

# Importance of Food Processing in India: An Economic Growth

Ishwar Rama Pavaskar<sup>1</sup>, Dr. (Smt.) Chandramma M.<sup>2</sup>

<sup>1</sup>Research Scholar, Dept. of Commerce, Karnatak University, Dharwad

<sup>2</sup>Professor, Dept. of Commerce, Karnatak University, Dharwad

**Abstract** - Food Processing is the alteration of agricultural product to stuff which have particular textural, sensory and nutritional properties using commercially feasible methods. Easy marketing and distribution tasks, consumer's convenience, hygiene, increased food consistency, around the year availability of product, foods' shelf life, are the key factors, which are attracting the food processing technology to be geared up. The importance of an agro-processing sector was first realized and documented after the disastrous famine of Bengal during the 1870s. In 1928, the Royal Commission on Agriculture set up by the British Government called for a scientific approach to the sector and stressed developing rural industries and co-operatives. The post-independence era in India witnessed rapid growth in the agro-processing sector, specifically during the 1980s. The main objective of the study is to identify the effects and importance of food processing. The present study is based on secondary data. The relevant material and secondary data were collected from various sources, official and unofficial both. Thereby suggesting policy implications on food are processing for better and smooth functioning.

**Index Terms** - Food processing, Economic, Employment, Industry, Growth.

## INTRODUCTION

The food processing sector in India is composed to be one of the largest in terms of production, consumption, growth prospects, and export. Unprocessed foods are disposed of to spoilage by biochemical processes, microbial attack, and infestation. The right post-harvest practices, such as good processing and proper packaging, storage, and transportation can play a significant role in falling spoilage and extending shelf life. The market for processed foods in India is growing expressively with its increased consumption by present-day consumers. Transportation of more unusual foods and rejection of much hard labor gives

the modern eater easy access to a varied variety of food unimaginable to their ancestors. The past decade has witnessed a fundamental development in India's food processing sector but still, the processing level in India is little when compared to its huge production. Hence, it should be realized that its increase would in turn initiative up the Indian economy. The government has also arranged its focus on this sector and conferred it with several fiscal reliefs and motivations to commercialize. Besides rice, wheat, and other cereals, India's food processing industry structures an array of products like fruits and vegetables, milk and milk products, meat and poultry, other consumer product groups like chocolate confectionaries, and cocoa products, mineral water soya-based products, and also high protein food.

Indian agriculture is a mode of life and it cares about 60 percent of the population for their maintenance and contributes 17% of GDP in India. Engineering inputs are dynamic for rural living, modernization of agriculture, and agro-processing. It is looked-for development and optimal utilization of natural resources, proper mechanism of unit operations of agriculture for rising production, productivity with a reduced unit cost of production for better profitability and economic sustainability and competitiveness. The mechanism also instructs the capacity of the farmers to carry out farm operations with self-respect, ease, and freedom from the grind, making farming a pleasant vocation for educated youth as well.

## Meaning of food processing

Food Processing is the alteration of agricultural product to stuff which have particular nutritional properties using commercially feasible methods. It includes a process under which any raw product of agriculture, animal husbandry, dairy, poultry, meat, or fishing is transformed through a process through the

help of workers, machines, power, or money in such a way that its original properties go through a change and the product has commercial value and is suitable for human and animal feeding.

#### OBJECTIVES

1. To study the importance of the food processing industry in India.
2. To identify the effect of food processing on economic growth in India.

#### METHODS AND MATERIALS

The present study is based on secondary data. The relevant material and secondary data were collected from various sources, official and unofficial both. Reports from various government agencies like the Ministry of Food Processing Industries, Ministry of Finance, Ministry of Agriculture and Co-operation, Department of Industrial Policy and Promotion, etc.

#### RESULT AND DISCUSSION

##### A. Importance of Food Processing

Food primary processing is the renovation of raw materials to food commodities. An example of primary processing is milling and secondary processing is the renovation of ingredients into edible products this includes combining foods in a particular way to modifier properties. An example of secondary processing is baking cakes.

A strong and vibrant food processing sector shows a vital role in the decrease in the wastage of unpreserved agricultural produce, improving shelf life of food products, diversification, ensuring value addition to agricultural produce & commercialization of agriculture, enhancing the income of farmers, generation of employment and creating surplus for the export.

- Increasing farmers' income: With the rise in demand for the farmer, product means agri-products there will be a proportionate rise in the price paid to the farmer, therefore automatically increasing the farmer income.
- Reduce underfeeding: Processed foods when reinigorated with vitamins and minerals can decrease the nutritional gap in the population.

