



Investment Opportunities in Food Processing Sector in India

Flow of Presentation

1 Trend and Prospect of FP Industry

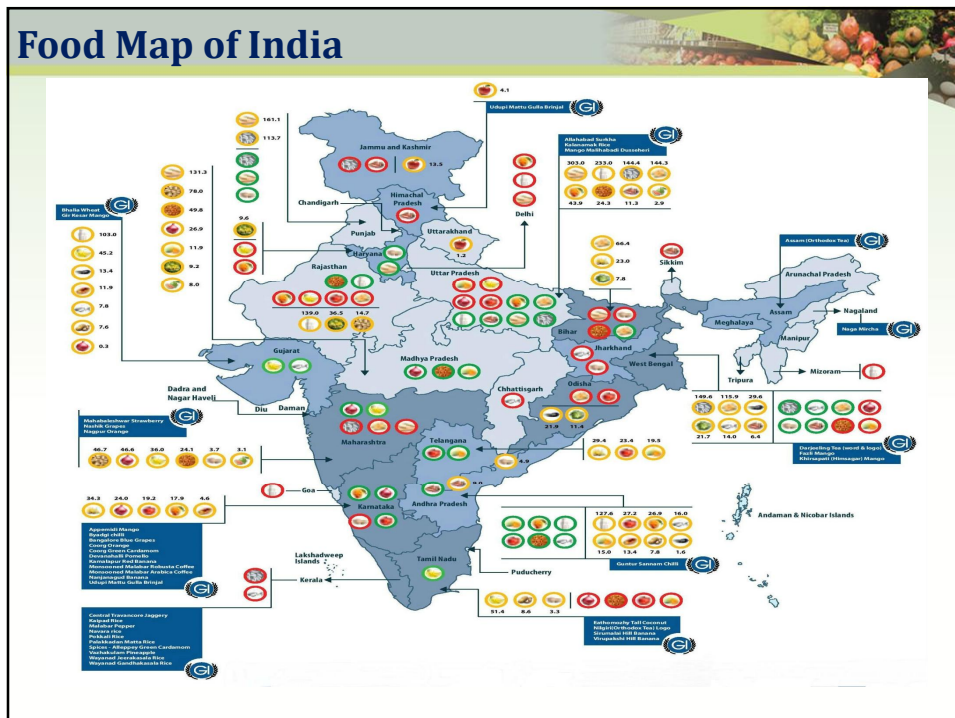
2 Opportunities & Incentives

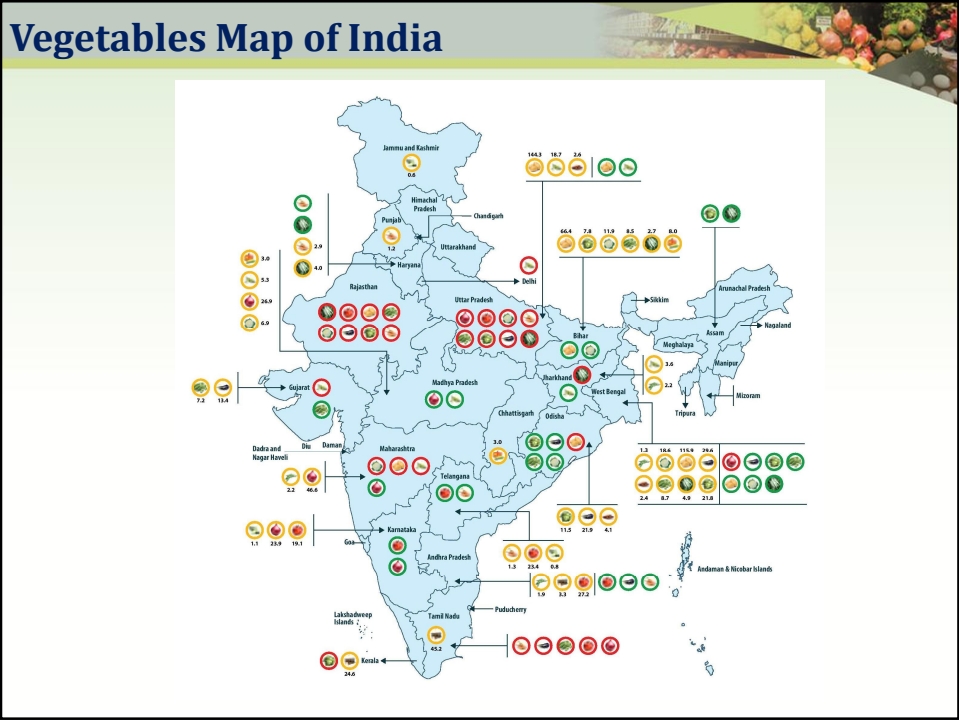
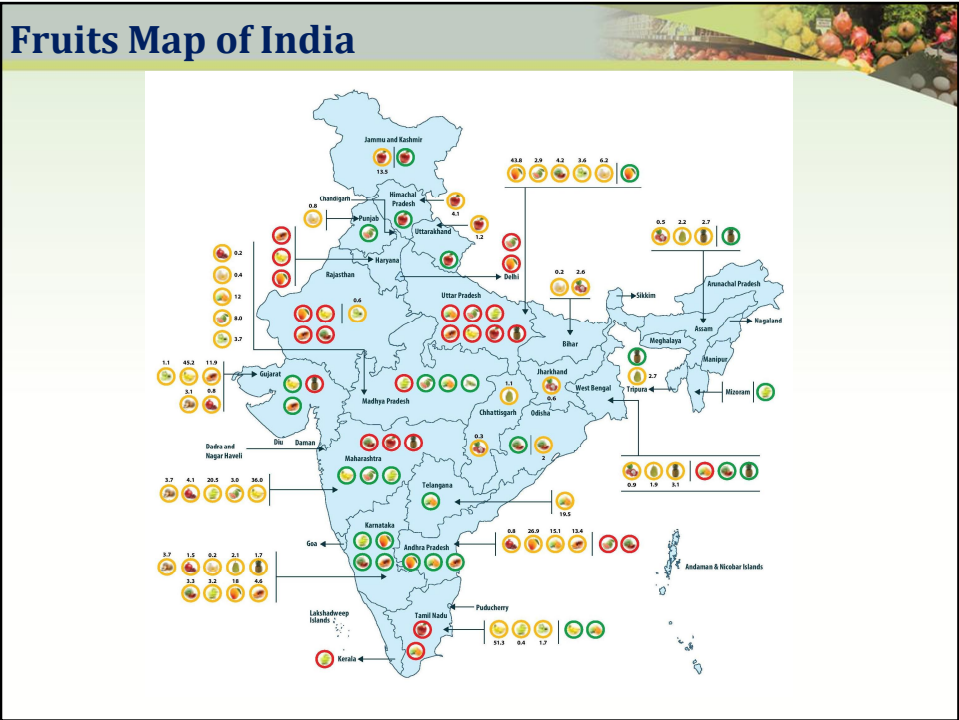
3 How & where to start

