

INSTITUTIONAL FACILITIES FOR FOOD PROCESSING INDUSTRIES IN KARNATAKA

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Abstract

To achieve rapid industrial growth and to encourage the setting up of industries in a country, the support system in terms of finance, technology know-how, location and entrepreneurial skills are very indispensable and forms the responsibility of the Government. Setting up of industries though an economic objective, the need of the hour is providing employment opportunities. Food processing industry is an emerging industry which refers to the processing of raw agricultural products into food products that will retain the nutrients and flavor of the processed products available for consumption. Provision of employment is a crucial determinant for economic development as it reflects on the level of income and standard of living of the people. As food processing industry is a new and emerging industry, there is tremendous scope for employment. The Government of Karnataka has initiated Karnataka Udyog Mitra (KUM) to attract investment in setting up of food parks and food processing units in the state with the help of private participation as well. Therefore this paper is an attempt to understand the institutional framework provided by the Government to encourage this food industry and also is a study on the importance of food parks in the state of Karnataka.

Keywords: Food processing industry, Karnataka Udyog Mitra (KUM), food parks.

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1 INTRODUCTION

Increased consumerism, changes in income and lifestyle of the people and innovations have led to the establishment of food processing industry. This has resulted in creating large food chains due to transfer of culture between countries and many food outlets being started world wide. The present paper is related to food processing industry in Karnataka as Karnataka is one of the largest states in terms of production of fruits and vegetables, there is a greater scope for setting up food processing industries. The present paper is related to the importance of food processing industry and food parks in Karnataka. Food processing industry is considered as one of the potential areas in attracting foreign investment as this industry is one of the largest in terms of production and growth. The paper also highlights the various food parks set up in Karnataka and also the proposed food parks to be set up under public private partnership. This industry also helps in boosting and promoting agricultural products and with the latest technology available, post harvest losses can be minimized. Food processing industry involves clean and harvested mechanism to produce marketable food products. This helps in preservation of food, retaining its flavor and also the quality of processed food products.

This industry provides for a better linkage between industry and agriculture. Therefore the Government of India has given it a top priority both at the central and state levels in terms of fiscal incentives, institutional facilities thereby adding value to exportable of processed food products and growth.

Karnataka has been a pioneer in industry. It has been consistently pursuing progressive industrial policies to meet the changing needs of the state's economy. Karnataka is one of the major industrialized states in the country and in food processing industry it ranks eighth in the country. Therefore the paper is an attempt to understand the importance of food processing industry in Karnataka and the establishment of food parks in the respective state.

2. RESEARCH METHODOLOGY

The present study is based on secondary data.

3. OBJECTIVES OF THE STUDY

a) To understand the potentiality in setting up of food processing industries in Karnataka

- b) To study the institutional facilities provided for the growth of food processing units in Karnataka
- c) To study about the food parks in Karnataka

3 a) The potentiality in setting up of food processing industries in Karnataka

Due to growing consumerism, changes in tastes and lifestyles, changing technology, innovation is re-introduced in the food processing industry. Karnataka is the eighth largest state in the country. It is blessed with a fertile landscape and favourable climatic conditions that supports cultivation of various cash and food crops. It is the leading producer of spices, aromatic, medicinal crops, second-largest milk producing state. It is also a major producer of maize, coarse cereals, sugarcane, pulses and sunflower. Karnataka is the third largest producer of fruits and fifth largest producer of vegetables.

The Government of Karnataka with a view to develop agriculture and also provide better income to the farm grower, it announced the Integrated Agribusiness Development Policy 2011, which is a first-of-its-kind in the country. This policy mainly aims at developing infrastructure in agricultural sector, providing technical and financial support for setting up agro based industries thereby creating value addition to production, quality of agri products. Karnataka is the first state in the country to have a separate agricultural budget.

