CHAPTER 6

FINDINGS, SUGGESTIONS AND CONCLUSIONS
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CHAPTER -6
FINDINGS, SUGGESTIONS AND CONCLUSIONS

6.1 Introduction:

The present study is undertaken to study of feasibility problems and prospects of food processing industry in Western Maharashtra. This chapter focused on observations means findings and conclusions on the basis of chapter fifth interpreted and evaluated. Further suggestions are given to development of function, productivity and performance of food processing industry in Western Maharashtra.

6.2 Findings:

6.2.1 Findings related to Demography of Food Processing Industry in Western Maharashtra:

1. In Western Maharashtra distribution of food processing units are unequal about 54.1 percent of the units are located in Pune and Solapur districts. Other remaining 45.9 percent in located in Satara, Sangli and Kolhapur districts.

2. Most of the food processing units are now experienced with more than one decade; about 55.3 percent of the units are established 15 years ago.

3. Still availability of infrastructure facilities force the business owner to locate his unit in urban area; about 51.8 percent of the units are located in urban area of Western Maharashtra

4. Experienced owners are leading the Westerns Maharashtra’s food processing industries. Majority of owners (71.8 percent) are above 40 years by age.
5. Majority of the entrepreneurs are educated as 69.4 percent of the entrepreneurs have passed the graduation. 25.9 percent have passed HSC and 2 percent have completed their SSC.

6. As common feature of Indian industry number of male entrepreneurs greater than female, similarly Western Maharashtra’s food processing industry is dominated by males as 91.8 percent entrepreneurs are male.

7. Business ancestral factor is matters in entrepreneurship. Most of the entrepreneurs are engaging in food processing business because it is their family business (57.6 percent) as previous occupation.

8. Special training is overlooked by the entrepreneur’s only 4.7 percent takes special training related to their business. Principle cause of this problem is entrepreneur in his ancestral business.

9. Majority of the units (50.6 percent) are managed by proprietary and employees and 41.2 percent of the units are managed by proprietary of the organizations.

10. Sole trading form of the organization is of the 68.2 percent of the units, whereas Public ltd. unit is not found in Western Maharashtra

11. Most of the units (87.1 percent) have not any international standard certification like ISO.

12. Most of food processing (55.3 percent) units are constructed and started on own premises of the entrepreneur.

13. Main determinant in the site section of the unit is distance of market and customers with transport facilities; about 77.6 percent of the unit sites started on this basis.

14. Specialisation in business activities is done by majority of the units it’s about 56.5 percent of the units.

6.2.2 Findings related to Production of Food Processing Industry in Western Maharashtra:
1. Multiple food products are producing by 83.5 percent of the units.

2. Regular suppliers is the main source of raw material for the food processing units.

3. In procurement of raw material most (88.2 percent) of the units are facing the problems.

4. As per 57.3 percent of the units are fluctuating prices and low quality of raw material is the main problem of raw material.

5. To face the competition successfully 78.8 percent of the units think that periodically product development is needed.

6. Compulsion by rule Food Safety and Standards Authority of India (FSSAI) certification has obtained by all the food processing units.

7. Semi Automatic production technique is adopted by 98.2 percent of the units.

8. 63.5 percent of the food processing units bring innovation in production process of the product.

9. Electricity is source of energy adopted by 100 percent of the units, but in absence of electricity 20 percent of the units installed diesel generators as alternative source of energy.

10. Most of the units (63.5 percent) have no problem of power supply as continue power cut offs, low volts etc.

11. According to 54.12 percent of the units breakdown of the machineries is the main cause of disturbance in production activity.

12. In the case of breakdown of the machineries most of the (62.4 percent) units contact to the outside agency for technical assistance.

13. 18.8 percent of the units are unable to perform production activity throughout year due to seasonal nature of agricultural and food processing industry is agro based industry.
14. Adoption of advanced or updated production technology for production is implemented by 87.7 percent of the units.

