CHAPTER - III
REVIEW OF LITERATURE

3.1 Introduction:

The review of literature provides the researcher the research gaps and theoretical insight. In this chapter an attempt has been made to review the related literature pertaining to the present study.

The publication, books, research articles and reports on food processing industry have been found at macro and micro level. The authors and researchers have attempted to study and analyze different dimensions of the FPI – production, marketing, finance and employment etc. The vast and varied publications have been found to focus on the general aspects of the FPI sector in India and the changing policy approaches by the state and the central govt. However literatures on case studies at micro level and on individual industries are scanty and inadequate.

The present researcher has tried to provide some good insight into the growth dimensions and problems areas by reviewing a some selected publications on FPI which have provided useful backdrop for the analysis of the issues involved in this important area. A few selected theses and research papers have been reviewed here.

A good deal of writing has taken place on processing industry and related subjects in recent years. Various aspects of problems and prospectus are covered by research and reference work by academicians, researchers and administrators. Here the researcher has dealt with some of the writing on different aspects of processing industry in our country.

India is a country of the highest second population in the world and about 70% population is depending upon agriculture. Among the other problems like Hugh unemployment, hidden unemployment, imbalanced regional growth, income disparities etc. are the most serious ones. Development of small and micro enterprises (especially food processing industries in rural areas) and entrepreneurship only can solve these problems. Hence it is
necessary to take review of the concerned literature about food processing industry, industrial development, and entrepreneurial development. Since it usually helps to understand the importance of the study, what areas have already been covered and what areas still to be covered. The present researcher has tried to provide some good insight into growth dimension and problems faced by reviewing a some selected unpublished thesis and articles on food processing units.

Most of the food processing units are included in small scale and cottage industry/ category. So the review of the studied on small scale industries and cottage industry are also covered.

The review has been made in the following ways,

1. Published research studies,
2. Research articles,
3. Unpublished Ph D. theses and M. Phil dissertations,
4. Survey reports.

3.2 Ph. D. Theses:

3.2.1 Bhat (1998) has made a study of problems and prospectus of food processing industry in western Karnataka. He has studied 339 food processing units with the objective that the nature and extent of food processing industry, opportunities available to these industries, and future prospectus of processing industries. He has found that majority of food processing units are located in urban areas and their investment range is Rs. 100000 or less. They have difficulties in production and marketing. Many units are totally unaware of the concession, subsidies, special incentives provided by the government. Power problem is a serious hurdle to these industries. The researcher has suggested that these industries should use proper selection system. There is need of market research activity to study the changing market environment. Traditional technology for production should be upgraded to maintain quality. There is need of centralized food testing laboratory.

3.2.2 Bhagavat (2001) has completed a study of 100 bakery units in Kolhapur district. Under this study he has taken an overview of bakery industry to
examine the various production problems of bakery industry. He has found that
most of the units are spread over the rural and semi urban area. Only 1/5\textsuperscript{th} of
the bakery owners have completed training for bakery or food craft. There is a
system of dual licensing policy. Only 50\% units have separate sections for
carrying out different production process. In most of the units, there is oldest
machinery still to be used. He has suggested that the legacy of traditionalistic is
all pervasive through out the bakery industry. Individual bakery units may
embrace a suitable total quality management method. Individual units should
work out a feasible and result-oriented financial and marketing management.
There should be proper machinery maintenance by industries. There should be
a system of scientific management through maintenance of up-to-date records,
inventory control, raw material management, packaging etc.

3.2.3 Shinde (2002) has made a study on emergence and development of
women entrepreneurship in Kolhapur district. She has studied the socio-
economic background, motivational factors, and role of support agencies for
development. She has found that most of women entrepreneurs were from
open categories, they have strong financial and family background, and there is
unawareness of government assistance. She has suggested that, special
training programmes should be provided, development of management of
financial and marketing skills and there is need of change in the mind set of
society to see towards women entrepreneurs.

3.2.4 Mahind (2002) has made a study of entrepreneurship development in
Khanapur-vita towns in Sangli district. He has studied the socio- economic
origin of entrepreneurship, support from government agencies and motivational
aspects. He has found that, majority of entrepreneurs belong to backward
classes, they have agricultural family background, and they faced the finance
and marketing problems. He has found that, entrepreneurs have daring to
accept challenges and there should be a need of support of financial and
infrastructural facilities.

3.2.5 Bhanushali (1984) conducts an entrepreneurial development in
engineering industry in Kolhapur. He has studied the economic background and
social conditions from which the entrepreneurs had emerged and assesses
their performance. He has found that, the Mohammedans excelled in all areas except marketing, Brahmins were strong in marketing. He had suggested that there is need of research and development activity; there should be aggressive advertising and publicity activity needed.

3.2.6 Gund (1992) has conducted a study of entrepreneurship development in Barshi taluka. He has studied the entrepreneurial efforts made, motivational factors, attitudes and possibilities of entrepreneurial development in the town. He found that most of entrepreneurs had business background, the initial investment was made from previous business income, and there was lack of adequate finance. He has suggested that educated youth should be motivated at large.

3.2.7 Nilpankar (2006) has made an analytical study of entrepreneurship development in Kolhapur district. He has studied the general background, motivational factors and problems faced by the entrepreneurs who are of first generation, most of them are male, they are technically and professionally well qualified, they are creative and innovative by nature. He has suggested that there is need of efforts for decrease in regional imbalance; government offices should provide proper guidance, motivation and information about schemes.

3.2.8 Roodagi (2007) has made a study about problems and prospectus of small scale industries in Dharwad district. He has analyzed the growth trend and development parameters of SSI and financial and marketing aspects of SSI. He has found that (i) marketing assistance provided by government is inadequate (ii) there is a trend of rise in amount of investment, volume of production, employment, export. He has suggested that there is a need of appropriate marketing strategy, new entrepreneurial and technical skill, management and commercial know-how. SSI should develop professionalism and vision and there is need of proper training facilities for personnel to achieve higher productivity.

3.2.9 Khot (1992) has conducted a study on industrial development of Sangli district. He has studied the overall situation of industrial development of the Sangli district and found that the industrial sickness due to problems related to production, marketing, raw material, cost of production, finance etc. there is
shortage of skilled workers, raw material, working capital. He has suggested that there is need of better infrastructural facilities, proper arrangement and availability of raw material, skilled workers.

3.2.10 Baligar (2000) collected data from 300 units by sending them questionnaire. The information from 221 units has been collected to study the overall situation of industrial development of the Dharwad district. He found that the industrial sickness is due to the problems related to marketing, human resources, production, finance etc. and there is shortage of skilled workers, raw material and working capital. He suggested that there is need of better infrastructure facilities, skilled workers, and proper arrangement of availability of raw material.

3.2.11 Kapase (2001) has made an analytical study of women entrepreneurship in Marathwada region. He has studied the environment available in the region to women entrepreneurs, motivational aspects and problems faced by the entrepreneurs. He found that most of entrepreneurs were from urban background, most of them have business background, backward class entrepreneurs were more in numbers due to various schemes provided by the government. Money making is the only ambition to become entrepreneur. He suggested that, there is need of infrastructural facilities in rural area and special training programmes for rural entrepreneur.

3.2.12 Khamkar (2002) has done the study by selecting 34 units for the study in Ratnagiri and Sindhudurg resource region. The objectives are to study the present position of fruit processing units with reference to investment, profit margin, technology, employment generation, marketing and to study the problems and to examine the prospects. The observations are that (i) the fixed capital to working capital is 1:4, and (ii) there is a dominance of labor intensive technology. All units sell their products through direct and indirect channels.

The suggestions are that (i) concerned departments with horticultural research must concentrate their efforts on the research of untapped fruit crops. (ii) Technological innovation is needed for processing the fruits and vegetables. (iii) The financial institutions should give concession of margin between mortgage value and loan sanction. (iv) They should simplify the loan sanction.
procedure in sufficient quantity and in time. (v) To avoid the scarcity of labor and labor absenteeism, job security and incremental wages should be given. (vi) Training programme for workers should be arranged to increase productivity. Marketing of processed products is a problem for this industry. Individual production and cooperative marketing under one brand will solve the problem of marketing.