Food Processing Sector: Sectoral Trend

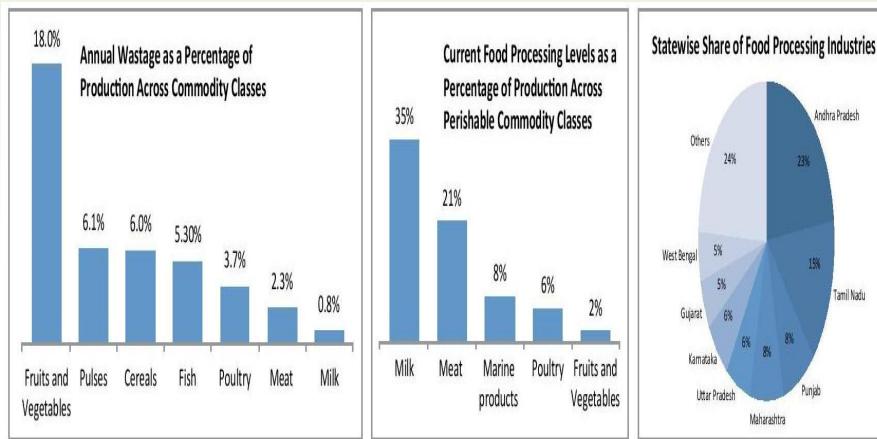
- FP Sector growing annually at **8.6%** as compared to 3.8 % in Agriculture for the last 5 years ending 2012-13;
- Investment FP sector is increasing annually at 21.66%;
- FDI is increasing significantly; 11 years ending 2011-12
 US \$ **117 Million** for 3rd ending 2011-12;
 US \$ **401 Million** for 2012-13;
 US \$ **3980 Million** for 2013-14
- Exports increasing at **20.4%** per annum;
- India is poised for a big take-off in FP sector; More opportunities to Investors, Machinery Manufacturers; Logistics services providers and Exporters.

Food Map of India





IMPACT of PROCESSING



Investment opportunities: Fruits & Vegetables

- India ranks No. 1 in the world in production of Bananas, Mango, Papaya, Chick-peas, Ginger and Okra; India rank no. 2 in Fruits & Vegetables; *(Source: FAO-2013)*



- India's fruit and vegetables market increases 15% annually over 2007-2012;
- Rising food inflation during off season has made canned/preserved food products attractive to consumers;
- Canned/preserved food is expected to register a CAGR of 6% in constant value terms over the forecast period;
- Scope for Cold Chain facility and transport logistics



Indian FP Sector: Market Trend

- **Strong Domestic Demand;**
- **Changing Consumer tastes;**
- **Rising Export Opportunities;**
- **Policy Support ;**
- **Investment in Infrastructure**



Growth triggers for Major Segments

- **Grain Processing;**
- **Milk and Milk products;**
- **Fruit and Vegetables;**
- **Marine products;**
- **Consumer Food;**
- **Meat and Poultry**



