



**RESOURCE WASTAGE IS EQUAL TO ECONOMIC WASTAGE:
PRODUCTION AND MARKETING OF FRUITS AND VEGETABLE IN THE
GLOBALIZED INDIA**

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Abstract

In early 1990s the Indian economy had witnessed dramatic policy changes. The idea behind the new economic model is known as Liberalization, Privatization and Globalization (LPG). Reforms were initiated with regard to industrial trade and social sector to make the economy more competitive. India has done very little reforms in agriculture to enable private and individual economic initiative that would help harness the benefits of globalization. Despite this government created hurdles to globalization, Indian agriculture has benefited substantially from whatever little globalization that has been allowed in Indian agriculture. The country has concentrated the industrial development and fails to remember the larger illiterate population of India. On these situations, the authors indented to stabilize a real situation it is prevailing in India and pave the ways to the farmers to have a technological advancement to get the full utilization of our agricultural products like fruits and vegetables.

I. INTRODUCTION

It is found that the new LPG policy created more advantages to the Indian Economy. At the same time when we analyze it, we could have understood that the benefit has gone to the Urban and educated Traders and the urban Populations. At the same time when we study the real picture, the poor illiterate farmers last their life by paying high land price and high price levels in other sectors. Due to the inflation in other service and industrial sector, farmers cannot maintain their daily life and has not got the advantages. The following advantages are framed to know the real picture.

India is one of the key food producers in the world, with the second largest arable land area. It is the largest producer of milk, pulses, sugarcane and tea in the world and the second largest producer of wheat, rice, fruits and vegetables. According to industry estimates, the processed food market accounts for 32 percent (EUR 21.8 billion) of the total food market which is valued at EUR 67.9 billion. India is the world's second largest producer of food next to China, but accounts for only 1.6 percent of international food trade. The Government aims at increasing this share to 3 percent in the next 8 years. This indicates vast potential for both investors and exporters. The food processing industry is presently growing at 14 per cent against 6-7 per cent growth in 2003-04. The industry received Foreign Direct Investments (FDI) totalling US\$ 143.80 million in 2007-08 against US\$ 5.70 million in the previous fiscal. The cumulative FDI received by the industry from April 2000-January 2009 stood at US\$ 760.32 million. However, India's share in exports of processed food in global trade is only 1.5 per cent; whereas the size of the global processed-food market is estimated at US\$ 3.2 trillion and nearly 80 per cent of agricultural products in the developed countries get processed and packaged. India's Food Processing industry is one of the largest industries in the country. Within manufacturing sector, it is ranked fifth in

terms of production, consumption, export and expected growth. The Indian food industry is estimated to be worth over US\$ 200 billion and is expected to grow to US\$ 310 billion by 2015. India is one of the world's major food producers but accounts for only 1.7 per cent (valued at US\$ 7.5 billion) of world trade in this sector – this share is slated to increase to 3 per cent (US\$ 20 billion) by 2015. The Indian food processing industry is estimated at US\$ 70 billion. It contributed 6.3 per cent to India's GDP in 2003 and had a share of 6 per cent in the total industrial production. The industry employs 1.6 million workers directly. Ministry of Food Processing, Government of India has defined the following segments within the Food Processing industry. Dairy, fruits & vegetable processing Grain Processing Meat & poultry processing, Fisheries, Consumer foods including packaged foods, beverages and packaged drinking water. Out of the country's total agriculture and food produce, only 2 per cent is processed. The highest share of processed food is in the Dairy sector, where 37 per cent of the total produce is processed, of which 15 per cent is processed by the organized sector.

