



INDIAN FOOD PROCESSING INDUSTRY: A KEY SENERGY OF INDUSTRY & AGRICULTURE

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ABSTRACT

Rations handing out vital sector with elevated press flat of giving out helps in the cut of wastage, improves evaluate addition, promotes crop diversification, ensures healthier proceeds to the farmers, promotes employment as capably as increases export earnings. This sector is besides proficient of addressing perilous issues of groceries security, provisions inflation and as long as wholesome, healthy cooking to the masses.

INTRODUCTION:

Food giving out productiveness provides the fundamental linkage between productiveness and crop growing and is of massive consequence for India's development. India at this time processes a smaller amount than 10%¹ of its Agri output (only around 2% of fruits and vegetables, 6% of poultry, 21% of meat, 23% of naval and 35% of milk) and a good number of the handing out that is complete in India be capable of be classified as crucial doling out – prepared through rice, sugar, cooked grease and flour mills etc. However, main handing out offers inferior value-addition compared to resultant doling out that includes dispensation of above what is usual merit objects viz fruits and vegetables, dairy, bakery, chocolates etc. Thus, particular the extraordinary fabrication levels next to with down giving out recent handing out rates, the sector presents colossal opportunities. The call for of the hour is to shift up the treasure fasten together in processed cuisine harvest by establishing able backward linkages to add to nation's provisions precautions as suitably as add towards civilizing the pay packet point of the farmers by plummeting foodstuff wastages (which are as high-pitched as US\$1.5 billion 92,000 crores² annually) and enhance rations as fortunate as processed rations exports (which at present pause at 2.31% and 10.69% respectively³). Additionally, the sector

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provides gigantic employment age bracket impending as spring up (registered a development of 10.35%⁴ between 2010- 11 to 2016-17).

I. CONTRIBUTION OF FOOD PROCESSING SECTOR TO GDP:

veer the being agricultural creation in India has consistently recorded advanced output. India ranks number one in the globe in the fabrication of Milk, Ghee, Pulses, Ginger, Bananas, Guavas, Papayas and Mangoes. Further, India ranks second in the planet in the creation of Rice, Wheat and more than a few other vegetables & fruits. profuse furnish of rare materials, amplify in ask for groceries harvest and incentives free by the control has impacted provisions dealing out sector positively. During the persist 5 being finale 2017-18, cooking giving out sector has been rising at an be an average of once a year development percentage (AAGR) of around 8.41 for each cent as compared to around 3.45 apiece cent in farming at 2011-12 Prices. groceries giving out Sector has and emerged as an central segment of the Indian belt-tightening exercise in requisites of its input to GDP, employment and investment. The sector constituted as a great deal as 8.83 for each cent and 10.66 for each cent of GVA in Manufacturing and cultivation sector correspondingly in 2017-18 at 2011-12 prices

II. KEY FEATURES OF REGISTERED FOOD PROCESSING INDUSTRIES:

cooking handing out INDUSTRIES: once a year assessment of Industries (ASI) is the core mine of records on the quantity of units, employment, output and investment in preset first city for Registered cooking dispensation units. ASI numbers are unconstrained annually and the most modern numbers is on hand for 2016-17. For a hardly any of the essence characteristics, best five industries at all-India at the same height having main percentage shares in the estimated assessment of largely aggregates.

It is seen that cuisine food industry, compared to other industries has the prime add up to of factories and engages chief digit of people as well. Since the rations foodstuffs activity does not dignitary in principal five with deference to set capital, it shows that this sector is decidedly labour intensive apiece component of investment deployed. although down assets intensity, the output of provisions goods is not compromised as it is the leading between entirely industries. Thus, every component of funds invested in cooking crop manufacturing employs main amount of people as compared to other industries whereas generating the supreme output aim as in other industries.

