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# Status of Food Processing Industries in India

**Mr. Vishwajit D. Patil[1], Dr. Ravikumar S. Naik[2]**
[1]Research Scholar, Shivaji University Kolhapur.
[2]Professor, Deshbhakta Ratnappa Kumbhar Collage of Commerce, Kolhapur

**Abstract:**
A well-developed food processing sector with higher level of processing helps in the reduction of wastage, improves value addition, promotes crop diversification, ensures better return to the farmers, promotes employment as well as increases export earnings. This sector is also capable of addressing critical issues of food security, food inflation and providing wholesome, nutritious food to the masses. Over the years agricultural production in India has consistently recorded higher output. India ranks third in the world in the production of Milk, Ghee, Pulses, Ginger, Banana, Guava, Papaya and Mango. Further, India ranks second in the world in the production of Rice, Wheat and many other fruits & vegetables. An abundant supply of raw materials, increase in demand for food products and incentives offered by the Government has impacted food processing sector positively.
**Keywords:** Industries, Methodology, Implications

## I. Introduction:

Agro-processing industries play an important and significant role in growth and development of nation. Agriculture, animal husbandry, horticulture, plantations and fisheries are all part of food processing industries. Agro-food processing industry consists of set of technological and economic activities that applied on raw material which is coming from agriculture sector, forests and livestock in order to make them more usable as food, fibers or feed. It also helps to conservation, handling and value adding to agriculture raw material. Sorting, packaging, melting, backing, fermentation and drying are all techniques used in food-processing industries in order to adding the value for agriculture raw material. It also helps to encourage growth of people living in rural or remote area. Agro-processing industries also helps to encourage the farmers to get more agriculture output, increasing farmer income, better utilization of agriculture output, minimization of agriculture wastages, helps to develop storage facilities, transportation facilities, diversifying agriculture sector, commercialization of agriculture sector, increase the employment opportunities, introduce the modern or advanced technology and promote the export of agro-processing products from the nation. Agro-food processing industries provide excellent link in between of agriculture sector and trade which helps to develop and transform the stagnant rural economy into a dynamic economy. Food processing industries have wider scope in India due to India holds first rank in production of milk, gingers, mango, banana, Papaya, Guava and also mass producers of wheat, rice, potato, cashew nuts and sugar. India has also produce significant amount of tobacco and coffee every years. Researcher has observed key potential drivers in the growth of Indian food processing industry such as increase the demand for nutritional food, increasing the urbanizations lifestyles, increase the spending of larger share of income on foods products, increase the consumers awareness about the quality of food, safety of food, globalization in food supply chain, increase the demand for packaged foods, technological advancement in food production and increase the demand for conventional food products. Now a day, agro-food processing industries are recognized as rising star of India economy due to it has greater potential for growth and likely socio-economic impact, particularly on employment and income generation in rural area. In short, overall development of agro-food processing industries is based on the development of agriculture sector. Growth of agriculture sector is based on the various factors such as physical factors, psychological factors, technological factors, infrastructure factors, educational factors and institutional factors.

## Ii.Research Methodology And Data Base:

This paper is based on the secondary data collected from various sources, such as National Accounts Statistics, Central Statistical Organization (CSO), Government of Indi, Reports of National Sample Survey organization (NSSO), Government of India, various websites, published and unpublished reports and journals etc.

**Objectives: 1.**To analyze economic aspects of selected agro-processing industries in India.
**2.**To find out the various factors that determines demand for agro-processing products.

**Statistical Tools:**

**Compound Annual Growth Rate (CAGR):**

$$= \left(\left(\frac{F}{P}\right) \wedge \left(\frac{1}{n}\right)\right) - 1$$

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Where,
F = the ending value,
P = beginning value,
n = the number of years.

**Mean:**

$$\bar{x} = \frac{\sum_{i=1}^{n} xi}{n}$$

**Compound Growth Rate (CGR):**

$$y = a\,(1 + r)^{x}$$

Where,
y = value of the variable after x periods
a = initial value of the variables
r = compound growth rate
x = number of periods.

