

# Structural change of food processing industry in unorganized sector of India

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## ABSTRACT

This study focuses on structural change of food processing industry in unorganized sector in India from 1989-90 to 2000-01. The source of data is periodical surveys of NSSO (National sample survey organization). The structure is examined on the basis of type of enterprises, type of ownership and nature of employment.

**KEY WORDS :** Food processing industries, Structural changes, Unorganized sector

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Economy consists of three sectors namely Primary sector, Secondary sector and Tertiary sector. The secondary sector is composed of manufacturing industries, construction, electricity, gas and water supply. The manufacturing sector remains an important engine of growth in the country. The impetus to growth in the developed countries came from the manufacturing sector. It was considered the engine of growth in the traditional economic history. A shift in the share of the GDP and employment from the agricultural to the manufacturing sector was considered a sign of development.

The structure of manufacturing sector consists of organized manufacturing sector and unorganized manufacturing sector. The unorganized sector has a significant presence in the Indian economy. As per National Account Statistics, at least upto 1995-96, this sector accounted for above 90 per cent of total employment and about 60 per cent of NDP generated in the economy (CSO, 1998; Das, 2000a:122).

According to NSSO, the unorganized manufacturing sector includes those manufacturing enterprises, which are

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not registered under section 2m(i) and 2m (ii) of the Factories Act, 1948 and those enterprises which are registered under section 85 of Factories Act, 1948 According to a joint study in 1998 by CII and McKinsey on Indian Food Industry Structure, it was concluded that 25 per cent of food industry is under organized sector, 33 per cent under small scale sector and 42 per cent is under unorganized sector.

Structural change is an integral part of the economic growth process. Without the option of changing the allocation of factors of production to more productive branches, growth itself is likely to suffer, at least in comparison to industrial sectors that have better opportunities for reallocation.

Structural change of an economy refers to a long-term widespread change of the fundamental structure, rather than microscale or short-term output and employment. For example, a subsistence economy is transformed into a manufacturing economy, or a regulated mixed economy is liberalized. A current example of structural change in the world economy is globalization.

## METHODOLOGY

The study is based on the secondary data which is available from periodical surveys of National Sample Survey Organization (NSSO). It covers three periods *i.e.* 1989-90 (45<sup>th</sup>