- Reduce wastage of food: UN estimates that 40% of production is wasted. Similarly, NITI Aayog estimated annual post-harvest losses of close to Rs 90,000 crore. With greater lunge on proper sorting and grading close to the farm gate, and distracting extra produce to FPI, this wastage could also be abridged, leading to well price realization for farmers.
- Earns Foreign exchange: Food processing is a significant source of foreign exchange. E.g. Middle Eastern countries are like Indian Basmati rice.
- Limitation Migration: Food Processing being a labor-concentrated industry will provide employment opportunities and thus will decrease migration.
- Crop-diversification: Food processing will necessitate different types of inputs thus generating an encouragement for the farmer to grow and expand crops.
- Boosts consumer choices: Today, food processing consents food from other parts of the world to be transported to our local market and vice versa.
- Role  
Food is the important basic substance for human beings which provides the nutrients for survival. Food processing is the process of making food from different raw materials through physical and chemical processes. Household and industrial food productions are the two important sources of prepared food.

##### 1. In household food processing

Household foods are produced by the family members for their consumption. Some of the microorganisms like bacteria and fungi play a variety of roles in the formation of household food, Like Lactobacillus, the bacteria involved in the formation of curd from the milk and yogurt is produced by the bacteria, Lacto bacillusbulgaricus. Saccharomyces cerevisiae is a type of yeast used for making bread in the household as well as the food processing industry.

##### 2. Industrial Production

Food engineering is one of the advanced methods to improve the quality and quantity of food by using microorganisms. Food engineering involves the process of designing and updating the manufacturing

process of food products. By food engineering, new food and high-quality biological products can be prepared using microorganisms. Also, in industries microorganisms are used to preserve food and its quality.

#### B.Effects of Food Processing and Economic Growth.

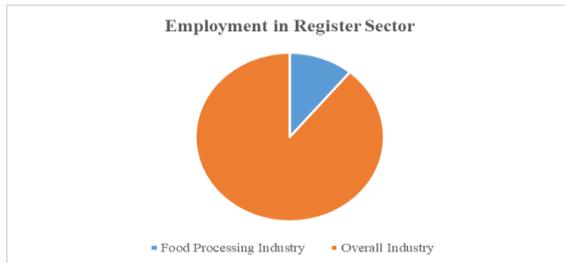
Overall the sector has a significant impact on the economy. This is due to the scale of output generation, employment creation, and impact on the rural economy which relies heavily on agriculture and associated manufacturing and services for income.

##### 1.The scale of outputs:

The food processing industry is significantly larger than much other labor intensive sectors like textile, apparel, and leather.

##### 2.Employment generation potential:

The industry has a large employment generation potential. More than two Millions Workers Work in Food Processing Industry in India. The following charts show the employment generation in registered sector.



Source: MOFPI (2017)

The above table shows that the 12% of total employees engaged in food processing sectors.

##### 3.Impact on the local economy:

Since a large share of this industry is based in rural, semi-urban regions, there is a significant multiplier effect on the local economies as these regions provide both raw material and labor for the industry. This boosts the local economy through the generation of income and its cascading effect on the economy.

##### 4.Role in wastage reduction:

Food wastage is a significant issue, especially in perishable segments like fruits and vegetables. Losses in perishables can result from mechanical damage, microbiological agents, or Aging of products.

##### 5.Role in enhancing farm productivity:

Many farmers in India face the problems of traditional technology and practices, limited bargaining power with input suppliers, inadequate infrastructure, a

paucity of market information, and limited access to capital. The food processing sector has the potential to play a critical role in enhancing productivity in categories such as milk and fruits and vegetables by providing farm extension services to their suppliers or through contract farming.

## CONCLUSION

The food manufacturing sector is a vital factor for India's agricultural development. To reinvigorate agriculture and give more economic freedom to a farmer in the terms of productivity and profitability is possible because of the development of the food manufacturing sector. The food processing industry will continue to evolve in response to changing demand patterns and demonstrate the inherent strength of labor and capital. India's food basket is shifting from coarse grains to fine grains staples and further towards high-value food commodities. In a diverse range of food processing activities, several food processing firms have succeeded in getting integrated into global production chains and realized rapid growth of exports. This sector not only helps in integrated market-oriented development of the economy but also reduces wastage and creates efficiency in the system.

## REFERENCES

- [1] Khan, S. A. (2019). Role of skill India initiative in Indian food processing industries. *Economic Affairs*, 64(1), 295-329.
- [2] Bhandari, A. K., & Vipin, V. (2016). EFFICIENCY AND RELATED TECHNOLOGICAL ASPECTS OF THE INDIAN FOOD PROCESSING INDUSTRY: A NON-PARAMETRIC ANALYSIS. *The Journal of Developing Areas*, 50(6), 227-243.
- [3] Shelly, M., & Kaur, K. (2015). Impacts of food processing industry on economic growth, FDI and exports of India. *Pacific Business Review International*, 7(12), 63-72.
- [4] Singh, S. P., Tegegne, F., & Ekanem, E. P. (2012). The food processing industry in India: challenges and opportunities. *Journal of Food Distribution Research*, 43(856-2016-58050), 81-89.
- [5] Ministry of Food Processing Industries.
- [6] Ministry of Agriculture and Co-operation.