Main Observation And Conclusions
The food processing industry in India is on an assured track of growth and profitability over the coming decades. The industry has been termed as a "Sunrise Industry" and several efforts have been made in the last ten years, to give a big thrust to this sector. With the liberalization of economy in 1991 and globalization, it was felt that food processing industry would come up in a big way. The food processing industry in India has obtained significant position in recent years. Being agriculture predominant economy of the country, there is a vast scope for development of food processing industry in India. The industry can not only meet the growing demand of food processed items in local markets but it has also better scope for export. Additionally the food processing industries have a challenging task in hand that is of improving value addition for exports on one hand and of preventing post harvest losses of food products on the other. The modern life style too demands good quality, nutritious and convenient food. This vitally important sector is estimated to be growing at over 20 percent per annum.

The position of food processing industry in terms of employment, production and exports are really significant. At present, food processing industry in India has the capital investment estimated to be of around of Rs. 77000 crore of which more than 42% is in unorganized sector. The new types of units is horticulture, livestock and cereals products have been increasing. Since the reform period, investment worth nearly Rs.18000 crores has been approved by the government for agro processed products covering cereals, meat and poultry, deep sea fishing fruits and vegetables milk and milk products and soft drinks.

The food processing industry is one of the important industries which has recently shown a good performance in the field of production and
export. It is being observed that the food processing industry in India has a very sound base for growth and it would create good possibilities for new products to meet the growing domestic demand as well as increased marketable surplus for export.

The research study is an humble effort to make a detailed survey of the food processing industry in Indian context. The food processing industry is certainly going to be a key industry in the industrial development of the country in future.

In recent years, the food processing industry has occupied a place of prominence in the field of production and export. Many new modernized, technically sophisticated and eco-friendly units producing food products have come into existence. As a result of this not only the share of contribution of this industry in total production of the country has considerably increased but also the export of these items has increased considerably and is becoming a good source of foreign exchange earnings to the nation. The production of food grains has considerably increased in the country and this has created a solid base for the growth of food processing industry in India. An attempt has been made through this research study, a clear picture of the progress of this industry. Attempt has also been made to have anlaysie the serious problems, being faced by this industry, so that the planners and policy makers may look into them and may take suitable steps for appropriate policy change and measures for removing the basic hurdles in the growth of food processing industry in India. Thus this study will certainly help in providing some basic informations and facts which will help the government in formulation of future plans and policies. The research study presents the latest position and recent trends in growth and development of food processing industry.
The various aspects including raw materials, production, quality, marketing, finance and personnel have been thoroughly examined and a set of some useful suggestions have been given to improve the performance of the industry.

The research study may become the basis for formulation of suitable policy and the programmes for the development of food processing industry in India. If the findings of the research study are take in to consideration by the Government of India,

In the early stage of economic development, agro industries had occupied a prominent position in the industrial sector. Looking to this fact, in recent years the Government has taken suitable measures for the growth and development of food processing industry. It is worth mentioning that India has emerged as the largest producer of milk and second largest producer of fruits and vegetables, the third largest producer of spices, groundnut and rapeseed and the fourth largest producer of wheat. India is amongst the top ranking nations in terms of total production of various raw materials required for development of the food processing industry.

Agriculture development is crucial to India's overall progress and this can be achieved by intensifying the agricultural and allied activities as well as by diversification and commercialization of agriculture. A strong and dynamic food processing industry plays a significant role in diversification of agricultural activities improving value addition opportunities and creating surplus for export of agro food products. This would however requires concrete polices and plans for improvement of food processing infrastructure including upgradation of technology and enforcement of quality standards, promoting investment in food processing activities domestic market with focus on export.
As part of the strategy to develop food processing infrastructure, the Ministry of Food Processing Industry has been pursuing the task of setting up of food parks in different parts of the country. The idea behind setting up of food parks is that the small and medium entrepreneurs find it difficult to invest huge capital in such work including establishment of cold storage, Warehouses quality control labs, effluent treatment plant etc. Assistance for development of such facilities will help the food processing industrial units. In the food parks the industrial units will not only become more cost competitive, but also have a better market orientation PSUs / Joint / Assisted private sector / NGOs cooperatives are eligible for grants of up to Rs. 4 crores for common facilities such as uninterrupted power supply, water supply and major processing facilities like fruit concentrates / pulp making units etc as part of food parks. So far 20 food parks have been sanctioned in different states of the country.

