



Food Processing Industries in Uttarakhand: Status and Employment Contributions

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ABSTRACT

The food processing industry plays a pivotal role in linking agriculture to the industrial sector. In India, the food processing sector has been recognized as a sunrise industry due to its high potential for growth and socio-economic impact. This paper examines the current status of the food processing industries in Uttarakhand, analyses their contribution to employment generation, through a review of secondary data, government reports and research papers related to this, the research aims to provide a comprehensive understanding of how food processing industries are shaping the labour market in Uttarakhand. The findings of this paper demonstrates that Uttarakhand's food processing industries not only contribute to the state's economic framework but also play a crucial role in employment generation and overall industrial growth. There is significant potential for further development in this sector, suggesting that targeted policies and investments could enhance its contributions to both the local and national economy.

Keywords: Food processing industry, Agriculture, Employment Generation, Uttarakhand.

1. Introduction

Uttarakhand, being a Himalayan state, holds a unique advantage and near-monopoly in the availability of valuable Medicinal and Aromatic Plants (MAPs). Several factors contribute to the successful cultivation of these plants in the region. The state's hilly areas are ideal for producing off-season vegetables, while regions like Dehradun and Champawat benefit from the late production of litchi, extending the season's yield. Presently, Uttarakhand hosts 148 major food processing units across various segments, with horticulture-based industries accounting for 102 of these units¹. This highlights the state's strong emphasis on horticulture and its potential for growth in the food processing sector.

Uttarakhand is the largest producer of Pear, Peach, Plum, and Apricot and 3rd largest producer of high-quality apples. This wide variety of good-quality of horticulture products can be processed into multiple ready-to-eat items. Fruits can be cooked with sugar and spices to make delectable jams or preserves for toast, pastries, and bread, fruits can be cooked down, pureed, or strained to create sauces or syrups that can be used as toppings or flavourings and dried or dehydrated fruits for snacking, baking, trail mixes, and cereal mixes Fruits can be blended with water or other liquids to make refreshing fruit drinks, smoothies, or fruit-based cocktails².

Uttarakhand, located in northern India, is characterized by its diverse topography, ranging from plains in the south to mountainous regions in the north, making it an ideal location for food processing industries. Major industrial hubs like Dehradun, Haridwar, and Rudrapur play significant roles in this sector. Dehradun, the capital, is home to several food processing units focusing on dairy, fruits, and vegetables. Haridwar is notable for snacks and packaged foods due to its strategic location near major highways and rail networks. Rudrapur, in the fertile Udham Singh Nagar district, thrives as an agro-based industrial hub. The state's varied climate supports the cultivation of a wide range of crops, providing ample raw materials for food processing, especially in the agriculturally rich Terai region. Uttarakhand's well-developed road and rail networks, along with its proximity to the Delhi-NCR market, facilitate efficient transportation of raw materials and products. Additionally, the state's thriving tourism industry drives the demand for ready-to-eat and packaged foods. Government initiatives offering incentives for food processing units further bolster this sector, promoting employment and contributing to the state's economic growth.

2. Objectives

1. To examine the current status of food processing industries in Uttarakhand.
2. To analyse the contribution of the food processing sector to employment generation.

3. Research Methodology

This research is based on secondary data collected from various government reports, industry publications, and case studies. Data sources include the Ministry of Food Processing Industries (MoFPI), the Uttarakhand State Government, Annual Survey of Industries and various research papers. A combination of quantitative and qualitative data has been used to understand the trends in employment and industrial growth in Uttarakhand's food processing sector.

4. Result and Discussions

4.1 Categories and Number of Food Processing Industries in Uttarakhand

Table: 1 Categories of Food Industries in Uttarakhand and India Under NIC-2008

Sr. No	Group of Industries (NIC-2008)	In India	In Uttarakhand
1	Division 10 (Manufacture of Food Products)	32,862	267
2	Division 11 (Manufacture of Beverages)	1,956	19
	Total	34,818	286

Source: Annual survey of Industries, 2020-21.