**Simple Growth Rate:**

$$= \left(\frac{E}{S}\right) \wedge \left(\frac{1}{\text{Periods} - 1}\right) - 1$$

Where,
E = End value
S = Start value

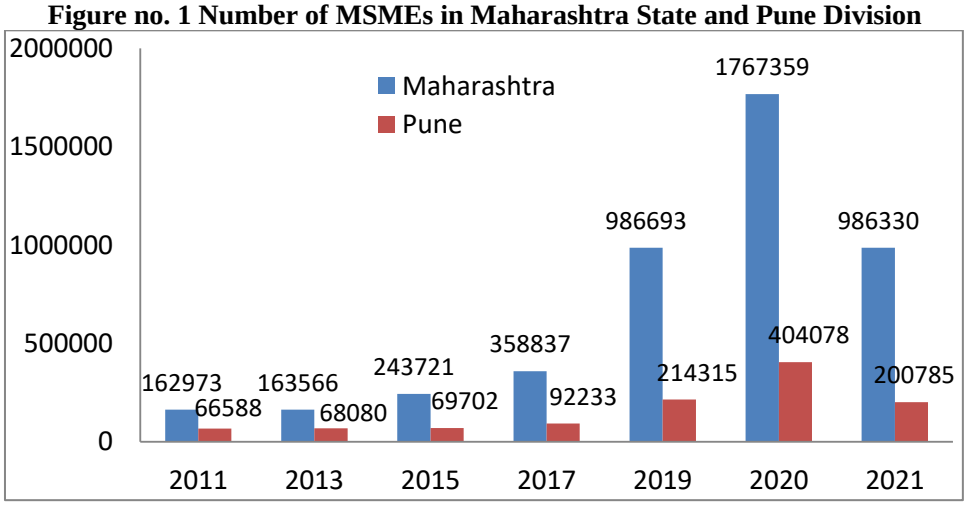
**Iii. Result And Discussion:**

1. **Number of MSMEs in Maharashtra State:**

**Table No: 1 Total Number of MSMEs in Maharashtra State and Pune Division**

| Sr. No | Year | Maharashtra | Pune |
|---|---|---|---|
| 1. | 2011 | 162973 | 66588 |
| 2. | 2013 | 163566 | 68080 |
| 3. | 2015 | 243721 | 69702 |
| 4. | 2017 | 358837 | 92233 |
| 5. | 2019 | 986693 | 214315 |
| 6. | 2020 | 1767359 | 404078 |
| 7. | 2021 | 986330 | 200785 |
| 8. | CAGR | 17.8 | 10.6 |
| Source: Economic Survey of Maharashtra, 2011 To 2021. | | | |

**Figure no. 1 Number of MSMEs in Maharashtra State and Pune Division**




Agriculture products are perishable and near about more than 40 percent of agriculture products area wasted due to lack of processing and proper handling of agriculture products. Therefore, agro-food processing industries have greater importance in agriculture sector due converting the agriculture raw-

material into finished goods, increasing the employment opportunities, income of farmers, adding the value of agriculture raw material, longer shelf life, better marketable and ready to eat/cook. Researcher has also observed that there were continuously increasing the demand for agro-processing industries due to increasing the urbanization and preferring to agro-processing industries due to ready to eat and cook. Therefore, researcher has greatly emphasised on the role, importance, prospects, problems, and future of micro-processing industries.

2. **Number of MSMEs in India:**

**Table No: 2 Total Number of MSMEs in India during 2003-04 to 2021-22**

| Sr. No | Years | Working MSMEs (Lakh) |
|---|---|---|
| 1 | 2003-04 | 113.95 |
| 2 | 2004-05 | 118.59 |
| 3 | 2005-06 | 123.42 |
| 4 | 2006-07 | 261.12 |
| 5 | 2007-08 | 272.79 |
| 6 | 2008-09 | 285.16 |
| 7 | 2009-10 | 298.08 |
| 8 | 2010-11 | 311.52 |
| 9 | 2011-12 | 447.64 |
| 10 | 2012-13 | 467.64 |
| 11 | 2013-14 | 488.46 |
| 12 | 2014-15 | 510.57 |
| 13 | 2021-22 | 633.88 |
| | **CAGR** | **10.6** |
| Source**:** Report of Micro, Small And Medium Enterprises in India, Ministry of MSMEs, Govt of India, India. | | |

Data related to MSMEs shows that total number of MSMEs were continuously increased from 162973 units to 1767359 units then declined up to 986330 due to Covid-19 in Maharashtra state. Total number of MSMEs in Pune division were also increased from 66588 units to 404078 units and then declined up to 200785 units due to covid-19. Total Number of MSMEs were also increased from 113.95 lakh units to 633.88 lakh units in India. There were having 2974 MSME agro-processing industries in Kolhapur district of which 2513 units were micro agro-processing industries and followed by 444 units of small agro-processing industries and 17 units of medium agro-processing industries in 2022.

