

**Study of Skilled Labour Deployment and It's Impact in MSME Food Processing Industry****Uday Sawant****L&T Infotech, Mumbai****Dr. Vinay Chavan****Associate Professor, S. K. Porwal College, Kmaptee, Nagpur, Maharashtra, India,**

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**Abstract**

The MSME Food Processing units have been facing certain challenges that are unique to them. Labor migration from villages to cities have created a paucity of skilled manpower, private labels by multi-brand retailers, bigger companies and MNC' engaging in contract farming etc. Also recent government policies have not helped. On the other hand, recent unpredictable climatic changes have added to their woes. On one hand, the sector has great propensity to create employment, especially in rural area, and on the other hand it suffers from lack of skilled labor availability. The lack of skilled labor introduces quality issues in products, increases wastages and lowers the yield thereby lowering the efficiency of entire business. The small units do not see the intangible benefits of employing skilled labor. Its' also a fact that even if they do realise this, it may not be available in rural areas where these units are. Addressing this problem would result in overall growth of food processing industry and uplifting of rural economy of India as well.

Keywords: Food Processing, Agricultural Output, Employment Generation, Labor, Skills, Training, Processed Food Exports, Skilled Labor, MSME

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**Introduction**

Food processing industry in India is a sunrise industry that has gained prominence in the recent years. Availability of raw materials, changing lifestyles and appropriate fiscal policies has given a considerable push to the industry's growth. It is one of the largest sectors in terms of production, consumption, export and growth prospects. The government has accorded it a high priority, with a number of fiscal reliefs and incentives, to encourage commercialization and value addition to agricultural produce, for minimizing pre/post-harvest wastage, generating employment, export growth and food retail market [1].

## METHODOLOGY

Reviewed the relevant literature and analyzed secondary data available on food processing sector. The data sources are from several reports of Government, Institutions like ASSOCHAM, KPMG, CCI etc, In addition, a questionnaire was mailed to respondents. The survey was carried out using interview, observation, questionnaire; instruments are used to understand quantification of facts.

## LIMITATIONS

Access and availability of same set of data on food processing industry across different years was a big constraint. There was no separate code for food processing industries till 2008 in Annual Survey of Industries and National Sample Survey Organization reports

These units generally record the figures of sales and purchases at total level and break up of this is difficult to establish. The units generally record the sales and purchases but break up likes from farm, from distributor etc. had to be established. Still another area that was not understood clearly is deployment of skilled labor force

Brand building expenditure was again not recorded specifically by these units. These were often clubbed as sales expenses. Wherever it was possible to observe processes and talk to production people and labor, the processes and their impact of product quality and efficiency could be observed. There is quite a bit of qualitative information that is not possible to be captured by questionnaire.

## DATA ANALYSIS

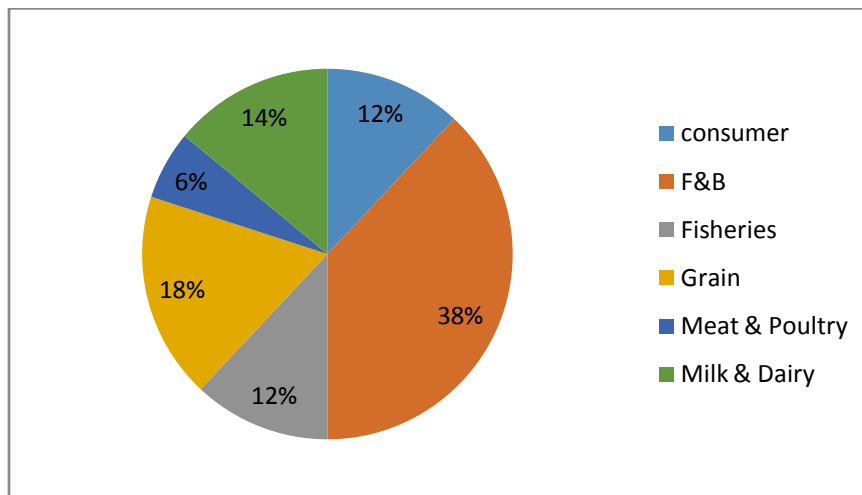
**Table 1: Distribution of units under study based on Size**

size	frequency	percentage
Micro	8	16
Small	26	52
Medium	9	18

**Table No 2: Food Processing Segments**

Segment	Percentage	Frequency
consumer	12	6
F&B	38	19
Fisheries	12	6
Grain	18	9
Meat & Poultry	6	3
Milk & Dairy	14	7

