INTRODUCTION
Economic development is known to be synonymous with industrial development, particularly the development of modern manufacturing sector. It is believed that economic development is possible only through industrial development. Thus industries play a vital role in the development of any nation. Agriculture is the foundation on which the entire super structure of the growth of industrial and other sectors of the economy has to stand. India, by contributing to food grains market as a producer and consumer provide labour and capital to the market and enrich development activities by revitalizing opportunities. Economic growth requires transformation of dominance of agriculture into industry. Independent India adopted economic planning as the instrument for achieving rapid economic development and what we have attained today in the name of industrialization is the achievement of free India. The government adopted the concept of mixed economy for the development of the country. As a result the public sector has expanded considerably ensuring that the role of private sector is not diminished.

The industrial sector of the country comprises of large, medium, small scale and tiny sectors. In the years immediately succeeding independence the government of the country laid greater emphasis for the development of large scale industries. But soon the government realized the significance of small scale and tiny sectors and started giving greater emphasis to the development of such sector. The Small Scale Industrial Sector is one of the most vibrant and dynamic sectors in the Indian economy in terms of employment generation. The sector contributes for both domestic and export market and accounts for 40 per cent of industrial production and 35 per cent of the direct export of the country during 2005-06.\textsuperscript{1}
The industrial activities in the State of Kerala can broadly be classified under, Small-scale, medium and large scale, Traditional and Khadi and Village industries.

- **Small Scale Sector:** The total number of small scale industrial units in the State as on 31\(^{st}\) March 2006 was 2,86,210 compared to 55,427 as on 31\(^{st}\) March, 1989. This sector provides employment to more than 12,88,135 people in Kerala.

- **Medium and Large Scale Sector:** There were 727 industrial enterprises in this sector as on 31\(^{st}\) March 2006 when compared to 210 as on 31\(^{st}\) March, 1989. Out of these 22 units are in the central sector, 65 in the state sector, 21 in the co-operative sector, 29 in the joint sector and 590 in the private sector.

- **Traditional Industries:** Kerala is well known for its traditional industries which comprises of coir, handloom, handicraft and bamboo. This is one of the major sectors which provide employment to nearly 6,50,000 people in Kerala.

- **Khadi and Village Industries:** Khadi and Village Industries Board carry out its activities through co-operative societies, registered institutions and departmental units by availing financial assistance from State Government, Khadi Commission and Nationalized Banks. The Board runs 218 sales outlets for products of Khadi and Village Industries and they sold goods worth of Rs. 1052.61 lakh during 2005-‘06.

Kerala is now regarded as a visible investment destination, thus erasing the negative perception which had driven away investment from the state for more than three decades. To streamline procedures concerning setting up an industry and to give technical and financial assistance to entrepreneurs, various
promotional agencies are functioning in the state. Important agencies or departments engaged in the industrial promotion in the state are:-

- Kerala Financial Corporation (KFC)
- Kerala State Industrial Development Corporation (KSIDC)
- Small Industries Development Bank of India (SIDBI)
- Kerala Industrial Infrastructure Development Corporation (KINFRA)
- Directorate of Industries and Commerce (DIC)
- Kerala Small Industries Development Corporation (SIDCO)
- Small Industries Service Institute (SISI)
- Kerala Industrial and Technical Consultancy Organization (KITCO)
- Centre for Management Development (CMD)
- Kerala State Export Trade Development Council (KEREXIL)

The Kerala manufacturing sector comprises of handloom, textile, coir, handicraft, chemical and food processing industries. The food processing industry of India is very large in terms of production, processing, consumption, export and even in the growth prospects when compared to other industries. With a population of over one billion, India has the potential to become one of the world’s largest markets for agro food products. Agriculture being the main component of the country’s economy there is vast scope for the development of food processing industries in India. The food processing industry is labour intensive and can offer large employment opportunities, substantially at a low investment. Thus the growth of food processing sector not only helps the cultivator to get higher value for their produce, but also in generating employment opportunities on a decentralized basis. The demand for processed food has risen due to urbanization and changing life styles.
Food processing is a sector which can contribute high growth potential towards the rapid economic development of the State. It comes next to Information Technology industry and provides employment for women, especially rural women in Kerala. Food processing though found in all sectors, the produce of large scale sector is mainly meant for exports. Consequently the small scale and tiny sector have great scope for capturing the local market.