3.2.13 Nare (2002) has conducted a study of 100 small scale bakery units in Belgaum district. The objectives are (i) to take an overview of bakery industry in study area, to study the capital investment and the various sources of capital and (ii) to study the financial and marketing problems of bakery industry. He found that 68 percent of the units have taken bank and credit security loan. Only 11 percent of the units have obtained loan through government schemes. The opinions of entrepreneur about capital are as (i) there is no any special provision by the government for financial assistance and also low rate of interest from nationalized banks (ii) there are no separate marketing departments in these units. Marketing system is as a channel of distribution, i.e. 1) Direct sale, 2) sale through retailers and wholesalers. 38 percent of the units sell their product at local or taluka level only. 83 percent of the units do not prefer advertisement as the sales promotional activity. The sales of these units are only cash basis. It is due to maintaining the smooth cash flow and requirement of working capital. There is lack of technology upgradation.

3.2.14 Laddha (2004) has conducted a study of 280 sick small scale units, out of them 120 are from food processing category in Solapur district. The objective was to find out the fundamental causes of sickness, consequences of sickness on employment and income of SSIs. He found that causes of sickness are: (a) low confidence or morale of entrepreneurs, (b) inadequate amount of funds, (c) non availability of raw material, (d) proper machines and technology, (e) marketing problems, (f) infrastructural problems, (g) under utilization of capacity due to shortage of power, raw material, (h) absence of marketing techniques and (e) limited markets etc.

3.2.15 Kulkarni (2001) has made a study of 9 co-operative banks and 150 small scale units in Sangli district with the objectives (i) to study the financial needs of
the small scale industries, (ii) the extent to which these financial needs are filled, (iii) to observe the impact of bank credit on production, employment and profitability of the small scale units. He found that 55 percent of the units are transferred to small co-operative banks from commercial banks due to helping nature of co-operative banks. 74 percent of the units were dependent on co-operative banks in 1998 which was increased from 60 percent in 1988. 85 percent of the units were dependent on co-operative banks for working capital needs. Co-operative banks provide adequate finance up to 90 percent units, 78 percent of the units felt that progress of small scale units was made due to the co-operative bank finance. 82 percent of the units have made progress in production and sales. Employment had increased at 48 percent from 1988 to 1998. 36 percent units have made expansion and 18 percent units assured that there is in time delivery to customers.

3.3 M. Phil Dissertations:

3.3.1 Jadhav (1984) has made a study for his M. Phil dissertation named, ‘Agro based industries in the Satara district’ in geography. The objectives are, to know the changes in agriculture as land use, cropping pattern and growth of agro based industries in Satara district. He found that the economy of the district is dominated by agriculture. The main industries working in the district are gur, khandsary, sugar, oil processing, tobacco processing, and cotton ginning, spinning etc.

The agricultural base of the district is rich enough for the development of agro-based industries. The region also has the potential for the establishment of different type of agro-based industries.

The central part of the district has irrigation facilities so the area is good for sugarcane cultivation. The western part of the region is hilly and receives more rainfall and is suitable for growing of paddy cultivation. So there is potentiality of increasing the number of rice mills.

The area under groundnut in the region is large. But the groundnut oil mills have lost their importance in the region. So it is essential that the government
should pay attention towards these agro-industries. There is good future for cotton textile mills also.

3.3.2 Bhave (1998) has submitted dissertation to Shivaji University in economics, entitled ‘A study of groundnut oil industry in Sangli’. She has studied the five groundnut oil processing units and five oil trading units in Sangli city. The objectives are: (a) to study the present nature, composition and performance of groundnut oil manufacturing unit in Sangli, (b) to examine the effectiveness of various measures taken by government for the development of oil industry. She observed that (i) there is under-utilization of capacity i.e. 70%, (ii) the full fledge length of working is only 240 days in a year. (iii) The reasons behind it are irregular and insufficient supply of raw material, low standard, old machinery used. (iv) The profit margin of units is also very low and (v) all manufacturing units were selling their oil through wholesalers and agents.

To overcome these problems, the researcher suggested that, all taxes on oil seeds and processed oil should be withdrawn or groundnut oil should be exempted from taxes. Sufficient scientific and modern storage facilities should be provided. Use of modern machinery and standardized raw material is essential.

3.4 Research Articles in Journals:

3.4.1 Iqbal (1980) has written an article as agro-based industries performance and prospectus in 1980. He has analyzed the production and processing of identified horticulture products like areca nut. The summary of this article states that, India accounts for 60% of total world production. Alcohol extraction, preparing chewing gum, use of tanning, leather producing packaging cases, preparing cushion materials out of areca nut husk are some of the processed products of areca nut. It is an important foreign exchange earner. India ranks first in areca nut production. Srilanka and Bangladesh comes second and third, over the views expressed by Iqubal.

3.4.2 The key note paper presented in the National Seminar at I. I. M. Ahmadabad on “Agro processing Industries” by Srivastava (1989) is divided in to four parts. The first part deals with ways of assessing the available agro
processing potential. Part two presents the profile of agro processing industry and the recent trends in India. Part three analyzes the constraint on acceleration of production and exports of agro based products. Part four sums-up the analysis and presents certain basic issues for study and research such as organizational pattern, technology up-gradation, market development, tax independence, strengthening database etc.

3.4.3 In IRE (1989) journal the editorial article ‘Fruits and vegetable Industry in India’, deals with the present production, current status of processing industry in India. Current consumption and future prospects are also analyzed. Export of fresh fruits and vegetables and also processed fruits and vegetables during one decade is analyzed. The proposed plan to set up processing units in India is also highlighted in this journal.

3.4.4 Kumar and Hema (2007) have written an article on ‘Production and Trade Performance of Major Spices Grown in Western Ghat Region in India’. The time series data on export quantity and different prices of black pepper and small cardamom as well as for other major spices were obtained from the data published by spices board, Ministry of Commerce Kochi, Directorate of Areca nut of Agriculture of Calicut and Directorate of Economic and Statistic Ministry of Agriculture Govt. of India. The time period of the study was taken from 1970 to 2002. The study was undertaken to examine the production and trade performance of major spices grown in India and identify the drivers for export and domestic prices of these spices have also been projected using Holt’s exponential smoothing method for the period up to 2015. The production of all major spices in India had increased substantially over the years due to growing importance of the crop in both domestic and international markets. The growers of black pepper and cardamom are experiencing decline in profit margin due to price pressure. Although the export volume of all spices from India has been increasing, black pepper and small cardamom are facing stiff competition from other major production countries like Vietnam, Guatemala. Projected export of pepper and cardamom for the period 2005 – 2015 looks to worsen if proper policy is not taken in time. In the midst of high international and the domestic price volatility farmers are left with no other option than to ride the wave of price...
instability. Keeping in view the above facts the study has large policy implication for the economy of two spices grown in the region.

3.4.5 Varghees and Singh (2006) havr made a study entitled ‘Prospects and Problems of Agro-Processing Industries in Bikaner District of Rajasthan’. The case study method was used for agro-processing industries using cereals, pulses, oilseeds, milk and wool. The objectives were (i) to identify the existing status of agro processing industries, (ii) to study the magnitude of profit, to identify major constraints hindering the smooth functioning of units. The information on date of commencement, installed capacity, working pattern, cost of operation, source of finance, marketing channel, employment pattern, procurement of input and problems faced are collected. The findings and conclusions are (i) the capital investment was relatively more for rasgulla processing units, woolen yarn production and oil processing units. (ii) The employment potential per processing unit was found to be more for woolen yarn production and processing. (iii) The employment potential in the category of combined papad- bhujia processing, rasgulla processing, dal processing and oil processing varied between 6 to 7 persons per unit. (iv) The major constraints in the agro processing sector includes factors related to processing technologies, procurement of raw material and other resources and govt. policies. (v) The production of raw material like pulses, oil seeds, wool etc is not stable and as a result the availability of raw material for processing is also not ensured. (vi) The power fluctuations and irregular supply of water are also constraints in the development of agro-processing industries. The govt. policies are also required to be changed for the smooth development and growth of agro-processing in this region.

3.4.6 Sarkar and Kazi (1996) have written an article as ‘Fresh look on developing units in the Paddy market of West Bengal’. They found that the considerable progress has been achieved in the production of cereals through the technological advancement, particularly rice in West Bengal. This study has documented that the mushrooming of husking machines, small trading in paddy/rice had assumed a very significant place in respect of both processing and distribution of rice in West Bengal. Traditionally, the rice mills took up all these functions directly or indirectly through their agents. But with the advent of
paddy husking machines, there emerged a significantly large number of paddy processors cum traders, which had taken over the paddy/rice processing and trade. Thus, there had been a significant diversion of marketed surplus away from the normal market and more particularly the government and the rice mills have no control over the marketed surplus. This development no doubt had been capable of improving the employment potential but in its stride had slackened the state control over this trade. Above all, there had been a huge loss of bran oil- a byproduct produced from rice bran supplied by the rice mills and there was also loss of grain because the recovery rate in husking machines was lower than of both paddy and rice not only to other states but also to Bangladesh.

