

Abstract

The manufacturing sector, despite witnessing an overall growth of GDP during the decade 1999-2000 to 2009-10, suffered a decline in employment. To identify the factors responsible for such a phenomenon, in-depth analysis of different sectors of manufacturing industries is necessary. The present study analyses the dynamism of growth in Food Processing sectors.

The share of informal employment in organized manufacturing has declined over time. At sub-sectoral level, manufacturing of grain mill products and manufacture of other food products (employing about 75 per cent of the workers) saw a sharp decline. It was only manufacturing of Dairy Products which registered a positive growth during the previous decade.

The contribution of food processing sector to the GDP continuously increased during the decade 1999-00 to 2009-10, more so in the second half of the decade. The rate of growth per annum was more than four times in organized sector as compared to unorganized sector. Another striking feature is that organized sector is employing about 33 per cent of the workforce of the sector but these are contributing about 67 per cent towards the GVA.

There is large influx of foreign direct investment and upgraded technology in the food processing industries operating in organized sector, which has a positive impact on employment. However, technology upgradation has led to skill gaps in the existing workforce.