Food handing out conscientiousness is one of the most important employment intensive segments constituting 12.43% (at 3-digit of NIC classification) of employment generated in every single one Registered Factory sector in 2016-17. According to the most modern twelve-monthly chart of Industries (ASI) for 2016-17, the add up to add up to of people engaged in registered cooking dealing out sector was 18.54 lakhs. Unregistered chow handing

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out sector chains employment to 51.11 lakh hand as for each the NSSO 73rd Round, 2015-16 and constitutes 14.18% of employment in the unregistered manufacturing sector. The in general scenario of employment in cooking dispensation sector.

The 18 sub-sectors of foodstuff doling out productiveness (Source: ASI 2016-17). In the FP industry, on an average, the hard and fast money for each registered factory is Rs.5.69 crore indicating that as a rule of the factories in this sector are micro and diminutive enterprises under the distinctness of Micro, slight and method Enterprises growth (MSMED) Act, 2006. However, change in rigid resources for each registered factory is as soprano Rs.84.35 crore in the reason of honey mills and Rs.49.96 crore in malt liquors and malt manufacturing and as depression as Rs.1.2 crore in grain powder foodstuffs industry, Rs.3.37 crore in bakery crop and Rs.3.61 crore in other cooking harvest inclusive of tea, coffee, fit for human consumption nuts, infant food, papad, spices blatant consequence further (GVA) in percentage provisions on common stands at 12.47% but with considerable discrepancy across sub-sectors. nearly of the sub-sectors with tall percentage of GVA are Manufacture of ready meals and dishes at 155.16%; ductile Drinks, sandstone fill up and other bottled fill with tears at 40.6%; and cocoa, chocolate and baby confectionery at 33.67% Manufacture of Wines at 33.19%; Manufacture of Malt, Liquors and malt at 30.61% and Manufacture of macaroni, noodles, couscous and analogous farinaceous food at 29.79% additionally pose extraordinary GVA% level. The down percentage of GVA of 3.91% in the state of affairs of Vegetable and beast Oils and Fats products, 7.62% in abide by of Grain Mill, 8.03% in the box of equipped innate feeds and about 8.87% in the instance of Dairy harvest brings down the GVA at collection level. The come to of people employed apiece Rs.1 crore of investment is 8 for the full registered foodstuff giving out industry.

Employment age band is privileged than the norm in doling out and defense of seek at 16, Grain grate harvest at 15 and Meat sub-sector at 11. However, these exceptionally sub-sectors demonstrate sorry for yourself levels of GVA as well. The percentage of GVA in these sub-sectors consequently wants to be augmented consequently that the main part of the people employed in the foodstuff dispensation industries earn advanced payment as well. geared up meals and dishes and Bakery item for consumption sub-sector be able to armed the standard anywhere employment making is as eminent as 19 people for each Rs.1 crore of investment and segment of GVA is and enormously sky-scraping at 26.96%. Sub-sectors with elevated member of staff apiece detachment of investment but squat even of GVA expect their manpower to be educated to intensify productivity which collectively with technological mix would multiply consequence addition. The year-wise set funds employment in registered factories in groceries dealing out industries is presented.

III. KEY SUB SEGMENTS:

India's sizeable invention strength, beside with short levels of recent handing out put forward giant opportunities for intensification of the cooking dealing out industry. India is the second

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prime producer of the Fruits and Vegetables in the world; however, the dispensation levels in F&V at present holder at a down in the dumps. Thus, nearby is a massive break in harnessing the latent of processed fruits and vegetables in the bring into being of frozen (IQF), canned, pulp, puree, paste, sauces, snacks, dressings, flakes, dices, dehydration, pickles, juices, slices, chips, jams, jelly, etc. handing out levels of aquatic cuisine in India are at present at 23%¹⁰. Thus, presenting hefty occasion for naval giving out players. doling out of nose about into canned and frozen forms is accepted out ordinarily for exports. Besides, in attendance is an bigger need for processed and immediate to breakfast aquatic foodstuffs in the domestic and overseas market. capon is a exceedingly vertically integrated business in India and matches the efficiency levels of scores of western countries. However, the present dispensation levels in hen are 6%, as for meat it stands at 21%. This presents major break for scaling up the segment. The dairy segment in India is fairly far ahead with a 35%¹¹ doling out dead even at present. However, the scope is dispel significant. for each capita availability of milk in India has reached 375 grams apiece day in 2017-18, which is new than the earth arithmetic mean of around 294.2 grams apiece day in 2017. Thus, the opportunities for denomination additional harvest such as ghee, flavoured yogurt, butter (with variants), flavoured milk, cheese etc. are abundant.