3.4.7 Andharia (2008) has written an article on the topic ‘Agricultural Production and Problems of Agriculture in India’. He deals with various problems of agriculture. The present paper provides a descriptive picture of shortage of food in the world. It there after identifies problems of agriculture of India.

He says, as per UN reports food crisis and escalating prices of agricultural produce are major problems of the world today. India’s self reliance in food products seems to be vanishing. World food production has not increased in proportion to the increase in world population. In 1985 global food production was 343 kg. Per head, this decreased to 312 kg. per head in 2005. Wheat stock of 120 days in 1990’s has decreased to 80 days today.

India’s main food problems are, irrigation in India has yet remained dependent upon rain water and a seasonal one, in India only 40 % of cultivated land has been covered under irrigation leaving remaining land dependent upon other sources of water. Another problem is India has not become self reliant in the area of fertilizers. Third one is increasing suicide cases. According to national crime bureau in the year 2006, 17060 farmers committed suicide in India including 4453 cases from Maharashtra. Fourth is export policy. Cotton production in India is much higher than its demand, but cotton export policy does not support the benefits of huge cotton production in India. Export restriction of cotton has resulted in to huge downfall of cotton prices in India. Another part of paper is dealing with challenges of agriculture in India. These
are increased demand of food grains, fruits and cash crops, provision under GATT and WTO have created serious liabilities and challenges for agricultural research in India. Available and emerging agricultural technologies in India have yet to be fully utilized. Finally he concludes, as there is an urgent need to achieve a growth rate of 4% in the agricultural sector. Increased investment in the field of agriculture is essential. Long term sustainable and comprehensive measures need to be taken to develop agricultural sector in India.

3.4.8 Yogish (2008) has written a paper as agricultural marketing in India. He stated that, in modern times marketing of agricultural produce is different from that of olden days. National commission on agriculture defined agricultural marketing as a process which starts with a decision of produce a salable farm commodity and it involves all aspects of market structure of system, both financial and institutional based on technical and economic considerations and includes pre and post harvest operations, assembling, grading, storage, transportation and distribution. The paper divided in to four parts, first is introduction and objective, second main defects of agricultural marketing, third one is measures to improve, and finally the recommendation and conclusion.

The objectives of the paper are (a) to enable the producer to get best possible return, (b) to provide facilities for lifting all produce, (c) to reduce the price difference between the primary producer and ultimate consumer. The main defects of Indian agricultural marketing are: improper warehouses, lack of grading and standardization, inadequate transport facilities, presence of large number of middlemen, malpractices in unregulated markets, inadequate market information and credit facilities, unfair practices by middlemen, excessive marketing charges, unorganized farmers and poor staying power of farmers.

In third part he describes all possible measures to improve agricultural marketing such as government has undertaken the marketing surveys and provide grading and standardization stations, establishment of regulated markets. The number has increased from 265 in 1950-51 to 4452 on 31-03-1980. By 31-03-1994 the number had risen to 6809, setting up of co-operative market societies, expansion of ware housing facilities, extensions of transport
facilities, provision of market information, state government trading in food grains.

Finally he concludes that the central and state government has taken up a number of measures for improving the agricultural marketing in the country. But still a great deal remains to be done in agricultural marketing, especially in the fields of grading, expansion of ware housing facilities and extension of transport facilities to rural areas.

3.4.9 Ashokan (2004) written an article as rural entrepreneurs- problems and prospects of village industries sponsored by Kerala KUIB. He feels that rural entrepreneurship could be developed only through rural industries. He deals with various multifarious problems faced by village industry, like sluggish market; out of 28 industries 17 had problems in finding ready market. Second one is shortage of raw material, 19 industries face the major problem of non availability of raw materials. Third one is insufficient capital base. 11 types of industries e. g. pottery tile, fruit and vegetable processing units faced the dilemma of capital inadequacy. Fourth one is managerial inefficiency, 9 industries e. g. oil mills, smithy, cane and bamboo, saw mill had the problem of superior management. Next one is techno production issues. Oil industry, bakery, soap industry had insufficient technology. They suffer from quality maintenance, under utilization of capacity, high wastage, scarcity of spares and repair. Last is related to labor. Non availability of skilled workers is the major problem faced by industries due to low wage, high risk, and necessity of skill as in match industry.

He concludes that rural industries are required to create employment chances for the teeming villages that constitute a major portion of the total unemployed in the country. Village industries are the culmination of a blend of resources of production, like materials, labor and capital under the management function of production, administration and marketing. Problems in procuring these resources and difficulties in executing necessity functions often cause impairment to the sector.

3.4.10 Rai et. al. (1996) have written an article as status and potential of Agro-processing industries in Haryana. In the present investigation an attempt has
been made to examine the potential and problems of agro-processing industries in Harayana state. The study revealed that there is tremendous scope for agro-processing industries in the state where supply of raw material, processing and marketing are not serious problems. Infrastructural facilities in the state are reasonably well developed. The future potential of developing agro-processing industries lies in wheat milling and rice milling, feed and concentrate industry, edible oil and cotton processing, sugarcane milling, fruit and vegetable processing and all the bye-product processing of the entire commodity system. The rising trend of converting the potential of main agro processing products as well as by-product need to be accelerated in future years. It would provide proper farm-industry linkage which will help development of agriculture by creating backward and forward linkage, generating more employment adding value to farmers produce and increasing their net income.

3.4.11 Sukanya and Vishwanath (2008) have written an article ‘Commercial Bank Finance to Small Scale Industries in India- Recent Trends and Their Implication’. The objective of the paper is to review the trends in the financing of SSIs by commercial banks in India since 1991, under the banking sector reforms and to bring out their implications. The paper is divided into five parts, with the brief introduction in the opening part of the paper. Part II discusses the role and importance of the SSI sector in the Indian economy. Part III presents the trends in the financing of the SSI sector by the commercial banks. Part IV discusses the implications of these trends to both banking theory and policy and to the growth of the sector, and part V presents the conclusion.

It reveals that the number of small scale enterprises registered a growth of 516.91% from 20.82 lakh units in 1991-92 to 128.44 lakh units in 2006-07. The importance of the small and medium scale enterprises’ sector in the Indian economy is brought out by the fact that the sector had contributed as much as 14.54% of gross domestic product at current prices of Rs. 3275670 crore in 2005-06 as against 13.57% in the year 2000-01. The total number of persons employed in the small and medium scale enterprises sector grew steadily from 129.80 lakh in 1991-92 to 312.52 lakh in 2006-07. The exports of the small and medium scale enterprises sector had registered a growth from Rs. 13883 crore
in 1991-92 to Rs.150242 crore in 2005-06 forming as high as 45.74% of the total manufactured exports. The third part of the paper reveals that though the total amount of outstanding credit advances to the SSI sector had increased steadily from Rs. 18422 crore as at the end in 1992 to Rs. 116908 crore as at the end of march 2007. The amount advanced to the sector as a percentage of gross bank credit had shown a steadily declining trend from 13.47% in 1992 to 6.35% in 2006. This compares vary unfavorable with the 12.45 % share of the SSI sector in the GDP of the country in 2006-07. The share of the SSI sector in the GDP in 2005-06 was still higher at 14.54% while its share in bank credit in that year was only 6.30%. It shows that the commercial banks are not eager to extend credit facilities to the SSI sector.

They conclude as the trends in the financing of the SSI units by the commercial banks in India since 1991 under banking sector reforms shows that he banks have not been sympathetic to the financial needs of the SSI units.

3.4.12 Katkar (1996) has written an article on the topic ‘Status and Prospects for Food Processing Industry in India’. It is based on secondary data. It was observed that although the food processing industry has attained the annual growth rate of 5.7% in 1992-93, yet a vast majority of agricultural produce is consumed to 1.6%. We are processing less than one percent of the total fruits and vegetables produced against 80% in South Africa, 65% in USA, 70% in Brazil and 83% in Malaysia. Indian processed fruits and vegetables exported constitute one eighth of those exported fresh. The lower level of Food Industry Development Index (FIDI-415) indicates dismal position of food processing industry development status mainly due to lower of various indices in comparison to developed countries. The higher production level especially of fruits and vegetables (3rd largest producer of the world) and higher Food Industry Potentiality Index (FIPI-475.2) provides vital opportunity for the potential investors in this industry. The changing socio-economic scenario, technological development and environmental factors especially liberalization, globalization and export thrust of agricultural sector is a need to develop the required infrastructural facilities and improved technology in marketing, communication, processing, transportation and post harvest handling of agricultural produce. The government should pay due attention to make this a
viable industrial sector and to earn more foreign exchange by capturing international market and to meet the growing domestic demand for processed food items.

