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 3nding 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**

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

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**Investment opportunities: Fruits & Vegetables**

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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-explosding breakfast cereal market, valued by Euromonitor 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](http://mofpi.nic.in)
Investors Portal: [foodprocessingindia.co.in](http://foodprocessingindia.co.in)

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