

## “Financial Growth and Prospects of food Processing Industry in India”

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### Abstract

India plays a very crucial role in bringing together the farmers and consumers at one place by creating local, regional, state level, national level and international level markets. Basically India is the country where majority of people engaged in agricultural and allied activities. Processed food is the most popular foods in all over the world. It has wide range of customers across the globe. So Food processing sector is emerging and sunrise sector now days. Food processing Industry also provides numerous employment opportunities to the people. Recent statistics shows that nearly 1.93 million people employed in that sector. The present paper attempts to study the the financial growth and prospectus of the food processing industry in the form of Exports, to review the Revenues generated by major food processing companies, to highlight the Reasons for Investing India’s food processing sector and opportunities in the food processing industry in India with concluding remarks.

**Keywords:** Food, Processing, India, Export, Revenue, Fruits

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#### **Introduction:**

The food processing sector is the largest sector in India having tremendous growth in production, trading, consumption as well as in the form of exports. Now a days it attracts Foreign direct investments to a large extent. This food processing industries in India produces variety of products such as fruits and processed fruit items, poultry products, fisheries, spices, soya based high protein food items. After globalization this sector attracts foreign collaborations, joint ventures. Foreign direct investment in India was more than Rs. 2934.1 crores in the year 2022. It plays vital role in increasing country’s GDP, employment opportunities, attracts FDI and contribute towards the, growth and ultimately development of the country.

#### **Research Methodology:**

The present research based on the Primary as well as the secondary data. Secondary data was collected from government of India food processing department. The data also collected from the website of food ministry. The researchers own observations in the form of primary data.

#### **Objectives of the study:**

1. To study the financial growth and prospectus of the food processing industry

- in the form of Exports.
2. To review the Revenues generated by major food processing companies.
  3. To highlight the Reasons for Investing India's food processing sector
  4. To bring to light Opportunities in the food processing industry in India with concluding remarks.

### **Exports From India:**

India has exported various food processed items all over the world due to its uniqueness, customer's choice and preferences. The various items which are exported are pulses, cereals, fruits, vegetables, oil, turmeric and chilly powder etc. India created history in agriculture and processed food exports by exporting products worth US \$ 25.6 billion in FY 22..India strengthen its export by increasing the production of meat, milk, fish and food products.

### **Important factors that contribute exports are:**

1. Rise in global population
2. Demand for branded foods
3. Climate change and geopolitical diversity
4. Increase the awareness among the people to take healthy food like fruits and eggs due to corona pandemics

**India's Exports in Food Processing:** As per the data published by the Agricultural and Processed Export Development authority (June 2022) indicated India's export in major products shows in the following table :

### **Product wise Export in Food processing during the year ended 31<sup>st</sup> March 2022-23**

<b>Sr. No.</b>	<b>Name of the product</b>	<b>Export in US \$ Million</b>	<b>%</b>
1	Fruits and vegetables	409	5.52
2	Cereals and misc. processed items	1143	15.43
3	Meat, dairy and poultry products	1120	15.11
4	Basmati rice	1157	15.62
5	Non Basmati rice	1566	21.14
6	Misc. products	2013	27.18
	<b>Total</b>	<b>7,408</b>	<b>100</b>

**Source : Agricultural and processed food products Export Development Authority of India.**

Analysis: From the above table it has been observed that, India exported products like Fruits and vegetables, cereals, Meat, Dairy, rice and various miscellaneous products to the different countries. India Exported more than 409 billions of Fruits and vegetables accounted for 5.52 % . Miscellaneous

food processing products like jelly, packed juice, packed food items; jaggery powder contributed about 27.18 % exports which is the highest as compared to the other food products. Cereals, meat, dairy and poultry products, rice accounted for more than 15% to the total exports. Non basmati rice exported 21.14%.

Interpretation and conclusion: From the above table it has been concluded that major food processing products like fruits, vegetables, meat, dairy products, poultry products have more demanded by the different countries,. So India should have to concentrate more to provide these food items as per the market need.