3.4.13 Karthikeyan (2010) has written an article as ‘Performance of Pepper Production in India’. Black pepper is the king of the spices. The objectives are, to trace out the productivity of pepper in India and to analyze the trend of pepper production in the land. The summary of this article states that, the total area under pepper cultivation in India increased from 125210 hectares in 1985-86 to 198030 hectares in 1995-96, i.e. 58% increase over a decade and 223940 hectares in 2002-03 to 236177 hectares in 2006-07. The productivity per hectare decreased from 313 kilograms in 2002-03 to 211 kilograms in 2006-07. Production of pepper in India and the trend values are gradually declined during the period under study, i.e. 70000 tones and trend value 70.4 in 2002-03 to 50000 tonnes and trend value 48.4 in 2006-07. He concludes as, India’s productivity per hectare is not satisfactory. The reasons are old and senile plants, limited availability of high yielding varieties. He suggests that, the union and state government should take necessary steps to improve and increase the pepper production in India and to eradicate to quick –wilt and little leaf diseases distribution of inputs kits and the development of demonstration plots in former fields.

3.4.14 The study was undertaken by Srinivas et. al. (1996) as ‘Economics of Agro-processing: A Case of Cashew-nut processing in Andhra Pradesh’. The present study has been attempted with the specific objective to study the economics of processing of cashew-nut at different stages. All the eleven registered processing units at Vetapalem were selected for the study. Data were collected with the help of well structured and pretested schedules. Processing of cashew-nut has been discussed with considering different stages such as drying of nuts, roasting of nuts, shelling of nuts, drying of shelled kernels, peeling, grading, conditioning, packing etc. cost incurred at various stages of processing mainly confined to labor and material cost. It is concluded that processing is an important operation to get the final consumable product from cashew nut. The major cost is involved due to processing of cashew-nut,
packing of graded kernels, shelling of roasted nuts and peeling of shelled kernels.

3.4.15 Jayalakshmi and Ashok (2010) have written an article as ‘Trends of Shifting Food Crop to Commercial Crop: An Economical Analysis’. The present study makes an in depth, analysis of the trend of shifting food crop (paddy) to commercial crop (banana) of a particular region namely Thoothukudi District. A total of 300 sample farmers were chosen randomly for primary data collection. The study period 1989-90 to 2006-07 is classified into three sub periods as 1989-90 to 1994-95- period I, 1995-96 to 2000-01- period II and 2001-02 to 2006-07- period III to make a comparative analysis. It is observed that the percentage of irrigated area under paddy had declined from 72.93% in period I to 60.93% in period II and 63.75% in period III. Whereas in case of banana it had increased from 4.97% in period I to 7021% in period II and 10.32% in period III. It is also found that, the percentage area under paddy to total crop area has declined from 22.72% in period I to 17.65% in period II and 14.37% in period III. During the same period the percentage area under banana had increased from 3.69% in period I to 7.84% in period II and 11.85% in period III. The author finds that, the irrigational facilities, soil type had influenced the shifting of area from paddy to banana. If such shifting is continuous over a long period the production of rice will dwindle and cause food shortage. They conclude as the farmers should have to plan scientifically while allotting the land for raising both the crops in an optimum manner so that it may be good for the individual as well as the nation.

3.4.16 Singh (1996) has conducted the study as ‘Role of Infrastructure in Development of Soybean and Grain Processing units in Mahakoshal Region of Madhya Pradesh’. It has been conducted in the Narsinghpur district of Mahakoshal Region for the soybean gram crop. It showed that crops were high yielding cash crops. This resulted in an increased number of transportation, storage, processing, credit facilities etc. was found that processing of gram was done in dal mill except for the needs of own consumption. Soybean was entirely processed in the oil mills. Different agencies were involved in the marketing process of soybean and gram. Marketable surplus is directly associated with the level of production. Bumper production of these crops had acted as the key
input to processing units. Non-availability of products (as soybean and gram produced by the farmers) may paralyse these processing units. Hence, availability of input in adequate quantity to these processing units was made through the increased production of soybean and gram in the locality. Increased production was the resultant of so many factors contributing directly and indirectly viz. Irrigation, electrification, credit facility, storage, transportation etc. Hence infrastructural facilities developed so far in Mahakoshal Region played an important role not only in the development of the agro-processing units but also sustaining them simultaneously.

3.4.17 Mariummal and Selvi (2010) have been stated that, in their article named, Spices industry in the light of Globalization in India there are about 63 spices are widely grown. The total area under spices is 2.3 million hectares and the annual production of spices is around 27 lakh tones, valued approximately at Rs. 13000crores. The net share of Indian spices in world trade is about 35%. India is producing more than 4 million tones of spices and is exporting around 180 spice products in over 150 nations. The export of nutmeg from India is shows an average increase of 18% over the period under study, from 1997-2008. The study reveals that the various problems faced by the nutmeg producers are leaf spot and shot hole disease, non availability of labour and the increasing wage rate, price fluctuations, storage facilities, non availability of specific location etc. He concludes as nutmeg can be grown as mixed crop in coconut garden for higher productivity and income to the farmers.

3.4.18 Kasle et. al. (1998) of Marathwada Agricultural University, Parbhani have conducted the study as Agro-Processing Industries: Existing potential and capacity utilization in Maharashtra. The average cost required for the establishment of oil industries, dal mills and cotton ginning industries was Rs. 3.19, 4.81 and 5.63 lakhs respectively. The cost of machinery was the major item contributing 61.43 and 59.12 percent in dal mill and cotton ginning industry respectively. The total costs per oil industry, dal mill and cotton ginning industry per year were Rs. 48.20, 69.04 and 5.03 lakhs respectively. The average net profit per oil industry, dal mill and cotton ginning industry was 8.93, 3.32 and 1043 lakhs per year with 1.19, 1.05 and 1.39 benefit cost ratio respectively. The per rupee returns were comparatively more in cotton ginning industry as
compared to oil industry and dal mill in the study area. The average capacity utilization of oil industry, dal mill and cotton ginning industry was only 41.67, 71.20 and 43.79 per cent respectively. The low capacity utilization of these industries was mainly attributed to seasonality in agricultural production. The study suggested that suitable remedial measures may be adopted in order to increase the efficiency of these industries by way of increasing the levels of capacity utilization. In oil industries the minimum quantity of 183 quintals of sunflower and 124 quintals of groundnut were required to cover the fixed cost. Similarly in case of cotton ginning industry 5274 quintals of cotton was required to cover the fixed cost. The above industries operate at a level higher than their break-even quantity but at a level lower than their intake capacity due to seasonality of agricultural production.

3.4.19 Saikia and Thlukdar (1996) have written an article as ‘Economic Potentialities of Commercial Processing Firms at Farm Level for Major Spices in Nagaon District of Assam’. The main objective of the study is to examine the economics of production and processing of spices and the optimum utilization of capacities of the processing firms. It was observed that powder recovery was the highest in chili and turmeric and the lowest in coriander. The feasible normal capacity varied from 105 quintal in turmeric to 3.5 quintals in chili. The highest net capacity utilization of 53.33% was in turmeric processing. All the spice processing units operated below the feasible normal capacity. The average capital investment in machinery and equipments shared the highest followed by opportunity cost of own investment in commercial processing units were Rs. 1.20, 0.94 and 0.78 lakh. Out of the total capital investment 91.73 and 98.85 percent were shared by raw materials for turmeric and chili respectively. The minimum capacity utilization of the plants was 13.24, 18.42 and 29.90 percent respectively. Increased use of feasible normal capacity, application of modern processing techniques at farm level, improvement in financial condition and adequate supply of raw materials, strengthening market services etc. may be encouraged for increasing potentialities of processing of spices in the state.

