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विद्येविना मति गेली, मतीविना नीति गेली  
नीतिविना गति गेली, गतिविना वित्त गेले  
वित्तविना शूद्र खचले, इतके अनर्थ एका अविद्येने केले

-महात्मा ज्योतीराव फुले

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# INDEX

- 01) National Education Policy 2020  
Abhishek H E & Dr.Santhosh Kumar P K, Gadag ||10
- 02) Study on Some Ethno medicinal Plants used to Rituals  
Dr. Anita Jeph, Jhunjhunu, Rajasthan, India ||16
- 03) THE IMPORTANCE OF PALI AND SANSKRIT IN BUDDHISM  
CHARMAREE TANGKASIKIT, MEERUT, U.P. ||18
- 04) Contribution of पारंगत and Sanskrit to Buddhism  
Miss HlaTin, Meerut, Uttar Pradesh ||22
- 05) FOOD PROCESSING INDUSTRY IN INDIA  
Ms. Vidula Ramchandra Katkamwar & Dr. Ronil K. Ahale, Dist. – Akola ||27
- 06) Reducing Unemployment through on education Movement  
MOHAMMAD. AZRA SHAREEN, ASIFABAD, TELANGANA ||32
- 07) The Principal : Qualities, Duties and Responsibilities  
Prajapati Jigneshkumar B., Godhra ||33
- 08) AGRICULTURE MARKETING  
Dr. Ashok Namdev Sasane, Dist- Pune ||37
- 09) ASSISTIVE TECHNOLOGY (AT) FOR VISUALLY IMPAIRED (VI) IN KOTA PUBLIC ...  
SAGIRU BALA MUSA & DR. DEEPAK KUMAR SHAVARASTAVA, Kota, Rajasthan ||40
- 10) इलेक्ट्रॉनिक मतदान यंत्रावरील आक्षेप आणि वास्तविकता  
श्री. औताडे लक्ष्मण बाबा ||47
- 11) कळमनुरी तालुक्यातील माध्यमिक शाळेतून दिल्या जाणाऱ्यात शारीरिक ...  
डॉ. बाशेही एस.डी., जि. हिंगोली ||49
- 12) भारत आणि अलिप्ततावादी संघटना  
डॉ. शिवाजी गोविंदराव दिवाण, जि. बीड ||52
- 13) शास्त्रीय संशोधनाच्या पायऱ्या  
प्रा.हंबीर राजू मारोती, जि.लातूर ||56

## FOOD PROCESSING INDUSTRY IN INDIA

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### Introduction:-

With its growing food and agricultural industries, India has the potential to overtake the United States as the world's top food producer. Today's India has an expanding economy and surplus Food and lifestyle changes have changed the consumption pattern, moving it away from cereals and a more diversified and nutrient-dense diet that includes fruit, vegetables, milk, fish, meat, and poultry products. The food processing sector has emerged as a result of this slow development in India.

Fruits, vegetables, meat, poultry, dairy products, alcoholic beverages, fisheries, plantations, grain processing, and other consumer product categories like confectionery, chocolates and cocoa products, soy-based products, mineral water, high-protein foods, etc. are all included in India's food processing industry.

India has a good agricultural basis, yet there is a lot of food waste and very little food processing. The processing industry is limited in India, and only 10% of food is being processed to standards fit for human consumption. About 1.5 percent, or \$3.2 billion, of processed food exports worldwide are from India. This essay

analyses the current state and trends in the food processing sector, as well as the obstacles to its expansion.

The potential for growth of this industry is supported by a number of encouraging factors, but there are still some substantial obstacles that, if not removed sooner, could hinder the industry's prospects for expansion in India.

### Structure and Composition of Indian Food Processing Industry :-

Businesses in the food processing or food manufacturing sector turn animal and agricultural products into goods for secondary or tertiary use. Foods that have undergone processing whether it be minimal, as in the case of canned fruit, or more involved, as in the case of snack foods are referred to as processed foods (U.S. Census Bureau 2004, Industry Outlook for Processed Foods). By applying several procedures, such as grading, sorting, packaging, etc., food processing adds value to agricultural or horticultural production while extending the shelf life of food products.