II. MAJOR AGRICULTURAL PRODUCTS OF INDIA

Fruits / Vegetables	% share in Global Production
Mangoes	54
Cauliflower	30
Bananas	23
Green peas	36
Onions	10

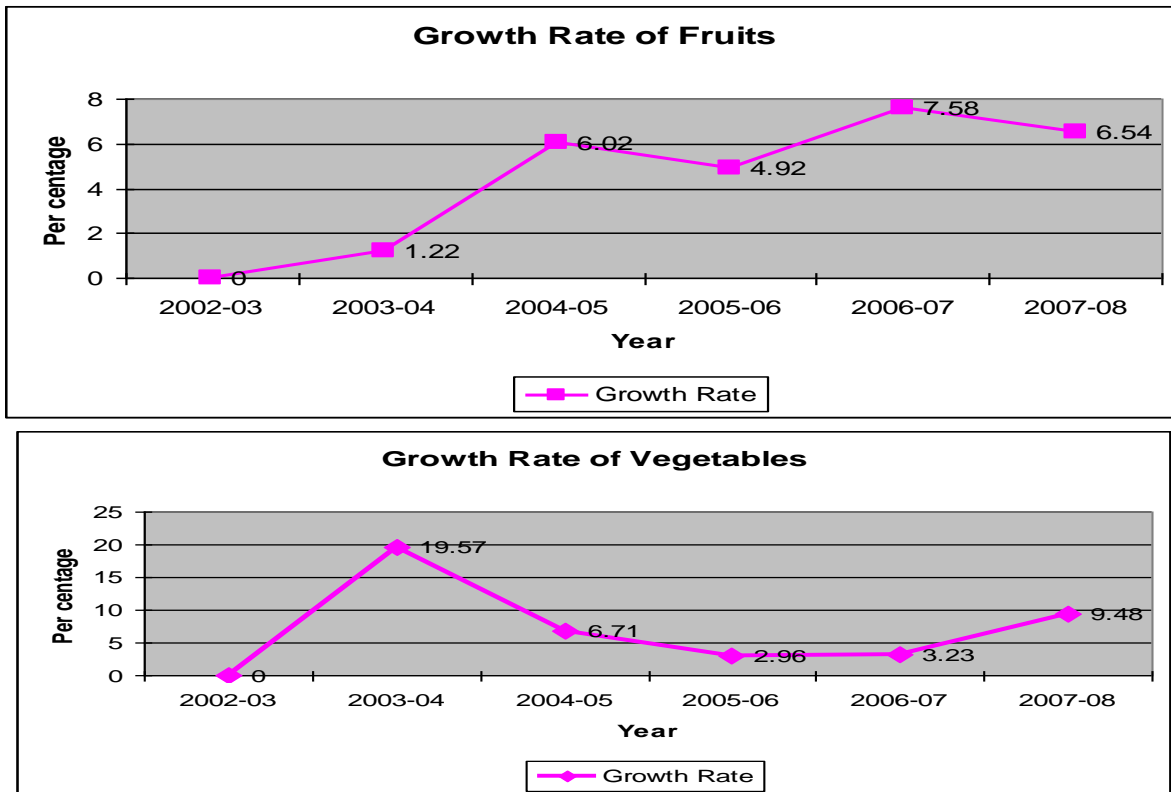
India has done very little reforms in agriculture to enable private and individual economic initiative that would help harness the benefits of globalization. Despite this government created hurdles to globalization, Indian agriculture has benefited substantially from whatever little globalization that has been allowed in Indian agriculture. The farmers that got the exposure to global links of markets, technology and investment, benefited in terms of improving their yields, getting better prices and secured off take. In many areas of the country, tomatoes growers, potato farmers and fruit growers made tie-up and collaborations with ketchup, potato chips, fruit juices, etc. Indian agricultural exports have grown where Indian farmers in selected pockets are competitive. These include spices made from agricultural produce, flowers, mangoes, other fruits rice, vegetables, pickles, papads, tobacco, etc. The e-choupals network created by an Indian company and the spread of mobile telephones have provided on line market price and climatic information on on-line real-time basis and helped them to get the best prices and sell to the most attractive buyers and brought them freedom from the clutches of the middlemen and traders. Because of the resistance from the traders, more and more farmers are not getting the benefits of globalization vested interests are stopping the entry of more professional and honest buyers of agricultural produce of high quality for supply to urban areas through network of malls.