3.4.20 Gonchekar (2010) has written an article as ‘Global scenario of Area, Production of Fruit and Vegetables and Indian Exports’. He stated that, India is
the second largest producer of fruits and vegetables in the world; it ranks next to China and accounts for 8.11 and 9.11 of the global production of fruit and vegetable respectively. World fruit and vegetable production stood at 5241 lakh MT and 9026 lakh MT respectively. India’s fruit and vegetable production stood at 424 MT and 822 MT respectively. The average annual production of fruit and vegetable in India was 212.21 lakh tones and 815.70 lakh tones during 1980-83 which increased to 477.90 lakh tones and 382.30 lakh tones during 2004-06, registering an increase by 125.20% and 113.37% over the period. It also states that, about 1984 thousand million tones of fresh fruit and vegetable worth Rs. 2412 crores were exported from India in 2006-07 corresponding to 475 thousand million tons worth Rs. 385 crore in 1993-94. It means export of fresh fruit and vegetables increased by 24.43% and 40.50% per annum in quantity and value terms. He concludes as there is a paradigm shift in consumption pattern of fruit and vegetable across the globe. There is a vast scope to expand the area, production and productivity of fresh fruit and vegetable. India shows a greatest scope and potential of becoming a leading country in export of fruit and vegetable.

3.4.21 Arora and Nisha (1996) have written an article as ‘Rural Food Processing: Management, Performance and Implication on Infrastructural Requirements’. An attempt has been made in the paper to examine and present the management, performance and infrastructural requirements of food processing complexes functioning in rural sector of Uttar Pradesh. The study is based on systematically drawn sample of 30 food processing complexes functioning in Rampur district of U. P. Most of the complexes are of small size, family run and under individual ownership. The primary objective of setting units was to provide employment opportunity to under employed family members. Mainly own funds are used to set up and run these units to provide services on custom basis. Consequently, mostly second hand machines and equipments are purchased and are operated with mechanical power on account of either non availability or irregular supply of electric power. Paddy hullers normally function during winter only. Overall the complexes run from 4 to 5 hours a day only. Through recovery performance of complexes is satisfactory; the performance in capacity utilization is very poor. Flour chakki. Rice huller
and oil expeller are found utilizing 34.50, 18.47 and 16.67 percent of installed capacity. The processing complex on an average provides employment to two persons. The employment generation is bound to increase in capacity utilization. Even with such a low level of operation, rural food processing complexes are making profit. They conclude as the food processing in rural sector has vast potential for generating employment, increasing farm income and transforming agriculture into agribusiness. However the pre-requisite to harness this potential are availability of institutional credit for investment and working capital needs, modernization of processing technology, providing regular electric power, linking villages with all season trends and efficient communication and market intelligence system.

3.4.22 Deb (2010) has written an article as the ‘Grain Management in Andhra Pradesh: Scope for Reforms’. The study reveals that the area under rice crop is declined from 31.3 percent during the triennium ending 2000-01 to 29.8 percent in the triennium ending 2006-07. The state has lost its competitiveness in rice production due to higher cost of rice production as it is declined from 13.9 percent in 1990-91 to 11.5 percent in 2005-06. The government agency wise rice procurement states that, the share of APSCSL is raised from 2.4 percent in 2001-02 to 5.6 percent in 2006-07 and share of FCI is raised from 0.8 percent in 2001-02 to 1.0 in 2006-07under MSP operation. The rice procurement ratio revealed a trend increase over the sample period 1971 to 2007 and comprised about 40 percent during the triennium ending 2006-07. A massive PDS network functions in Andhra Pradesh. In 2004-0, about 23 percent of rural and 15 percent of urban purchase of rice in Andhra had been from PDS outlets as against 13 percent and 11 percent of rural and urban rice purchase for all states. As on 31st march 2007 the number of total markets in the state is 889, out of which 312 are wholesale and the remaining 577 are rural primary. About 70 percent of the marketed surplus of rice/paddy in Andhra is handled by the village commission agent in costal districts, while about 35 percent is handled by the same in the Telangana region. The findings of the study indicate that, shift in cropping pattern have taken place from food grains and oilseeds to pulses and commercial crops like cotton and tobacco. The use of rice in PDS schemes has raised the PDS dependence in the state. He suggest that, in
addition to setting up storage units at the market yards and constructing link roads from villages to market yards, the government should also encourage investments in the field of agro and food processing industries in the state.

3.4.23 Singh and Mohuley (1996) have written an article as Viability of processing units of fruits and vegetables in rural areas of Allahabad district. The paper summaries as the produces are highly perishable and can be retained for maximum 4 days. Due to lack of proper storage facilities and unawareness of preservation technique about 30 percent of total production goes waste between harvest and disposal. The huge quantity of wastage can be avoided through conversion of raw material into processed foods. The existing agro-processing units situated in the city are not in a position to handle much quantity of fruits and vegetables at once time. The establishment of agro-processing units is very essential in potential areas of the district. It will save from spoilage and give extra income to farmers. The processing units of rural areas of this district will help in preservation of perishable fruits and vegetables, stabilize the prices, and create additional employment and increasing the remuneration of farmers. Therefore, entrepreneurs should be mobilized to install processing units in rural areas of this district because of availability of fruits and vegetables at cheap rates, cost of establishment and cost of production of processed foods would be less than that of urban areas.

3.4.24 Krishnath (2006) in his article named Agro –Processing in India and role of Infrastructure states that, the agro processing industries in India account for 19% of the total industrial output and provide employment to an extent of 19% of total industrial workers and account for 18% GNP. In view of the importance, the present study is undertaken with a view to know the existing situation and potentials for agro processing industries and the infrastructural requirement. Besides, the role played by different institutions in providing the needed infrastructure is also examined. For this purpose, various reports of center for monitoring Indian Economy (CMIE), economic survey and such secondary data were used. Conventional tabular and percentage analyses were employed to realize the objectives. The impact of different infrastructural variables on agro processing was studied and the constraints faced by the agro processing industry are examined. The results revealed that there are great potentials for
agro processing in India. But, the infrastructure and policy support provided are inadequate, the policy support for the growth of agro processing units requires to be increased for the overall development of the economy.

3.4.25 Reddy and Kumar (2010) have been written and article named as ‘An Economic Appraisal of Mango processing plants of Chittoor District in Andhra Pradesh’, based on their M. Sc. Dissertation work. The article reveals that, India with a production of 125.4 lakh tones of mango accounts for 40 percent of total world production (312.5 lakh tones). About 2 million hectares of land in India is under this crop accounting 46.2 percent of world area (4.37 Million hectares) under mango. Among the various states of India, Andhra Pradesh ranks first both in area and production which is 3.99 lakh hectares and 3.19 million tons respectively. For the present study 14 small scale units, 4 medium scale units and 2 large scale units are selected by random sampling method. The results of the study are, the study area is producing the 421768 tones of mango. The major portion of raw material required by the processors in the district is procured from farmers and market yards. There are 56 mango processing units are working up to the year 2006 in the district. There is an increasing trend in export of both mango fruit and pulp in both quantity and value terms. The export of mango pulp has shown a quantum jump from 13 thousand tones in the year 1999-2000 to 120 thousand tones in the year 2006-07. The large scale units are working throughout the year and the medium and small scale units are working for three to four months in a year. The mango pulp Industry faces a number of constraints like infrastructural constraints, inadequate supply of power, high cost of credit, inadequate supply of raw material, fluctuation in prices, lack of domestic demand, fluctuation in demand which are reported by 60 to 75 percent of the firms. To overcome from these constraints they suggested as the support and incentive scheme should be given to small scale units, contract farming should be promoted, domestic consumption should be promoted through the campaigns, cooperative societies should be set up to help the small scale firms, government should made efforts to promote the production of mango.

3.4.26 Nandgopal and Chinnaiyan (2004) have written an article as ‘Small Scale Food Processing Industries: A Case Analysis’. In the present paper an
attempt has been made to study the growth of SSIs involved in food processing in Coimbatore district of Tamil Nadu. Secondary data on the number of SSIs involved in food processing, investment, production and employment were collected from the DIC, Coimbatore district. The data is analyzed for compound growth rate and production function analysis to know the returns to scale.

The study revealed that the during 1996-97 Rs. 401 lakh was extended as capital subsidy and during 1997-98 a maximum of Rs. 676 lakh, which was reduced to Rs. 33.14 lakh during 2002-03. The total SSIs registered during 1991 was 1888. It was maximum in 1999 and decreased to 1827 during 2002-03. It was observed that the annual growth ranged from -48.28 percent to 83.80 percent. The CGR of small scale food processing industries was 2.44 percent which was higher than the total SSIs registered in the study area. CGR was the highest 33.39 percent in the production followed by investment 20.41 percent. Employment growth was 5.71 percent. Investment growth per SSI was higher 17.54 percent than per worker 13.91. Growth rate in productivity per SSI was 30.02 percent and per worker it was 26.19 percent. The food products sector in the study area was characterized by increasing returns to scale. They suggest that globalization creates serious challenges for Indian small scale food processing industries. This is the time to protect the sector by upgrading the existing technology by providing adequate financial support with reasonable rate of interest. Intensification of food parks and participative management are required to compete for quality, price and service.