15. Existing condition of machines and equipments is good as per 88.2 percent of the units.

16. Frequency of machinery breakdown is 2 to 3 times in a year as per 60 percent of the units.

17. 55.3 percent of the units maintain machinery with the help of outside agency.

18. Product is designed on the basis of consumer expectation as per 95.3 percent of the units.

19. Increasing food production trend as a sign of good market potential is shown by 82.4 present of the units.

20. 72.9 percent of the units say that they don’t have problem of wastage of production.

21. 74.1 percent of the units don’t have plan for waste product, due to low problem of wastage of production.

22. Warehouses facility for storages has built up by 96.5 percent of the units as regular requirement of business.

6.2.3 Findings related to Finance of Food Processing Industry in Western Maharashtra:

1. Every food processing units has designed their own financial plan.

2. More than 5 lacks capital is invested by all food processing units, out of which 97.6 percent of the units invested more than 25 lacks.

3. Organised institutions like banks and credit societies are the main sources of initial capital investment according to 97.8 percent of the units.
4. Organised and unorganised financial sources are made sufficient availability of capital; only 1.2 percent of the units are unable to obtain enough capital.

5. Mainly due to functioning throughout year 78.8 percent of the units require regular working capital and remaining 21.2 percent units require seasonal working capital.

6. 88.2 percent of the units fulfil need of working capital by own fund along with this 68.8 percent of the units prefer Short term loan from bank/ Co-operative society.

7. For smooth cash flow, 94.1 percent of the units focused on cash production sale.

8. Main obstacle is faced by 98.8 percent of the units are non availability of capital at the cheap rate of interest.

9. Most of the (89.4 percent) food processing units used the computer for their day-to-day activities.

10. Cheque is main instrument used by 97.6 percent of the units for the payment of labours, raw material suppliers etc. along with this online payment transaction system also increased significantly; 71.8 percent of the units used RTGS and NEFT system for online payment.

11. Credit facility by supplier is available according to 91.8 percent of the units but it directly affects the discount rate of raw material.

12. Credit facility is offered by raw material suppliers to food processing industry is only for 1 to 15 days as per 89.7 percent of the units.

13. 81 percent of the units say that in last 2 to 3 years financial turnover of food processing industry has increased.

14. 91.8 percent of the food processing units sell their products by both cash and credit basis, whereas only 4.7% percent of the units sell products on cash basis only.
15. Production cost is the main determinant of the product price as per 92.9 percent of the units, whereas 50.6 percent of the units also consider the price competitors product.

6.2.4 Findings related to Marketing of Food Processing Industry in Western Maharashtra:

1. Majority of the food processing units (82.4 percent) do not conduct the market research activity, only 17.6 percent of the units conduct the market research activity.

2. With help of past record and trend 95.3 percent of the units predicting future demand estimation and 12.9 percent of the units use consumer survey method for demand estimation.

3. Only 27.1 percent of the units able to estimate correct demand estimation, whereas 69.4 percent of the units underestimating the demand and 3.5 percent of the units overestimating the demand.

4. 30.6 percent of the units sell production only on wholesale basis, whereas 67.0 percent of the sell on both retail and wholesale basis.

5. Only 3.5 percent of the food processing units participate in international trade, whereas majority of the units (40 percent) are selling their products within state level market.

6. 81.2 percent of the food processing units are experienced increasing trend of product selling in last few years. This increasing trend is about 11-15 percent annually according to 58 percent of the units.

7. 95.2 percent of the units optimistic about trend of product selling in future will be increased, whereas 2.4 percent of the units do not agree.

8. Targeted sale achieved by majority of the food processing units (84.7 percent), whereas 15.3 percent of the units are unable to achieve targeted sale.
9. To achieve sales target and increase share of market advertisement and publicity of product is needed as per 54.1 percent of the units.

10. Competition among food processing units is very high on the basis of price of product as per 92.9 percent of the units, whereas quality also the basis for competition according to 42.4 percent of the units.

10. 81.2 percent of the food processing units have brand name for their products.

6.2.5 Findings related to Human Resource of Food Processing Industry in Western Maharashtra:

1. To recruit employee 92.9 of the food processing units use reference method as a sources of recruitment because of its highly economical.