The Government primarily considers that development of food processing industries in the state will not only add value to agricultural products but also contributes to the growth of agri and processed food products. This industry is treated as one of the key industries in promoting growth and can provide huge employment opportunities and also encourage entrepreneurs to set up food processing units in rural and urban areas. The technologies in this food industry include rice mills, dal mills and other grain mills for the primary processing of the food grains, technology for mushroom drying of vegetable crops, minimally processed and packaged vegetables and poultry products. This industry is also one of the key areas in attracting foreign investment.

3b) Institutional Facilities for Food Processing Industries in Karnataka

Karnataka Udyog Mitra (KUM) was established by the Government of Karnataka to promote food processing industries in the State. The institutional facilities are as follows:

1. Entrepreneurship Development Programmes (EDP) (maximum grant Rs. 2.00 lakh per programme). During the 11th plan 846 EDPs were conducted in order to encourage new entrepreneurs to participate in the business of food processing and technology in food science.
2. Centre for Entrepreneurship Development of Karnataka , Dharwad (CEDOK)

The main functions of the CEDOK include

- To provide adequate training and research
- To create opportunities for self employment
- To motivate local entrepreneurs by improving their managerial and entrepreneurial skills
- To conduct and organize entrepreneurship awareness programmes and workshops for the upcoming entrepreneurs
- The institution with a view to nurture and develop entrepreneurial skills it has conducted various development programmes and workshops during the year 2008-09.

3. Technical Consultancy Services Organisation of Karnataka (TECSOK)

TECSOK focuses more on promotion of entrepreneurship to people who belong to SC/ST. TECSOK has also coordinated implementation of Kaigarika Vikasa scheme by conducting sectoral studies. It also advises on matters relating to setting up of food processing industries in Karnataka

4. Association of Women Entrepreneurs of Karnataka (AWAKE)

To encourage women interested in food processing AWAKE was set up in 1992. The present equipments available in the business incubator are fruit juicer, pulper, inverter, mixer grinder, baking machines cold storage. The incubator is upgraded by adding more machineries and quality control equipments as and when needed. In 2009, AWAKE set up 'Ananya' - the Food Incubation centre at Karnataka State Women's University (KSWU), in Bijapur with the support of Karnataka Science and Technology Academy (KSTA)

- 5 . Food Processing Training Centre (FPTC)

These centres are helpful in promoting entrepreneurship and skill development as well as transfer of technology in the food industry.

3 c) Food Parks in Karnataka

With a view to develop the food processing industry in the state and to promote exports of agricultural products, the food parks were set up under the Ministry of Food Processing Industries guidelines in 2000- 2001. The food parks are of paramount importance as they provide technical infrastructure in food processing which would help in increasing production, reduce post harvest losses and also investment in food industry.

The Government of Karnataka has established Food Karnataka Limited, a Special Purpose Vehicle as the Nodal Agency for the development of food processing in the state. Apart from this, the Government has also encouraged public private partnership in setting up food parks and food processing units in the state. The Government also aims at setting up food agro zones in the state which helps in promoting the exports of processed agri products and also provide employment. The Government of Karnataka along with Karnataka Udyog Mitra (KUM) and Special Purpose Vehicle (SPV) has allowed private companies to set up food parks in the state.

4. FINDINGS OF THE STUDY

In the food processing sector, `300 crore each are in four segments - farm product cultivation, promotion of pulses cultivation in rainfed areas, fodder development, and promoting production of bajra, jowar, ragi, oil palm production. The Mega Food Parks Scheme (MFPS), may be regarded as the flagship programme of the Ministry during the 11th Plan. To promote agri-business growth to be sustainable, the Government introduced ‘Integrated Agribusiness Development Policy 2011’ which is a first of its kind in the country which aims at employment generation in rural areas and promote the setting up of food processing units. There is lack of managerial talent & entrepreneurship with adequate technical background in food science & technology.

5. CONCLUSIONS OF THE STUDY

As many multinational companies have opened their food chains, our own domestic brands are also becoming popular. Apart from encouraging the development of food processing industries, these industries should also work towards attaining sustainability in food production and adopt best agricultural practices to protect environment. This industry in the long run can definitely

contribute towards industrial growth by creating more employment opportunities, boost exports and more importantly in providing a better remuneration to the farmers.

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