3.4.27 Nagarjuna and Busenna (2004) have written an article as ‘Sickness in Small Scale Industries Case Study of 14 Sick Small Scale Industry Units in Ranga Reddy district’. The paper has been divided in to two sections. Section one mentions about the industrial profile of Ranga Reddy district and coverage of sampling of 14 sick units. Section two is deals with the data analysis of sick small scale industrial units, results and findings of the study. They found that the main reasons of sickness in small scale units are due to internal as well as external causes. The internal causes of units are mainly managerial deficiency, labor problem. In addition, external causes are shortage of raw material, scarcity of finance, lack of demand, government policies, shortage of power, raw material crisis, lack of orders and location disadvantage. All units faced
sickness problem from 1996 onwards. The main reason for it is impact of liberalization, globalization and WTO. That’s why most of the units faced the sickness problem.

3.4.28 The study was undertaken by Dixit (2005) titled as ‘Role of Financial Institutions in India’s Industrial Development- Special reference to Small Scale Industries’. The main purpose of the study is to analyze the role of financial institutions in promoting and rendering financial assistance to small scale sector. The present study is mainly based on the secondary data published in annual reports. The period of the study is 1990-91 to 2000-2001. The objectives of the present study are, to review the government’s policies, to evaluate the performance of financial institutions in the development of small scale sector, to examine the role of financial institutions in the rehabilitation of sick SSI units. In order to streamline and strengthen the flow of credit to SSIs from the various financial institutions the present researcher suggest that, there is a need for creating awareness among the SSIs regarding the schemes and assistance of financial institutions. The role of financial institutions in the revival of sick SSI units is unsatisfactory. The amount distributed for the rehabilitation of sick units has been always less than one percent. The amount distributed for revival of sick units is should be increase up to 5 to 10 percent of the total assistance. There is an imbalance in state wise distribution of financial assistance. Karnataka, Maharashtra, Gujrat, Tamilnadu and Kerala together accounted for the largest share nearly 50 percent and remaining accounted for only 50 percent of total assistance. The RBI guidelines said that, 60 percent of the SSI credit should go to tiny sector. But the percentage share of tiny sector in the total credit to SSI sector was only 20 percent. The largest share of the assistance is 50 to 65 percent to new units of the total amount sanctioned. The existing units have achieved little share. There is a need to increase the amount sanctioned/ disbursed to the existing units in order to rebuild their competitive strength.

3.4.29 The theme ‘Emerging trends in Agro Processing Sector’ received an overwhelming response as 67 papers were received. The researchers bought out with many recommendations based on their studies. The discussions focused on the issues raised in the rapporteur Karam Singh’s report (2004).
The total market is assessed at about one third of the total value addition in agro processing, which is estimated at about Rs. 2500 to Rs. 3000 billion. Agro processing is a vast house of small scale enterprises, which has strong presence in the Indian economy. The agro processing capacity during the past two decades has increased at a much faster rate. The capacity utilization has also increased but at a lower rate. There is a need of improvements in the organization management and set up, which are very crucial to boost the agro processing industry. It is observed that, the terms of contract farming are generally or at least more in favor of the processor rather than the farmers. The need for assessing, appraising and evaluating and then establishing the food parks, agro processing centers, agro export zones is the demand of today. These should focus on minimizing the losses, repeat minimizing losses, creating the scale economies improving the quality of the product through the processing system.

3.4.30 An attempt has been made by Rahane et. al. (2000) to study the performance of fruits and vegetables in Maharashtra both at the state and regional level. The study is based on secondary data collected from the Directorate of Agriculture and Directorate of Horticulture, Government of Maharashtra, the data were divided in to two parts: i) time series data on area, production and productivity of surveyed crops in Maharashtra for the period 1983-84 to 1997-98 and ii) data on non surveyed crops such as fruits and vegetables for the period 1994-95 to 1997-98 were analyzed by using simple tabular analysis. The study revealed that among the surveyed crops areca nut, coconut and cashew nut are major crops grown in Kokan region while orange is grown in Vidarbha region. Sweet orange is grown in western Maharashtra and Marathwada regions. Grapes are mainly grown in Western Maharashtra and in some parts of Marathwada. Banana is grown in all the four regions of Maharashtra and major area is covered in Western Maharashtra. Amongst vegetables, Onion is the only crop under survey in all the four regions of Maharashtra. Despite a decrease in area under areca nut in Maharashtra both its production and productivity increased significantly at the rate of 8.49 and 8062 percent per annum respectively. The area and production of all non surveyed fruit crops showed an increase. Amongst non surveyed vegetables,
they showed an increase and productivity was observed to be constant in almost all vegetables. It shows the favorable condition for the development of fruit and vegetables processing industries in the Maharashtra.

3.4.31 The paper by Sherawat et. al. (2000) makes an attempt to examine the factors responsible for affecting the economic viability of small scale agro-processing industries, based on a study conducted in four districts in Harayana. A total number of 120 entrepreneurs were interviewed for this study. For measurement of the intensity of factors affecting the sustainability of the units, a schedule was developed containing 55 different factors related to various areas. The response for each of the factors were measured on a 4 point continuum rating scale by giving scores 4,3,2,1 respectively based on their degree of relevance.

The study revealed that production factors for establishing the small scale industrial units economically viable are found to be suitable location of entrepreneurial unit with mean score of 3.19, followed by adequate supply of power and adoption of quality control measure with a mean score of 3.15 and 3.14 respectively. Sound planning and efficient implementation of project and better infrastructure facilities are some other important production factors. Cordial support and government incentives, timely supervision and guidance, sound managerial ability, and provision of technical guidance and counseling are important managerial and institutional factors. It was observed that easy availability of finance, identification and use of mega markets, attractive packaging of products based on market demand, good contacts with marketing personnel are predicted as very much important marketing and financial factors. The study further revealed that socio personal and psychological factors such as sole proprietorship of entrepreneurial units, followed by commitment towards enterprises, high risk capacity, innovative behavior and high degree of motivation were found to be very much helpful in establishing SSI units economically viable.

3.4.32 Anjaiah (2008) has written an article as inter regional and interstate disparities in cultivation, production and productivity in food processing agricultural commodities in Andhra Pradesh. He states that, among agro
industries majority of the units are food processing oriented. Several studies have pointed out the problem of agro based food processing industries. Among them few important problems are related to quantity and quality of raw material. This study is focused on mainly on supply of raw material. The study is basically partial aiming at highlighting inter regional variations of cultivation. The related information is collected through secondary data and literature. The study reveals the reasons for low productivity of groundnut are introduction of oil palm during the nineties, ban on government import of seeds material from other countries and due to preference for low fat refined oil on health grounds as ground nut oil as more fat content. Andhra Pradesh is ranked first in the production of chilies in India. The cultivation considerably increases in two districts of A. P. remaining other districts of three regions the area under this crop cultivation is drastically reduced. It is due to the lack of knowledge of using chemical pesticides in a scientific manner by the farmers. In the production of sugarcane the cultivation area of the crop is dominating Telangana and Rayalseema district. It is due to the sugarcane is water intensive crop, due to lack of water or irrigation facilities Rayalseema and Telangana are backward in this crop production.

3.4.33 The study was undertaken by Hire et. al. (2007) as ‘Profitability of Paddy Processing Unit in Maharashtra’. The present study has been attempted with the objective to estimate the out turn of rice processing and to estimate per unit cost and returns of processing of paddy. The study was carried out is Shirala tehsil in Sangali district and Ghoti area of Nasik district. In two district near about 366 rice mills out of that 120 rice mills belonged to each of the three size groups viz. small, medium and large with installed processing capacities of 0.25, 0.75 and 1.00 metric ton respectively.

The study revealed that the benefit cost ratio was higher in case of the large sized rice mills than that of the small and medium sized rice mills, i. e. 1.38, 1.39 and 1.90 in small, medium and large sized rice mills respectively. It is due to the purchase of raw paddy and sale of its finished products made by large sized rice mills was mostly at nearby markets. At the overall level 94.42 percent of the total return was contributed by the finished product for whole rice and the remaining 5.58 percent contribution was made by the value of paddy husk in
large sized mills, but in small and medium sized rice mills 100 percent of the
total returns were contributed by the paddy processing charges. The large sized
rice mills relatively charge higher rates for processing of paddy because of the
superiority of their machineries. The paddy processing industry has been
making significant contribution to income and employment of rural families.