A country's overall economic structure is significantly influenced by its strong and vibrant food processing sector. The industry facilitates crucial connections and synergies between industry and agriculture, and it has been recognised as a sector with immediate room for economic expansion. Additionally, processing supports the creation of rural jobs and provides a means of producing foreign cash through the sale of processed fruits and vegetables.

### The extent of processing in India can be categorized as follows:-

**Primary Processing:** which includes grading, cleaning, powdering, and refining agricultural products, such as flourizing wheat  
**Secondary processing:** basic value addition, such as the processing of animal products and tomato puree or ground coffee.

Processing at the tertiary level results in high-value goods like jams, sauces, biscuits, and other baked goods that are ready for con-

sumption.

In India, the food processing industry is significant and includes industries like agriculture, horticulture, plantations, animal husbandry, and fisheries. It also includes other sectors that produce edible goods using agricultural inputs. India's Ministry of Food Processing separates the business into six categories: consumer goods, which includes packaged meals, drinks, and drinking water, as well as dairy, fruits, and vegetable processing, grain processing, meat and poultry processing, and fisheries.

### Food Processing Industry's segment and Products Produced in India.

Sectors	Products
Dairy	Whole milk powder, skimmed milk powder, condensed milk, ice cream, butter and ghee, cheese
Fruits & Vegetables	Beverages, juices, concentrates, pulps, slices, frozen & dehydrated products, potato wafers/chips, etc.
Grains & Cereals	Flour, bakeries, starch glucose, cornflakes, malted foods, vermicelli, beer and malt extracts, grain based alcohol
Fisheries	Frozen canned products mainly in fresh form
Meat & Poultry	Frozen and packed -mainly in fresh from egg powder
Consumer Foods	Snack food, namkeens, biscuits, ready to eat food, alcoholic and non alcoholic beverages

Although the Indian food processing business is enormous, its development is still in its infancy. Only 2% of the nation's entire agricultural and food production is processed. The Ministry of Food Processing, Government of India, has estimated the industry's size to be US\$70 billion. The food processing sector generated 6% of all industrial production and contributed 9% to India's GDP. The sector directly employs 1.6 million people (Merchant, 2008).

From 2002 to 2007, the industry increased at an estimated 9.12% annual pace. By the end of 2025, the value addition of food items is anticipated to rise from the current 8% to 35%.

Fruit and vegetable processing, which accounts for about 2% of total production at the moment, is anticipated to reach 25% by 2025. (Food Processing, 2006). The unorganized sector dominates the extremely fragmented processing industry in India. There are many tiny businesses in this market. The unorganized sector accounts for about 42% of the output, the organized sector for 25%, and small-scale op-

erators for the remaining 72%. Although the unorganized component varies among categories, it still makes up about 75% of the market. In comparison to the main processing segment, the organized sector is significantly larger in the secondary processing segment. Additionally, the primary processing portion is very fragmented. Thousands of traditional bakeries, hundreds of thousands of rice mills and hullers, flour mills and oil seeds mills, and unorganized sector food units that process fruits, vegetables, and spices make up the large industry of primary food processing (Food Processing, 2006). The most prevalent types of food processing facilities that make up the organized sector are flour mills, fish processing facilities, fruit and vegetable processing facilities, meat processing facilities, non-alcoholic and aerated beverage processing facilities, sugar units (mills), and upgraded rice processing facilities. India has a substantial agricultural output base, but the country's food processing sector is still in its infancy. The dairy industry accounts for the biggest percentage of processed food at 37% of all produce, just 15% of which is processed by the organized sector. Around 2.2 percent of fruits and vegetables, 21 percent of meat, and 6 percent of poultry products are processed. Only 48% of the 2.2 percent of fruits and vegetables processed are processed in the organized sector; the remainder is processed in the unorganized sector (Merchant, 2008). Factors Affecting the Indian Food Processing Industry The Ministry of Food Processing Industries, Government of India, has developed a vision for 2015 that calls for tripling the size of the processing food industry by that year. It calls for processing levels of perishables to rise from 6 to 20 percent, value addition to rise from 20 to 34 percent, and global trade share to rise from 1.6 to 3 percent.

(The Task Force's 2008 Report.) But some restrictions need to be lifted in order for this to be accomplished. The value chain's primary influencing components are listed in Table

4 from production to distribution. These elements have an impact on the Indian processing sector directly or indirectly.

