

Huge Skills Shortage Rocks Indian Food Industry: FICCI Survey

- **72% of Food Companies Say Staff Lacks Ability to Use Modern Tools**
 - **66% Find Workforce Unable to Cope with Delivery & Quality Norms**
- Demand for Shop Floor Technicians to Rise by 70% by 2015***

NEW DELHI, July 10, 2010. The projected increase in the size of India's domestic food market from the current level of US\$ 181 billion to US\$ 258 billion in 2015 has brought into sharp focus the acute skill shortage in the industry. The rising demand for specific skills and available supply has eroded the competitiveness of the industry, says a FICCI study.

The study entitled, '*Rising Skill Demand: A Major Challenge for Indian Food Industry*', reveals that as high as **58 per cent of the companies are not satisfied with their employees' current level of technical skills and knowledge needed for the job.**

Seventy two (72) per cent of the companies feel that their employees lack the ability to use appropriate and modern tools, equipment, and technologies specific to their jobs and 66% feel their workforce lacks the ability to deliver work on time in accordance with the quality standards. 68% feel they (employees) do not have the ability to design a system, component, or process to meet the desired needs.

FICCI's pan-India survey and findings are based on responses from 250 companies across the entire food value chain. The study focused on the quantitative and qualitative analysis of workforce demand scenario in the food industry; current Status of shortage of manpower in the sector; current status of the course curriculum offered by various institutes and industry expectations; and current duration of training provided to the newly hired employees, which in turn reflects the efforts, put in by the industry for up gradation of basic skills.

The following are the key findings of the Survey:

Expected increase in demand of employees across various functional roles

The FICCI survey reveals that irrespective of the firm size there would be huge demand for skilled professionals, both at the higher end technical skills and lower end skills:

- ***Production Managers & Engineers* - It is expected that within a period of one year there would be an approx demand of 9,53,876 production managers and**

engineers in the sector, and would increase to 13,05,304 employees by 2015, which is currently around 65000 (46% increase in demand in 2010 and 100% by 2015)

- **Quality Control and R&D specialists:** Demand of approx 8,03,264 quality control & R&D specialist is expected by 2010 and around 10,29,182 specialists by 2015(52% increase in demand in 2010 and 95% by 2015)
- **Supply chain & logistics :** A huge demand of supply chain & logistics professionals is also expected in the sector, which will be around 8,28,366 in 2010 and approx 9,03,672 professionals by 2015(50 % increase in demand in 2010 and 63% by 2015)
- **Regulatory & legal experts:** Although the number of experts in this area is relatively few currently, it is expected that over a period of time a huge demand for regulatory & legal experts will arise. Demand is going to increase to approx 1,50,612 experts by 2010 and to 175714 by 2015(50% increase in demand in 2010 and by 75% in 2015)

Also, at the lower end increase in demand for Shop floor technicians, *supervisors Refrigeration mechanics and others would be 40% in 2010 and 70% by 2015 (i.e. approx 21,83,874 people by 2010 and 26,85,914 people by 2015)*. Meeting this demand would be challenging, since 80% of the total work force in the food processing sector comprises of people having lower end skill set.

Current Status of shortage of skilled manpower in the sector

The survey reveals that maximum skill shortage in the sector is across the following functional roles in the given order (high to low):

- **Quality control and R&D specialists**
- **Regulatory and legal experts**
- **Production managers & engineers**
- **Shop floor technicians, marketing/sales professionals and**
- **Supply chain & logistics In charge**

The shortage of Quality and R&D specialists is one of the major bottlenecks hampering new product development and innovation in the food processing industry, unlike the food processing companies in developed nations, which have become competitive, because of inherent strength and strong focus on R&D and quality control. The shortage

of quality control specialists and regulatory & legal experts is one of the prime reasons for non compliance of domestic and international regulatory and quality standards. The non compliance to international quality & regulatory standards has resulted in rejections of agri products in the global markets.

Due to lucrative job opportunities in other sectors, there is scarcity of production managers & engineers in the food processing sector, which needs to be addressed, if this sector has to grow and become globally competitive.

Though the demand for shop floor technicians, marketing professional and supply chain & logistics managers isn't the immediate cause of worry, but considering the strong policy measures taken by the Government to promote investments in the entire value chain, demand for logistics & supply chain managers, retail managers will go up significantly and meeting this demand would be challenging for the industry.

Training provisions for new employees

The survey analyzed Industry perspective of various courses offered by educational institutions and their views about it being attuned to the need and demand of the job.

- **55% of the respondents were satisfied with the course curriculum of the institutions**
- **35 % showed discontent with the current course structure**
- **9 % unsure about the courses' relevance**

These results show that although majority of respondents are content with the course curriculum at various institutions, but still a sizeable percentage of respondents believe that workers must be trained as per the needs of the industry and not in a theoretical framework. ***35% of the respondents still believe that the courses offered at various institutions' are outdated, not regularly revised and lack industry orientation. There is serious lacuna in the teaching pedagogy and methodology followed in such institutions. There is lack of focus on R&D, applied research, new product development, leading to disconnect between Industry & academia.*** The course content has to be developed keeping in mind the industry demand with more focus on research & development, latest cutting edge technology and innovations, cost effective technology and packaging solutions with a futuristic look, considering the developments in the food processing sector.

The survey also observed that to prepare and train the newly hired professionals according to the Industry needs, almost every organization conducts a formal training program for their employees. The survey results showed **that 79% of the organizations**

offer formal training to their employees, though the period of training varied from industry to industry, according to its size. Very few organizations across all sizes, offer training for duration of less than 200 hours, before streamlining their employees in core functions. However there is significant percentage of companies irrespective of the size offering training programs of more than 600-1200 hrs duration. **FICCI estimates show that this accounts to the total monetary loss of approximately US\$ 1 billion for food processing companies.**

This is a serious wastage of resources, which Industry could have focused on up gradation of the existing skills, on innovations & R&D, and latest cutting edge technology. However for the want of skilled manpower, industry spends most of the time to train and equip the human resource with basic skill set, needed at various functions in the Industry. This is a very alarming situation for the growth of food processing industry and needs to be addressed. The non availability of the skilled resources across functions is one of the prime reasons, why this industry is still battling to grow and become competitive in the global arena.

Recommendations

Short term Action to be taken

1. Since 35% of the respondents still believe that the courses offered by various institutions are outdated and not regularly revised, it becomes imperative to review the course curriculum to match industry expectations. **The government should immediately formulate a task force of all the stakeholders comprising of senior experts from industry, academia and the Government to get the course curriculum across all institutions and training institutes reviewed and updated.** The review committee should set appropriate deadlines for reviewing the same. The course curriculum needs to be updated regularly (at least once in 3 years, currently it happens once in 5-10 years) so that they are in line with current industry needs.
2. **The Government could also establish a nodal body or authorize NIFTEM to act as the central monitoring agency for all institutions across the country offering course in food processing.** The nodal agency would in turn ensure that the course curriculum is regularly updated, as and when needed, to meet the Industry expectations.

3. There is a **need for immediate adoption of ITI's by the food processing industry in various clusters across the country to upgrade the lower end skills**. The candidates after training could be directly employed by the industry; this model is already prevalent in some parts of the country at a small scale, but now it needs a big push from the industry.
4. **Food processing Industry should partner with few food technology/processing institutes on a pilot basis for up gradation of higher end skills**, and the same could be replicated for more and more institutions. However, the government needs to address the regulatory/policy issues to facilitate this engagement at a broader scale rather than on piece meal basis.
5. FICCI survey on challenges faced by food processing sector has highlighted that shortage of Quality and R&D specialists is one of the major bottlenecks hampering new product development and innovation in the food processing industry, and therefore the **Government should immediately get NIFTEM operational, and at the same time create a road map for setting up similar state of art institutes of excellence across various parts of the country**.
6. **Government should immediately constitute an empowered committee on skill development for food processing sector**, lead by the Ministry of food processing to review the existing state of affairs of manpower requirement in the food processing sector, and also set a vision for skill development in food processing. The committee should also consider the work that is already being done by various ministries and associations in this direction.

Long term Initiatives/action to be taken

1. **Each state government should have a skill development cell, either dedicated to the food processing, where ever possible, or focusing on different sectors**. The cell should be under the department of industries or food & agriculture. The state skill development cells can get the strategic inputs for running the cell from central government lead by Ministry of food processing.
2. The government should **allocate separate budget for human resource development for food processing sector for enhancing and up gradation of the skills and implementation of the various schemes for skill development**. All the

skills development cells and other organizations and ministries should work in tandem for effective implementation of the objectives set.

3. **Food processing Industries should partner with more and more food technology/processing institutes for up gradation of higher end skills, research and development, product innovation** and should also encourage the institutes to take up consultancy work for the industry.
4. **Encourage and establish more centers of excellence like NIFTEM (The National Institute of Food Technology Entrepreneurship and Management) to promote cooperation and networking amongst existing institutions** both within the country and international bodies, create a complete data base on domestic resources and bring in international best practices for improving the food processing sector.
5. **Educational and training institutions should offer core courses in the area of 'Food Science' and 'Food Technology' catering to the needs of various stakeholders** such as entrepreneurs, industry, exporters, policy makers, government and existing institutions. Majority of institutes could be located in the states where maximum activity in terms of food processing will happen in next five to ten years.
6. **World class academic institutions/training institutions to be set up over a period of time, catering to the educational and training needs of human resource in the Food Processing Industry.**