

**Food Processing Industry-Issues And Challenges**  
**Continuous Improvement In Innovating New Quality Products And Delight Consumers With**  
**Wide Variety & At Competitive Price**

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**Abstract:**

*Food processing industry is widely recognized as a “Sunrise Industry” in India having huge potential for uplifting agricultural economy. India's rich agricultural base has potential to add significant value to the food processing sector. These are given high priority in India because of their great linkages in the development of many interrelated variables. They create employment opportunities, organize investible resources from rural sector, encourage agricultural production, utilize resources, enhance farm products, advance quality, attain efficient marketing, fight rural-urban migration and support industrialization of Indian economy. The availability of raw material, changing life style and lessening in regulatory policies is stimulating the growth of this sector. This paper conceptually discusses the issues and challenges associated with food processing industry and the strategies that can be adopted to attain the goals of sunrise industry.*

**Keywords:** food processing, potential, agriculture, priority, development, employment, industrialization, economy

**Introduction**

Food Processing Industry is of an enormous significance for India’s development because of the vital linkages and synergies that it promotes between the two pillars of economy, namely industry and agriculture. India is world’s second largest producer of food and has the potential to become the number one country in due course of time with sustained efforts. The growth potential of this sector is enormous and it is expected that food production will double in the next 10 years and the consumption of value added food products will grow at a fast pace.

The Food Processing Industry has been identified as a thrust area for development. This industry is included in the priority-lending sector. Most of the food processing Industries have been exempted from the provisions of industrial licensing under Industries (Development and Regulation) Act, 1951 with the exception of beer and alcoholic drinks and items reserved for Small Scale Sector, like vinegar, bread and bakery. As far as foreign investment is concerned automatic approval for even 100 per cent equity is available for majority of the processed food items.

### **Food processing industry**



*Source: google.com*

Progress, since the commencement of the Fifth Plan, in modern small-scale industries have registered an accelerated progress in terms of output, creation of larger opportunities for fuller and additional part-time and full-time employment, and also in the increase in number of units, range of production, and value of exports\

### **Segments of food processing industry includes**

- a) Dairies
- b) Spice and horticulture products
- c) Fruits and vegetable processing
- d) Grain processing
- e) Meat and poultry processing
- f) Fish and fish products
- g) Consumer foods including foods, beverages, and packaged drinking water

### **Literature review**

1. **Asha, (2013)** stated that Indian food industry is primarily export oriented. In this context, there are massive opportunities for export oriented processed foods for medium scale w w w. p b r. c o . i n 65 Volume 7, Issue 12, June 2015 entrepreneurs. India's agricultural processed foods exports are US \$18.65 billion during 2012-13
2. **Gola, et.al, (2013)** mentioned in their study that Foreign direct investment refers to the capital inflow from abroad that are invested in or to enhance the production capacity of the economy. However, many mechanisms and dynamics of FDI- assisted development have

changed. Foreign direct investment seems as an important catalyst for economic growth in developing country

3. **Ministry of Food Processing, Government of India, (2012)** mentioned that a shift is taking place in global trade in agricultural products, away from traditional towards processed food products. Thus, the food processing industry is one of the largest industries in India and ranks fifth in size. The Indian food processing industry has an estimated size of \$70 billion
4. **Laudan & Rachel(2010)** explained in their study that easy marketing and distribution tasks, consumer's convenience, hygiene, increased food consistency, around the year availability of product, foods' shelf life, etc. are the key factors, which are attracting the food processing technology to be geared up. Transportation of more exotic foods and elimination of much hard labour give the modern eater an easy access to a wide variety of food unimaginable to their ancestors.
5. **Kachru RP (2010)** observed that in 1928, the Royal Commission on Agriculture set up by the British Government called for a scientific approach to the sector and stressed for developing rural industries and co-operatives. Post-independence era in India witnessed a rapid growth in agro-processing sector, specifically during 1980s
6. **According to FICCI (2007)** it is observed that this Industry is supported by the agriculture sector, which is a significant economic component, employing nearly 60% of the country's population and contributing to around 25% of India's Gross Domestic Product. With access to large natural resources base of 161 million hectares of arable land, 15 million hectares of fresh water reservoirs, the largest livestock population in the globe and diverse agro-climatic conditions, India is a favorable destination for growth in the food Industry,

## Research Methodology

**Type of study:** descriptive

**Sources of data:** Secondary source has been adopted to study about the food processing industry –issues and challenges, the sources such as bulletins, journals, websites have been sources

### Limitations of the study:

- The information gathered through secondary source may be biased
- Time is another constraint

### States accounting for highest no. of Registered Food Processing Units in India

State	Number of Registered Units
Andhra Pradesh	5861
Tamil Nadu	5077
Telangana	3969
Punjab	2906

Maharashtra	2808
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*Source: Annual Survey of Industries, 2016-17, MSOPI, Govt of India*

### SWOT analysis of food processing industry

Strengths	Weaknesses
Easy availability of raw materials as per the industry requirements	Requirement of investment
Vast network of manufacturing facilities	Low technological equipment
Wide spread domestic market	Inadequate automation with respect to information management
Widened international market	Low salary/wage in comparison to other industry
Social recognition to this industry as a source of livelihood	
Various government initiatives from time to time	
Weaknesses	Threats
Large population of the country	Huge competition from global leaders
Increase in level of living of the individuals	Frequent changing nature of global laws on food production
Increase in both earning concept among the new generation	Non availability of adequate land for the raw materials and land
Opening of the global market	Reduce in interest among the works for this sector
Development of supportive industries like electronics, computer science etc.	
Inadequate supportive systems which haunts this industry	

### Conclusions

- The government has accorded it a high priority, with a number of fiscal reliefs and incentives, to encourage commercialization and value addition to agricultural produce.
- This sector is having ample sector to prosper in future years ahead. India's agricultural base is quite strong but wastage is very high and processing of food products is very low.

- The country's processing sector is small and processing of food to fresh standards in India has reached only meager percent. India's share in exports of processed food in World trade has remained not as much of percent and the above mentioned threats and weakness of food processing industry which is slowing down its prospective for growth, in spite having many promising dynamics for supporting the growth potential of this sector, there are still some significant constraints which, if not addressed sooner, can obstruct the development prospects of the Food Processing Industry in India.
- Promote and penetrate efforts for large foreign investment in this sector
- Allow public and private partnership for enhancing this sector
- Create best quality food at an affordable price

## References

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