

▶ Concept Note

Knowledge building on productivity management in food processing enterprises and integration in global supply chain

Friday, 22 April 2022 | 14:00 - 16:30 hrs IST

▶ Background

If you own or manage or are interested to start a micro, small or medium-sized enterprise (MSME) in the food processing sector, you are likely to contribute to over half a trillion-dollar worth of industry and 9 million jobs in India by 2025, especially for women.

While India is a major producer of several food items in the world, but only less than 10 per cent¹ of that is processed. The dominance of unorganized and small-scale units in the food processing sector in India is the major constraint to productivity and quality, limiting expansion and upward progression in the value chain. Formalization of the processing units, besides transition to industrial food processing and technology adoption, is critical.

While the recently sanctioned 41 food parks funded under the Mega Food Parks Scheme are likely to further boost the development of the sector, equally important is to upgrade management practices for the MSMEs to face the competition from the large manufacturers or international brands who, enjoy economies of scale, and advantages due to better presentation or packaging and

marketing. It is a sector which also sees strict SPS requirements. Maintenance of nutritious and safe food supply alongside processing efficiency, therefore, are underlying determinants of competitiveness of firms in this sector.

The COVID-19 pandemic has also in recent years changed the eating habits of a sizeable consumer base globally. Reduced and limited access to regular grocery shopping formats and outlets has resulted in many individuals consuming fewer fresh food products, particularly fruits, vegetables, and seafood. These have been substituted by more processed foods, including ready to cook food and organic produce, with the need for longer shelf life. Thus, augmentation of market growth for processed food is expected, necessitating innovation.

To capitalize on emerging opportunities, a minimum level of SME capacity is necessary to establish linkage and consistently meet lead buyer requirements for scale, quality, cost, and labour and environmental standards. Managerial capacity is particularly important for capacity utilization, market

¹ [home | Food and Agriculture Centre of Excellence \(face-cii.in\)](https://home.icef.ac.in/)

responsiveness and adaptability, and economies of scale. It entails knowledge of production processes, quality oversight, fair and competitive business practices, and financial and personnel management.² Technological capacity and workforce skills are also important components of internal SME capacity, which directly affect product quality. Quality improvements often require investments in new technologies, quality assurance procedures, and certifications.

The State of Andhra Pradesh and Odisha are uniquely positioned in developing the food processing sector and reap the benefits due to their comparative advantages in terms of natural resource endowment; long coastal

line and presence of port; leading producers of horticulture, vegetables and fishery; besides investment in infrastructure development, in particular, food parks.

To help you better respond to emerging market opportunities and to your clients who are interested in your products, the 'Promoting Sustainable Enterprises in India (PSEI)' initiative of ILO, funded by the Korean International Cooperation Agency (KOICA), is organizing a knowledge building workshop to promote learning about few practical and low-cost tips to enhance productivity and alignment to international standards in the food processing sector, including fisheries.

► Key learning objectives

- 1) Understand the expectations of lead buyers / brands
- 2) Examine the management tools to improve productivity within the current market situation, and learn from the best practices from other countries and the ILO.

► Target Audience

- 1) MSMEs or potential entrepreneurs, that is, the youths, especially, women in the food processing (including fisheries) sector in Andhra Pradesh and Odisha.
- 2) Sectoral, cluster and state-level industry associations representing the interest of food processing units

²<https://documents1.worldbank.org/curated/en/598661525415922301/pdf/125942-WP-P156637-PUBLIC-SMEs.pdf>