



A study on an overview of the consumer food industry in India

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Abstract

In Indian economy Consumer food sector plays very ideal role, as an important sector of Indian economy. In this research paper researcher study on An Overview of the Consumer Food industry in India. Data collection is on secondary base which collected from annual reports, financial statements, thesis and journals. This paper discusses on overview of the consumer food industry, development of this industry and future prospectus.

Keywords: Consumer food industry

Introduction

The consumer food industry in India is experiencing significant growth and is composed to undergo a revolution in the upcoming years. With the growing disposable income and changing lifestyles of the Indian population, there has been a rising demand for processed and packaged food products. The food industry is a complex, global network of various businesses that supplies most of the food consumed by the world's population. The food industry today has become extremely diversified, with manufacturing extending from small, traditional, family-run activities that are highly labour-intensive, to large, capital-intensive and highly computerized industrial processes. Many food industries depend almost entirely on local agriculture, animal farms, produce, and fishing. The sector has a bright future, with a projected growth rate of 20%. This growth is attributed to several factors such as urbanization, increased awareness of healthy eating habits, and the convenience offered by packaged food products. The industry is witnessing a surge in demand for ready-to-eat meals, snacks, dairy products, beverages, and other processed food items. This will not only increase the shelf life of food products but also contribute to the overall economic development of the country.

The government has been actively supporting the food processing industry through various initiatives like tax incentives, infrastructure development, and ease of doing business measures. This has concerned domestic and foreign investments, leading to the establishment of modern food processing units across the country. Such growth targets signify a promising future for the food processing industry in India. The food processing industry plays a crucial role in reducing wastage, increasing shelf life, and enhancing the value of agricultural produce. By investing in this sector, India can leverage its vast pool of raw materials to create a diverse range of processed food products, catering to both domestic and international markets.

This revolution in the food processing industry is expected to have numerous benefits, including increased farmer income, improved food security, reduced post-harvest losses, and the creation of employment opportunities across the value chain. Moreover, it will boost the overall competitiveness of the Indian agricultural sector and position India as a global player in the food processing domain.

Objectives

- To analyse the overview of an Indian Consumer food industry.
- To present the growth of an Indian Consumer food industry.
- To study the development of an Indian Consumer food industry.

Methodology

In the study data collection is based on secondary data which is collected from online, websites, journals, thesis, annual reports, periodicals. In this study Exploratory research design is used and the main aim of this study is to present brief overview of the consumer food industry and analyse it.

Market size of food industry

India's food processing sector is a sunrise sector that has gained prominence in recent years. India created history in agriculture and processed food exports by exporting products worth US\$ 25.6 billion in FY22. Export of APEDA products stood at US\$ 7.4 billion as of April-June 2022, up 31% compared with US\$ 5.7 billion over the same period last fiscal, according to the Directorate General of Commercial Intelligence and Statistics. Furthermore, exports of processed fruits and vegetables grew by 59.1%; cereals and miscellaneous processed items grew by 37.66%; meat, dairy and poultry products grew by 9.5%; basmati rice grew by 25.5%; non-basmati rice grew by 5%; and miscellaneous products grew by 50%.

Key players in India

- **International:** Coca-Cola, Pepsi, Unilever, Mars, Mondelez Kraft Foods), Kellogg's, Del Monte, Cargill, Ferrero, Nestle, Danone, McCain, Hershey and Perfetti Van Melle
- **National:** Kissan, Amul, Godrej Industries, Parle Agro, ITC Ltd., Agro Tech Foods, Dabur India Ltd., Britannia Industries Ltd., Sunfeast and Haldiram's

Food industry segments

The food processing industry in India is made up of 5 segments including grains, cereals and pulses, fruits and vegetables, meat and poultry, dairy products and processed foods.

1. Grains, cereals, and pulses

India is the largest producer of rice, wheat, and other grains including corn, sorghum, and millets in the world. India has a considerable grain processing sector. With the popularity of the nation's grain production going towards food processing. The industry encompasses the processing of cereals and pulses into many forms, such as flakes, puffed cereals, and ready-to-eat snacks, as well as the milling of grains to generate flour, rice, and other products.

