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NATURE AND STRUCTURE OF UNREGISTERED FOOD PROCESSING INDUSTRY IN INDIA

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Abstract

During the last three decades India has progressed technologically, economically and industrially but the fruits of development have not benefited the growing number of poor people. There are two major developmental challenges, the first is to ensure that the fruits of development reach the most needy through equitable distribution of resources, opportunities and benefits and the second is to develop human capabilities. India is amongst the largest producer of food in the world and over 40,000 food processing units are able to process only 2 percent of its agriculture output. The unregistered food processing sector and small players process more than 70 percent of the industry output in volume terms and 50 percent in value terms. The sector seems to be major creator of jobs for the workforce and may help in providing opportunities to the people for their economic well being. The paper attempts to study the nature and structure of unregistered food processing sector in terms of employment, gender, gross value added, labor productivity and annual emolument.

Key words: Unorganized sector, Food processing units, Gross Value Addition, Female participation

1. INTRODUCTION

All manufacturing units in the country are classified into two broad sectors namely, registered and unregistered sectors or organised and unorganised sectors—the terms being quite often used interchangeably. While the registered manufacturing sector covers the manufacturing units registered under sections 2m of the Factories Act, 1948 or under the *Bidi & Cigar Workers (Condition of Employment) Act, 1966*, i.e. the units employing 10 or more workers and using power or 20 or more workers but not using power, the unregistered manufacturing sector covers manufacturing units registered under Section 85 of the Factories Act, 1948.

In developing countries like India, the unorganised sector has been assuming more and more importance as the unskilled labour force has fewer chances of getting employment in the organised sector and so this labour force is more likely to get placed in the



informal, low paid activities. The unorganized sector continues to grow bigger than the organized sector in many aspects in spite of the larger control over resources and socio-economic power enjoyed by the latter.

In India, with growth in economy, a shift is also visible in the food basket from consumption of cereals to a more varied and nutritious diet of fruit and vegetables, milk, fish, meat and poultry products. These changes have brought in their wake the imperatives of an emerging industry of Food Processing Industries (Food Processing Policy, 2005). India is one of the biggest emerging markets, with over one billion population and a 250 million strong middle class. Though the industry is large in size, it is still at a nascent stage in terms of development of the country's total agriculture and food produce, only 2 percent is processed. The Food Processing is a sunrise sector and is highly labour-intensive in nature and so policies and programmes of the Government needs to be more focused to create additional employment opportunities in this sector.

Investment in Food Processing, especially in rural areas would lead to a higher realisation to farmers as this would generate additional demand for farm products as well as create employment opportunities in the non- farm sector creating a virtuous cycle in the process (Agriculture, Eleventh Five Year Plan).

2. STRUCTURE OF FOOD PROCESSING INDUSTRY

Food Processing Industry broadly constitutes two types of industries-

1. Factories i.e. Registered units
2. Unregistered or Unincorporated units

A comparison of the registered units (which has been worked out elsewhere) with un-registered units shows that whereas the total number of registered FPI units was 36,871 only (as per ASI data), the number of un-registered FPI units was 22, 41,195 as per the NSS 67th Round (July 2010-June 2011). Thus, of total 22, 78,060 FPI units, registered FPIs were 1.62 percent and unregistered Food processing units constituted 98.38 percent.

Analysis of Un-registered Food Processing Industry Units

Analysis of un-registered units is based on NSS 67th Round (July 2010- June 2011). It may be noted that National Sample Survey Organisation uses the term Unincorporated enterprises for unregistered units. The term un-registered units have been used by Ministry of Food Processing Industries in India (MOFPI). These un- registered or unincorporated manufacturing units have been classified into several categories by NSS but the data has been classified into two major categories. These are:

1. **Own Account Enterprises (OAE):** An enterprise, which is run without any hired worker employed on a 'fairly regular basis', which means the major part of the period when operations of an enterprise are carried out during a reference period, is being termed as an own account enterprise.
2. **Establishment Enterprise:** An enterprise which is employing at least one hired worker on a fairly regular basis is termed as establishment. Paid or unpaid apprentices, paid household member/ servant/ resident worker in an enterprise are considered as hired workers.