Source: Compiled by Researcher

**Fig. 1: Segment wise breakup**

**Table No 5.3a: Turnover and Employment**

Year	Turnover			Employment Generation		
	Micro	Small	Medium	Micro	Small	Medium
2009-10	1.31	23.04	184.98	115	533	360
2010-11	1.42	25.41	206.64	129	604	405
2011-12	1.54	28.04	231.03	144	685	456
2012-13	1.67	31.03	259.33	161	778	516
2013-14	1.82	34.5	292.54	181	890	590

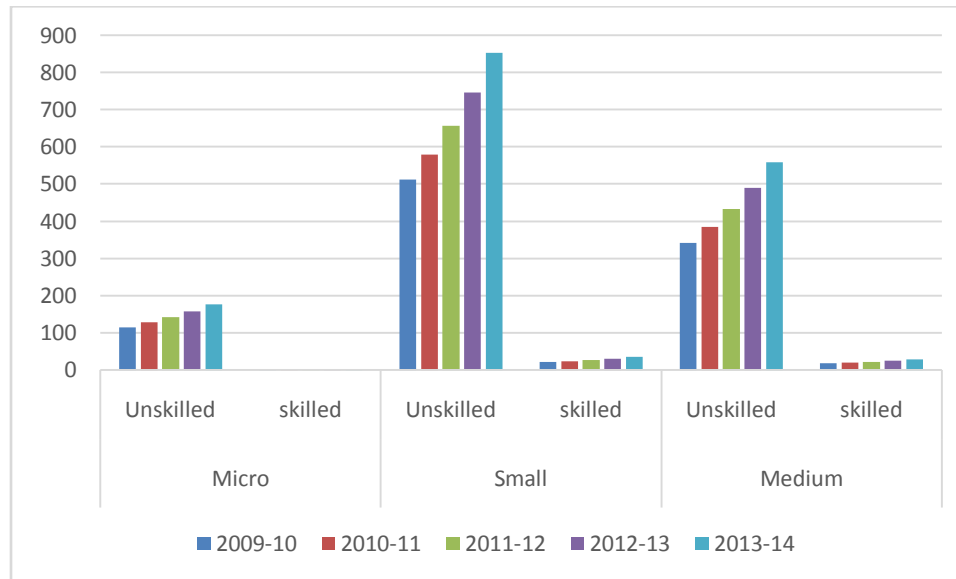
Source: Compiled by Researcher

The data indicates that all the three sections of industry have been growing and adding to the employment. However, where average turnover for micro section grew by INR 0.06 Cr. Per unit, they added 8 employees per unit between 2009-10 to 2013-14. At the same time, average turnover grew by 0.44 Cr. For small and by INR. 6.7 Cr. For medium units, they added 13 and 14 employees respectively in the same period. The incremental addition in employment by medium section corresponding to rise in turnover lags far behind that of small and micro. The micro units for an increase in turnover by INR 0.06 Cr., added more employees between 2009-10 to 2013-14. This indicates the propensity of micro units to add to employment for a given size of business.

**Table No 5.4: Number of Persons Employed in Units (Skilled and Unskilled)**

Number of Persons Employed	Micro		Small		Medium		Total
	Unskilled	skilled	Unskilled	skilled	Unskilled	skilled	
2009-10	114	1	512	21	342	18	1008
2010-11	128	1	580	24	385	20	1138
2011-12	142	2	658	27	433	23	1285
2012-13	158	3	747	31	490	26	1455
2013-14	178	3	854	36	560	30	1661

Source: Compiled by Researcher



All the three sections indicate that the deployment of skilled manpower is extremely low. In micro, it is at 1.5% level, whereas in small and medium, it is 4.2% and 5.3% respectively. Lack of skilled deployment is partly due to availability of skilled persons in the area of units and also lack of understanding of importance of skilled labor deployment.

## CONCLUSION

There is a wide gap between need and availability of trained labor in the food processing industry. If India is to make its presence in the world market, then there is a need to bridge this gap as soon as possible. There is a huge gap in demand and supply market. According to a survey done by NSDC, there is a huge demand for skilled workers at all the stages in food processing industry, especially for person with short term course training, having education level below 10th/12th standard.

## RECOMMENDATIONS

Regional centers could provide training, technical assistance to the MSME units. Its not just the formal training that is required, what is required is on the ground training about processes, their importance and impact that should be conveyed to the labor. The training at the place of work and on the job will make the difference.

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