Emerging segments:

With India's children and municipal populace on the rise significantly, the challenge derive for cuisine goods is shifting from fixed meals. The packaged chow segment has been coverage bend number lump in 2018 with not poisonous oils and dairy food accounting for a chief share. trade of packaged absolute bread (Chapattis, naans, roti, paratha, kulcha) maintain besides increased, backed on a minor excise collection with the establishment of GST and adjustable carry out packs. Packed dessert mixes and other premium packaged bakery supplies (croissants, full muffins, etc.) cover furthermore been witnessing greater than ever consumer demand. Meanwhile, repositioned as a in good physical shape snack, the breakfast cereals segment is befitting further competitive with new entrants as in any case as innovative variants targeting the health-conscious consumers. Interestingly, the ultimatum for frozen vegetables is declining in retail outlets with the year-round availability of novel produce; however, exigency for frozen vegetables is option up together with foodservice players. With certificate barriers on slaughtering and advertising beef fresh, processed meat sales were impacted in 2018.

However, the frozen processed sea foodstuff segment gained popularity and witnessed augment in ask for intercontinental sea food. progress in the sea fodder segment is and fuelled by internet selling channels, escalating focus on healthful food, and the convenience of long-term storage. Consumer partiality trends let somebody see an escalating focus on nourishing food, and the convenience of long-term storage. even as in cereals, the beginning of variants such as breakfast cereal and granola experience impacted the time-honoured breakfast

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breakfast cereal product, flakes; in cooked oils, a modify towards jade lubricate and rapeseed lubricate as favourite fit to be eaten grease was witnessed in 2018. Meanwhile, in a relaxed manner hale and hearty beverages and Ayurveda-based juices lasting to witness important consequence augmentation in 2018. Organic packaged cuisine witnessed a double-digit advance in retail dimensions and contemporary usefulness sales in 2018. Other foodstuff segments which are presentation climax enlargement comprise sauces, soups, noodles & pasta, Chocolate confectionary, expert cheese (Mozzarella, Cheddar and Parmesan), etc.

Global Investments:

India has meaningfully better its rank in earth Bank's stretch of burden responsibility analysis 2019, and is ranked 77th, a leap of 23 ranks over remaining day ranking, in the company of 190 countries assessed by the globe Bank. The repeated labours on civilizing relieve of liability establishment will in the extended succession prevent boost shareholder confidence. Backed by the enabling custom environment, FDI inflow into Indian rations hard work has been escalating steadily. Between April 2014 to March 2019¹², the sector has witnessed FDI fairness inflow of USD 3.28 billion. Over the onwards five existence conclusions in FY19, FDI inflow into Indian chow activity has been mounting at a CAGR of 4.02%.

In expressions of geographical increase of the fodder dispensation sector, Southern section has the top figures of registered factories with Andhra Pradesh accounting for about 14.75% followed by Tamil Nadu accounting for about 12.77% and Telangana accounting for about 9.99% of the sum registered factories in FPI sector industries.

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

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

IV. PRODUCTION ADVANTAGES (2018-19) ;

1. Cereals - second main producer of groceries grains globally (284.95¹ million tons)
2. Fruits & vegetables - Ranks as the second prime producer of Fruits and Vegetables (F&V) in the humanity (311.7¹ million tons)
3. Milk - major producer of milk globally (176.35 MMT)
4. Meat - chief domestic animals' people in the planet (7.7 MT of meat fashioned annually)
5. fowl - around 95.2 bn eggs annually

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6. naval - second major dig around producer in the planet (12.60 million metric tons)

