

AGROBASED INDUSTRIES IN INDIA

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ABSTRACT

The use of agricultural raw materials in the production of items that have added value is a significant contribution that the agro-based industries provide to India's economy. These companies are involved in a variety of industries, including agricultural processing, textile manufacturing, and the manufacture of biofuels. Due to the abundance of agricultural resources in India, industries such as these are very important for the development of rural areas and the generation of employment opportunities in the nation. This abstract offers a comprehensive examination of the agro-based industries in India, with a particular emphasis on the ways in which these enterprises contribute to the economy, environment, and job market of the country. There are also opportunities for innovation and expansion in this essential business, in addition to the significant limits that are discussed, such as the limitations on infrastructure and the obstacles that stand in the way of market access. For policymakers, investors, and other stakeholders in India to effectively promote equitable development and make full use of the agricultural potential of the nation, it is essential for them to have a solid understanding of the dynamics of agro-based firms.

Keywords: *Agro-based industries, economic growth, sustainable development.*

INTRODUCTION

Both the agricultural sector and the industrial sector have been considered to be separate domains for a considerable amount of time, with each domain providing a different contribution to the development of the economy. It is a widely held opinion that the degree of industrialization a nation has is the most accurate indicator of its location along the development continuum, with agriculture being the first stage of development. In addition, it is often believed that shifting away from agriculture and toward industry is the most effective strategy to grow. A number of individuals have even suggested that the agriculture sector should be responsible for bearing the financial burden of subsidizing the transition from farmland to industrial.

The agro-industry is responsible for a broad variety of important tasks, including the preparation of agricultural goods for consumption at both the intermediate and final phases of the supply chain. There is a correlation between this industry and both development and poverty. Agriculture is a dynamic, competitive, and value-adding business that accelerates growth and development. It is imperative that authorities in both the public and commercial sectors have the ability to recognize agriculture for what it really is. Not only should policymakers consider the competitiveness of agricultural output, but they should also consider the competitiveness of the whole agro-value chain. A comprehensive approach has a number of components, including the provision of assistance to small and medium-sized agricultural producers and companies, the

establishment of an institutional framework that is supportive, and the facilitation of market access for these entities.

Table 1: Level of Processing in various Sectors

| Items | Level of Processing |
|----------------|---------------------|
| Dairy products | 37.00% |
| Meat | 21.00% |
| Marine Fish | 10.70% |
| Poultry | 6.00% |
| Fruits & Veg. | 1.80% |

According to the guidelines established by the International Standard Industrial Classification (ISIC), the agro-industrial sector is comprised of the following components:

- Food and beverages;
- Tobacco products;
- Paper and wood products;
- Textiles, footwear and apparel;
- Lather products; and
- Rubber products.



Fig 1: Swot Analysis of Agro Processing Industry in India

Due to the fact that agriculture and industry are so interdependent on one another, both are very important to the progression of society. An rise in production is achieved by the third one via the use of agricultural goods, while the first one provides the second with inputs. It is possible to trace the origins of a great number of different enterprises back to the production of agricultural goods. For their operations to be successful, businesses that are dependent on agriculture need inputs from the agricultural sector, which supplies them with raw materials. The establishment of this link is necessary in order for our nation and state to be able to fulfill their requirements. There is a correlation between constant and growing agricultural production and increased agro-industrial output as well as increased employment growth. The increase of agricultural production and the growth of agro-industrial production work together to provide more opportunities for industrial development and integration across sectors. This is because they encourage growth in both of these industries, which is the reason behind this. Companies that are primarily concerned with agriculture may be classified into one of two major categories: those that process food and those that do not. One of the primary goals of the food processing sector is the development of innovative applications for byproducts, while another is the preservation of items that are about to expire. The food processing industry is comprised of a diverse range of firms, some of which deal with cereals, grains, pulses, meat, vegetables, and a great lot of other products.

OBJECTIVES

1. Researching Agricultural Policy of the Government.
2. Investigating Potential New Areas of Agro-Industry Commercialization.
3. Looking at the obstacles and constraints that have been preventing the agro-processing industry from expanding.

GOVERNMENT POLICY FOR AGRO BASED INDUSTRIES

The Food Processing sector (MFPI) has been working to promote the food processing sector throughout the country via a number of initiatives, some of which are listed below:

- Plan for infrastructural development
- Plan for food processing industry technology upgrade, establishment, and modernization Plans for:
- Human Resource Development
- Nodal Agency Strengthening
- Quality Assurance, Codex Standards, and Research and Development
- Backward and Forward Integration, and Other Promotional Activities

The Eleventh Five Year Plan resulted in the rearrangement of initiatives that had been undertaken in the past, with improved capabilities for project execution and management and implementation arrangements that were more appropriate. These arrangements took the shape of public-private partnerships. The Scheme for Technology Upgradation has also undergone a decentralization process. This means that state nodal agencies are no longer accountable for the provision of back-ended credit-linked subsidies; rather, this responsibility is now handled by Nodal Banks.

