

A Study On Processed Food Industry In Haryana

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ABSTRACT

Nearly 43% of India's land area is devoted to farming, making it one of the most agriculturally intensive economies in the world. Farming and related industries provide income for about two-thirds of the workforce. Investigating the processed food sector in Haryana is the focus of this article.

Keywords: Indian Economy, Growth Rate, Income, Gross domestic product, State domestic product

1. INTRODUCTION

The term "processing" describes the intentional transformation of a raw material into a finished product with added value. The typical understanding of "food processing" is the addition of value to agricultural or horticultural products via operations such as grading, sorting, and packing. Simply said, it is a method of producing and storing food ingredients in such a way that they retain more of their original flavor, are of higher quality, and serve a more practical purpose.

After splitting off from East Punjab, the modern state of Haryana came into being on November 1, 1966. Northern India is home to the state of Haryana. Rajasthan forms its western and southern borders, while Himachal Pradesh and Punjab form its northern ones. Uttar Pradesh and Delhi form its eastern borders. Except for a few places like Gurgaon, Haryana is mostly flat, despite being located at the base of the Aravalli hills. Haryana is known as the "Bread Basket of India" because of its advanced agricultural techniques and use of modern technology. It produces 15.6% of India's food grain, placing it among the top states in the country for agricultural output.

Almost 12.1 percent of all industrial workers are employed in the food processing industry, according to the most recent data provided by the Annual Survey of Industries (ASI). According to a business projection In 2022, the Asia-Pacific area's food and beverage market was valued at \$2,793.3 billion, making it the most valuable region in the world. This staggering number represented a significant 41.5% stake in the worldwide food and drink industry. After China and Japan, the food and beverage market in India ranked third in the Asia Pacific area during the mentioned time.7. From \$36.17 billion in 2014–15 to \$51.05 billion in 2022–23, the export of agri-food products has risen significantly. From \$4.96 billion in 2014–15 to \$13.07 billion in 2022–23, the export of processed food goods has climbed significantly. As a result, processed food exports will account for 25.60% of total agri-food exports in 2022–23, up from 13.70% in 2014–15.

According to a business projection in 2022, the Asia-Pacific area's food and beverage market was valued at \$2,793.3 billion, making it the most valuable region in the world. This staggering number represented a significant 41.5% stake in the worldwide food and drink industry. After China and Japan, India's food and beverage market ranked third in the Asia Pacific area at that time. Most of Haryana's population works in agriculture. The agricultural sector employs almost 70% of the people working in the state. Wheat, rice, sugarcane, oilseeds, grammes, barley, maize, millets, etc. are the primary crops grown. Haryana has become a leading state in contemporary fruit and vegetable farming, dominating both the domestic and international markets with its output of fruits, vegetables, flowers, spices, mushrooms, medicinal plants, and fragrant plants. The agricultural industry in Haryana is bolstered by the state's favorable climate, porous soil, and closeness to important markets such as Delhi and NCR. The state's produce yield for 2021–22 was 1,263.72 metric tons of fruits and 5,430.06 metric tons of vegetables. Furthermore, when compared to the second-ranked state, Haryana's grain exports are more than double

the amount, placing it #1 in the ranking. The total area of arable land is 66,17 hectares, while the net arable land area is 3,552 hectares.

2. LITERATURE AND REVIEW

Sreeram Vishnumoorthy et al (2019) Using an innovation system lens, this research endeavors to investigate Kerala's dairy industry. The goal is to examine how different players, institutional mechanisms, and policymaking all work together to accelerate change. The development of a dairy innovation system may be broken down into four distinct phases. Although its performance has not yet reached remarkable levels, the data indicate that this sector's innovation system is expanding. To boost its performance and competitiveness, more actors need to become involved, institutions need to be restructured, and policies need to be oriented to solve new concerns. Policymakers may use the report to trace the development of the state's dairy innovation system and get insight into the elements that impact its dynamics.

Rajender Kumar et al (2016) In a state like Haryana, where agricultural output has plateaued, agro processing has taken on critical significance. As job prospects in rural regions are becoming scarcer, its significance has grown. Using data from several time periods, this article ranked the elements that were most important in promoting and preventing agro industrialization in Haryana's rural areas. The findings show that traditional processing methods for village oil ghani, jaggery, and khandsari are falling behind the times, whereas processing industries for cereals and pulses, as well as those for preserving and processing fruits, have been making strides in recent years. However, the twenties reflect a return to normalcy in processing at the village level. The scenario has arisen as a result of the creation and widespread use of efficient post-harvest technology, which is especially useful for processing pulses, extracting oils, and recovering jaggery. Several problems limit the expansion of village level processing, including the following: high costs and complicated procedures for acquiring land; small business owners' lack of capital; their lack of knowledge and awareness; the high cost of equipment; and inadequate assistance with marketing and policy. Building a single window system, providing tax rebates and export subsidies, and improving the state's physical, functional, and market infrastructure are all necessary steps to increase agro processing.

Uma Sah et al (2021) In both agricultural practices and everyday eating habits, pulses play a key role in India. The dehusked seed splits of pulses, which undergo just minor processing, are traditionally consumed by humans. They are also a key component of many sweets made in India. This study summarizes and builds upon previous research on different parts of the pulse value chain. Pulses in India are part of lengthy and intricate value chains where many people play important but distinct roles. Building pulses value chains in India involves a wide range of stakeholders, including farmers, aggregators, wholesalers, retailers, processors, millers, consumers, financial institutions, warehousing, researchers, and policymakers.

Srinivasrao Ch. Et al (2017) In rain-fed agriculture in India, the green revolution has not yet produced the desired results. Important restrictions include small holder farmers, unpredictable rainfall, unhealthy soil, and socioeconomic background. If these limitations are high, the effects of climate change will be far more severe. Productivity, profitability, lives, and incomes of rainfed farmers in India may be improved and stabilized via the analysis and possibilities presented in this book's several parts.

Ajit Kumar Singh (2019) An analysis of UP's agriculture sector's recent performance is presented in this article. The research shows that after experiencing rapid agricultural expansion in the 1970s and 1980s due to the green revolution, UP's agricultural sector has been in a tailspin since the early 1990s. There has been a dramatic slowdown in the increase in yield for all grain crops since the early 1990s. Evidence also suggests that total productivity growth (TFP) in UP agriculture has been significantly declining during 1993–1994. Significant disparities in development rates across districts and regions have characterised agricultural expansion. After 1990–1991, the two most important factors that drove agricultural expansion in the 1970s and 1980s—the expansion of irrigated land and fertilizer consumption—started to decline, according to an analysis of key drivers of agricultural development. In Uttar Pradesh, price incentives have played a very little role in agricultural growth. In this paper, we look at the main obstacles to agricultural development in the state, such as the shrinking size of holdings, inadequate rural infrastructure, the state's inadequate input supply, credit, and marketing systems, and the absence of an appropriate policy climate for agricultural expansion. With an emphasis on small farmers and underperforming areas, the article argues that the state's agricultural sector needs an integrated plan to boost its growth.

EXPORT PERFORMANCE AND EXPORT COMPETITIVENESS OF PROCESSED FOOD INDUSTRY

It is critical to assess the industry's worldwide competitiveness in today's globalized environment. From 2010 to 2015, the Indian Processed Food Industry examined five items to determine their export competitiveness and export performance. Pickles and chutney, processed fruit and vegetable items, dairy products, baked goods, and rice make up the five categories of processed food.

Both the computation and the export data came from secondary sources, with the former coming from APEDA. A proportion of the overall export of all processed food items from India has been used to determine the export performance of each product. Each food product's export share is expressed as a percentage of the product's total global export. Using Balassa's Revealed Comparative Advantage (RCA) measure, we conducted our comparative advantage study. A country's relative

export performance may be measured by Balassa's index, which is based on its proportion of a commodity's global exports divided by its percentage of overall exports. Here is how we figure up the index for commodity j and nation i:

$$RCA = \frac{(X_{ij}/X_i)}{(X_{aj}/X_a)}$$

Where X_{ij} = Export of product j from India; X_i = Total processed food exports from India; X_{aj} = Total export of product j from the world;

X_a = Total processed food exports from the world

By comparing a nation's average export percentage to the global export total, the Revealed Comparative Advantage (RCA) index demonstrates how well a country is doing in exporting its goods. You may understand the RCA index in a nutshell. If the result is more than one, then the country's comparative advantage in that product is evident.