Table: 1 represents the various categories of operational food industries in India and Uttarakhand. As per Division 10 of the NIC-2008 classification, India has a total of 32,862 food product manufacturing industries, of which 267 are situated in Uttarakhand. In Division 11, there are 1,956 beverage manufacturing industries across India, with 19 located in Uttarakhand.

Table: 2 Food Processing Industries in 3-Digit Industry Groups (NIC-2008) in Uttarakhand:

Sr. No	Characteristics	Values in ₹ Lakhs unless otherwise mentioned						
		103	104	105	106	107	108	110
1	Number of Factories (No's)	49	11	15	180	54	9	19
2	Factories in Operation (No's)	49	1	13	143	52	9	19
3	Fixed Capital	24163	4007	3977	134065	130903	2014	48951
4	Invested Capital	61420	16853	20630	220798	321992	3450	62787
5	Total Output	63719	54939	129528	649738	779976	20359	105685
6	Net Income	7437	596	21654	56946	141016	1520	16302
7	Net Profit	3094	45	17867	41255	76660	170	11490

Source: Annual survey of Industries, 2020-21.

Table: 2 provides a summary of the food processing industries in Uttarakhand, drawing from the Annual Survey of Industries (ASI) at the 3-digit classification level. It details the total number of factories in each category for the fiscal year 2020-21, highlighting the count of operational factories. The table also presents information on fixed capital, invested capital, total output, and the net income and profits generated by these industry groups during the same timeframe.

Table:3 Percentage Share of Uttarakhand Industries Out of India in 4-digit Industrial classification:

Estimate of selected characteristics of All Factories				
Sr. No	Characteristics	Values in India (In ₹ Lakhs unless otherwise mentioned)	Values in Uttarakhand (In ₹ Lakhs unless otherwise mentioned)	Share of Uttarakhand out of India
1	Number of Factories (No's)	250454.0	2988.0	1.19%
2	Factories in Operation (No's)	200395.0	2411.0	1.20%
3	Fixed Capital	369438562.0	2463237.0	0.67%
4	Invested Capital	519114310.0	8116043.0	1.56%
5	Total Output	880921387.0	22071066.0	2.51%
6	Net Income	115747714.0	4298449.0	3.71%
7	Net Profit	61405752.0	3169659.0	5.16%

Source: Annual survey of Industries, 2020-21.

Table: 3 highlights the contribution of Uttarakhand's industries to India's overall industrial sector. It reveals that Uttarakhand represents 1.19% of the total number of factories in the country and 1.20% of operational factories. The state's share of fixed capital is 0.67%, while invested capital accounts for 1.56%, and its output comprises 2.51%. In terms of net income, India's total from the industrial sector amounts to ₹115,747,714 lakhs, with Uttarakhand contributing ₹4,298,449 lakhs, which constitutes 3.71% of the total. Furthermore, Uttarakhand's share of India's overall industrial net profit is recorded at 5.16%.

