

Approach Note on

**Strengthening the Discourse on Good and Better Jobs in India**

**1. About the Project**

CUTS International, in its endeavour to assess inequality in the Indian economy, started a project titled '*Strengthening the Discourse on Good & Better Jobs in India*'. The on-going project aims to examine structural issues in the economy by deep-diving into different labour-intensive sectors. The idea is to bring to the fore sectorial evidence from the ground so as to learn how the compact of industry state & community can balance productivity and competitiveness with higher wages.

**2. The First Phase: Textiles & Apparel Cluster**

In the first phase, Textile & Apparel sector was selected for detailed field inquiry and analysis. The field inquiry extended to 16 locations across India, covering different types of processes (spinning, weaving, process houses, dyeing, ancillary & logistics, among others), different types of enterprises (household, informal, micro, small, medium & large) & wages of the associated workforce in them.

The findings have been distilled into short articles in a three-part series titled 'The key to Indian economy is in better wages for the masses' published by the Economic Times Blogs. These articles elaborate the overall problematique (<https://bit.ly/2IHR4N0>), the enterprise story (<https://bit.ly/2VRY6nH>) & the workers' dimension (<https://bit.ly/31vvLVp>), respectively.

**3. The Next Phase: Food Processing Sector**

For the next phase, Food Processing sector in India has been selected for carrying out field inquiry. The rationale being, various forward and backward linkages of this sector including agriculture, retail market, technology, among others. In addition to it, this sector has been recognized as one of the priority sectors for job creation by the Government of India and different state governments. Also, with more than 18 lakh workers in registered processing enterprises & 51 lakh workers in unincorporated ones<sup>1</sup>, a structural analysis of this sector is expected to throw critical insights for the current research.

**3.1 The value chain: From Farm to Fork**

Following is the value chain of the food processing sector. Post-harvest, the most labour-intensive activity is processing, employing around 55% of the total human resources of the value-chain of fruits & vegetables (food processing industry)<sup>2</sup>.

---

<sup>1</sup> Annual Report (2018-19), MoFPI

<sup>2</sup> Skill Gaps Analysis in Food Processing Industry with Special Reference to Fruits & Vegetables, AISAT

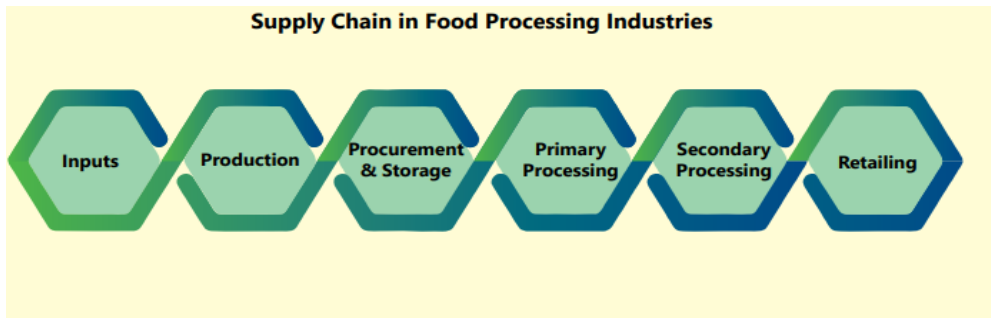


Figure 1 Value Chain of Food Processing ; Source: Annual Report, MoFPI

### 3.2 The Sub-sectors within Food Processing

The aforementioned value-chain represents the processes involved in processing of food items. There are various sub-sectors within food processing which are present in the Indian scenario. The following table represents these sub-sectors from two sources of information, one being the annual report of MoFPI & the other one being the National Industrial Classification.