Scope and Importance of the Study

Kerala is one of the largest consumer states in India. The food processing sector is one of the key pillars of our industrial development and is a fast growing industry of Kerala. Food processing industries are those which convert food materials into edible commodities by utilizing different methods of processing like drying, pickling, canning, fermenting, and extruding. Food processing industries are the subset of agro based industries. They process raw materials from agricultural sector into finished consumable products. The term food processing industries, for this study, means the industries engaged in the manufacture of processed food like curry powder, pickle, jam, squash, chips, avil and pappad made in Kerala and sold under any particular brand name. Food processing industries have come up well in Kerala in the recent past. Processed food items are basically meant for middle class and upper middle class urban consumers; so ready to cook and instant foods are a product line that offers considerable potential for growth.

The level of education of women is one factor that has contributed a lot to the rising demand for processed food. The high women literacy rate in Kerala is another contributing factor to the growth of food processing industries. The female literacy rate was 87.86 per cent in Kerala compared to the national average of 54.16 per cent as per the latest census report of India. One of the peculiarities of employment situation in Kerala is that women outnumber men who seek employment. Out of 37.93 lakhs job seekers in
Kerala in 2006 including professional and general work seekers, 21.98 lakhs are women (57.95 per cent).

Before the advent of the modern era, a greater number of women were unemployed and they had more time at their disposal for doing household chores and for preparing food. The situation, however, has changed drastically with the dawn of the modern era. The educated women preferred to work outside to earn an income rather than sit idle at home. Thus the time available for women to spend in the kitchen shrank and they became busier. These factors coupled with increased awareness prompted them to turn towards processed food. With the advent of television as a media for advertising, there has been a boost in the demand for processed food. So in the years to come the potential of processed food items in Kerala, i.e., household, hotel and festival kitchen will be rising at a high pace. Moreover, since Kerala State is one of the prime tourist destinations of the world, if quality and safe food products are made available throughout the State, it will result in an increase in the demand for processed food.

The indigenous industries, if they pursue a policy of quality and cost consciousness by ensuring the traditional and modern flavour, they can amass a large chunk of business. But as a result of globalization and liberalization, indigenous industries are susceptible to competition from outside the country, within the country as well as from among different scales of operators. The indigenous industries cannot withstand competition from outside in the same coin i.e. with respect to money power. So they have to tap the present market by devising a unique marketing strategy. The strategy should be capable of out-rivaling the competition with regard to existing products as well as new products. When a unique strategy is developed to enable the indigenous industries to make use of the vast growing potential in the industry, it may result in the creation of employment, consumption of local agricultural produce
and resultant better price to the farmers, generation of income by way of tax and as a whole in the overall economic development.

Before setting up a food processing unit, it is necessary to know the status of existing food processing units in the state and its feasibility. Moreover, such units, whether small, medium or large, follow their own strategy which has not been properly focused yet.

So the researcher finds that there is an imminent need for conducting an exhaustive study to judge the present level of operation of existing food processing units and to device a unique strategy capable of over ruling the competitors. The study will benefit the entrepreneurs, consumers, policy makers, and the people of the State in general.

**Objectives of the Study**

The basic objective of the study is to suggest a unique marketing strategy to the indigenous food processing industries in Kerala with a vision of 10 years ahead.

The specific objectives of the study are,

1. To enquire into and bring out the present status of operation of indigenous food processing industries in Kerala.

   This objective has been analyzed with reference to the following aspects-

   * Evolution of the food processing industries in Kerala and the
   * Present level of operation in terms of type of units, nature of operation and product diversification.

2. To observe and highlight the marketing strategy followed by food processing industries in Kerala.
This objective is analyzed by setting the following sub-objectives:

* Observation, examination and reporting of the channels of marketing and the strategies pursued by different type of units.

* Reporting of successful marketing achieved by few samples.

3. To frame and suggest the most ideal strategy to the indigenous food processing industries in Kerala.

   This objective is verified by testing strategic models suggested for different type of units at selected locations.

**Hypothesis**

1. There exists significant difference between the small, medium and large scale food processing units with regard to the reason for choice of business location.

2. The medium and large scale food processing units are more mechanised than the small scale food processing units.

3. The target market of manufacturers for all the products is independent of the income level of consumers.

4. There is no established strategy for marketing indigenous foods produced in Kerala.

5. No significant relationship exists between the marketing strategy implemented by the manufacturer and preferred by the consumer.