V. CURRENT EXPORT LEVELS:

During 2018-19, India's exports of agricultural and processed rations foodstuffs totalled USD 38.49 billion. During the period, better five exported freight were maritime food (USD 6.80 billion), basmati rice (USD 4.71 billion), hoodwink meat (USD 3.59 billion), spices (USD 3.31 billion) and non-basmati rice (USD 3.00 billion). Indian agricultural/horticultural and processed foods are exported to new than 100 countries/regions; chief in the company of them are the halfway point East, Southeast Asia, SAARC countries, the EU and the US. However, India's figure up cultivation export basket financial statement for minor over 2% of humanity crop growing trade and Agricultural exports' gift to India's GDP is as well as low down as 2%. Majority of Indian exports are in short supply value, still wet behind the ears or semi-processed and marketed in hulk which are after that processed in other countries, indicating the scope to shuffle up the estimate chain. The distribute of India's elevated merit and importance extra previously produce in its crop growing export basket is minus than 15% compared to 25% in US and 49% in China. This is in spite of India's geographical locality which gives it a only one of its kind improvement as it comes to exports, having suitable connectivity to Europe, medium East & Africa from the western coast, and Japan, Singapore, Thailand, Malaysia, Korea, Australia & New Zealand from the eastern coast. Further, India is incapable to export its extensive horticultural produce scheduled to be short of homogeny in quality, equivalence and its lack of ability to reduce losses across the treasure chain.

GROWTH IN INDIAN AGRICULTURE EXPORTS

Year	Fresh fruits & vegetables (figures in Million MT)	Processed Fresh fruits & vegetables (figures in Million MT)	Animal products (figures in Million MT)	Cereals (figures in Million MT)
2016-2017	4.06	0.96	1.83	11.76
2017-2018	2.90	1.06	1.88	13.89
2018-2019	3.59	1.20	1.92	13.52

Source: APEDA

The humanity Custom club has identified a catalo of 463 processed chow and beverages crop at the 6-figure rank of ITC (HS) classification. These crops meet with division 10 & 11 of countrywide industrialized Classification (NIC)-2008 second-hand by agency of fare dispensation Industries to amount the development in GDP of processed chow and beverages sector. The worth of processed provisions exports during 2018-19 was of the requisition of US \$35.30 Billion accounting for about 10.69 percent of India's absolute exports (i.e. US\$330.07 Billion).

VI. INDIA'S SHARE IN GLOBAL FOOD TRADE:

The portion of India's cuisine export in the globe was 2.31% in 2018 and the communicate of India's cuisine imports in the humanity was 1.30% in 2018.

India's food trade and its share in the world for the last five years is given in below Table:

	2014	2015	2016	2017	2018
World food export	1448248.62	1304998.95	1325685.67	1433362.50	1471089.23
World food import	1459120.68	1333359.41	1336423.20	1445981.58	1505427.59
India's food export to world	37744.21	30417.56	29199.88	34434.32	34023.88
India's food import from world	19284.52	20783.16	21939.09	25064.67	19561.08
% Share of India's food export in world	2.61%	2.33%	2.20%	2.40%	2.31%
% Share of India's food import in world	1.32%	1.56%	1.64%	1.73%	1.30%

Source: ITC Trade Map, April 2019

VII. POLICY ECOSYSTEM:

The administration of India has accorded 'high priority' stage to the foodstuff giving out industry. The department of provisions handing out Industries (MOFPI) has been gel up as a nodal group for formulation and implementation of the policies and campaign for the cooking dispensation industries. With an taken as a whole objective of positioning India as the 'Food Basket' to the world, quite a lot of initiatives assert been undertaken with the objective of promoting investments, innovation and bringing finest practices. This prophecy is in line up with the 'Make in India' initiative of the Government.

Attracting investments:

100% FDI is allowed under the n mandatory forward in foodstuff doling out industries.

100% FDI is allowable in Manufacture n of foodstuff crop and for trading (including through e-commerce) for chow crop manufactured and/ or processed in India. The totality notion is to mushroom FDI in the rations doling out productiveness which in curve offers colossal chance for the sector by technique of enhanced scope for technology transfer, backend integration and development of the cuisine doling out manufacturing as properly as enlarged employment by road of background up of additional fare dealing out units.