3. **Status of Food Processing Sector in India**

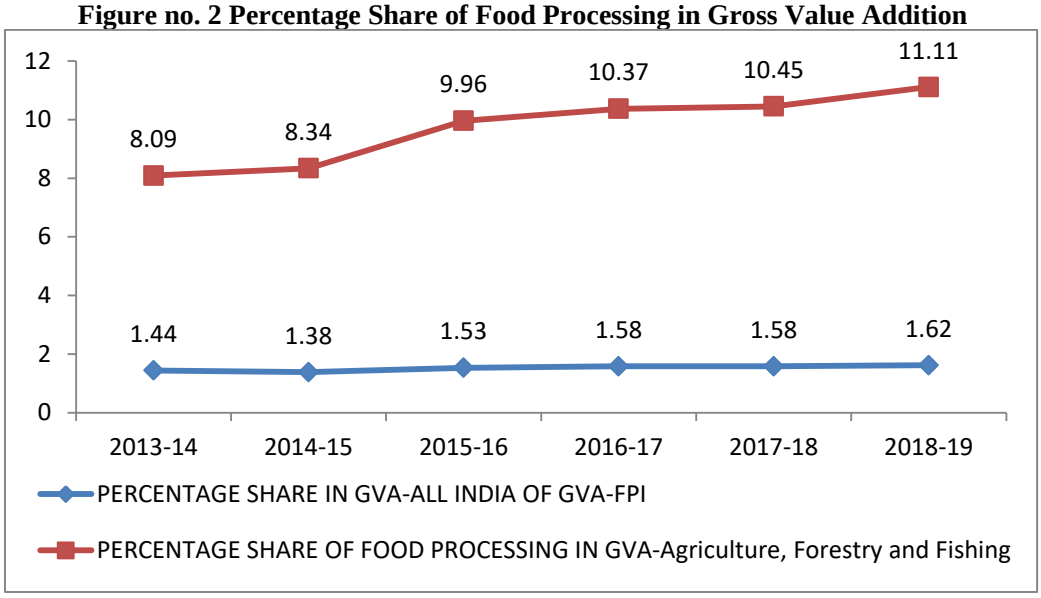
**Table no. 3 Status of Food Processing Sector in India**

(Constant 2011-12 Prices)

| Sr. | Economic Activity | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|---|---|
| 1 | GVA-All India | 90.64 | 97.12 | 104.92 | 113.28 | 120.74 | 128.03 |
| 2 | GVB-Manufacturing | 15.61 | 16.84 | 19.04 | 20.55 | 21.9 | 23.1 |
| 3 | GVA-Agriculture, forestry and fishing | 16.09 | 16.06 | 16.16 | 17.26 | 18.28 | 18.72 |
| 4 | GVA-FPI | 1.3 | 1.3 | 1.61 | 1.79 | 1.91 | 2.08 |
| | PERCENTAGE SHARE IN GVA-ALL INDIA OF | | | | | | |
| 5 | GVA-FPI | 1.44 | 1.38 | 1.53 | 1.58 | 1.58 | 1.62 |
| 6 | GVA-Manufacturing | 17.22 | 17.34 | 18.15 | 18.14 | 18.14 | 18.1 |
| 7 | GVA-Agriculture, Forestry | 17.75 | 16.54 | 15.4 | 15.2 | 15.14 | 14.62 |
| | PERCENTAGE SHARE OF FOOD PROCESSING IN | | | | | | |
| 8 | GVA-Manufacturing | 8.34 | 7.96 | 8.46 | 8.71 | 8.72 | 8.98 |
| 9 | GVA-Agriculture, Forestry and Fishing | 8.09 | 8.34 | 9.96 | 10.37 | 10.45 | 11.11 |

Source: National Accounts Division, Central Statistics Office

**Figure no. 2 Percentage Share of Food Processing in Gross Value Addition**




The above table shows that Status of Food Processing Sector in India. The percentage share of food processing in gross value addition of manufacturing in the year 2013-14 was 8.34% and it was increased 8.98% in 2018-19. The percentage share of food processing in gross value addition of agriculture, forestry and fishing during the year 2013-14 to 2018-19 was 8.09% and 11.11 % respectively. It was increased 3.2 percentages during the period.

**III. Conclusion And Policy Implications:**

Agriculture products are perishable and near about more than 40 percent of agriculture products area wasted due to lack of processing and proper handling of agriculture products. Therefore, agro-food processing industries have greater importance in agriculture sector due converting the agriculture raw-material into finished goods, increasing the employment opportunities, income of farmers, adding the value of agriculture raw material, longer shelf life, better marketable and ready to eat/cook. Total Number of MSMEs were also increased from 113.95 lakh units to 633.88 lakh units in India. There were having 2974 MSME agro-processing industries in Kolhapur district of which 2513 units were micro agro-processing industries and followed by 444 units of small agro-processing industries and 17 units of medium agro-processing industries in 2022.

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