**Revenue generated by food processing companies:** There is various food processing companies in India which are manufactured and traded N numbers of food products. Processed food has endless demand in the market. Most of the customers prefer branded products and becomes a brand loyal. They stick to their brands. Britannia, Nestle India, Kohinoor foods are most of the popular companies. Following table shows the revenue generated by these companies during the last four years.

**Revenue generated by food processing companies (in US \$ Million)**

Sr. No.	Name of the company	2019-20	2020-21	2021-22	2022-23
1	Britannia	1458.1	1651.3	1770.0	1823
2	Nestle India	1454.9	1678.2	1849.1	2026.2
3	LT foods	52.0	59.6	68.2	79.5
4	Kohinoor foods	2.7	3.3	1.2	1.3

**Source: Company filling**

Analysis: From the above table it has been observed that, Britannia and Nestle India are the most popular food processing companies. They generate good revenue in the market since 2019 to 2022-23. Incremental growth has been shows in their revenue consistently during the last four year. Similarly LT foods also generated revenue which shows an increasing trend over the years. The revenue generated by Kohinoor foods declined after pandemic.

Interpretation and conclusion: It is concluded that Food processing industries should generated good amount of revenue every year. Customers taste, preferences, choice etc. followed by these companies and try to generates

**Reasons for Investing India's food processing sector:**

1. **GDP Growth:** When we look towards the GDP, India is the fifth largest economy in the world. The GDP growth in the financial year 2022 stood at 8.75, 15% higher thanthat in financial year 20220. It has been indicated as recovery as well as strong growth during the pandemic period.
2. **Strong transportation connectivity:**The country has second largest road network inthe world having 58.9lakh km. The countries railway network is also more than 67000 km of rail length, making it fourth largest in the world.
3. **Infrastructural enhancement:** In India approx. 71% infrastructural investments are in energy, roads, urban, infrastructure and railways.

Energy has contributed 24% of the investment, roads will account for 18%, urban infrastructure will account for 17% and railways accounted for 12% of the total investments.

4. **Urbanization:** It is a very crucial factor for the development of the Indian economy. By 2030 according to the estimate made by the world bank 42% countries population will live in urban areas. When we compared this statistics with the year 2011 it increased up to 31%.
5. **Youngest country:** India is also developing its human capital. The country will be recognized as youngest population country in world till the year 2030, as per the UN Population Fund. Enrollments in higher education also estimated as 3.7 crores. India is having the third largest group of scientists and technicians in the world.
6. **Plenty of natural resources:** India is gifted by nature good natural resources so it enhanced automatically the brain drain of other country.

#### **Opportunities in the food processing industry in India:**

1. India ranks first in the production of the milk, spices and livestock, second in the production of the food, fruits and vegetables as well as fish.
2. The food processing sector of India shows an average annual growth rate of 8.4 % approximately every year.
3. The food processing sector contributed around 10.7% and 8.8% of the gross value added in the agriculture as well as the manufacturing sectors. It also attracts skilled as well as semi and unskilled labours.
4. The output of the food processing is forecasted to reach up to 5.5 billion US dollar by the financial year 2027. Increasing the urbanization, education, growth in the income, growth in small, medium skill enterprises (MSME's), growth in retail sector, government incentives as well as strong support to financial needs are the growth drivers for this industries.
5. The Indian food processing industry is evolving rapidly as the changing lifestyles of society, changing needs, food habits, increase in food consumption, change in the consumption pattern, modernization, nuclear families. Due to these all factors, the food industry in India is expected to reach US\$1.2 trillion in upcoming year.

#### **Conclusion:**

From the above research paper and data highlighted it has been concluded that, food processing industry is primarily export oriented. India's geographical situation gives unique advantages of connectivity to Europe, Japan, Singapore, Malaysia, Korea and gulf countries which enhances exports of processed food as it has great demand worldwide. India is World's largest producer of Spices, Milk and Pulses, World's second largest producer of tea and sugarcane, World's second largest producer of food grains, fruits, and vegetables. So it attracts FDI's also. Food processing is the sunrise sector to India for growth and development.

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