---

<u>Sub-sectors as per the MoFPI Annual Report</u>	<u>Sub-sectors as per NIC categorisation</u>
---	--

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>➤ Dairy</li> <li>➤ Fruits &amp; Vegetables</li> <li>➤ Animal Husbandry</li> <li>➤ Fisheries</li> <li>➤ Grains</li> <li>➤ Plantation</li> </ul> | <ul style="list-style-type: none"> <li>➤ Milk &amp; Milk products</li> <li>➤ Fruits and vegetables</li> <li>➤ Meat and marine products</li> <li>➤ Grain and oilseeds</li> <li>➤ Packaged food</li> <li>➤ Beverages</li> </ul> |
|---|---|
- 

### 4. Tentative Research Framework for Food Processing Sector

The overall framework stems from the understanding of an industrial ecosystem & its relationship with the workforce employed in that sector. The overall ecosystem identified (as of now, open for comments) for this sector is represented below:

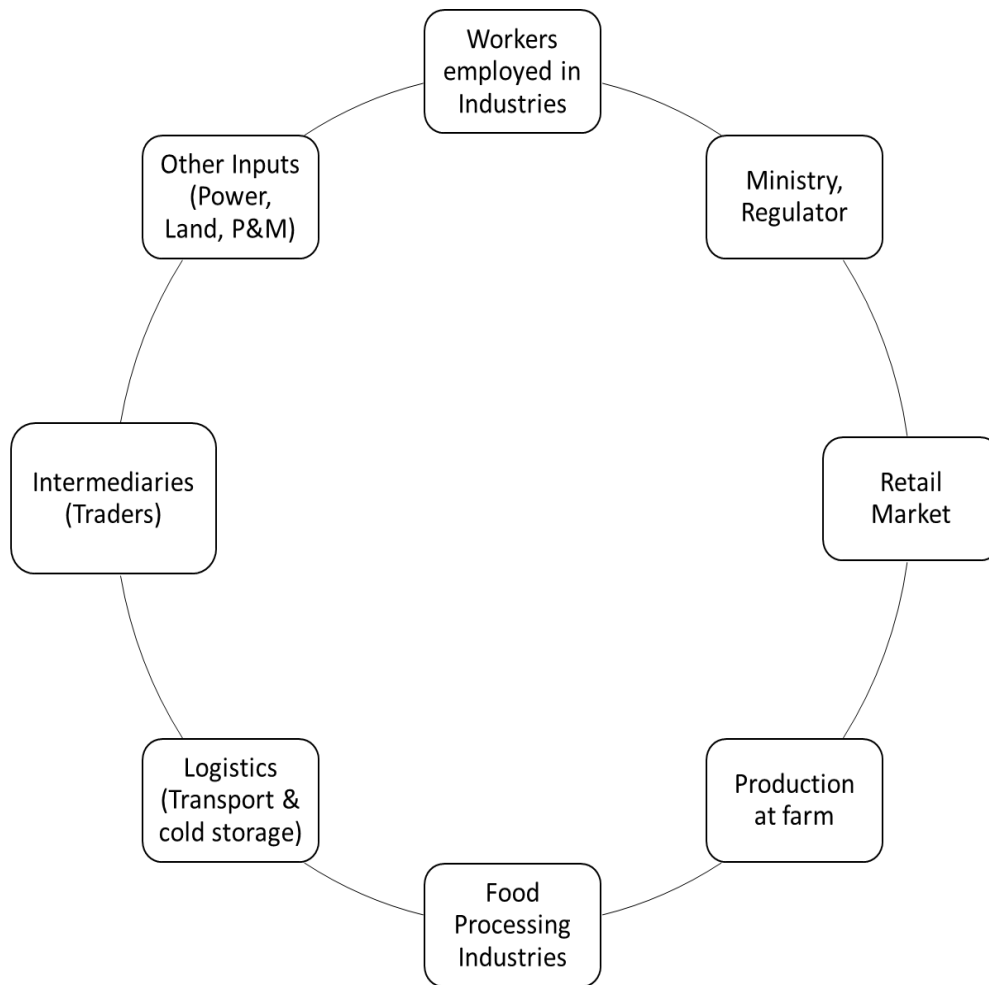


Figure 2 Ecosystem of FPI: Stakeholders Involved

It is assumed that the following components are essential to ensure necessary demand & supply in an economy. The diagram depicting ideal scenario for an economy is as follows:

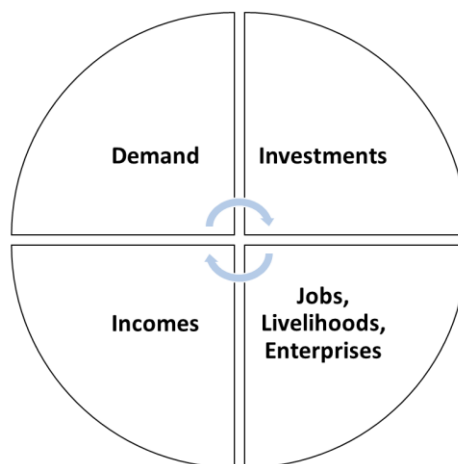


Figure 3 : Engine of Growth; Source: A New Industrial Policy for India, Arun Maira & CUTS International

## 5. What do we aim to achieve through the analysis of components forming an ecosystem?

- **Understanding Productivity and Competitiveness Analysis:** The aim is to identify structural issues affecting the overall productivity of an enterprise & a cluster. The key factors for undertaking productivity analysis include factor costs (land, labour, plant & machinery, technology), infrastructure costs (including power, water, fuel), compliance costs, among others.
- **Understanding Efficiency of Production:** The aim is to assess possible efficiency measures that could be employed in the value chain which could facilitate better competitiveness of enterprise/cluster and simultaneously better wages of workers employed.
- **Understanding Worker Welfare:** The aim is to understand conditions for better wages & nature of employment. It also covers welfare measures including social security standards, skill enhancement opportunities & issues around migration of labour, household incomes, women participation, entrepreneurship, among other issues in the food processing sector.
- **Miscellaneous:** The research also aims to tangentially touch upon issues related investment facilitation, regulatory compliance and Intellectual Property Rights (IPR).

## 6. Proposed Research Methodology

As adopted for textile & apparel sector, the following steps are envisaged for food processing sector:

- **Step 1:** Secondary research for getting the overview of the sector, along with initial discussions with key informants.
- **Step 2:** Pilot visit for developing reference points
  - Enterprises of all size (including household, micro, small, medium & large) needs to be covered.
  - Different types of enterprises in terms of sub-sectors, products (including niche products, if any), agro-climatic locations, among other parameters, needs to be covered.
  - Different aspects of workers employed across the food processing sector needs to be studied.
- **Step 3:** Analysing the findings of the pilot visit & using it to develop reference points using system's approach.
  - Reference point represents the baseline situation across the locations/sub-sectors/products selected for the pilot inquiry.  
It also acts as a benchmark node for in-depth study of other locations/sub-sectors/products
- **Step 4:** Pan-India Field Inquiry  
Again, due to wide range of products, clusters, processes & other parameters of the food processing value-chain, a pan-India inquiry needs to be strategically designed. Some of the key parameters for designing this includes:
  - Covering major geographical zones
  - Covering major sub-sectors involved in food processing
  - Developing case-studies of various success stories & niche products in selected locations

- Covering products having existing & potential demand in the market (both domestic & international)

**7. Specific Inputs/Feedback are sought on the following:**

- Overall Framework of the Research
- The Research Methodology
- Queries specific to food processing sector:
  - Overview of the sector: Value-chain, ecosystem & other specifics related to food processing in India.
  - Identification of major clusters, important products of different sub-sector
  - Sampling the different clusters/sub-sectors/products for pilot inquiry
  - Scope & limitation of the research, i.e. setting the boundaries between different sectors & within the food processing sector. (including different products, processes and locations)
  - Existing and future potential for employment, market demand & competitiveness in food processing sector. (domestic & export markets)
- Point of contacts for industry, government and community stakeholders.