The overall export of processed foods is broken out in Table 1 per product. The percentage of pickles used has dropped from 0.40 percent in 2017 to 0.21 percent in 2022. Research has also shown that the percentage of the total has dropped in the following areas: processed fruits and vegetables (2.58% in 2017 compared to 1.58% in 2022), bakery (2.07% in 2017 vs. 1.59% in 2022), and dairy (0.34% vs. 0.08%). From 2017 to 2022, the contribution of rice alone rose from 15.51% to 30.38%.

Table.1

Export Performance of Indian Processed Food Industry

(Qty. in 000 MT)

Product	2017		2018		2019		2020		2021		2022	
	Qty.	(%)	Qty.	(%)	Qty.	(%)	Qty.	(%)	Qty.	(%)	Qty.	(%)
Pickle & Chutney	45.36	0.40	48.03	0.42	51.62	0.26	66.90	0.22	55.96	0.19	56.11	0.21
Bakery	232.58	2.07	486.36	4.20	573.05	2.89	482.20	1.60	464.63	1.55	432.70	1.59
Dairy	37.79	0.34	37.90	0.33	41.87	0.21	97.53	0.32	82.28	0.27	21.77	0.08
Fruit & Vegetable	309.77	2.75	354.28	3.06	369.81	1.87	457.17	1.52	446.52	1.49	428.05	1.58
Rice	1745.65	15.51	2466.30	21.32	6306.12	31.83	24282.04	80.48	7989.63	26.63	8242.62	30.38
Other	8923.17	78.93	8212.03	70.67	12509.52	62.94	4884.58	15.87	21044.54	69.88	17973.44	66.16
Total	11256.54	100.0	11567.00	100.0	19810.13	100.0	30172.88	100.0	30001.29	100.0	27132.92	100.0

Source: Researcher's own computation based on data from APEDA

According to Table 2, the percentage of India's pickle exports that go to global markets rose from 4.24% in 2017 to 4.36% in 2022. Additionally, it was found that the percentage of Indian bakery exports rose from 0.59 percent in 2017 to 1.00 percent in 2022. The percentage of processed fruits and vegetables exported from India rose from 0.87 percent in 2017 to 0.9 percent in 2022, while the percentage of rice exported from India rose from 8.55 percent to 26.78 percent in 2022. While this was the case in 2017, the percentage of Indian dairy products exported fell to 0.07% in 2022.

Table. 2

Share of Indian Processed Food Export in world Processed Food Export

(Qty. in 000 MT)

Product	2017	2018	2019	2020	2021	2022
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	World Export	Indian Share	Total Export World	Indian Share	Total Export World	Indian Share	Total Export World	Indian Share	Total Export World	Indian Share	Total Export World	Indian Share
Pickle & Chutney	1069.67	4.24	1078.28	4.45	1000.96	5.16	1209.80	5.53	1167.86	4.79	1286.91	4.36
Bakery	39.72	0.59	42420.16	1.15	37807.00	1.52	44127.39	1.09	40946.67	1.13	43356.77	1.00
Dairy	27891.87	0.14	28283.58	0.13	29713.92	0.14	31804.79	0.31	32581.09	0.25	33387.59	0.07
Fruit & Vegetable	35531.59	0.87	38267.29	0.93	68184.35	0.54	41526.65	1.10	40786.42	1.09	43672.06	0.98
Rice	20423.42	8.55	25172.89	9.80	26836.38	23.50	73918.02	32.85	33301.50	23.99	30779.92	26.78
Other	27891.87	31.99	28283.58	29.03	29713.92	42.10	31804.79	15.36	32581.09	64.59	33387.59	53.83
Total	124632.21	9.03	135222.19	8.55	163542.62	12.11	192586.64	15.67	148783.55	20.16	152483.24	17.79

Source: Researcher's own computation based on data from APEDA.

Table.3

Export Competitiveness of Processed Food Industry

Product Name	2017	2018	2019	2020	2021	2022
Pickle & Chutney	0.47	0.52	0.43	0.35	0.24	0.25
Bakery	0.06	0.13	0.13	0.07	0.06	0.06
Dairy	0.02	0.02	0.01	0.02	0.01	0.00
Fruit & Vegetable	0.10	0.11	0.04	0.07	0.05	0.06
Rice	0.95	1.15	1.94	2.10	1.19	1.50

Source: Researcher's own computation based on data from APEDA.

Table 3 shows that out of the five processed food items, only rice has a value of comparative advantage ($RCA > 1$) larger than one. Compared to the other four commodities, rice has a leg up in the global market. Products in the categories of pickle and chutney, bakery, dairy, and processed fruit and vegetables are those with a revealed comparative advantage value lower than one ($RCA < 1$).