	Production	Output Trading	Processing	Distribution/Retailing
Technology	No or minimal use of technology low degrees of automation Biotechnology and hybrids are rarely used.	Very low investment in storage & handling technology Few upcoming commodity	Outdated technology due to small scale operations Low capacity units	Use of technology is low Bar coding, supply chain linkages and use of IT is low
Regulations	Corporates not allowed in non-plantation farming No enforceability in contract farming	Procurement intervention by Govt. agencies MSP policy Restriction on storage and movement	Favorable to small scale investments Scope for large processors limited	Foreign investment not allowed Land cost high due to inaction on land development
Capital	Funds availability to farmers is poor 80% borrow from adhyves at very high rates	Controlled by small trader financiers	High cost finance	Flow of capital is restricted due to ban on FDI
Structure	Subscale farm sizes Farmer indebtedness 70 % rainfall dependent	Large number of small traders financiers Upcoming exchanges High wastage and transaction costs	Predominant small scale sector Low efficiency	Dominance of informal sector Small traditional family owned stores are the norms No/limited backwards linkages Large MNCs have good distribution channels

#### The Indian market scenario for food production and processing:-

Indian agriculture's patterns of production, consumption, and commerce have seen significant change in recent decades. One change is the substitution of high value agricultural commodities such fruits, vegetables, milk and milk products, meat, eggs, fish, and processed food items for food grains in the production and consumption of food. Exports of conventional goods like rice, sugar, tea, coffee, tobacco, etc. are progressively being replaced by trade in high value items. As a result, during the 2000s, low value exports such as rice, sugar, tea, and marine products saw a fall in growth rates while high value exports increased by roughly 18 percent annually.

Horticulture and other atypical, high value agricultural products constitute a significant area of potential revenue growth in rural areas given the diminishing share of traditional commodities in production, consumption, and trade.

One of the largest sectors in India, food processing contributes 32% of the nation's total food market and is rated fifth in terms of pro-

duction, consumption, export, and projected growth. In manufacturing and agriculture, it contributes about 8.80 and 8.39 percent of the corresponding GVA. The industry for gourmet foods in India is currently worth US\$ 1.3 billion and expanding at a 20% compound annual growth rate (CAGR). By 2020, it is anticipated that India's organic food market would have tripled in size.

Although it is still in its infancy, India's online meal ordering industry is expanding exponentially. The organized food industry has a great deal of promise and a bright future thanks to online meal delivery companies like FoodPanda, Zomato, TinyOwl, and Swiggy who are growing their businesses through partnerships. With an estimated Gross Merchandise Value (GMV) of US\$ 300 million in 2016, the online meal delivery market expanded at a rate of 150 percent each year.

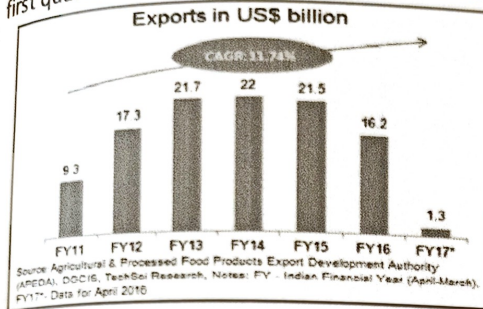
India is a significant global market for raw materials used in the production of food. The following table lists numerous elements associated with food production's raw ingredients along with their global rankings.

The Department of Industrial Policies and Promotion (DIPP) reported that between April 2000 and March 2017, the food processing industry in India received foreign direct investments (FDI) totaling over US\$7.54 billion. According to the Confederation of Indian Industry (CII), the food processing industries might bring in up to US\$33 billion in investment over the next 10 years and create nine million person-days worth of jobs.

Items	Global Ranking- Production (2014)	Global Share (2014)
Buffalo Meat	1 <sup>st</sup>	43%
Milk	1 <sup>st</sup>	17%
Bananas	1 <sup>st</sup>	27%
Mango & Gauva	1 <sup>st</sup>	39%
Pulses	1 <sup>st</sup>	20%
Tea	2 <sup>nd</sup>	23%
Sugarcane	2 <sup>nd</sup>	24%
Wheat	2 <sup>nd</sup>	10%
Rice (Paddy)	2 <sup>nd</sup>	24%

Table1 :- Food Related Raw Material Production State in India

Food exports from India to other countries are progressively growing. The export volume of India's food processing sector as of the first quarter of 2017 is depicted in figure below.