**Data source and Sampling**

The population for the study is the food processing industrial units in Kerala stretching from Thiruvananthapuram to Kasargod revenue districts. The total population is assigned serial numbers beginning from Thiruvananthapuram to Kasargod. Large scale, medium scale, small scale as
well as tiny units which are selling their products under any brand constitute the population. Only those units manufacturing selected items of food products, namely, Curry Powder, Pickle, Jam, Squash, Chips, Avil, and Pappadam come under the purview of the food processing sector for the present study. In Kerala, there were 18 medium and large scale industrial units and 2638 small scale industrial units in the food processing sector as on 31-03-2006. (Curry Powder-679, Pickle-683, Jam-63, Squash-82, Chips-521, Avil-98, Pappadam-512 and).

For the purpose of the study, the State is divided into three regions, Northern, Central and Southern. Two districts each are selected from each region based on the degree of concentration in terms of the number of units. Thus the study is based on the units in Kannur and Kozhikode districts representing northern region, Thrissur and Eranakulam representing Central region, Kottayam and Thiruvananthapuram representing southern region.

The sampling procedure adopted for the study is multistage stratified random sampling. The total population is divided into two strata, first based on districts, and second based on products. District wise data takes into account the concentration of the industry. Population in each district is further stratified into seven different products. Then the total number of units is being listed by assigning continuous numerical numbers. Samples are drawn randomly by lot method. From each industry samples are selected in such a way as to ensure that at least 5 per cent of the units are chosen as sample. In the case of Jam, Squash and Avil, since the population size is small, 40 to 70 per cent of the population is taken as sample. Census (18 units) method is applied in case of medium and large scale units. There are 9 working units in the medium and large scale sector which offer 18 products in such a way that except 4 units, the remaining are offering multiple products. 300 customers selected randomly representing 100 each from each region out of the list provided by retail outlets forms the addressee for mailing the questionnaire. Stratified random sampling
Methodology

The methodology envisaged for the present study is to make use of secondary data available as well as to collect and process primary data by means of pre-tested tools. Interview schedule cum questionnaire with open as well as closed ended questions are prepared. Interview schedule is administered among marketing personnel of sample food processing industries to elicit
information about the existing strategy. Mailed questionnaire is administered among sample consumers of processed food article.

Secondary data pertaining to the subject under study is collected from Directorate of Industries and Commerce, State Planning Board, Bureau of Economics and Statistics, National Information Centre, KSIDC, Centre for Development Studies, all situated at Thiruvananthapuram and various Libraries. The documents and regulations maintained by the above departments and agencies and their publications were used as the source of secondary data. Percentages, analysis of variance, chi-square test, weighted average score, compound average growth rate and scheffe test are the statistical tools used for analyzing the gathered data in order to derive a meaningful conclusion. For the statistical analysis, statistical package Statistica and Micro Soft Excel are also used.

**Period of the Study**

The study covers a period of 12 years from 1995 to 2006.

**Chapter Arrangement**

The study is reported in seven chapters. First Chapter being the introductory states the scope and importance of the study, objectives, data source, sampling, methodology, period of the study and limitations. Chapter two reviews the available literature on marketing and food processing industries. Chapter three examines the concept of strategy and the strategic alternatives for industries. Chapter four gives a profile of food processing industries in India in general and Kerala in specific. Chapter five deals with the analysis of gathered data from the manufacturers and includes the procedures, techniques, samples and tests. Sixth chapter comprises of the analysis of data collected from consumers. Chapter seven is devoted to give summary and conclusions and propose suitable suggestions.

This is followed by appendices and bibliography.
Limitations of the Study:

Generally the response had been encouraging as most of them were sincere and exhaustive in responding to the various queries. There were quite a few units that could not be traced as either the address was incomplete or the unit had been shifted to new premises unknown to old neighbourhood. Some of the units that had been closed also could not be studied as the responsible persons could not be contacted, either because they had left station or because they did not want to co-operate. Since the units in the unorganized sector did not follow scientific and uniform pattern of record keeping, it was difficult to collect all necessary data from the grass root level. Some firms were hesitant to give acute details of the financial data. But efforts were made to verify such data on the basis of related variables. The size of questionnaire was comparatively lengthy which might create unrest in the minds of consumers.

Scope of Further Study

There is ample scope for the researchers to conduct empirical studies in various branches of food processing industry, the role of government in promoting FP units, comparative analysis of the FP units in Kerala and any other neighbouring states, quality control and certification in FP units, emerging importance of value addition in the food industry, export inability of FP units in Kerala etc.
References:


7. Ibid.