Table: 4 Employment Generation by food processing Industries in Uttarakhand

Characteristics	All	Division 10						Division 11	Total
		(Manufacture of Food)						(Manu- facture of Beverages)	
		103	104	105	106	107	108	110	
A. No. of Persons Engaged (no.)	3,89,553	2,595	126	1,123	6,409	17,480	816	1,886	30,435
1. Workers	3,13,534	2,076	54	869	5,055	14,780	655	1,487	24,976
1.1 Directly Employed	1,36,315	754	40	222	1,948	6,096	300	888	10,248
Men	1,22,396	643	40	214	1,946	5,845	193	832	9,713
Women	13,919	111	0	8	2	251	107	56	535
1.2 Employed Through Contractors	1,77,219	1,323	14	647	3,107	8,684	355	599	14,729
2. Employees Other Than Workers	75,957	519	72	254	1,349	2,692	162	399	5,447
2.1 Supervisory and Managerial	31,775	221	72	75	497	965	84	130	2,044
2.2 Other Employees	44,182	298	0	179	852	1,727	78	269	3,403
3. Unpaid family members/proprietor etc	61	0	0	0	5	8	0	0	13
B. Total Mandays Employed (in '000)	1,14,179	767	39	378	1,944	5,373	238	559	9,298
C. Wages and Salaries Including Employers' Contribution (lakhs)	11,28,790	4,343	551	3,787	15,691	64,355	1,350	4,811	94,888
1. Wages and Salary Including Bonus	10,14,347	4,053	514	3,456	14,683	57,456	1,268	4,463	85,893
1.1 Wages and Salary	9,86,914	3,892	493	3,307	14,348	55,554	1,236	4,400	83,230
1.1.1 Workers	5,05,574	2,079	104	1,672	7,234	34,325	682	2,729	48,825
1.1.2 Supervisory & Managerial	3,16,871	1,296	389	756	4,517	12,919	378	985	21,240
1.1.3 Other Employees	1,64,469	517	0	879	2,597	8,310	176	686	13,165
1.2 Bonus to All Staff	27,433	161	21	149	334	1,903	32	63	2,663
2. Employers Contribution	1,14,443	290	37	331	1,008	6,899	82	348	8,995

Source: Annual survey of Industries, 2020-21.

Table: 4 outlines the employment figures in the food industries, detailing the number of individuals directly employed, those hired through contractors, and others. It also includes the counts of supervisors and managers within divisions 10 and 11, along with their wages and salaries, which account for employee contributions. In total, 30,435 individuals are employed in these divisions, with 24,976 classified as workers. Of these, 10,248 are directly employed, while 14,729 are contracted. In Uttarakhand, the overall number of mandays worked in 3-digit industrial groups within the food sector is 9,298 thousand. The total emoluments (wages and salaries, including employer contributions) disbursed by factories for each 3-digit industry classification (NIC-2008) in the state total ₹94,888 lakhs. This comprises ₹85,893 lakhs in wages and salaries, including bonuses, and ₹8,995 lakhs in employer contributions.

4.2 Government Initiatives for Food Processing Industries in Uttarakhand

The Government of Uttarakhand has introduced several initiatives to promote the growth of the food processing industry and generate employment. These initiatives focus on infrastructure development, policy reforms, and fostering private investment in the sector.

- **Uttarakhand Food Processing Policy:** The Uttarakhand Food Processing Policy focuses on increasing investment in the sector through both fiscal and non-fiscal incentives. Its primary goal is to develop critical infrastructure, such as warehouses, cold storage facilities, and primary processing centres, which are essential for minimizing wastage and improving the farm-to-market value chain. Additionally, the policy aims to foster skill development and promote the formation of industry clusters. By creating an enabling ecosystem, the policy seeks to extend product shelf life, reduce wastage of agricultural produce, and boost sectoral efficiency through focused investments and support for technological advancements³.
- **Ease of Doing Business:** The Uttarakhand government has implemented a single-window clearance system with defined timelines for project approvals and guidance, streamlining the process for investors in the food processing industry. This system is complemented by an online platform for submitting applications for various clearances, allowing applicants to track the status of their requests in real time. The state is also focused on the development of Agri Export Zones (AEZ), which support the growth of food processing industries by providing targeted infrastructure and export opportunities. To further enhance the sector, common facility centres are being established in identified industry clusters, and exclusive industrial parks are being developed at strategic locations to support the food processing sector's growth⁴.
- **One District One Product (ODOP):** Under this initiative, each district is encouraged to focus on a unique product, particularly in the agro-processing sector. The Uttarakhand government offers several schemes aimed at supporting the growth of local industries, including the food processing sector. One such scheme provides financial assistance covering up to 90% of the project cost, helping businesses set up or expand operations. The Marketing Development Assistance Scheme supports participants in national and international exhibitions by offering financial aid for displaying and selling products selected under the One District One Product (ODOP) program. Under the Finance Assistance Scheme (Margin Money Scheme), applicants receive partial financial support in the form of subsidies to offset the project cost. Additionally, the Skill Development Scheme focuses on enhancing the skills of artisans, where skilled artisans undergo certification through Recognition of Prior Learning (RPL), while unskilled artisans receive 10 days of training along with a free advanced toolkit to improve their capabilities and productivity. These initiatives aim to promote industry growth, employment, and sustainable development. Food processing units qualify for complete profit exemption in the first five years and 100% FDI is permitted in the food processing sector⁵.
- **Employment Generation through MSMEs:** Uttarakhand is one of the fastest-growing states in India, driven by substantial capital investment spurred by favourable industrial policies and attractive tax benefits. Located in the foothills of the Himalayas, Uttarakhand is renowned for its diverse tourism offerings, including hill stations, wildlife parks, pilgrimage sites, and trekking routes, making it a popular destination for both domestic and international tourists. In 2019, the state saw an influx of 37.58 million domestic tourists and over 0.15 million foreign tourists. Additionally, the annual Char Dham Yatra pilgrimage attracted 27.81 lakh pilgrims in 2018, with 7.32 lakh visiting Kedarnath.

