processing, quality control, transportation, preservation technique and farm practices have led to a rapid development of the fruit processing units particularly in North Eastern States and India in general. The estimated size of the global
market for processed fruits is $10 billion, of which India accounts for about 1 per cent currently.

10. Fruit processing plants need to go for strong backward linkages with the producing farms to ensure quality of production. Also to look out for a stable forward linkages with the market centres so as to survive in this cut-throat competition.

11. Technological upgradation at par with the best to achieve low cost of production, better quality and economies of scale will be required specially to meet the challenges arise out of WTO regime.

12. Fruit processing of North East India should study the demand of size, colour, quality and nutritional value of products according to the demand made by national market in general and foreign market in particular.

13. A North East Quality mark needs to be instituted to give proper incentive to scientific farming. Thus the low quality produces will be driven out of the market and the overall quality consciousness of the region will improve.

14. It is suggested that the state should go for the development of one particular fruits say pineapple so that the state may go for mass processing of pineapple.
15. The edible portions in most of the fruits vary between 50-70 per cent. Instead of transporting fresh fruits like pineapple, citrus, peach, pear, plum over long distance specially when connecting roads to villages and districts of the North Eastern Region are very poor, it may be more appropriate to carry pulps and concentrates. This will save transport cost and also help in the economic exploitation of residue into value added by-products.

Hence, the overall scenario emerging after the analysis is that the fruit processing sector in the region presents an attractive opportunities for investment despite the poor performance of the existing 61 units in the region. However, this must be preceded by proper planning and a focused appeal towards the market requirements especially for an export oriented unit in the region.

Directions for Future Research

Any agenda for future research on fruit processing industry should contain the broad out line of problems relating to the external and internal factors affecting the fruit processing units, the kind of research required to be initiated, methodological refinements and the assistance to be extended to researchers in conceptualizing and developing appropriate research frames. The research on fruit processing industry would do well to have an empirical focus.

An effort has been made to analyse the emerging trends of fruit processing industry in North Eastern Region. Keeping in view the
importance of the topic under study the following agenda for future research is suggested:

- Impact of WTO on fruit processing industry.
- Personnel Management in fruit processing industry.
- Marketing management in fruit processing industry.
- Financial management in fruit processing industry.

To sum-up the research on fruit processing industry need greater deepening and widening. Its accent requires a shift from descriptive and narrative compilations to conceptual and policy transformations. The research needs a high degree of sophistication. There is a need to initiate researches on contemporary issues in the development of fruit processing sector.