2. Fruits and vegetables

India is a significant producer of a variety of fruits and vegetables, with the industry making up around 28% of the nation's overall agricultural output. These items are highly perishable and have a limited shelf life, hence the food processing industry is essential in processing and preserving them. The sector includes the preparation of fruit and vegetable juices, jams, and pickles, as well as the processing of fresh and frozen fruits and vegetables. Fruit & vegetable processing is also expected to increase from the current level of 2 per cent to 25 per cent of total production by 2025, as per the CCI report.

3. Meat and poultry

India is a major producer of beef, mutton, and poultry, and the country's meat and poultry industries are expanding quickly. These items, which include the manufacturing of frozen meat, meat products, and poultry products, are processed and preserved with the help of the food processing sector.

4. Dairy products

India is the world's largest producer of milk, and the dairy sector is a significant part of the nation's food processing business. The industry involves the transformation of milk into a variety of dairy products, including butter, cheese, yoghurt, and others.

5. Processed foods

In India, the processed food sector produces a wide variety of food items, including convenience foods, ready-to-eat meals, and snacks. The industry is supported by a robust supply chain that comprises primary processors and food processing companies

Industry current scenario

India's food processing sector is one of the largest in the world and its output is expected to reach \$535 Bn by 2025-26. The Food Processing sector in India has a quintessential role in linking Indian farmers to consumers in the domestic and international markets. The Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments across the value chain. The food processing industry has a share of 12.38% in the employment generated in all Registered Factory sector engaging approximately 1.93 Mn people. Unregistered food processing sector supports employment to 5.1 Mn workers as per the NSSO 73rd Round report. Major sectors constituting the food processing industry in India are grains, sugar, edible oils, beverages, and dairy products.

- The total horticulture production is estimated to be 342.33 Mn tonnes in the year 2021-22, showing an

increase of about 7.73 Mn tonnes (an increase of 2.3%) over the year 2020-21

- India ranks 1st in Milk production and the total milk production in the country during 2021-22 is 221.06 Mn tonnes. In the year 2021-22, the milk production has registered an annual growth rate of 5.29%
- In 2021-22, the total egg production in the country is 129.60 Bn which have increased by 6.19% as compared to the previous year
- The fish production in 2021-22 is 16.24 Mn Tonnes comprising of marine fish production of 4.12 mn Tonnes and 12.12 Mn Tonnes from Aquaculture

Growth and development of food industry

Food processing – 'A Sunrise sector'. India's food ecosystem offers massive investment opportunities with stimulating growth in the food retail sector encouraging economic policies, and attractive fiscal incentives. Through the Ministry of Food Processing Industries (MoFPI), Government of India is taking all necessary measures to boost investments in the food processing industry in India. Some of the initiatives include

Pradhan Mantri Kisan Sampada Yojana (PMKSY)

Aims at developing modern food processing infrastructure. PMKSY has been envisaged as a comprehensive package which will result in creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet.

Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme (PMFME)

Aims to enhance existing individual micro-enterprises in the unorganized segment of the food processing industry.

Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)

Goals to boost domestic manufacturing, increase exports, while supporting food manufacturing entities with stipulated Sales and willing to make investment for expansion of processing capacity and branding abroad to incentivize emergence of strong Indian brands. The scheme is EoI based.

India's agricultural and processed food products exports were up by 13% to \$ 19.69 bn in nine months of the current fiscal 2022-23) compared to the same period last year. The total FDI received in the food processing sector from April 2000 till December 2022 was \$11.79 Bn. The FDI equity inflow in the Food Processing Sector for the period of April 2021- March 2022 was \$ 709.72 Mn. The total FDI equity inflow in sector from April 2000 to December 2022 is \$ 11.79 Bn.

Key Growth Drivers & Trends

- There is growth in the organised food retail sector and increase in urbanisation.
- MSME's are playing a vital role in India's food processing chain through various advancements in skills and technology.
- The online food ordering business in India is witnessing an exponential growth.
- There is high demand for packaged, healthy and immunity booster snacks such as roasted nuts, popcorns, and roasted pulses.

- There is a shift in focus from loose to branded packaging.
- The government's 'Atmanirbhar Bharat' initiative places priority on this sector and offers support through various policies.