III. PRODUCTION OF FRUIT AND VEGETABLES IN INDIA

Year	Fruits			Vegetables		
	Area (Million Ha)	Production (Million Tonnes)	Growth Rate	Area (Million Ha)	Production (Million Tonnes)	Growth Rate
2002-03	4.8	49.2	-	5.9	84.8	-
2003-04	5.1	49.8	1.22	6.7	101.4	19.57
2004-05	5.3	52.8	6.02	7.1	108.2	6.71
2005-06	5.3	55.4	4.92	7.2	111.4	2.96
2006-07	5.6	59.6	7.58	7.5	115.0	3.23
2007-08	5.8	63.5	6.54	7.8	125.9	9.48

Source: National Horticultural Board, data base 2007-08

The production of fruit in India, as detailed in table 1 shows an average production of 55.05 Million tones over a period of 6 years starting from 2002-03 to 2007-08. It was 49.2 Million tonnes in 4.8 Million Ha in the year 2002-03. A slight increase in the area of the land showed almost the same in 2003-04. In 2004-05 there was some increase in production in 5.3 Million Ha, in 2005 and 2006 the production increased considerably in the same extent of land of 5.3 Million Ha. The production remarkably increased in 2006-07 to 59.6 Million tones in almost the same extent of area of 5.6 Million Ha. In 2007-08 only one Million Ha of area increased but the production was increased by about 14 Million tones.



IV. FROZEN FRUITS MARKET

Data shows that the growing industrial and service factors are growing fast and the share of agricultural sector is diminishing considerably. When we see the agrarian situation of the global market, the concentration of frozen fruits and vegetables market are increasing due to the growth the technology. The advantages of convenience, the frozen fruits marketing are contributing a meager percentage to the total consumption of fruits and vegetables in the world. Europe and U.S. have the largest demand for the frozen fruits. The annual growth rate of frozen fruits in Europe is 2.75 percentages and it is 0.3 percentages in U.S. The two countries are jointly marketing 70.83 percent (Europe 37.5 percent and U.S. 33.33 percent) of the total marketing of frozen fruits and vegetables of the world market. Japan is the third largest country marketing the frozen fruits and vegetables. It has the annual growth rate of 3.44 percentages and it covers 20.23 percentages of the total frozen fruits and vegetable market of the world. Latin America, Canada, Asia Pacific and rest of the world is also having demand for the frozen fruits and vegetables considerably.

V. FROZEN FRUITS AND VEGETABLES EXPORT OF INDIA

The domestic market for frozen fruits and vegetables is limited though steadily expanding. The market for frozen food in India increased in the period 1999-2004 growing at an average annual rate of 11.2 percent. Frozen fruits and vegetables rank among the major products exported to key markets such as the US, Russia, the U.K., Germany and the Middle East. Historically, the industry has been witnessing rapid double-digit growth patterns. Growth in the overall fruit and vegetables processing industry in India is draught with infrastructural, managerial and processing inadequacies. A major portion of the processed fruits and vegetables market is intensely export oriented given the limited potential for domestic demand. Thus the Indian exports of frozen fruits and vegetables have shown signs of growth only for U.K. and U.S.A., France also has also been a major importer of Indian FFV produces but has recently shown decline, Japan has shown a major decrease in Indian exports.

Since economic reforms began in 1991, India has remained consistently a net exporter of agricultural products, with agricultural exports touching USD 40.7 billion and imports at USD 20 billion in 2012-13. India's share in global agricultural exports has also increased from 0.8 per cent in 1990 to 2.1 per cent in 2011, indicating its growing international competitiveness in agriculture. Overall, agricultural trade (exports plus imports) as a percentage of agricultural GDP has also improved from about 5 per cent in 1990-91 to more than 18 per cent by 2011-12, suggesting India's gradual integration with the global economy. During 2012-13, India exported 22 MMTs of cereals and emerged as the biggest exporter of rice and buffalo meat. Yet, Indian agricultural trade policies have remained somewhat overly cautious, with export controls on wheat and common rice during 2007-11 and earlier during 1996-2000, and restrictive export policies on oilseeds/edible oils and pulses. The primary objective of food policy in the country is to ensure food security (adequate supplies at affordable prices) to the poorest, and it is inevitable for trade policy to be guided and influenced by the overall food policy. It is against this backdrop that one must understand the dynamics of India's agricultural trade policy.

VI. INDIA'S EXPORTS AND IMPORTS OF AGRICULTURAL COMMODITIES, 1990-91 TO 2012-13

In order to ensure food security to the rapidly increasing population, the foremost policy effort in India has been to increase domestic production in an efficient and sustainable manner. Viewed from this perspective, India's agriculture has made impressive strides in the six decades since becoming an independent republic. In 1951, it had a population of 361 million and food grain production of 50.82 MMTs. It was a food deficit country with abject dependence on food aid from the USA. In 2012, its population is estimated to have grown to 1.2 billion but the food grain production has grown more, to 256 million MT. Its granaries are full and India is exporting large quantities of cereals (22 MMTs in 2012-13). India has been for some time the world's second largest producer of both wheat and rice and, in 2012, it emerged as the largest exporter of rice. It is also the world's largest producer of milk and the largest exporter of beef (buffalo meat). It has been truly a remarkable transition. It is also estimated that India has been maintain the first **Position to the production of Fruits and Vegetables**.

Under the Indian Constitution, agriculture is a state subject, but states generate very little revenue surplus to undertake new schemes for development. As a result, they are dependent on the center for taking new initiatives. The programmes of support and protection in agriculture are initiated and funded principally by the central government.

The policies that have made the growth story possible have basically four elements: technology (R&D, seeds, extension), incentives (prices, procurement, and input subsidies), infrastructure (roads and power) and institutions (markets, land laws, credit, insurance, etc.). It also assesses against the benchmark of WTO rules and India's commitments therein.

VII. MARKET ACCESS

For all of the 1960s, 70s and 80s, India's import regime for merchandise was comprehensively controlled through import licensing and state trading. In addition, high levels of tariffs prevailed on both agricultural and industrial products. The economic reforms of 1991-92 brought about a big change in India's import trade barriers. On industrial products, the peak tariff levels were progressively brought down from 150 per cent or more to 10 per cent by 2007, leaving aside a few exceptions. Quantitative restrictions were eliminated on raw materials, intermediate goods and capital goods to start with. The market access regime for agricultural products, however, did not undergo a parallel process of liberalization. The rules of the WTO Agreement permitted developing countries to maintain quantitative restrictions on agricultural products under the balance-of-payments exception and during the negotiations India was allowed to offer ceiling bindings on the products on which such restrictions were maintained. Consequently, India bound its agricultural tariffs at 100 per cent for commodities, 150 per cent for processed products and 300 per cent for some edible oils. Only on a few products including cereals and milk products the pre-existing GATT bindings at zero tariffs were carried forward. With such high bound levels, India was under no pressure to bring down its applied levels of tariffs.

VIII. CONCLUSIONS

India is the developing country which is growing next to China. The growth of the frozen industry is also having much important. Due to its cheap labour force, high concentration of agriculture and less knowledge about the international market have given greater opportunities to the foreign traders to enter in India to start the frozen fruits and vegetables market. The external agreements of India and following exporting oriented trade policy, the global traders were largely attracted to do business in the frozen fruits and vegetables. The export of fresh fruits and vegetables are much higher. It shows that the less knowledge and absence of frozen technology is the cause for it. When the technical knowledge people entering in to the frozen industry of India they can earn more profit than the other countries in the world.

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