Following are some of the difficulties that are addressed by the new integrated strategy, in addition to the issue of providing financial assistance:

- Learning new things
- Starting a business
- Putting money into existing organizations
- Creating a policy climate that encourages expansion
- Elements essential to the eleventh plan's approach include:
- The selection, development, and execution of projects are all improved.
- Cluster-based, decentralized development, especially for infrastructural establishment and retail outlet linkage promotion.
- Strengthening capabilities and raising standards via industry-led initiatives.
- unified set of food safety regulations based on scientific evidence.

We are going to make strategic interventions in the following places, using enhanced tactics and strong implementation:

- "Food parks" are commercially driven, cluster-based, and meticulously organized.
- Baths—both publicly and privately owned and operated.
- Strategic distribution centers and integrated cold chain facilities make up cold chains.
- -Street Food—improvement of sanitation and quality in urban areas.
- With the liberalization of the wine policy, agricultural and horticultural surpluses were magnified.
- Public and commercial laboratories that conduct tests and provide certifications.

NEW GROWTH OPPORTUNITIES FOR AGRO-INDUSTRY

Markets in Developing Countries

According to Wilkinson and Rocha (2008), processed foods and beverages now account for more than 80 percent of the market globally, with sixty percent of that amount coming from countries with high incomes. In spite of the fact that food constitutes a considerable amount of the budgets of the majority of families living in underdeveloped countries, the vast majority of that money is spent on the acquisition of complete, unprocessed foods. The amount of packaged food that was sold per person in high-income countries in 2002 was more than fifteen times more than the amount that was sold in low-income countries. Emerging nations saw consumption of packaged foods climb at a considerably quicker pace than high-income nations, with consumption increasing at a rate of 7% in upper-middle income brackets, 28% in lower-middle income brackets, and 13% in low-poverty countries. Additionally, consumption of packaged foods increases by around 2% to 3% yearly in high-income nations.

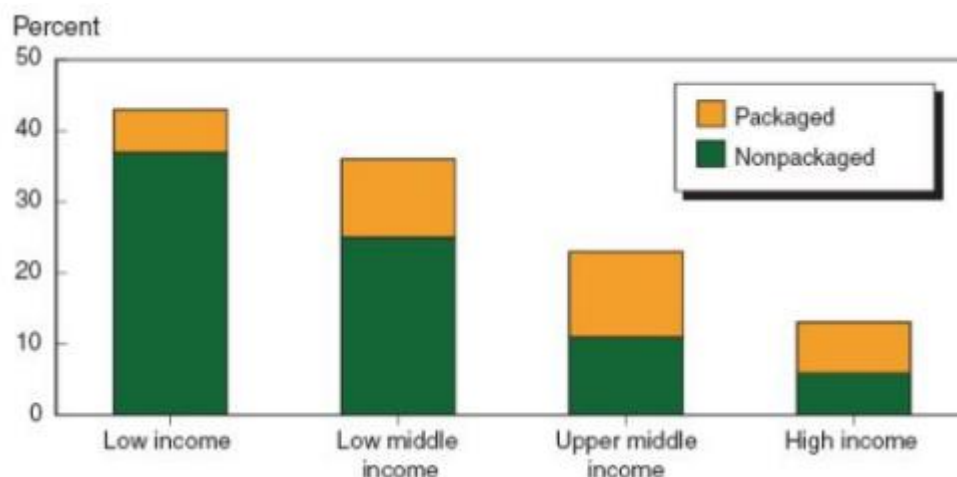


Figure 2: Food Share of Total Expenditure by Group of Countries

Such high growth can be expected to continue because of following reasons:

Processed foods and the services that they symbolize are in high demand as a result of growing incomes, population, and per capita consumption. This leads to changes in dietary habits as well as a rise in the variety and quality of products.

As a direct consequence of the expansion of household equipment such as microwave ovens and freezers, there has been an increase in the number of people purchasing frozen and perishable items, as well as an increase in the number of people consuming prepared foods and ready-made meals.

At the same time as an increasing number of people in developing countries are moving to urban areas, there is an increasing need for food storage options that are both simple and durable.

Future demographic shifts, such as an aging population, an increase in the number of women participating in the labor market, and the rising significance of one-person households, will become the primary drivers of sales of ready-to-eat meals, convenience foods, and food services.

Niche and Speciality Export Markets

Despite the fact that the majority of people living in developing countries purchase food and other agricultural goods with their own money, there are a number of niche and specialized export markets that might be very beneficial to the agricultural sectors of developing nations:

The organic food and drink sector was projected to be worth 24 billion dollars in the United States in 2005. The United States accounted for 42 percent of the industry's total value, while the European Union accounted for 52 percent. On the whole, they were accountable for over 95% of sales throughout the globe, with approximately 40% of those purchases originating from outside the nation. Although there was a fall in the business throughout the 1990s, it is still anticipated that it would continue to expand at a rate of 8 to 12 percent in Europe and 14 to 20 percent in the United States (Wilkinson and Rocha, 2008).

