



MANAGING INDIAN FOOD PROCESSING INDUSTRY IN COMPETITIVE BUSINESS ENVIRONMENT

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ABSTRACT

Food processing sector is indispensable for overall development of an economy as it provides a vital linkage and synergy between the agriculture and industry. It helps to diversify and commercialize farming; enhance income of farmers; create markets for export of agro foods as well as generate greater employment opportunities. The Indian food processing industry is one of the largest in the world in terms of production, consumption, export and growth prospects. More and more people are consuming value-added and processed food products. The industry possesses high export opportunities and its growth seeks to bring immense benefits to the economy by raising agricultural yields, enhancing productivity, creating employment and raising life-standards of a large number of people across the country, especially those in rural areas. Thus, there exists innumerable business opportunities in the diverse areas of food processing. This sector plays a key role in transforming Indian Agricultural segment and the farmers. India's food processing or evergreen revolution can help realize our huge potential in Food production and become a leading food supplier to the World. As the Indian economy grows and the family income rises, so would the acceptability of ready to eat processed foods. The share of agriculture in the Gross Domestic Product (GDP) has registered a steady decline from 36.4% in 1982-83 to 18.5% in 2006-2007(Economic Survey, 2007-2008) but it still engages about 52 %of the population. It is estimated that if the country has to maintain a Gross Domestic Product (GDP) growth rate of over 8% the agricultural sector has to grow at the rate of at least 4%. Though India has a strong raw material base, it has been unable to tap the potential for processing and value addition in perishables like fruits and vegetables. Only a small portion of fruits and vegetables in India is processed, which is much lower as compared to Countries like USA (65%), Philippines (78%) and China (23%). Even, within the Country, share of fruits and vegetables processed is much less as compared to other agricultural products

such as milk (35%) and marine products (26%). More importantly the lack of processing and storage of fruits and vegetables results in huge wastages estimated to about 35%, the value of which is approximately Rs. 50,000 Crore annually. In nut shell if the Indian food industry wants to run in pace with today's business environment, there are some key areas that require immediate attention from government in India. These include improved infrastructure and supply chain, reduced taxes and evolved regulatory framework. Technology has also become an essential tool for achieving competitiveness for the food industry in today's business environment. Lack of technology leads to inefficiency, lower quality, and poor customer attraction and therefore lower return on capital.