India is the world's second largest producer of fruits and vegetables and milk, Cereals and oilseed production is also significant. A large coastline and huge cattle population has ensured abundant supply of meat, poultry and fish.

The food processing industry sector in India is one of the largest in terms of production, consumption, export and employment. The Government has accorded a high priority to this industry with a number of fiscal reliefs and incentives, to encourage commercialization and value addition to agricultural produce, for minimizing pre / post harvest wastage, generating employment and export growth. Important subsectors in food processing are:
1. **Fruit and Vegetable Processing**: Major products are beverages juices, concentrates, pulps, slices, frozen and dehydrated products wine, potato, wafers/chips etc.

2. **Fisheries**: Major products frozen and canned products mainly in fresh form.

3. **Meat and Poultry Processing**: Major products frozen and packaged mainly in fresh form, egg powder.

4. **Milk and Dairy processing**: Major products whole milk powder, skimmed milk powder, condensed milk, ice cream butter and ghee.

5. **Grain Processing**: Major products flour, bakeries, biscuits, starch glucose, cornflakes, malted foods, vermicelli paste foods, beer and malt extracts grain based alcohol.


7. **Plantation**: Major products tea, coffee, cashew, cocoa, coconut etc.

The Food Processing Industry covers wide range of activities like fruit and vegetable processing, milk, fish and meat. The industry has a tremendous potential for increasing agricultural productivity, significant and wide spread employment and contribution substantially to exports.

The processed food sector in India has grabbed a large share of foreign direct investment in the last few years. Currently, India has been able to export, about 10 percent of its processed food output. Export potential of processed food products is highly promising specially Indian processed foods has become more competitive in the world market when the GATT laws on agriculture will come in to effect in 2005. The huge
potential for manufacturing of the processed food products and limitation of the domestic market in consuming these products, it is imperative that concrete efforts should be made to promote export of processed food items. The Indian processed food industry has shown a tremendous potential for exports during 2001. The total export from the country was of Rs. 141603 crore in which includes Rs. 25224 crore agricultural, plantation and processed foods, processed fruits and vegetables, animals products, rice, marine products and other processed foods were valued at Rs. 12915 crore. During 1998-99 the share of food products was 58% of the total exports. Globalization has led to an increase in trade across the borders of different countries and annually about 460 million tonnes of food valued at US $ 3 billion was exported.

With the ongoing modernization technology, upgradation as well as fresh investment in this sector compared with the tie ups with world leaders, it is expected that the export of Indian processed foods will record a major growth in the coming years.

A draft of "National food processing policy", has been drawn up by the Government of India. It is expected that the new policy would give new fillip to the growth of food processing industry in India. This policy envisages among other things, creation of enabling environments, infrastructural development and linkages at farm levels etc. The major aspects of the policy are mentioned below:

1. **Creation of Favourable Environment** : The policy will seek to create an appropriate environment for entrepreneurs to setup food processing industries through:
A. Fiscal initiatives / intervention like rationalization of tax structure on fresh foods as well as processed foods and machinery used for the production of processed foods.

B. Efforts to encourage setting up of agro processing facilities as close to the area of production as possible to avoid wastage and reduce transportation cost.

2. **Infrastructural Development**: The policy will provide much emphasis on the development of suitable infra-structural base for the industry. In addition to provision of basic facilities of raw materials, land and building, machinery, technical assistance, power, finance and marketing to the entrepreneurs, the Government will provide cold storage, grading and standardization facility:

3. **Backward Linkages**: The policy will promote the establishment of a sustained and lasting linkage between the farmers and the processors based on market mutual trust and benefits by utilizing the existing infrastructure of cooperative, village panchayats and such other institutions.