Enabling sourcing:

In cycle with policies enabling the rations handing out sector, more than a few progressive marketing reforms and schemes hold as well been launched for crop growing products, which consent to for superior sourcing opportunities for provisions giving out industries. The Agricultural Produce and n domestic animals Marketing (Promotion and Facilitation) [APLM] statute 2017, allows for clauses such as allowing separate licenses for traders and de-listing perishables from the ambit of the APMCs, mutually of which will be significant enablers for superior sourcing for cooking processing. However, the uptake of the statute amid states desires to be fast-tracked. The electronic nationwide farming n sell (e-NAM) gateway was launched in 2016 with the imagination of a track crop growing market The porch at this time connects 585 mandis across 16 states and 2 UTs; forming the biggest integrated virtual crop growing marketplace in the world.

Infrastructure support:

With a view to boost secret investment to fodder doling out sector, an umbrella ruse Pradhan Mantri Kisan SAMPADA Yojana (Scheme for Agro-Marine doling out and growth of Agro-Processing Clusters) has been launched with an allocation of Rs. 6,000 crores for the spot 2016-20. The unfilled schemes under MoFPI hold been subsumed under PM-SAMPADA and the focus is on conception of fresh infrastructure with efficient reserve attach management from cattle farm gate to retail outlet. In the lingering label the plan aims to as long as top income to farmers, generate employment opportunities, cut depletion of agricultural produce, grow the next to of dispensation and enhance export of the processed foods. The PM Kisan SAMPADA Yojana is estimated to control investment of Rs. 31,400 crores for managing of 334 lakh MT Argo-produce valued at Rs. 1,04,125 crores, benefiting 20 lakh farmers and generating 5,30,500 direct/indirect employment in the country by the day 2019-20.

VIII. REGULATORY SUPPORT:

foodstuff principles and set of laws in India are evolving to guarantee shelter and property of groceries for consumer's and facilitate reasonable and start trade. near has been an evident lift from 'checking adulteration' to 'ensuring safety' and has provided the country a consequential chance to enlarge the scope of principles to further the fare matter operators towards self-compliance as a substitute of person under surveillance. India has gotten hard a brawny narrow framework by increasing innumerable horizontal and verticals principles to give confidence and sustenance groceries dispensation commerce by the side of with ensuring falling in line and implementation of these standards. coordination with intercontinental principles has full momentum in India to assemble with macro standards. Also, over the years, Indian input in the Codex processes comprise bigger considerably. These factors in the

long-run are every single one pre-requisite for Indian groceries giving out to come to get its rotund potential. niceties on the Indian cuisine narrow ecology are in the next section.

IX. CONCLUSION:

India's great fabrication levels of cultivation and associated segments next to with glum handing out flow giving out rates, represents enormous unexploited opportunities for completely players of the fare doling out chain. Backed by progressive policies, fiscal incentives and an enabling dogmatic environment, the Indian marketplace dimension for fodder is anticipated to arrive at USD544 billion by 2020¹⁴ India is witnessing a main budge in use mold towards convenience food, which know how to be seen from the actuality that distant from oils and fats convenience foodstuff stuff prompt meals, rice, pasta & noodles and nice munchies take been registering impressive sales growth. The regulars in the present day are extra conscious than perpetually about manufacture conscientious chow choices, and are paying other concentration to attributes like smells, tastes and other sensory experiences. Packaging and labelling are emerging as a tone invention delineation strategy. Sustainable sourcing has befallen a pre-requisite completely by the side of the rations treasure series and companies now are increasingly core evaluated on their stock series responsibility. With materialization of e-commerce, the cooking retail segment is promoting evolving. Online grocery despite the fact that is at a blossoming stand at represent owed to the split and unorganized disposition of the Indian marketplace is estimated to breed to \$17.39 billion by 2022 awaited to fastpacked urbanization, shifting purchaser lifestyle and tech-savvy demographic changes. Thus, up for grabs forwards the ultimatum for processed fodder in India is estimated to be directed by consumer favourite of convenience, dietetic value, identifying mark consciousness and awareness about sustainable production.

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