3.4.34 An article was written by Ambumani and Ganesan (1999) as
‘Operational Efficiency and Factor Substitution in Small Food Processing
Industries’. The objectives of the study are, to analyze labour and capital co-
efficient, estimate the return to scale, study the operational efficiency etc. It is a
census study the covering all the units registered with the DIC Coimbatore up to
31.12.1996, i.e. 979 units. It covers a period of 16 years from 1981 to 1996.
The data for the study was collected from the records of the DIC. The study
shows that, the entrepreneurs manage the show efficiently. It also reveals that
the level of competition is very high. It is come to notice that labour was not
doing well in certain industries. it is mainly due to lack of training and exposure.
It was found that there was conscious attempt to replace labour because of
trade union activities and other legal issues. Present technology seems to be
efficient but a better technology will give them a competitive edge. Training
institute for labours in food industry is the urgent need.

They recommended that the opening of Indian food products market to MNCs
is an opportunity to improve the technology packages and marketing skills.
Government should think of establishing separate ITI s for food products
industry, SISI and SIDO should organize training programmes exclusively for
the food technologists and entrepreneurs. Creation of food products Export
Promotion Council would give much impetus to the food processing industries.

3.4.35 Gupta et. al. (2010) have written and article as ‘Fruit and Vegetables
Processing: Indian Export Direction’. The paper attempts to analyze the fruit
and vegetables processing and the Indian exports directions. India is the largest
producer of banana, mango and guava globally. India is the fourth largest and
lowest cost producer of high value agricultural commodities producing 11
percent of world’s production of vegetables and 15 percent of global production.
It reveals that the number of fruit and vegetable processing units in 1980 were
The study revealed that the tendency of change in exports over the years with increasing share of processed fruit and vegetables. The exports of processed fruit and vegetables reached Rs. 2502.27 crores in 2006-07 from a meager amount of Rs. 268.60 crores in 1993-94 sharing about nine times increase. They conclude that exports of fresh and processed fruit and vegetables and products have been growing at an impressive rate. The paradigm shift found in the consumption pattern of fruit and vegetables emerged on account of awareness developed among the consumers regarding nutritional value of fresh fruit and vegetables.

3.4.36 An article has written by Sinha et. al. (2003) as ‘Challenges and Prospects of Development of Fruit Processing Industries in Bihar’. They stated that the biggest problem of food processing units is the non availability of appropriate quality raw materials in adequate quantity at acceptable price. It is due to lack of proper linkage between farm produces and industry. The present paper has been attempted with the specific objective to know the present status as well as future scope of agro processing industry. They founded that the major constraints and give suggestions as follows. Fruit should be pre cooled to avoid field heat, packing house facilities should be developed for desapping, grading and packing, development of back ward (raw material supply) and forward linkage (marketing), grading and packing of fruit is not properly followed, little amount of fruit is used for processing, because of low production and small harvesting season. There is no plantation of improved varieties; proper harvesting techniques are not followed.

3.4.37 The study was undertaken by Nair and D’melo (2007) as ‘Food Processing Industry: A Catalyst to Goa’s Ailing Agricultural Sector’. In the present paper an attempt has been done to evaluate the food processing industries and its backward linkages in the state of Goa. The study was conduct with the objectives as to assess the prospects of food processing industry in
Goa, to analyze the status of Goa’s agricultural sector, to assess the potential of Goa’s horticulture crop as an agriculture growth engine towards promoting the food processing industry. The study has been based on the secondary data collected from various government offices. The study reveals that, the tourism industry of Goa is growing at rapid rate. In 2005, the number of 2448959 visitors visited in Goa, registering a compound growth of 17.8 percent as against the assumption of 3.67 percent made by tourism master plan 2011, which support growth of food processing units. Goa people spend more on food items than non food items. The agricultural activity in Goa has been steadily declining over the years. Therefore large quantities of various food grains are being imported from neighboring states. It means that there is an increasing demand for food processing in Goa. They conclude as over the last four decades the agriculture in Goa is in a state of decline. Therefore Goa should have to follow a comprehensive strategy to achieve agricultural growth. The path for stimulating horticulture as a growth engine is to focus on developing both the food processing industry as well as fresh produce sector.

3.4.38 Kumbhar (2010) has written an article as ‘Exploring Strengths and Opportunities of Food Processing Industry’. The objectives of the paper are, to examine the nature and scope of the food processing activity in kokan region, to monitor the efficiency and effectiveness of the activity of units and to identify the future prospects of industry. Primary data was collected through survey method with the help of structured schedules. The study reveals that the infrastructure facilities are not adequate, about 60 percent of the food processing unit’s production capacity lies between 1 to 50 MT, annually around 50 percent of the owners and managers are in the business for the past 11 to 30 years, and around 74 percent of the units are adopting manual processing techniques.

He also stated that the India is the one of the largest emerging market with a population of over 950 million and a significant middle class of 250 million. Value addition of food processing is expected to increase from the current 8 percent to 35 percent by the end of 2025. An average Indian spends about 50 percent of household expenditure on food items. He concludes with the further recommendations as, there is need of employing HACCP for food safety and to
bring efficiency in production with the help of technology upgradation. In order to compete in the world market there is a need of research and development activity should be adapted by food processing industry.

3.4.39 The paper has written by Manoharan and Selvamorthy (2010) as ‘Performance of SSI in India: An overview’. In the present paper an attempt has been made to review the overall performance of small scale industries in India. Small scale industries are small in term but play a significant role in the Indian economy. The study revealed that the number of SSI units stood at 67.86 lakhs in 1990-91 which steadily increased to 133.68 lakhs in 2007-08 results in 197 percent growth. The growth in production in current price in increased from 78802 crores in 1990-91 to 695126 crores in 207-08 results in 8 times growth. The employment provided by SSI sector is 158.34 lakhs people in 1990-91 it is increased up to 322.28 lakhs people in 2007-08 resulting in 103 percent growth. The growth in exports of small scale sector is increased from Rs. 9664 crores in 1990-91 to Rs. 177600 crores in 2006-07. Comparison of SSI sector with the overall industrial sector reveals that, the growth rate of SSI sector production 8.68 percent in 2002-03 it increased to 13 percent in 2007-08, but the growth rate of overall industrial sector production is have fluctuating trend. He conclude as, SSI is widely recognized as a powerful instrument for socio economic growth and balanced sectorial development and it has emerged as a vibrant and dynamic sector and an engine of growth for present millennium.

3.4.40 Antony (2007) has written an article as ‘Small Scale Sector at Crossroads: An Overview’. The study has attempts the specific objective that, to take an overview of small scale sector in India. An attempt has been made with the specific objective that, to take an overview of small scale sector in India. The required data was collected through secondary sources. The study reveals that, the number of units is 2.6 million in 1995-96 which is increased to 3.5 million in 2002-2003. The fixed investment in SSI in 1995-96 is 49.6 billion which is increased to 90.5 billion in 2002-2003. The production is also increased in term of rupees from Rs. 3626 billion to Rs. 7420 billion in 2002-2003. The SSI sector creates employment opportunities in India as the quantum of new jobs created during the period 1980 to 1997 was 80 lakhs. The SSI sector is reeling under the pressure of industrial sickness. The closed
number of units among registered SSI constituted 37.6 percent of the total. The SSI sector account for 98.74 percent out of a total of 2.53 lakh sick units in the country. But in terms of outstanding bank credit the small units account for just 19.12 percent of the total outstanding. Marketing deficiency and paucity of funds constitute the crux of the problems of the SSI. Many units are reluctant to opening accounts with the banks. Power shortage, unavailability of raw materials, skilled labours problem are other problems faced by the SSI sector. The percentage of SSI credit to net bank credit is declining gradually from 15.6 percent in March 2000 to 11.1 percent in March 2003. She concludes as credit to the SSI sector is a sore spot even now our banks are flush with funds. The share of advances to this most important contingent of our economy should be raised much above the present limit of 40 percent.

