

## ONE DISTRICT ONE PRODUCT CREATION OF FOOD PROCESSING VENTURE IN PRATAPGARH

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### **ABSTRACT**

*The processes of business start-up could be understood thorough study of an entrepreneur from the beginning. The food processing industry plays an important role in Indian economy. Size-wise it ranks fifth in the country and employed 1.6 million worker with 19 % share in the country's industrial labor force. It accounts 5.5 % of GDP. The small-scale unorganized sector accounts for 75 % of the industry. India may be among one of the world's leading producers of horticulture products but more than half the fruits and vegetable produce end up rotting as waste, even before arrive in the market for sale. Therefore we can estimate that there is a lot of scope in this area. A case study was done on an entrepreneur of Food Processing Industry.*

**KEYWORDS:** *Food Processing Industry, Small-Scale Industry*

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### **Article History**

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### **INTRODUCTION**

#### **Case History**

The Indica-Khandelwal Food Products is a small-scale industry situated in Tala, PratapGarh, Uttar Pradesh (India). This industry was established in 1999 by Mr. Alok Khandelwal an entrepreneur belong to a Marwadi Family (Well-Known Cast for business background). Before him the family was engaged in business but they were retail sellers of cloths. Alok Khandelwal is the first person who had started his own business in his family. He had completed his education from Allahabad University as Law graduate. While he was doing his study he started to meet different entrepreneurs in Niani, Allahabad (Industrial area). At that time he had only this idea in his mind that "he will do something big". He was not sure about anything but he decided that he would not do his family Business, he would do something new, and then he decided that he would establish some manufacturing industry. First he decided to establish a Plastic manufacturing industry but this idea was not suited to his native place where they were living and he dropped this idea. After this he thought that he would start a phenyl industry but this idea was dropped because there was big competition in this area and there were well-established brand in this area. Then he decided to establish a Food Processing industry, which was suited according to his native place and there was no systematic and hygienically knowledgeable Food Processing Unit in that area. This area is well known for Amla production in all over India. Therefore at this place there is about 30 registered food industries. The Indica-Khandelwal food industry is highest sale tax payee industry and the annual turn over is about 3 million rupees per year, and about 4 Lakh rupees tax per year. Before working on this project he had traveled on those cities, which are famous for Food Processing Unit (Kota, Ajmer, Rajsthan and Hathras, Kanpur, Varanasi, Massuri, Uttar Pradesh). After

going these cities he decided that he would acquire proper training related to Food processing Technology and for that he had Joined “National Training Center”. Not only this Alok met to Mr R.P. Singh, an entrepreneur, who was in the same field and established “Purva Food Processing Product at Allahabad”. On the basis of these experiences he made a proposal of Food Processing Unit and discussed in his family that he is interested in starting Food Processing Unit. Initially he could not get support from his family but after some time he was able to convince his family. And he got full support from his father and other family member. At the beginning he got financial support from his family but after purchasing the land for the factory, he applied for the loan from Bank of Baroada, he had got loan for 10 Lakh after a lot of hassles. Money crises were started from the beginning. He started his effort on this project from 1997 and was successfully able to establish his factory in 1999 and the first delivery was 4 April 1999. There are 50 full time employees in this factory and in peak seasons the number of employees increases every year. There are about 10 male employees and 40 were the female employees.