2. Only 2.4 percent of the units are used written test and demo/practical as selection method, whereas 100 percent of the units prefer interview method.

3. Number of male employees is higher than female employees in food processing industry by 2.6 times. 52.6 percent of the food processing units are employed labours less than 11.

4. 100 percent of the units provide various types of training to employees, as its 100 percent usefulness in terms knowledge, skill and productivity development.

5. Wages and salaries are set up on the basis of prevailing market rate according to all of the food processing units.

6. Only 2.4 percent of the units setting wages and salaries on the piece basis, whereas remaining 97.6 of the units are on time basis.

7. 90.6 percent of the food processing units are happy with discipline among employees.
8. At the time of decision making 96.5 percent of the units consider or give attention on employee’s suggestions.

9. 87.1 percent of the units are doing production activity in one shift whereas 12.9 percent of the units are doing production in two shifts.

10. Lack of skilled labour and high wage rate is the main problem faced by most of the food processing units.

6.2.6 Findings related to Overall Government Policies of Food Processing Industry in Western Maharashtra:

1. Only 51.8 percent of the units are aware about the govt. incentive schemes for food processing industries.

2. Real implication of govt. incentives scheme is very low, only 29.5 percent of the aware unit takes benefit of govt. incentives scheme.

3. 43.5 percent of the food processing units applied for government aid, out of which 91.9 percent of the units experience problems in getting government aid.

4. 91.8 percent if the units are not getting any type of government subsidy.

5. Government policies for food processing industry is not satisfactory as per 74.1 percent of the units.

6. According to 60 percent of the units procedure of license is not easy and flexible; it is time and money consuming procedure.

7. Concession in the rate of interest and repayment of loan is not available according to 97.6 percent of the units.

8. Majority of the food processing units (81 percent) say that the GST tax rate is high for their products.
6.3 **Suggestions:**

The important suggestions are given below for the betterment of the food processing industry in Western Maharashtra.

6.3.1 **Suggestions for Food Processing Units:**

1. To solve the problem of deficiency of raw material food processing units may procure the raw material from other states.

2. Maintain the raw material stock at adequate level with development of alternative source of raw material.

4. To survive in today’s cut throat competition to minimize production cost and improve product quality, advanced and modern production technology should be utilised.

5. Some food processing units works hardly 4.-6 months in a year so these units should keep mobility in factors of production for alternative product production.

6. As machine breakdown is main obstacle of production activity, to minimize this problem food producing units should employee trained mechanic and develop in-house repair system.

7. To product development all concern units should develop common research centre for economical product development.

8. For better product design, units should collect consumer suggestions and develop consumer feedback system.

9. Those firm should develop waste utilization process that frequently faces problem of wastage.

10. To design better financial plan food processing units should concern or take advice of financial experts.

11. Natural source of energy like wind or solar power should develop as alternative source of energy.
12. Food processing units should increase online payment method for quick transactions.

13. To increase accuracy of demand estimation food processing units should adopt and use scientific methods demand forecasting.

14. Food processing units should adopt international standard of food production to participate and increase share in global market.

15. Food processing should compete with each other on the basis of quality instead of price.

16. All food processing units should be developed brand name for their product to create identity in the market.

17. All food processing units should use advertisement method with scientific selection method for selection of better candidate.

18. For better efficiency of labour food processing industry collectively on co-operation basis should begin the training and employment exchange program.

19. Food processing units should introduce incentive system in wages and salaries to motivate labour and increased productivity.

20. Every food processing units should do production activity in multiple shifts to optimum utilisation of fixed assets.

21. Before Applying any government schemes or aid every food processing unit has to check eligibility criteria and terms and conditions.

6.3.2 Suggestions for Government:

1. Warehouses and cold storages for food processing units should be increased by Government.
2. Special institutions especially for finance of food processing industry should be introduced as high need of capital investment by government.

3. To create energy source by natural resources should be inspired by providing incentives.

4. To provide finance facility at the cheap rate of interest.

5. Export promotion schemes for food processing industry should be developed.

6. The standard of food products should be set and inspected for food processing industry.

7. Training centres should be setup especially for food processing industry to increases skilled labour supply.

8. Sustainable development plan and schemes for food processing industry should be implemented and create more awareness among food processing industry.

9. Government aid and licensing process should be liberalized.

10. Infrastructural facilities should be developed like roads, communication, electricity, dams, banking, insurance etc.

6.4 Limitations of the Study:

1. The study will be based on the responses of respondents of Western Maharashtra including only five districts Pune, Satara, Sangli, Solapur and Kolhapur.

2. The subject is of a global nature but studied only in one part of Maharashtra.

3. A chance of bias might be there because of personal responses of the respondents.
4. Food Processing Industry is a vast sector but the study is related to only those units which have registered with District Industrial Centre (DIC) in Western Maharashtra before April 2015.

5. Researcher have taken all the care to collect the authentic information from the respondents but the responses are based on perceptions, experiences, attitude of the respondents which may affect the responses and they could be bias.

6. This study was restricted to Western Maharashtra which gives future opportunities for further research in the field. In future research could be conducted on a wider sector or throughout the country.

7. The subject of the research is related to finance, production level, demand, innovation etc. which created doubts in the minds of respondents which may have made them little bias.

8. Convincing the respondents to answer the questionnaire and assuring them that the contents will be used for only academic purpose and not for any legal proceedings was a tough job.

9. There were constraints of area, time and money, which resulted in limiting the scope of the study.

6.5 Scope for Future Research:

1. Food processing industry is a vast but only registered units with DIC are taken into consideration. So in future, researches on non registered units can be conducted.

2. This study was restricted to Western Maharashtra which gives future opportunities for further research in the field. The future research could be conducted on a wider sector or throughout the country.

3. Food processing industry constitute by many segments so on the same note research can be conducted on different segments of FPI.
6.6 Conclusion:

After conducting the present studies, it is found that food processing industry in Western Maharashtra has number of problems such as inadequate availability of raw material at required time, high transport cost of raw material, fluctuating price of raw material, cut throat competition, lack of training institutes, frequently power cut and load shading, labour absenteeism, traditional method of production, outdated machineries, defective candidate selection procedure, high inventory cost, substandard quality of raw material, low supply of skilled workers, inadequate finance support from organised finance sector, high rate of interest of loan, lack of innovation, non-availability of high quality raw material, external and internal diseconomies.

Food processing industry in Western Maharashtra also faces the problems such as: inability of using optimum capacity of plant, frequently breakdown of machinery, absence of proper financial plan, traditional management approach, inadequate capital, rigidity in price decision, lack of skill and knowledge of marketing strategy, lack of full knowledge about the government policies, lack of performance evaluation system, high depends on unorganised sector for emergency need of finance, suppliers give credit on very short period of time basis, management decisions without consideration of workers, overlook importance of brand building, absence of the latest knowledge in training programme, casual approach towards grading, packaging etc.

Food processing industry in Western Maharashtra has the prospects in the form of commonly adoption of semi automatic machine in production method, high level of capital investment help in capital formation, reserved and expandable production capacity of plant, good quality working environment, various sources of working capital, operating machineries are in good conditions, healthy labour owner relationship, taken properly care of machinery, growing trend of production, starts to develop own system of maintenance, preference for cheque payments, economical source of employee recruitment, quality of product consider priority basis, salary or wages fixed on the time basis with prevailing market rate, low grievances, initiative for periodically product development, innovation and research to improve quality etc.
The above findings, suggestions, and conclusions will help the owners, food processing units to find out their problems, challenges etc. Also it will be helpful to develop the performance, and to develop the good image and prospects and improve the competency power globally. The Government as well as the Policy makers will find it helpful in formulating policies develop balance growth; strengthen the backward and week zones of food processing industry for sustainable development. It will be further beneficial to the academicians, research scholars, thinkers and government officials interested in the food processing industry.