3.4.41 Roy (1997) has written an article as ‘Growth and Prospects of Fruits and Vegetables Processing Industry in India’. The paper aims to study the trend in area and production of fruit and vegetables, to examine the status of fruit and vegetables processing industry in terms of processing, capacity utilization, to analyze the performance of exports of fruits and vegetable product and to examine the prospects of fruit and vegetable processing industry in the country. The necessary data for the study were compiled from various published sources. The study revealed that the area under cultivation of fruits and vegetables in India is increased from 4.88 million hectares in 1980-81 to 9.51 million hectares in 1995-96. The production of fruits and vegetables witnessed a threefold increase from 42.46 million hectares in 1980-81 to 123.13 million hectares in 1995-96. The world productivity of various crops is more than double, compared to India. Keeping in view the low level of productivity, there is a need for improvement in technologies. In 1996-97 the licensed FVPI unit’s number was 4674 which increased from 2026 in 1980-81. The installed capacity also increased from 2.75 lakh tones in 1980-81 to 19.10 lakh tones in 1996-97. The production increased from 0.97 lakh tones in 1980-81 to 9.60 lakh tones in 1996-97. State wise distribution of FVPI reveals that, 20 percent of the FPU units are located in Maharashtra, followed by UP (10%), Tamil Nadu (9%), and Kerala (8%). The exports of fruit and vegetables has increased manifold from Rs. 48.27 crores in 1980-81 to Rs.1001.16 crores in 1995-1996. He
conclude as, it is the responsibilities of the policy makers to provide appropriate incentives to the corporate sector and to assure a policy environment conducive to the establishment of FVPI in potentially productive areas.

3.4.42 An article has written by Karthihaiselvi et. al. (2010) as ‘Significance of Small Scale Industries in India’. SSI sector is a major contributor of Indian economy as it accounts 40 percent of the total exports. The present paper aims to analyze the significance of SSIs to the growth of Indian economy. It reveals that, SSI sector contributes 40 percent of the gross manufacturing to the Indian economy. It has been estimated that a lakh rupees of investment in fixed assets in the SSI produces 4.62 lakhs worth of goods or services. SSIs are usually the prime drivers of jobs. It tends to be labour intensive. It has been estimated that a lakh rupees of investment in fixed assets in the SSI generates employment for four persons. SSI sector in India has been exhibiting a striking export performance. In the last 10 years the food processing industry shows a growth of 11 percent. SSI is a decentralized sector; it creates equitable distribution of wealth and skill and reduces the regional imbalance. They conclude as according the new international poverty line of $1.25, around 40 percent of Indian population is under poverty line. As it is hard to provide employment to all, at least we can encourage the self employment through SSIs.

3.4.43 Vetrivel and Iyyampillai (2009) have written an article as ‘Problem and Prospects of SSIs in Tamil Nadu’. The present paper attempts the specific objective, to analyze the problems and prospects before the SSIs in Tamil Nadu. The state is one of the industrially advanced in India. However the SSIs here are facing many problems. The study reveals that, the SSI face severe problem of marketing, high competition and price war. There is a paucity of skilled and unskilled labour. Another problem is cost of production. It is very high, due to high cost of raw material; old production method etc, the problem of shortage of power has become so widespread in the industry. The agreement of WTO are affects the competitive ability of SSI badly. The main problem of SSI is paucity of raw material. Technology used by many industries is outdated. Many of these industries face the problem of working capital. High rate of interest for loans form money lenders and private banks, delay in
sanction of loans are important hindrances for the development of SSI. Lack of managerial expertise is another hurdle in the development of SSIs.

He concluded as the government policies do not reach all SSI units due to the political interference. Thus the government should revamp the existing policies to cover all SSI units.

3.4.44 Reddy (2007) has written an article as ‘Marketing Problems of SSI in the Context of Globalization’. The present study intends to examine the trends in marketing taking place in the small industries located in rural area. The objectives are, to examine the 4Ps of marketing, to study the problems encountered by SSI and to suggest measures for effective marketing. For the purpose of the present study sample of 100 small scale units are selected on the basis of judgment sample method. The findings are, 57 percent of the sample is from agri business, 44 percent of the sample forms in the range of 26 to 50 lakh investment, 4/5th of the units sell their production in local markets up to extent of 80 percent. 45 percent of the firms enjoy the profit in range of 5 to 10 lakhs. Consultancy did not play an important role for the selection of the business, 78 percent of the units fixed their prices on the basis of cost plus as well as 57 percent on the basis of their competitor’s price. 66 percent of the sample firms employ the method of personal selling. 78 percent of the sample firms did not use intermediary agencies for the promotion campaign. 56 percent of the firms are not getting just prices for their products.

He concludes as the above findings indicates a message that SSI in sample area mostly have catered local needs and local in their character. So far they are safe. In the context of globalization both foreign firm and firms in the urban areas are now looking at rural markets and the future of them is in rural markets.

3.4.45 An article titled as ‘Small Scale Industries in India: SWOT Analysis’ has written by Soundararaja and Singh (2009). The present paper focused on overall performance of the SSI in India for past two and a half decades. The specific objective of the paper is to analyze the performance in terms of growth of SSI units during the period from 1979-80 to 2005-06. The study is based on descriptive analysis and fully relied on secondary sources. The study reveals
the strengths, weaknesses, opportunities and threats of SSI in India. The strengths of SSI are, the number of SSI units in India was 8.74 lakh units in 1980-81, which is increased in the year 2003-04 to 38.6 lakh units. The production of SSI in 1980-81 is 72200 crores, it increased in 2005-06 to 275581 crores which turn in 4 times growth. The value of exports increased nearly by 81.37 times in between the period of 25 years. The number of employees in the SSI in 1979-80 was 67 lakh which was increased to 294.90 lakh in 2005-06. The weaknesses are inefficient management, lack of interest of owners, scarcity of skilled labours, low confidence of owners, inadequate marketing skill. The opportunities are 10 to 25 percent subsidies of total investment, infrastructural facilities, financial assistance for modernization, SIDO is working to help for the export development activities, tax concession, concessional rate of interest loans are available to SSIs. The threats are due to lack of adequate provision of credit, number of SSI units are becoming as sick units. The rate of sickness of SSIs shows that in 1979-80, 5 percent of SSI units were becoming sick, which is increased in 2002-03 at 18 percent.

They conclude as SSI sector has made significant contribution to employment generation and also in rural industrialization.

3.4.46 The research paper has written by Dinesha et. al. (2008) titles as ‘Micro, Small and Medium Enterprises in India: Trends and Challenges’. The paper attempts to analyze the performance of MSMEs in India, to understand the problems and challenges and to suggest the policy measures. They found the various problems of MSMEs related to lack of adequate credit, marketing, power, raw material and sickness etc. To strengthening the MSMEs they suggest that there is a need to improve the proactive policy, easy access of finance, promoting partnership, technology up gradation, training to manpower, marketing assistance and basic infrastructure.

3.4.47 Vetrivel et. al. (2010) has made a study of 68 SSI units in Tiruchirappali district. The study aims at identifying the performance of SSI units as to how it solves the problem of poverty and unemployment in district. He founds that the district has shown the increasing trend of number of SSI units and investment and employment in the SSI units. The rapid growth in SSI sector is due to
various incentives and subsidy granted by the state and central government. There is an increase in the number of SSI units from 7098 in 1990-91 to 21338 units in 2007-08 and in employment from 12.51 thousands in 1990-91 to 66.82 thousands in 2007-08.

3.4.48 An article titled as, ‘Perspective on the Problems of Sickness in SSI sector’ has been written by Shettar (2011). The present paper focuses on the various problems of SSI sector as problems of finance, raw materials, power, marketing and export etc. He states that industrial sickness is growing at an annual rate about 28% in terms of number of units and 13% in terms of outstanding amount of bank credit. Nearly 29000 units are added to the list of sick list every year. Out of this 99% of the units are in SSI sector. The reasons behind the sickness are lack of management expertise, non observance of basic principles of management, under utilization of capacity, dependence on own funds and easy approval given by state.

3.4.49 Vijayalakshmi (2010) has written an article as, ‘Industrial Sickness of SSIs in India: An Overview.’ She founds the internal as well as external causes are responsible for the industrial sickness. The internal causes are lack of finance, bad production policies, inappropriate personnel management, wrong marketing methods and ineffective corporate management etc. The external causes include personnel constraints, marketing constraints, production and finance constraints. She suggests that the DIC should conduct the awareness programs about incentives, assistance and subsidies provided by the state and central government, greater professionalism in management and training to entrepreneurs.

3.5 Conclusion: The review of vast literature related to food processing reflects that the studies have been conducted either limited dimension on a single segment of food processing sector. It intents the need of such a study which would focus on problems and prospects of food processing industry in the light of analysis of functional areas of management and their overall problem. Hence the present study is identical in nature.
REFERENCES:


