

Economics of fruits and vegetables processing unit in Pune district of western Maharashtra

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The Indian food processing market is one of the largest in terms of production, consumption, export and import prospects. India is one of the largest in fruit production and second largest in vegetable production. But the processing level of fruits and vegetables is only 2% of the total production, whereas in other countries, the processing level is too high. To find out the causes for the same, the study was undertaken in Pune district of Western Maharashtra to analyze the economics of fruits and vegetables processing unit. A small scale ownership based fruits and vegetable processing *viz.*, “Surya Food Products, Pune” was selected for study. The analyzed data on capital investment, variable costs, cost of raw material purchased per annum, marketing cost and income received for the year 2005-2006 have been presented. The main objectives of the study are to work out the profitability of the unit, to estimate per unit cost of processing and capital requirement of processing unit.

The total share of income from vegetable and fruit products was 71.90 per cent and 28.10 per cent, respectively. The total capital investment of the processing unit was worked out to Rs. 1,29,40,000. The major items of total capital investment were purchase of land (34.77 per cent), construction of building (30.91 per cent) and machinery of equipments (12.36 per cent). The total production cost was estimated to Rs.1,90,53,000 for one year, which included both variable cost (Rs. 1,73,02,500) and marketing charges (Rs. 17,50,500). The total gross returns were estimated to Rs. 2,01,82,000. The profit was estimated to Rs.11,29,000.

The Indian food processing market is one of the largest in terms of production, consumption, export and

import prospects. Since, India is one of the major food producers worldwide, with new reforms ruling the roost; it presents exciting opportunities for commercial openings for a wide range of investors across the globe.

India is the second largest producer of vegetables in the world (rank next to China). But the processing level of fruits and vegetables in India is only 2% of the total production whereas in other countries, the processing level for fruits and vegetables is too high. This indicates vast scope for investors, exporters, producer as well as cultivators.

Also for successful farming, only improvement in productivity of different agricultural products is not sufficient, but efficient marketing of products is equally important. Many experts have also opined that the main defect in agricultural marketing is least share of producer in consumer's rupee. This problem, particularly in “Post GATT Era” has become vital as prices are going to be determined mainly in open market and purely on the basis of law of demand and law of supply. To eliminate the defects of agricultural marketing, many remedies have been suggested and selling of processed products is one of them. Due to processing, value addition is possible and from the cultivator's point of view, this will be very much beneficial and remunerative.

After independence, some attempts in this direction have been made, but these are restricted to few agricultural products like for instance, pomegranate, grapes and some oilseeds. In Pune district co-operative sugarcane processing industries are running very for last 50 years. But until now, number of agril. products are sold in unprocessed form. As a result of this, the cultivators are unable to accure the additional value.

However, during the last decade, the approach of cultivators is gradually changing and many agricultural fruits and vegetable processing units have come into existence such units are useful for increasing the income of cultivator's. Therefore, it is now necessary to see how far such units are economically viable. In view of this, one fruits and vegetable processing unit, recently established in Pune district has been selected and a case

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