CHAPTER -1

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INTRODUCTION:

Food, shelter and clothing are the three basic necessities of mankind. Of these, food is the most outstanding one without which no life can ever survive in this world. In the primitive age food was taken raw. But gradually the lifestyle of human being had changed and so also his food habits. Today modern man insists in moulding his food habits to more and more tastier items. Food processing units have grown up with this attitude of mankind to give him with the tastiest and finest food items. The term food processing is quite a wide one consisting of all the edible items. It covers a wide spectrum of products, of which the fruit and vegetable based products cover an unique position. This industry plays a vital role in the effective utilisation of horticultural products. Besides reducing wastage and losses, the fruit and vegetable based units helps in raising rural income by generating employment opportunities. The basic features of food processing units is that these units have seasonality in their production cycle. This is because supply of their raw materials are characterized by seasonality. Another feature of these units is that they are engaged in the processing of highly perishable commodities, hence they require greater speed and care in handling, transportation, storage and processing. The third technical feature is that these units face variability in the
quantity and quality of their raw materials. This is due to the changes in weather condition and crop/plant diseases. Again these units are very much labour intensive so they generate much employment opportunities especially in the rural areas. And lastly there devolopment saves the scarce foreign exchange presently used in food imports.

AGRICULTURAL BACKGROUND OF THE NORTH EASTERN REGION:

The North eastern region of India with a mixed terrain of hills and plains intercepted by a large number of small and big rivers, streams is nature's unique gift for production of number of horticultural crops particularly fruits. The land of this region is very rich and fertile and has a wide number of climatic condition suitable for various types of fruit crops. The plain and valley land of Assam, Tripura, Manipur are well suited for most of the tropical and sub tropical fruit crops like banana, papaya, litchi, guava etc. While the hilly states of Meghalaya, Manipur, Mizoram, Nagaland and Arunachal pradesh have immense potential for a wide range of sub tropical and temperate fruits like banana, pineapple, citrus, papaya, pear, plum, peach, apple etc.

This region is equally rich in vegetables. There are
several kinds of vegetables growing throughout the year. Its cogenial soil and climatic conditions makes it ideally suited for extensive cultivation of vegetables too. Maximum areas are presently covered under potatoes while fresh vegetables are mostly confined to areas around cities and towns. Assam which is one of the prominent states of the North Eastern region is mainly an agricultural one. The main occupation of the rural people who constitute more than three-fourth of the total population of the state is agriculture and more than half of Assam's national income comes from agriculture alone. Along with other agricultural crops horticulture bears a bright future in Assam and it has every opportunity to be developed here as valuable processed food products. Assam has an abundant of fruits and vegetables which serve as raw materials for the fruit and vegetable based units of the state.

FOOD PROCESSING UNITS OF NORTH EAST AND ASSAM:

Since the climate and soil of the North Eastern region is best suited for the agricultural sector there are abundant resources of agricultural products in this region. The outcome of this leads to the emergence of the food processing units in this region. Though there are great potentialities for the establishment of this units yet they are
still at their infant stage. There are many reasons for this. Firstly, the marketing problem faced by these units, secondly the infrastructural hurdles and last but not the least is the financial problem faced by these units. Moreover these units also face difficulty in the matters of preserving the raw materials and finished products. Besides severe competition is being faced by these units with the outside products.

Assam, which is one of the most prominent states in the North east, though agriculturally rich yet its food processing units are not developed. This is again due to the aforesaid problems i.e, marketing, infrastructural and financial problems etc. Above these the food processing units of Assam face another problem i.e, the psychological attitude of the local people that the local products are not adequate in comparison to the outside products.

SIGNIFICANCE OF THE STUDY:

Assam is the land of large variety of horticultural crops. Every year a large quantity of fruit and vegetables are wasted due to lack of storage facilities. Therefore for the proper utilisation of such natural products the growth of fruit and vegetable processing units is of utmost necessity. Moreover the fruit and vegetables are sold at a nominal price
due to the lack of adequate storage facility which could fetch a fair price if such were purchased by the processing units. Furthermore, the growth of such units would solve the unemployment problem to some extent. The growth of such units would also earn a fair amount of revenue to the state. Their development and growth would further facilitate the growth of ancillary industries such as packaging and labelling industry. Therefore, the study has got a huge social and economic significance. The study will act as a medium of guidance to the local entrepreneurs in their effort to establish the fruit and vegetable processing units. Further, such study will also help the government to come forward and provide the necessary help required by the entrepreneurs for the development of the industry.