Size of Unregistered Food Processing Industries

Table 1 shows that number of unregistered food processing sector accounts for 13.02 percent of total manufacturing enterprises. The number of food processing enterprises was 22, 41,195 out of which OAE were 17, 69,473. Thus, OAEs accounted for 78.95 percent of total un-registered enterprises in the food processing industry sector. The number of rural enterprises in the FPI sector



was 68.9 percent of the total enterprises. We may conclude from the above finding that rural OAEs have the dominant share in the total un-registered food processing enterprises in India.

Table 1: Estimated number of enterprises by enterprise type in Food Processing Sector in India

S. No.	Activity category	Number of enterprises								
		Rural			Urban			Rural + Urban		
		OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
1	Food Products	1132700	228896	1361596	449996	218693	668690	1582696	447590	2030286
2	Beverages	169204	15161	184366	17573	8970	26543	186777	24131	210909
	FPI	1301904	244057	1545962	467569	227663	671233	1769473	471721	2241195
	%	73.57	51.73	68.97	26.42	48.26	29.94	100.00	100.00	100.00
3	All Manufacturing Activities	9138228	976854	10115082	5291761	1803426	7095188	14429989	2780280	17210269

Source: Calculation based on NSS Report No. 549

Work-force in Unregistered FPIs

The scenario of workforce in un-registered food processing units is depicted in tables 2, 3 and 4. Whereas Table 2 reveals number of workers by enterprise type, Table 3 shows average number of workers by enterprise type and Table 4 manifests female participation in Food Processing Industry in India. It could be seen from the Table 3 that 47, 92,561 workers were engaged in 22, 41, 195 Food Processing enterprises (Table 1) showing that on an average 2.14 workers were engaged per enterprises., while the number of workers in registered FPI was found to be 17, 76,643 (Calculated elsewhere).This shows that even from the employment point of view unregistered FPI units are still predominant in the food processing sector.

There were 2, 81,703 workers in 17, 69,473 Own Account Enterprises showing that an average worker per Own Account enterprise was 1.59. On the other hand, there were 19, 75,525 workers in 4, 71,721 Establishment enterprises, showing that the average worker per Establishment enterprise was 4.18. This shows that the average worker per OAE was lower than the average worker per Establishment enterprise.

Table 2: Estimated number of workers by enterprise type in Food Processing Sector in India

S. No.	Activity category	Number of workers								
		Rural			Urban			Rural+ Urban		
		OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
1	Food	1776295	101008	2786384	754840	879232	1634072	2531135	1889320	4420455



	Products		8							
2	Beverages	255210	48769	303978	30692	37436	68128	285902	86205	372106
	FPI	2031505	105885 7	3090362	785532	916668	1702200	2817037	1975525	4792561
	%	72.11	53.59	64.48	27.88	46.40	35.51	100.00	100.00	100.00
3	All Manufacturing Activities	13212564	529778 7	1851035 1	763158 8	874649 5	1637808 3	2084415 1	1404428 3	3488843 4

Source: Calculation based on NSS Report No. 549

A further detailed analysis of average number of workers per enterprise by type of enterprise for rural and urban areas is shown in Table 3. It could be seen from these tables that only in Establishment Enterprises, 2.6 and 2.8 workers were hired in urban and rural areas per enterprise respectively. In rural Own Account Enterprises number of hired workers was nil. Of course, around 1.6 persons were engaged as non-hired persons per enterprise.

Table 3: Estimated Average number of workers by Enterprise type in India

S. no.	Characteristics	Food Products		Beverages	
		Estt.	OAE	Estt.	OAE
a	Urban Male	3.5	1.2	3.7	1.2
b	Urban Female	0.5	0.5	0.5	0.6
c	Urban Hired	2.6	0	2.9	0
d	Urban Non-hired	1.4	1.7	1.3	1.7
e	Rural Male	3.3	1.2	2.4	0.8
f	Rural Female	1.1	0.4	0.8	0.7
g	Rural Hired	2.8	0	2	0
h	Rural Non-hired	1.6	1.6	1.2	1.5

Source: Calculation based on NSS Report No. 549

3. FEMALE PARTICIPATION IN FOOD PROCESSING SECTOR

As regards female participation, it could be seen from Table 4 that in Food Product activities it was less than the participation in all manufacturing activities, while it was higher in case of activities related to beverages processing. The percentage of female workers in Food Products was 23.4 percent, while in all manufacturing activities, it was 35 percent and in beverage processing it was 40.9 percent. In Food Products segment, female participation was similar in OAEs & Establishment in rural areas, while female participation in urban Establishment enterprise was lower than those reported for urban OAEs.