According to Wilkinson and Rocha (2008), fair trade, which came into being in the coffee business, had a budget of around €1.6 billion in 2006, which was considerably lower than the previous year. The following products are regarded to be fair trade: tea, coffee, chocolate, honey, juices, grapes for wine, fruits, vegetables, nuts, and spices. Other non-food commodities that are considered fair trade include flowers, plants, and seed cotton.

A "origin-based" approach to product development establishes a connection between quality and the cultural and social values that foster the growth of communities. There are a number of innovative components that have been included, such as things that are associated with ideals of sustainability, non-food products, and indigenous products.

It is quite probable that there will be a significant amount of space for expansion in the market for "functional" or nutritionally enhanced meals along the pathway. These altered products have been produced as a reaction to the rising concerns over the health and safety of food, which have also acted as a huge driver for innovation in the food industry.

Because of the opportunities for export and the economic stimulation that these specialist markets provide, the agricultural sector in developing countries may stand to gain a great deal from these markets. Nevertheless, it is debated whether or not they are able to offer a genuine representation of a whole business.

New Technologies

In order to meet the ever-increasing need for food and the intense rivalry that exists in the markets for traditional commodities, agro-industries will need to discover methods to make more efficient use of the raw resources that they use. In order to do this, they will need to improve their use of existing technologies and develop new ones that meet the same requirements. It is possible for the agricultural sectors of high-income nations to gain knowledge from the experiences of developing areas with regard to a variety of technologies that are applicable in the real world. Packaging, farm-level pre-processing, traceability technology, cold storage and chains, and information and communication technologies that assist inter-firm logistics and business planning are some examples of these types of technologies.

Biotechnology is one of the new technologies that has the potential to offer crops that are more adaptive to changing weather patterns, soil types, and processing needs (for example, with higher starch content, enhanced protein quality, or changed oil and fat composition). Plastics, synthetic materials, and materials created from fossil fuels may be partly replaced by new industrial materials made from biomass (plants and microorganisms) when manufacturing economies undergo a transition. The preservation of scarce natural resources, the expansion of food availability, and the promotion of social and economic sustainability will all need the use of a broad variety of technologies that are both energy-efficient and environmentally benign. Some examples of these technologies are drying technologies, non-thermal technologies, and chemical processing, amongst many others.

There are already many places of the world that are making progress toward a knowledge-based bioeconomy. This is being accomplished with the assistance of new legislative measures and enormous expenditures. As a result of the expansion of global agro-industrial complexes, more adjustments in technological trends are unavoidable. Developing countries should consider incorporating new technologies as part of an all-encompassing development strategy. These technologies might include the production of high-value biorelated items such as specialized chemicals, enzymes that are produced to order, vaccines, medicines, and bio-pesticides. However, in order to attain the requisite technological capabilities, as well as breakthroughs in the areas of energy, processing, and the environment, new levels of international cooperation will be needed. In the event that this is not done, there is a risk of preventing rising countries from gaining access to both domestic and international markets.

PROBLEMS AND LIMITATIONS TO THE GROWTH OF THE AGRO-PROCESSING SECTOR

- A raw material supply that is both inconsistent and insufficient.
- When crops are harvested.
- Raw materials are of low quality and suffer significant losses in transit from farm to plant.
- Auxiliary equipment and handling that is either inadequate or out of date.
- The quality of the processed product is poor and inconsistent.
- Make the most efficient use of the resources available for therapy.
- Staff members who aren't appropriately trained and an absence of competent food technologists.

- People not taking cleanliness and sanitation seriously enough.
- Unsuitable packing materials and exorbitant packaging expenses.
- Minor or non-existent growth in the market.
- the agriculture industry is lacking in technological assistance.
- Post-commercialization processing facility management is inadequate.

Through participation in a variety of regional and local venues, several conversations and proposals have been made about these subjects. It would seem that the majority of people are not putting these advice into action. The absence of a well-planned strategy for the growth of the agricultural and industrial sector is likely to result in the absence of a strategy for its implementation. If we examine each of these limitations on its own, we could learn something significant.

CONCLUSION

Agro-based companies play a crucial role in India's economy, capitalizing on the country's rich agricultural resources to propel progress and expansion. During our investigation, we have noted their essential function in processing agricultural inputs into a wide variety of finished goods, including food, clothing, and biofuels. In addition to making large contributions to GDP, these sectors are vital to rural employment and, by extension, people's ability to make a living. Inadequate infrastructure, broken supply chains, and regulatory obstacles are some of the problems that prevent the industry from reaching its full potential. Improving infrastructure, streamlining regulations, and increasing market access will need joint efforts from the public and commercial sectors to tackle these issues. In the future, agro-based sectors have great potential for growth and innovation, especially in the areas of embracing technology, adding value, and integrating with global markets. India can improve its contribution to sustainable development objectives and solidify its position as a world leader in agricultural processing by taking advantage of these possibilities. To sum up, notwithstanding the difficulties, the strategic relevance of India's agro-based industry is immense. The continued success of these sectors—which contribute to inclusive development, job creation, and the nation's economic well-being as a whole—depends on focused interventions and a policy climate that is conducive to their growth.

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