The state's Gross State Domestic Product (GSDP) grew at a Compound Annual Growth Rate (CAGR) of 9.39% between 2015-16 and 2019-20, reaching ₹2.54 trillion (US\$35.99 billion). Key drivers of this growth include agriculture (with a focus on horticulture, aromatic, and medicinal plants), promoted by initiatives like AYUSH, and tourism, particularly in the higher reaches of the state.

The Micro, Small, and Medium Enterprises (MSME) sector plays a crucial role in employment generation and is central to the state's economic strategy. Additionally, the state is focusing on renewable energy particularly small hydro-power projects, which provide sustainable and environmentally friendly energy. Uttarakhand also emphasizes Information Technology (IT), expanding digital services such as e-governance, Wi-Fi for tourism, and mobile and internet connectivity to promote inclusive development across the state⁶.

- **Foreign Direct Investment (FDI):** FDI has also contributed to Uttarakhand's economic progress. From April 2000 to June 2020, cumulative FDI inflow amounted to US\$710 million. Between October 2019 and March 2021, an additional US\$20.20 million was invested in the state, showcasing its growing appeal to foreign investors⁷. 100% FDI permitted under automatic route in manufacturing of food products since 2016-17. 100% FDI allowed through government-approval route for retail trading, including through e-commerce, in respect of food products manufactured/ produced in India since 2016-17⁸.

5. Conclusion

The analysis provides a comprehensive overview of the food processing industries in Uttarakhand and their significant role within India's industrial landscape. This paper indicates that while Uttarakhand contributes a modest number of food product and beverage manufacturing units 267 and 19 respectively, these figures highlight the state's potential for growth in the food processing sector, given the vast network of 32,862 food industries nationwide. This paper further elaborates on the state of food processing in Uttarakhand for the fiscal year 2020-21, revealing key metrics such as fixed capital, invested capital, and total output. The data underscores the importance of these industries in contributing to both the local and national economies. It emphasizes Uttarakhand's contribution to the overall industrial sector, accounting for 1.19% of the total number of factories and demonstrating a notable share in net income at 3.71%. The state's relatively higher share of industrial net profit at 5.16% suggests a more efficient or profitable sector compared to its overall representation in factory numbers. Finally, this highlights the employment impact of food industries in Uttarakhand, showing that 30,435 individuals are engaged in this sector. This includes a substantial number of directly employed workers, alongside those hired through contractors, indicating a diverse labour market. The total emoluments paid reflect the economic significance of these industries, with ₹94,888 lakhs disbursed in wages and salaries. In conclusion, the data demonstrates that Uttarakhand's food processing industries not only contribute to the state's economic framework but also play a crucial role in employment generation and overall industrial growth. There is significant potential for further development in this sector, suggesting that targeted policies and investments could enhance its contributions to both the local and national economy.

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