**Table 4: Percentage of female workers in Food Processing Sector in India**

S. No.	Activity category	Percentage of Female workers								
		Rural			Urban			Rural+ Urban		
		OAE	Estt.	All	OAE	Estt.	All	OAE	Estt.	All
1	Food Products	25.1	24.8	25	29.4	13.2	20.7	26.4	19.4	23.4
2	Beverages	49.3	24.5	45.3	32.5	12.2	21.3	47.5	19.1	40.9
3	All Manufacturing Activities	48.7	21.6	40.9	51.8	11.4	30.3	49.8	15.3	35.0

Source: Calculation based on NSS Report No. 549

4. NATURE OF EMPLOYMENT

The nature of employment of workers in urban areas is shown in Table 5. In the urban areas 82.53 percent females were found to be full time workers, furthermore only 77.98 percent female workers were full time workers in the Own Account Enterprises in urban areas, while 91.27 percent female workers were full time workers in urban establishment enterprises. In case of urban male workers, we find that 94.66 percent workers were full time workers. Even in Own Account Enterprises, 91.9 percent male workers were full time workers (See Table 5).

Table 5: Estimated number of workers by nature of employment and gender in India (Urban)

S. No.	Activity category	Gender	Number of workers								
			Full time			Part time			All		
			OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
1	Food Products	Female	173309	106137	279446	48427	9996	58423	221737	116133	337870
2	Beverages	Female	7367	4008	11375	2595	541	3136	9962	4549	14511
	FPI	Total	180676	110145	290821	51022	10537	61559	231699	120682	352381
	%		77.98	91.27	82.53	22.02	8.73	17.46			
1	Food Products	Male	489541	736958	1226499	43562	26141	69703	533103	763099	1296202
2	Beverages	Male	19436	31864	51300	1294	1023	2317	20730	32887	53617
	FPI	Total	508977	768822	1277799	44856	27164	72020	553833	795986	1349819
	%		91.9	96.59	94.66	8.09	3.41	5.33			

Source: Calculation based on NSS Report No. 549

On the other hand, we find that in rural areas only 75.92 percent female workers in Food Processing Industry sector were engaged for full-time, which follows that around 24.07 percent female workers were part time workers. In the Own Account Enterprises



percentage of full time female workers was only 68.44 percent while in Establishment, their proportion was 92.19 percent (See table 6). This shows that in rural Own Account Enterprises, a good number of female workers (31.55 %) were part time workers. While in case of rural male workers, we see that 90.77 percent male workers were full time worker out of which 95.69 percent were employed in rural Establishment enterprises as full time workers. Contrary to this, there was very low participation of male workers as part time workers in rural enterprises.

Table 6: Estimated number of workers by nature of employment and gender in India (Rural)

S. No.	Activity category	Gender	Number of workers								
			full time			part time			All		
			OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
1	Food Products	Female	301015	230774	531789	144283	19951	164234	445298	250725	696023
2	Beverages	Female	89826	11394	101220	35919	552	36472	125746	11947	137693
	FPI	Total	390841	242168	633009	180202	20503	200705	571044	262672	833716
	%		68.44	92.19	75.92	31.55	7.80	24.07			
1	Food Products	Male	1170526	726739	1897265	160471	32625	193096	1330997	759364	2090361
2	Beverages	Male	116039	35150	151189	13425	1672	15097	129464	36822	166286
	FPI	Total	1286565	761889	2048454	173896	34297	208193	1460461	796186	2256647
	%		88.09	95.69	90.77	11.90	4.30	9.22			

Source: Calculation based on NSS Report No. 549

5. OWNER WORKERS AND HIRED WORKERS

NSS 67th Round (July 2010-June 2011) has further classified the workers in the following different categories:

- a. **Working owners-** When the owner himself/ herself works in the enterprise on a fairly regular basis.
- b. **Formal hired workers-** Those who have continuity of job and are eligible for paid annual leave and social security benefits like Provident fund and insurance.
- c. **Informal hired workers-** Those not having continuity of job and are not eligible for paid annual leave and social security benefits.
- d. **Other workers/ helpers-** This includes all persons belonging to the household of the proprietor or households of the partners who are working in or for the enterprise without regular salary or wages.