Investment Opportunities:

Dairy

- India's Dairy market size reaches Euro 11 billion in 2012, growing at 14% CAGR;
- Moving from loose milk to processed milk; Increased use of Cheese to make Pizzas and Burgers;
- Increasing demand of other Dairy products: Yoghurt, Sour Milk Drinks, Cream, Coffee Whiteners and Condensed Milk;
(Source: EURO MONITOR)
- Processed dairy products account for 24% in value terms of the dairy industry; Expected to contribute 30% by 2016.
(Source: PHD Chamber, India)



Investment Opportunities: Meat & Meat Products



- India has largest cattle population, rank no. 1 in production of Buffalo Meat;
(Source: FAOSTAT)
- India's market of meat and meat products growing at 9% annually increasing demand for Protein rich diet;
- Higher share of Exports: Constitutes 16% of the total product Output;
- Meat exports reached US \$ 4.48 billion in 2013-14, 11.38 % of our exports; growing at 31.7% annually during last five years ending 2013-14.

Investment opportunities:

Ready made meals & Packaged Food

- Changing lifestyles & convenience are major factors leading to double digit growth rates in this segment in the last few years;
- Companies are launching their products in smaller pack sizes and at low price points to attract consumers.;
- Ready meals and frozen processed food, which have lower penetration, are expected to become more prominent and get wider acceptance;
- With expansion of organised retail, the market is expected to show strong growth.



Investment opportunities:

Breakfast Cereals

- Growing Income levels; Rise in health and wellness awareness;
- Fast-exploding breakfast cereal market, valued by Euro-monitor International at approximately Euro 150 million in 2012;
- Several big players including PepsiCo, Marico, GSK, Britannia and Dr Oetker Fun Foods; Bagrry's is recent entrant but has registered significant growth.;
- Breakfast cereals is expected to continue growing, by a CAGR of 22%

(Source: EUROMONITOR)



Investment Opportunities: Cold Chain

- Cold storage requirements of 61 million MT, as against the present capacity of cold storage of 29 million MT;

[Source: National Spot Exchanges Ltd. (NSEL)]

- Cold storage gap of about 32 million MT;

- Fiscal incentives:



- ✓ Deduction for expenditure on investment under Income Tax
- ✓ Exemption of Excise duty on cold Chain Machineries



Major Investment Plan of Food Processing Companies: Press Clippings

- Snowman's (Euros 30 million) IPO gets overwhelming response, subscribing 60 times ; *Economic Times, 29th Aug. 14*
- Glaxo Smith Kline looks to set up Euro150 million health drink units in Andhra Pradesh; *Economic Times, 26th Aug. 14*
- ITC to make a big splash in milk industry; *Business Standard, 1st Sept. 14*
- PepsiCo to double investment in India in the food processing sector; *Economic Times, 26th Aug. 14*
- Mondelez to increase its investment in biscuits.*Business Standard, 23rd Aug 14*



Global FP Companies in India



Indian FP Giants



Advantage India: Incentives

- **Priority sector under 'Make in India' initiative of Hon'ble Prime Minister of India;**
- **Automatic approval of FDI up to 100% equity except a few items reserved for SSI; Repatriation of Profit permitted;**
- **Income Tax exemption on the profit from the business of Fruits & vegetables, Dairy, Poultry & Meat Products; 100% for 5 years and 25% for next 5 years;**
- **Deduction of Capital Expenditure from income tax upto 150% for Cold Chain and warehousing facilities;**
- **Project imports for Food Product machineries at concessional custom duty;**
- **Cold Chain and dairy machineries exempted from Excise Duty; Duty reduced for other FP & packaging machineries;**
- **Nil or lower excise duty on Food Products.**

Entry to Indian Food Processing Sector: Starting Point

- **Ministry' Website & Investors' Portal**
- **Put your Query: We will attend to it in maximum two days**
- **Where to locate manufacturing unit:**
 - ✓ **Industrial Areas: Plot & Sheds**
 - ✓ **Mega Food Parks**
 - ✓ **Food Parks**
 - ✓ **Special Economic Zones**
 - ✓ **Agri. Processing Zones**
- **Proactive Guidance: Invest India**

Support to Foreign Investors: Help Desk

Engaged “Invest India” to assist Foreign Investors:
Investors’ Help Desk

- ✓ Sector and state specific information
- ✓ Information for locating projects
- ✓ Locating JV Partners
- ✓ Expedite regulatory approvals
- ✓ Offer hand-holding services
- ✓ Provide Investors’ after care services

Contact details

Ministry Website: mofpi.nic.in

Investors Portal: foodprocessingindia.co.in

Name	Organisation	Telephone/ Fax	E-Mail ID
Sh. G. Bhujabal	Ministry of Food Processing Industries	+91 11 26491810 +91 11 26497133 (F)	ea.fpi@nic.in
Ms. Mallika Verma	Invest India	+91 11 23487221	mofpi.helpdesk@ficci.com



**THANK
YOU**