4. **Forward Linkages**: The policy will promote the establishment of a strong linkage between the processors and the market to effect cost economic by elimination of avoidable intermediaries and marketing network with an apex body to ensure proper marketing of processed products.

One of the key factors of the policy is the introduction of Food Processing Development Act. The proposed policy envisages a single authority for harmonizing and clarifying the function of each player. The Department of Food Processing Industry will have the role of development
while food safety, distribution and other regulatory functions will continue to be administered under the existing legislations. The Act will have a focus on development of the food processing sector as a whole.

To sum up, the industry and the government need to thrust out an everlasting policy removing all hurdles in the way of growth of the industry. All aspects of supply, structure of the industry, distribution, consumer attitudes and policies need a thorough examination and over haul so as to make the food processing industry as one that contributes a significant portion of our national income.

**Basic Problems of the Industry**

Basic problems of food processing industry in India are related to policy, production, technology, marketing, financial, pricing, personnel and exports:

1. **Problem Relating to Policy**: The basic problem of food processing industry in India relating to policy may be classified as under:

   A. Upgrading technology
   
   B. Cheaper raw material
   
   C. Enforcing quality standards
   
   D. Development of marketing capabilities
   
   E. Quality and design improvement has been affected

2. **Problems Relating to Production**: The main problems relating to processed food products are of high cost of raw material, poor infrastructure, outdated technology, low productivity of various horticultural crops, low rates of capacity utilization, lack of grading and standardization, and of quality of processed food products. The
lack of infrastructure facilities like cold storage chains is another hindrance for the growth of this industry.

3. **Problems Relating to Marketing** : The Food Processing Industry in India is also facing numerous problems relating to lack of marketing information system, absence of suitable marketing network, lack of efforts for search of new potential markets, poor quality of packaging are the basic problems which require immediate attention.

4. **Problems Relating to Finance** : The problems of food processing industry in India relating to finance include lack of finance, inadequate working capital, high taxes burden, inadequate credit facility.

5. **Problems Relating to Export** : The problems of food processing industry in India relating to export include complex export producers and formalities, lack of efforts for search of potential foreign market, non availability of adequate export finance, lack of publicity and advertising, high prices of products in international market.

6. **Problems Relating to Technology** : The problems of food processing industry in India relating to technology lack of modern technology, primitive technology, small scale of operations, lack of sections of technology, lack of efforts for search of new technology, lack of scale of economics in production.

7. **Problems Relating to Price** : The problems of food processing industry in India relating to price, include high prices in the domestic market competition, the prices of raw materials do not remain steady throughout the year and most of the processing units do not have a strong information.
8. **Problems Relating to Personnel**: The Food Processing Industry in India is facing numerous problems relating to personnel in fact, there is lack of skilled personnel, lack of training facilities has also the basic difficulty in improving skill of the workers employed in the industry. The management of these units are not taking interest in provision of social security and welfare.

**Suggestions**

As discussed above, the food processing industry is facing several problems. If the industry is to be promoted, the government should come forward with a set of some effective measures for solving these problem. The industry has vast scope for development, the only need is to provide some incentives and reliefs to the entrepreneurs for smooth working. The major suggestions have been given here, which would certainly help the industry to make speedy and all round development.

1. The agro processing sector is now on the threshold of a major breakthrough. It is expected that this sector will draw the attention of national as well as international food processing / agro processing giants adequate inflow of capital is promoted in this sector.

2. Food Processing Industry, should be encouraged not only to undertake research and development for discovering new production technology and new consumer products. There is on urgent need for adopting research in biotechnology, particularly in the context of seeds and plantation materials. Adequate fiscal incentives may be provided for research and development activities.
3. Efforts should also be made to provide commercially useful market information and assistance to the units for developing their trade to foreign countries.

4. Efforts are also required to provide professional advice to the industrialists for the purpose of technology, upgradation, quality and design improvement, standards and specification products development, innovations etc.