A further analysis of workers by type of workers in Own Account Enterprises and Establishment sector in rural areas is shown in Tables 7(a) and 7(b). In the Own Account Enterprises, majority of male workers (76.56 percent) were working owners while only 38.62 percent female workers were working owners. In the rural Own Account Enterprises, the other significant category comprised of helpers. It could be seen from the Table 7 (a) that 61.29 percent female workers and 22.94 percent male workers were helpers in Rural OAEs.



In case of Rural Establishment sector, we find that only 29.53 percent male workers and 8.62 percent female workers were working owners. The majority of workers (69.07 percent female workers and 54.21 percent male workers) in the Rural Establishment sector were informally hired workers, showing that in contrast to OAEs, informally hired workers constituted a significant category in rural establishment sector. The above pattern was discernible in case of urban OAEs and urban Establishment enterprises as well (Table 8 a & 8 b).

Table: 7 (a): Number of workers by type of worker and gender in Food Processing Sector in India Rural OAE

Activity category	Number of workers									
	Working owners		Formal hired		Informal hired		Helpers		Total workers	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Food Products	162623	1001830	0	0	472	7243	282204	321923	445298	1330997
Beverages	57951	116239	0	0	6	91	67789	13134	125746	129464
FPI	220574	1118069	0	0	478	7334	349993	335057	571044	1460461
%	38.62	76.56	0	0	.08	.50	61.29	22.94		
Total Manufacturing	4058220	5313093	0	0	13943	54533	2358870	1413905	6431033	6781531

Source: Calculation based on NSS Report No. 549

Table 7 (b): Number of workers by type of worker and gender in Food Processing Sector in India Rural-Estt

Activity category	Number of workers									
	Working owners		Formal hired		Informal hired		Helpers		Total workers	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Food Products	17743	224409	6654	53370	175758	407085	50570	74500	250725	759364
Beverages	4887	10672	277	146	5675	24535	1108	1468	11947	36822
FPI	22630	235081	6931	53516	181433	431620	51678	75968	262672	796186
%	8.62	29.53	2.64	6.72	69.07	54.21	19.67	9.54		
Total Manufacturing	59946	965229	63430	219879	876404	2746780	146226	219893	1146006	4151781

Source: Calculation based on NSS Report No. 549



Similarly, analysis of types of workers in the urban areas in Table 8 (a) & 8 (b) shows that the pattern of work in the urban Own Account Enterprises and Establishment sector was similar that observed in case of rural areas, as discussed above. That is, in the Own Account Enterprises, majority of male workers were owners and that helpers constituted the other significant category in Own Account Enterprises. Secondly, even in urban Own Account Enterprises, majority of female workers were engaged as helpers. The proportion of female working owners in OAEs was 38.62 % in rural areas and 44.05 % in urban areas, while proportion of female working owners in Establishment was only 8.62% in rural areas and 8.78% in urban areas showing that non-owner workers constituted the majority of female workers.

Table 8 (a): Number of workers by type of worker and gender in Food Processing Sector in India Urban-OAE

Activity category	Number of workers										
	Working owners		Formal hired		Informal hired		Helpers		Total workers		
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Food Products	98007	369613	0	0	741	6380	122989	157109	221737	533103	
Beverages	4056	14280	0	0	0	0	5906	6450	9962	20730	
FPI	102063	383893	0	0	741	6380	128895	163559	231699	553833	
%	44.05	69.32	0	0	.32	1.15	55.63	29.53	100.00	100.00	
Total Manufacturing	2745075	2640360	0	0	5878	70544	1204201	965529	3955154	3676433	

Source: Calculation based on NSS Report No. 549

Table 8 (b): Number of workers by type of worker and gender in Food Processing Sector in India Urban-Estt