OBJECTIVE OF THE STUDY:

Though the whole food processing industry faces a huge lot of problems including marketing, but mostly the marketing problem is seen in the fruit and vegetable industry. The number of fruit and vegetable processing units in the whole of Assam as on 31st March 1992 is recorded to be only 56 according to SSI source, Guwahati 1993, which have gone up to 87 as on 31st March 1998 as per Directorate of Industries, Government of Assam. This is a very negligible
number. Therefore it is seen that the fruits and vegetable based units registered with the District Industries Centre (DIC) are in their worst condition mostly due to the marketing problem which is also related with the infrastructural and financial problem. Keeping in view the various problems the following are the objectives of the study.

1. The study objective will cover the various marketing problems directly and indirectly faced by these units. It is proposed to study the gap between demand and supply of the fruit and vegetable based units in the North East & Assam.

2. It is also proposed to study the growth and development of the food processing units in Assam during the five year plans and also the various schemes and assistance provided by the centre and the state during the plans.

3. The study also covers the future prospects of development of the food processing industry in Assam.

4. The crux of the study will cover the entire gamut of the subject ranging from raw materials preservation, transportation, packaging, distribution, training of sales personnel, promotional problems and competitiveness of the products in terms of quality and price etc.
5. The study also proposes to cover the various assistance provided by different government institutions to the various fruit & vegetable units in the North eastern region & Assam.

REVIEW OF LITERATURE:

Although the agro based sector has been an inspiring area of search, yet most of the research have been conducted in the production of tea and in the growth of tea industry. The field of food processing has been left untouched. This is true more particularly in the case of Assam. However, a preliminary survey report has been conducted on 'The scope of setting up food processing industry in the North East Region' by the I.I.E. (Indian Institute of Entrepreneurship, Guwahati Assam).

METHODOLOGY:

The Methodology of the study is to from core hypotheses and testing of these hypotheses by conducting survey on the various fruit and vegetable based units. Moreover, questionnaire will be prepared and the entrepreneur will be interviewed to collect the relevant data and facts of the present situation of the fruit and vegetable industry in Assam. Besides this, to study the marketing aspect several market
analysis will be conducted. A set of questionnaire will also be served upon a cross section of consumers covering various social groups and income level categories. Moreover, information relating to various problems especially marketing will be collected from the concerned agencies, distributors, retailers and wholesalers along with the various data available regarding the fruit and vegetable processing units of Assam. Secondary data will be collected from the various publications, periodicals, books and information published by the North Eastern Council, Economic and Statistics Department Govt of Assam, India Institute of Entrepreneurship, Small Industry Service Institute etc. Further standard statistical tools will also be used as and when necessary to process the data and the information.

HYPOTHESES:

The proposed study covers the problems and the performance of the fruit and vegetable processing industry specially to test the following hypotheses.
1. That the preservation facilities for fruits and vegetables are not adequate to check wastage and decay.

2. That the existing governmental support to the fruit and vegetable based units are not up to the mark.
3. That the local products are not competitive in terms of quality and costs to edge out the products from outside the state.

4. That the consumer behaviour is not friendly and encouraging to local products.

5. That the fruit and vegetable processing industry suffers heavily due to the lack of infrastructural and auxiliary support.

The study of marketing viability of the fruit and vegetable industry is considered crucial in view of the fact that most of them are on the private sector and are unorganised, which creates a gap in the smooth functioning of these units.

However, some of the food based units are also set up under the Khadi and village industries example ghee, honey, rice milling by paddle tooth etc. This units are not commercially viable and are mostly to propogate Gandhian principles only. The study as it has been proposed will fill the gap in the research field relating to the deficiencies in the functioning of these units and pave a way towards the prosperity of these units and thus will create a brighter future to the entrepreneurs, employees and the people in general in this regard.
LIMITATION OF THE STUDY:

The proposed study will be confined to the fruit and vegetable industry because the proposed research has been undertaken on an individual level by a single researcher. This fact has led to the cut down of ambitious plans. Moreover, a common problem faced by every researcher who undertakes study in the private sector is that the private sector is always devoid of expected co-operation and help. This causes difficulty in collecting data. Besides, enough studies have not been conducted in this regard. Though various central and state level entrepreneurial training programmes have been conducted but negligible genuine field level study has been made. This might cause a difficulty in procuring secondary data. Moreover, most of the units are not well organised so their growth is stunted and as a result their business is confined within a small area.