India's food processing sector as of the first quarter of 2017

The 'SWOT' analysis:

Strengths :-

- Easy access to raw materials that meet industry standards
- Widespread network of factories
- Widening both the domestic and foreign markets
- Social acceptance of this industry as a means of subsistence
- Periodic government initiatives

Weaknesses :-

- Investment requirement
- Low-technology apparatus
- Low wages compared to other industries
- Inadequate automation with regard to information management

Opportunities :-

- Large country population
- Rising standard of life
- Increased awareness of earning potential among the younger generation
- Opening of the global market
- Growth of supporting sectors like electronics and computer science.

Threats :-

- Huge competition from global leaders
- The nature of international regulations governing food production is constantly changing
- There is insufficient land for the production of

raw materials

- There is a decline in interest in this area.

**GOVERNMENT INITIATIVES:-**

Some of the major initiatives taken by the Government of India to improve the food processing sector in India are as follows:

- By utilizing reforms like 100% Foreign Direct Investment (FDI) in the marketing of food goods, different incentives at the central and state government level, together with a strong focus on supply chain infrastructure, the Government of India hopes to accelerate growth in the food processing sector.

- The Indian government established a \$1.2 billion (Rs 8,000 crore) dairy processing infrastructure fund in the Union Budget 2017-18.

- The Indian government has loosened regulations for foreign direct investment (FDI), allowing up to 100% FDI through an automatic route in the e-commerce of food products.

- A programme for human resource development (HRD) in the food processing industry was announced by the Ministry of Food Processing Industries. Under the National Mission on Food Processing, state governments are implementing the HRD programme. The plan consists of the following four elements:

- Creation of infrastructure facilities for degree/diploma courses in food processing sector

- Entrepreneurship Development Programme (EDP)

- Food Processing Training Centers (FPTC)

- Training at recognised institutions at State/National level

**Recent Developments:**

- According to Mr. Harsimrat Kaur Badal, Minister of Food Processing Industries, Government of India, global e-commerce giant Amazon plans to invest US\$ 515 million in the Indian food retailing sector over the next five years.

- By 2018, Parle Agro Pvt Ltd hopes to increase its annual income from Rs 2800 crore (US\$ 0.42

billion) to Rs 5000 crore (US\$ 0.75 billion). To that end, it is introducing Frooti Fizz, a variation of the original Mango Frooti, which will be sold at 1.2 million outlets across the nation.

- By expanding its retail footprint to approximately 800,000 outlets and growing its market share to become the national leader in the sunflower oil category, US-based food company Cargill Inc. hopes to double its branded consumer business in India by 2020. This will help the company rank among the top three most popular brands in India.

- Mad Over Donuts (MoD) announced plans to increase the number of outlets it operates in India by launching nine additional MOD locations by March 2017.

- By releasing 10 new products in 2017, Danone SA intends to concentrate on the nutrition sector in India, its fastest-growing market in South Asia, with the goal of doubling its revenue there by 2020.

- Uber Technologies Inc plans to expand across numerous cities and regions in order to establish UberEATS, its food delivery service, in India.

#### CONCLUSION:

In terms of production, consumption, exports, and growth possibilities, the food processing industry in India is one of the largest. With a series of tax breaks and incentives, the government has made it a top priority to promote the commercialization and value addition of agricultural products. This industry has a lot of room to grow in the years to come. These industries may offer good opportunities for company secretary professionals who desire to launch their own businesses. Even though this industry is seeing considerable growth thanks to a number of hopeful characteristics, there are still a number of important obstacles that, if not removed sooner rather than later, could harm India's food processing industry's future prospects. The fact that this industry requires a lot of capital is one of the main obstacles. Fewer

players can enter the market because of the high entry barrier it imposes. Players imply competition, which lessens efforts to raise the bar for quality. Educating consumers about how processed foods can be more nutritious; dealing with processed food products' low price elasticity; the need for a distribution network; the development of marketing channels; streamlining food laws; improving food quality standards and strengthening the food testing network; and strengthening institutional framework to develop manpower for improving R&D capabilities to address global issues are some of the major challenges faced by the Indian food processing industry. To realize the full potential of the Indian food processing industry, several issues must be resolved.

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