Activity category	Number of workers										
	Working owners		Formal hired		Informal hired		Helpers		Total workers		
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Food Products	9866	219117	8381	45554	77390	440689	20496	57739	116133	763099	
Beverages	733	8395	1550	1427	1467	21277	800	1788	4549	32887	



FPI	10599	227512	9931	46981	78857	461966	21296	59527	120682	795986
%	8.78	28.58	8.22	5.90	65.34	58.04	17.65	7.48	100.00	100.00
Total Manufacturing	109756	1775259	39658	346919	737066	5259169	112971	365698	999451	7747044

Source: Calculation based on NSS Report No. 549

6. VALUE ADDITION IN UNREGISTERED FPIS

The unregistered food processing industries sector makes a significant contribution in the Indian economy among all unregistered manufacturing activities. It could be seen from Table 9 that Gross Value Added (GVA) of Food Products was Rs. 20,797 Crores and that of Beverages Rs. 1,257 Crores. They constituted 13.44 percent and .81 percent of total GVA by all unregistered manufacturing activities.

We also find that data related to GVA of Food Products shows that in rural areas GVA by OAE was higher than Establishment, while in urban areas GVA by Establishment was higher than OAE. This means that in rural areas OAEs are still the major contributors in income generation.

Table 9: Estimated GVA of enterprises by enterprise type in Food processing Sector in India

S. No.	Activity category	GVA of enterprise (in Rs. Crore)									% Share
		Rural			Urban			Rural +Urban			
		OAE	Estt	All	OAE	Estt	All	OAE	Estt	All	
1	Food Products	5385	4364	9750	3842	7205	11048	9228	11569	20797	13.44%
2	Beverages	485	367	852	108	297	405	593	664	1257	0.81%
3	All Manufacturing Activities	29289	27295	56585	27323	70813	98136	56612	98108	154720	

Source: Calculation based on NSS Report No. 549

7. GROSS VALUE ADDED PER ENTERPRISE

Gross Value Added per enterprise in the un-registered Food Processing Industry was found to be Rs. 1,02,434 and Rs. 59,595 for food products and beverages respectively. While the GVA per enterprise for all manufacturing activity taken together was Rs. 89,900 per activity. This shows that GVA per enterprise in processing of food products was higher as compared to GVA in all manufacturing activities taken together (See Table 10).



On the other hand, in the analysis of performance of factories worked out elsewhere, we had seen that Net Value Added per factory in the food product category was lower than Net Value Added per factory for all manufacturing activities taken together. This shows that in unregistered enterprises, manufacturing of Food Products had an edge over all products. But it is reversed in case of registered factories. Generally the GVA in OAEs was lower as compared to Establishment enterprise, Similarly, GVA in rural FPIs was lower than urban FPIs.

Table 10: Annual GVA per enterprise by enterprise type in Food processing sector in India

S. No.	Activity category	Annual GVA per enterprise (in Rs.)								
		Rural			Urban			Rural+ Urban		
		OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
1	Food Products	47545	190659	71604	85383	329473	165212	58303	258484	102434
2	Beverages	28661	241830	46191	61371	331616	152698	31738	275205	59595
3	All Manufacturing Activities	32051	279418	55941	51633	392660	138314	39232	352872	89900

Source: Calculation based on NSS Report No. 549

8. GVA BY LOCATION OF ENTERPRISE

Table 11 analyses GVA per enterprise for rural and urban enterprises as well as for within household premises and outside household premises. It could be seen from table 11(a) & 11(b) that Annual Gross Value added per enterprise was higher in urban areas than for rural areas for both types of enterprises viz. within household premises enterprises and outside household premises enterprises.

Furthermore, we also find that in general GVA per enterprise among enterprises within household premises lower (by around 50 percent) than that reported for enterprises outside household premises. We have earlier seen (Table 1) that own account enterprises comprised 78.95 percent of total unregistered FPI enterprises. And it is precisely these enterprises where GVA is very low.

We may infer from this that there is an urgent need for technological innovation and up-gradation of skill in this category (i.e. Own Account Rural Enterprises) of unregistered food processing enterprises.