5. The information regarding appropriate technology should be provided to the units working in processing sector.

6. Inadequacy of post harvest infrastructure also acts as a hurdle. There is a need to develop the cold chain structure which will include pre cooling and cold storage and refrigerated vans facilities.

7. Introduction of modern processing technology and transfer of global biotechnology research to Indian farmers is the need of the hour. Efforts are required for promotion of use of modern technology in food processing industry.

8. There is an urgent need for the growth of decentralized sector of the food processing industries, in order to realize their benefits for the rural population. Ancillary activities like technical assistance, repairs of machineries, workshop regarding quality control, standardization, packaging and other services should be provided to the food processing industries.

9. Food processing units should be encouraged to strengthen their linkages with research and development institutions / universities to generate seeds and plantation materials for suitable processable varieties.
10. There is an urgent need for adopting measures for cost control and cost reduction. High cost of raw material is the main problem of production of food processing industry in India. Efforts should be made to produce quality processed products at low cost. Producers should be able to procure quality seeds of appropriate varieties.

11. Organisations and agencies engaged in grading and standardization of agricultural produces. Most take care for improvement in quality of the food products, graded and standardized raw material should be provided to the industrial units so that they may be able to produce quality and standardised products.

12. The units should also take necessary steps for solving the problem of the poor quality of packaging problem of the research and development institutions should assist the producers for development of packaging of their products. It was the Indian Institute of Technology may play a vital role in developing the packaging of this industry. The Central Food Technological Research Institute (CFTRI) has also a packaging division which is basically involved in developing food packaging. This institute can also help the industry for improving the packaging. Efforts are also needed for reducing the cost of packaging which would ultimately result in reduction of prices of food products.

13. The Government should liberally provide the credit facilities to the industrial units of this sector. There is an urgent need for meeting our the working capital, requirements of these food processing units if adequate financial support is provided to these units, they will be able to function quite effectively. The institutional / finance should be vigorously provided for these industries specially for grain and edible
oil mills which have a much lower access to bank credit than sugar and dairy industries. Moreover such bank credit may be defined as 'indirect rural credit'. Since these industries are working with capital intensify the low interest finance should be made easily available to them for their better performance.

14. Most of the food processing units have vast potential for export, the government should take such steps which help in improving the export procedures and formalities. The rigid rules and complicated procedures must be revised and they should be made more simplified. The facility of export finance should also be liberally provided to these units so that they may try for increasing their export earnings.

15. Efforts should be made to develop new technologies for food processing industry. The government should adopt a new mechanism to facilitate quick transfer of technologies to improved access to new technologies for agricultural as well as for agro industries would assist the adoption of these technologies by both the segments and ultimately the industry will be benefited to a large extent.

Conclusion

Due to rapid industrialization, privatization and globalisation there is a growing demand for all kinds of processed foods. In this era of globalization, adoption of foreign technology and preparations for the global competition, it is necessary that some serious efforts must be made for the development of food processing industry. Learning from its policy failures in the past, it is necessary on the part of the government to adopt a fresh
policy for rapid development of this industry. This is undoubtedly true that in agriculture dominated economy of this country, there is vast potential for diversified production and business in food processing industry.

At present food processing industry in the country is not well organised. Most of the units are functioning in the unorganised sector. If the government adopts a fresh policy for the development of food processing industry and provides a good number of incentives and concessions; the industry is going to attain the position of prominence in the country's economy particularly in respect of production, employment generation and export earnings. With the huge potential of inputs for the industry and favourable government policy. India has the bright scope to promote Food Processing Industry.

In order to create an appropriate environment for entrepreneurs to setup food processing industries in the country the Central Government and the State Government should come forward with close interaction for evolving joint efforts to provide a conducive atmosphere for the development of food processing industry. There is an urgent need for upgrading the quality of processed foods, conforming to international standards at a competitive and economic cost. There is still much hope that this sun rise industry will be able to assume its position and strength in near future.