SPECIFIC INCENTIVES BY HARYANA GOVERNMENT FOR FOOD-PROCESSING INDUSTRIES-

Loan without Interest under the Haryana Value Added Tax Act, 2003, for duration of 5 years beginning on the date of commercial production, up to 75 percent of the tax paid on the sale of items produced in such industrial units may be claimed. The repayment for this would be due after five years.

For the first five years after beginning commercial production, new industrial units in Haryana are not required to pay electricity duty.

Units in the 'B' and 'C' Category Blocks that process food are subject to Change of Land Use (CLU) charges at half the normal rates.

In certain categories, agro-based and food processing units can get a 50% stamp duty concession on the land they buy or lease for processing.

In Haryana, there is no market fee on vegetables and fruits grown in the state, whether through contract farming or otherwise, and used as raw material by food processing companies.

In certain category blocks, there is no excise duty on wines, liquors, brandies, etc. made from 100% fruits and barley produced in the state.

With the exception of wheat, paddy, oil-seeds, guar, sun-flower seed, there is no market fee on agriculture and horticulture produce used as raw material by food processing industries within the state:

Along with the aforementioned, the state administration has acknowledged the significance of micro and small industrial units and the potential of Special Economic Zones (SEZ). Under each of these categories, the Industrial Policy offers a plethora of incentives (www.haryanatax.com).

PRODUCTIVITY AND EFFICIENCY ANALYSIS OF FOOD PROCESSING INDUSTRY

A key measure of a country's economic health is its productivity. Efficiency is not a goal in and of itself. Specifically, it is a tool for raising people's monetary standard of living. A key component of global development is productivity. It is fundamental to a flourishing economy, rising living standards, and an improved quality of life. In order to compete with their international rivals, Indian manufacturers must raise the bar on quality, productivity, and customer service. In light of this background, the purpose of this chapter is to examine the efficiency and productivity of the food processing industry in India from 1980–1981, to 2007–2008, using metrics such as labor productivity, capital productivity, wage rate, capital intensity, and value of output. The goal is to determine the effect of liberalization policy on productivity in this sector. A system's "productivity" is its output divided by its input. The term "more products into a product" describes a situation in which more output is achieved with the same inputs (i.e., fewer materials and resources used) as in an increase in productivity.

Researching the efficacy and productivity of the food processing sector is crucial as liberalization and globalization become more ingrained in India's macroeconomic structure. While both productivity and efficiency may be seen as measures of success, their movements need not be haphazard. Policymakers should prioritize the advancement of each of these concepts in line with socioeconomic goals, as they have distinct conceptual foundations. Measurement of "efficiency" requires comparison with a peer group and is a normative measure of performance, in contrast to productivity, which is a descriptive measure of performance and may be independently assessed for a decision making unit.

A company is considered technically efficient if it can maximize its output given its inputs within certain technological constraints, or if it can maximize several outputs with minimum inputs. A best practice frontier, representing the most efficiency that can be achieved with the existing technology, is constructed to implement the performance measurement. This research examines the food processing industry's efficiency and productivity, adding to the body of empirical evidence in industrial economics. In addition, by using the BCC and CCR approach, this research enhances the precision of the conventional DEA findings. From a policy standpoint, understanding the best practices may help managers improve efficiency and institutions apply appropriate rules. Improving manufacturing process efficiency, whether by increasing output or decreasing costs, is critical for meeting new challenges. Consequently, the food processing sector cannot advance in terms of development and efficiency without technology.

3. CONCLUSION

Among the world's most significant FPIs, India's ranks high in terms of output, demand, exports, and future growth. Commercialization and value addition to agricultural output, reducing pre- and post-harvest waste, and creating jobs have all been designated as top priorities by the government, which has responded with a slew of tax relief and incentives. Skilled labor, electricity, shipping, and packaging are all expensive, making the processed food industry uncompetitive. Financial resources, human capital, packaging, electricity, and raw materials all play substantial roles in determining cost competitiveness in the processed food industry, according to regression analysis. Tech and transportation also have a big role in how competitive small and medium-sized businesses are when it comes to pricing. Factors impacting cost competitiveness in the processed fruit and vegetable, bakery, and pickle and chutney industries include transportation.

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