Table 11 (a): Annual GVA per enterprise by location of enterprise in FPI in India (Rural)

Activity category	Enterprise type	Annual GVA per enterprise (in Rs.) with location									
		Outside household premises							N.r	All	Estimated no. of enterprises
		Within household premises	With fixed premises			Mobile market	Without fixed premises				
			With permanent structure	With temporary structure	Without any structure						
Food Products	OAE	42104	56788	48060	44363	46364	24886	62400	47545	1132700	
	Estt.	149396	243380	63474	145181	46383	122270	77760	190659	228896	
Beverages	OAE	27834	44284	27708	17016	16200	21020	0	28661	169204	
	Estt.	61556	620549	67595	56519	0	0	0	241830	15161	

Source: Calculation based on NSS Report No. 549

Table 11 (b): Annual GVA per enterprise by location of enterprise in FPI in India (Urban)

Activity category	Enterprise type	Annual GVA per enterprise with location									
		Outside household premises							N.r	All	Estimated no. of enterprises
		Within household premises	with fixed premises			Mobile market	Without fixed premises				
			With permanent structure	With temporary structure	Without any structure						
Food Products	OAE	59258	115309	74550	79262	53767	66326	0	85383	449996	
	Estt.	29018	365141	176776	203250	0	164567	0	329473	218693	
Beverages	OAE	66778	68816	27335	46381	54480	29528	0	61371	17573	
	Estt.	192810	370217	63600	0	0	0	0	331616	8970	

Source: Calculation based on NSS Report No. 549



9. LABOUR PRODUCTIVITY

Labour productivity growth in the Indian Food Processing Industry has been worked out as a ratio of Gross Value Added to the number of workers. It was found to be low by around 48% in food products and 53% in beverages in rural areas as compared to urban areas. The comparison of labour productivity of Own Account enterprises with Establishment enterprises shows that rural Own Account enterprises had the lowest labour productivity (Rs. 30,310) whereas urban Establishment enterprises had the highest (Rs. 81,946) in case of food products. Here, if we compare the labour productivity in all manufacturing units with food products and beverages, we find that it is better than all manufacturing units. The matter of concern here is that though the Food Processing sector has the potential for growth and is better performing compared to manufacturing sector but, the segment rural Own Account enterprise which has largest number of workers engaged is the poorest performer. Therefore, policy concern should be focused towards the productivity enhancement of these workers through skill up-gradation.

Table 12: Labour Productivity in Food Processing Industry in India

S. No.	Activity category	Labour Productivity (in Rs.)								
		Rural			Urban			Rural+ Urban		
		OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
1	Food Products	30310	43204	34991	50898	81946	67610	36457	61233	47047
2	Beverages	19003	75252	28028	35188	79335	59446	20741	77025	33780
	All Manufacturing Units	22167	51521	30569	35802	80961	59919	27159	69856	44347

Source: Calculation based on NSS Report No. 549

10. WAGE STRUCTURE

Table 13 (a) shows that there were no formally hired workers in OAEs while in Establishment enterprises only 9.34% were formally hired in food products and 1.38% were hired in beverages. Thus, the overwhelming majority of workers were informally hired workers.

In rural areas, annual emolument per hired worker was seen to be higher in food products (Rs. 30577) and beverages units (Rs. 46,633) as compared to annual emolument per hired worker in total manufacturing units. On the other hand annual emolument per hired worker was found to be lower in Establishment enterprises in food products and higher in informal beverages processing. In urban areas the annual emolument per worker was lower in food products in both types of enterprises. Due to low wages, the workers don't restrict themselves to this sector and that may be the reason for higher attrition rate in this sector. As a result there is acute shortage of manpower in this sector.