Alok had not decided to start his Food Processing Unit in one time. This idea came from his inner (Antahman). According to Alok if a person wants to be successful he should have good ‘Samskar’ ‘good will’ for his supplier, employees and customer; he should be honest. Making money should not be the aim for starting the business. When he thought to start his business, he had this mission that after 10 years he would able to advertise his products on at least Regional Television Channels. An entrepreneur should be innovative in his ideas and he should give freedom to his employees to experiment with the products. He had developed two such products with Amla, which were never launched before, Amla Toffee and Ready to Serve (Amla Drink). Although he started his business with the vision that he will do “something big”, but when he started producing his product he felt that he was not getting proper customer for his product and he need to make proper networking. At that time the phase was very frustrating and vision was subsided because to survive in business became most important. The expectation from him by others was very high and he was thinking that he was not able to fulfill other’s expectation. This was the phase when he got family support and started to make good networking with the customers. To make good networking with the customer he went to different cities to meet customers of food product such as Bombay, Nagpur, Varodra, Chennai, Lucknow, and Selam of different states of India. He tried to improve quality of his product and met to scientist (Dr.D.C. Joshi, Gujrat Agriculture University, Anand) and become member of FPO (food processing organization, a government organization which provides subsidy on small-scale unit). He started to attend seminars and exhibitions. Now he has at least 20 big customers from overall India. He got state award for small-scale entrepreneurs in 2004 and National Amla Award for 2004. He was representative of UPDASP in the meeting with World Bank. Where he told about his vision that he would like to sell his product to the representative of World Bank (Mr. Martien van Niewkoop). If an entrepreneur wants to be successful, “he should be master in his area of business” and this is the reason he always tries to get information from scientists and always read literature related to food processing. He had proper training from the institute of food processing. Alok had told that being a member of business class family, “he has inborn capability to start a new business”. He was always capable to handle the risk involved in business and he was confident that he would be successful. To meet his day to day financial crises he had established a retail shop of his product in Pratapgarh District. With the experience capability to deal with employees, customers and supplier was increased but the ability to deal with business was always. He had made trustful relationship with his suppliers, employees, and customers. Initially he gathered information related to his business, on the basis of this he estimated the cost of the product and for his business proper equipment and the quality of water was very important. Therefore he had done proper arrangement of water supply. Initially he was not well aware of equipment and therefore he is replacing most of the equipment now. Buying land, buying equipment, getting loan from bank, getting brand of product, searching for customer and supplier

were the most important business activities, which should be done, according to Alok. Government is providing proper support, but it is playing as hurdles according to him. There are good schemes but the implementations of these schemes are not proper. According to Alok for a successful entrepreneur team building, support from customer and supplier, interpersonal skills, knowledge of quality control and proper advertisement is important.

## **METHOD**

Interview method was applied to collect information from the entrepreneur. Researcher had tried to make rapport with the entrepreneur and met Mr. Alok for three days before the interview. The researcher asked him to tape-record the interview initially he was agreed to tape-record the interview but when interview started he felt uneasy with saying that he will be hesitate to share those information, which he would otherwise share and he would be conscious. Therefore tape-record was not done. Researcher went in his factory and met to the employees and get opportunity to know the factory environment. He showed some documents related to his quality control and business statements.

## **IMPLICATIONS**

This study indicate that vision is important for the starting any business and this should be suited according to business opportunity and local environment, Alok described that he had started food processing unit because this was suited with his local environment. Mission may be keep on changing and the purpose might not form initially as Alok had described that after getting into business he realized that his business has provided employment to the local people and his business has become major source of his livelihood. Not only this, he is now very conscious about health of his employees. Initially his mission about his business was to advertise on regional television but now he had changed this and now his mission is to sell his product in foreign countries. The mode of advertisement is now changed, he has changed the label of his product and made it more attractive, he is personally going into the exhibition and applying for the India's most popular and big exhibition at "Pragati Maidan, New Delhi". He is also changing the package of the product. He always seeks information about his product and trying to control the quality of the product. For example, Amla is well known for vitamin C and to control this in processing is very difficult, therefore he is always keep searching about the new equipment to maintain the proper amount of the vitamin C. He has developed his marketing skills for example he had described a incident that a customer demanded his product of value 50,000 rupees. He told him that take the product for 5,000 and when you able to sell this much, take more from me. When researcher asked him why he had done this, he told that this is the question of reputation of his product, if the customer would not able to sell within a year. The expiry date of product will exceed and if the product would come after that into market that will affect his brand. This shows that how the experience influences the skill to sustain in the market. This is, how visions of sustain in the market lead to an entrepreneur to increase his capability of marketing.

Alok had developed his skills regarding the food processing by meeting the entrepreneurs in this area and, he had joined training institute to develop his skills. These are the method to develop self-efficacy and this could be interpreted on this basis that before starting business an entrepreneur tries to enhance his capabilities and skills and that would lead to increase self-efficacy.

After this he had made a project of his food factory and had discussed about this project with his family member. Making project and talking with the family shows his intention to start his business. After getting support from his family he purchased land for his factory. Mean time he found it difficult to establish his factory without other resources therefore he applied for loan from bank of Barooda. He purchased equipment for his factory. Initially his employees were not skillful but

after working, he provided training to his worker. These were the essential business start-up activities to start a new business.

On the basis of above discussion this can be concluded that the process described in the model is not very strictly time bound and there may be overlap between different phases of formation of vision, acquiring entrepreneurial self-efficacy, intention and business start-up activities. And with the establishment these construct might changing with the time. Yet this case study suggests that this may be a suitable path to create a new venture.

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