Exports in the Indian Food Processing Industry

- The export goal for agricultural and processed food products for the fiscal years 2022–23 was set at US\$ 23.6 billion, of which US\$ 19.694 billion i.e., 84%, had been accomplished by December 2022.
- During 2011-12 to 2020-21, the export of goods under the Ready to Eat (RTE), Ready to Cook (RTC), and Ready to Serve (RTS) divisions saw a CAGR of 10.4%. India exported finished food goods worth more than US\$ 2.14 billion in 2020-21. The United States, the United Arab Emirates, and Nepal are the top three RTE export destinations in 2020-21. In 2020-21, the primary exporting destinations for RTC are the United States of America, Malaysia, and the United Arab Emirates.
- As depicted in the below graph, there is a 39.79% increase in the processed fruits and vegetables segments followed by a 33.39% increase in the other processed foods, and a 6.4% rise in the livestock products from April- December 2022-23 to April-December 2021-22.

To achieve the investment target and drive growth in the food processing sector, the government is likely to offer various incentives and facilitate the ease of doing business. This will attract both domestic and foreign players to invest in food processing infrastructure, technology, and research and development.

Food industry new technologies

- Modern food industry uses a wide variety of sophisticated technologies. Agricultural machinery such as tractor) has practically eliminated human labour in many areas of production.
- Robots have the potential to transform food processing, food handling, food packaging, and food serving. They have incredibly increased the productivity as compared to the manual production.
- Block chain can be used to see where delays and waste occur in the supply chain for food products.
- Microwave heating or infra-red energy from a hot surface is widely used in food preparation. Evaporators are used in a number of food processing industries.
- Metabolic engineering has been used for the production of carotenoids by different yeast cells. Ultrasound is another technique which offers the potential of non-invasive, hygienic measurement for the food industry.
- Nanotechnology has been used in food processing, food packaging, and food preservation. It has the potential to revolutionize agriculture and food systems.
- The food industry is getting into the e-commerce game slowly. As consumers are shifting to a preference for online shopping, the food industry is finding ways to adopt e-commerce as part of their marketing strategies.

Food Industry Challenges

The food processing sector faces several challenges that hinder its growth and development. Various areas of the industry have been criticized and the food industry works hard to discredit its critics. The food industry several challenge

- One of the significant challenges is the high level of food wastage and post-harvest losses. According to a national-level study conducted by the Central Institute of Post-Harvest Engineering and Technology (CIPHET), there is a significant amount of wastage in cereals, fruits, vegetables, pulses, milk, meat, poultry, and marine fisheries.
- The study reveals that approximately 4.65-5.99% of cereals and 4.58-15.88% of fruits and vegetables are wasted. Moreover, the losses in pulses have increased from 4.3-6.1% in 2010 to 6.36-8.41% in 2020.
- Challenges associated with the current food system such as climate change, pollution, manure disposal, soil and water damage, deforestation, environmental degradation, and strain on natural resources are forcing every country to create a more sustainable food system.
- The food industry needs to deal with new legislation and increased regulation on environmental issues.
- The excessive use of fertilizers, pesticides, and food additives may adversely affect the environment and human health.
- Compliance with regulatory standards is an issue for many food manufacturers. As public shifts toward a greener planet, the food industry should implement green policies.
- Bringing to market new products in a timely manner is difficult for many food companies. The process of creating new, relevant products and moving them through R&D, testing, and marketing to retail takes time.
- A big challenge facing the food is transparency. Consumers are reading the back of packages now more ever. They want to know what ingredients are going into their products.

By effectively tackling the issue of post-harvest losses and diminishing food wastage, the food processing sector can pay significantly to the social and economic development of the country. It can improve food availability, diminish environmental impact, progress farmer incomes, generate employment opportunities, and ensure a more supportable and resilient food system.

Conclusion

Consumer Food industry plays an important role in providing food for human consumption. It satisfies community needs with respect to availability, distribution and quality of food. It is one of the world's most self-motivated economic sectors as it changes rapidly. Most difficulties in the food industry can be solved with technology. The Food Processing Industry sector in India is one of the largest in terms of Production, consumption, export and growth prospects. The government has Rendered it a high priority, with a number of economic reliefs and incentives, to Hearten commercialisation and value addition to agricultural produce. This sector is having abundant sector to prosper in future years ahead. These sectors could Be a good potential for the Company Secretary professionals who wants to start Their own enterprises. The future of the consumer food industry in India looks promising, with ample opportunities for growth, employment generation, and technological advancements. The industry will play a crucial role in meeting the rising demand for processed food products, ensuring food security,

and improving the overall quality of life for the growing population in India. With the right policies, incentives, and investments, India can harness the full potential of its agricultural resources and establish itself as a leading force in the global food processing industry.

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