Table 13 (a): Annual emoluments (in Rs.) per hired worker by enterprise type in India (Rural)

S. no	Activity	Enterprise type	Annual emoluments(Rs.) per hired worker			Estimated total of hired workers		
			Formal	Informal	All	Formal	Informal	All
1	Food Products	OAE	0	30577	30577	0	7715	7715
		Estt.	31138	24291	24930	60023	582843	642866
2	Beverages	OAE	0	46633	46633	0	97	97
		Estt.	16515	34975	34720	423	30211	30633
	All manufacturing units	OAE	0	27639	27639	0	68476	68476
		Estt.	33671	32122	32235	283309	3623185	6906493

Source: Calculation based on NSS Report No. 549

Table 13 (b): Annual emoluments (in Rs.) per hired worker by enterprise type in India (Urban)

S.no	Activity	Enterprise type	Annual emoluments(Rs.) per hired worker			Estimated total of hired workers		
			Formal	Informal	All	Formal	Informal	All
1	Food Products	OAE	0	30577	30577	0	7121	7121
		Estt.	41869	43312	43176	53934	518080	572014
2	Beverages	OAE	0	0	0	0	0	0
		Estt.	49988	41034	42071	29727	22744	25721
	All manufacturing units	OAE	0	34180	34180	0	76423	76423
		Estt.	52249	48728	48942	386577	5996235	6382812

Source: Calculation based on NSS Report No. 549

11. CONCLUSION

The unregistered units still constitute the dominant part of the Food Processing Industries sector and out of this, unregistered enterprises the Rural Own Account Enterprises has the major share in the Food Processing Industries sector in India.

Also, from the employment perspective, the unregistered Food Processing Industries units were predominant in the sector employing 47, 92,561 workers while the number of workers engaged in registered Food Processing Industries unit were only 17, 76,643 workers. It was also found that the average number of workers in Establishment enterprises was 4.18% which was higher than the average number of workers in the Own Account enterprises i.e. 1.59.



As regards female participation, it was observed that female participation in Food Product activities was generally low than their participation in all manufacturing activities while it was higher in activities related to beverages processing. The percentage of female workers in Food products was 23.4%, while in all manufacturing activities it was 35% and in beverage processing it was 40.9%. In urban enterprises, 82.53% female workers were full time workers, which was even higher in the Establishment enterprises in the urban areas. On the other hand, we find that in rural areas around 75.92% of the female workers were full time workers and only 24.07 % were part time workers. This shows that in rural Own Account Enterprises, a good number of female workers were part time workers. Therefore training for their skill up-gradation will have entirely different orientation than that for full time workers.

In the Own Account Enterprises, majority of male workers (76.56%) were working owners whereas the percentage of female workers as working owners was very low (36.82%). In rural Establishment sector majority of workers (both male and female) were informally hired workers. Female workers were found to be either informally hired or engaged as helpers in both the urban and rural enterprises.

Gross Value Added, which is the additional value created in the process of production of an enterprise to the economy, was also found to be higher in the Food products sector as compared to GVA in all manufacturing activities taken together. Gross Value Added per enterprise among enterprises within household premises was found to be lower than that reported for enterprises outside household premises. Though we had earlier seen that Own Account Enterprises had major share of the unregistered food processing units and it is in this enterprises that the GVA is very low. Therefore, there is an urgent need for technological innovation and up-gradation of skill in Own Account Rural Enterprises of unregistered food processing enterprises.

The analysis of unregistered food processing units in India has revealed that the total number of workers in the rural Own Account Enterprises is higher than in any other category and the Gross Value Added there is lowest which shows that there is scarcity of skilled manpower in these enterprises which is hindering the productivity and competitiveness of the sector. The labour productivity is also found to be lowest in the rural Own Account Enterprises.

Thus we find that even unregistered FPI segment does not comprise homogenous units. Broadly, Own Account enterprises and Establishment enterprises vary in respect to all the parameters such as workforce, female participation, nature of employment, size of owner workers, GVA, labour productivity and wages.

The difference in labour productivity also indicates that Establishment enterprises had adopted higher level of technology as compared to OAEs. But the large size of OAEs also shows that there is still possibility of non-capitalist mode of production to survive in FPIs, if it is provided adequate institutional and infrastructural support.

The effective use of resources is the growing concern for all involved in food processing. There is stringent requirement of qualified technical manpower, effective technologies and effective machinery for processing to maintain high quality standards. The huge demand of specialised human resource can be fulfilled through skill classification and training likewise to develop workers who can handle various food resources from farm to production/ processing enterprises. A systematic disposition will go a long way to develop a new economy, first within the food sector and then to all types of enterprises later on.

12. REFERENCES

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