



**Food ingredients
India**

India: Food and Beverage Market Review 2019



21 – 23 October 2019
Mumbai, India



**Health ingredients
India**

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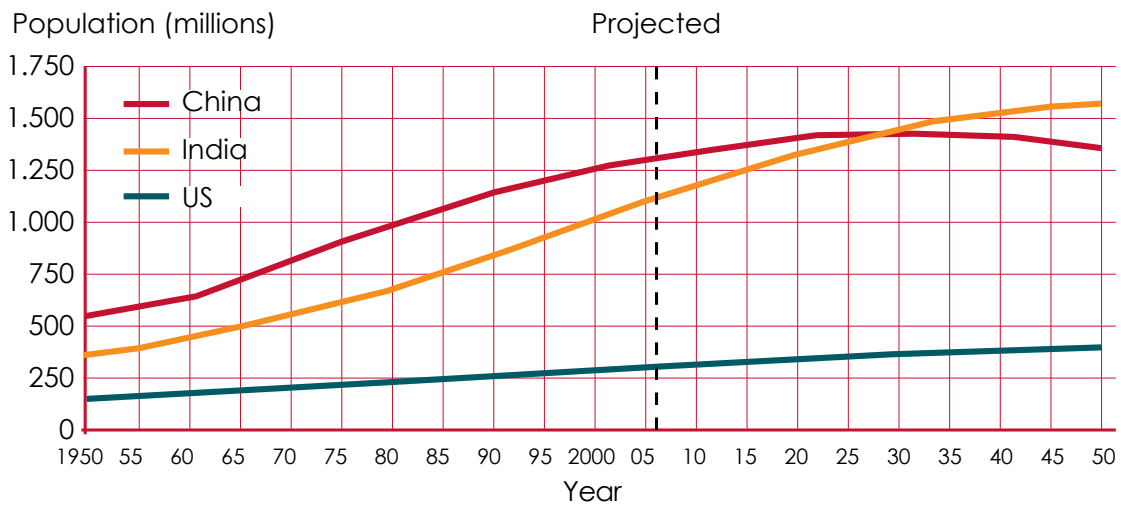
1. Market opportunities in India

1.1 Demographic change

India is expected to become the largest country in population size, surpassing China around 2022, according to the UN.¹



Population growth in India, China and the US*



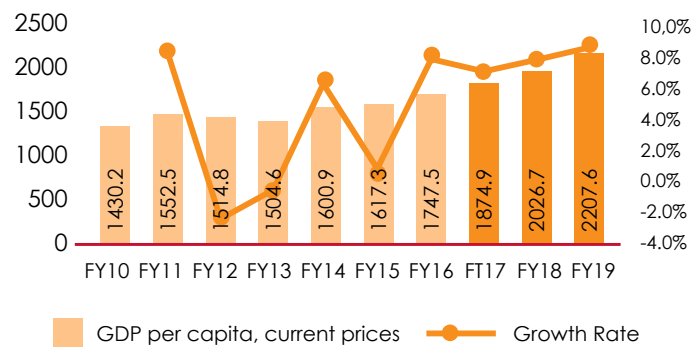
*The world's three most populous countries
Source: United Nations Population Division

While many Asian countries are ageing, around half of India's 1.2 billion people are under the age of 26. By 2020 India will be the youngest country in the world, with a median age of 29.² This presents a massive opportunity for economic growth as more and more young people enter the workforce.³

1.2 A business-friendly environment

- The 'Make in India' campaign has led to increased investment and manufacturing infrastructure.⁴
- Food safety regulations introduced in 2016 and 2017 have increased consumer confidence.⁵
- IMF and World Bank forecast rising per-capita income.

Rising per-capita income in India

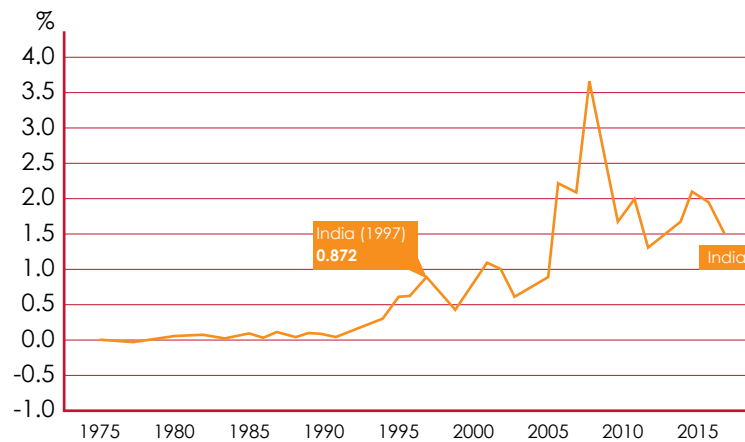


Source: Project Consultants Business Opportunity in India within Food Sector – Suman Project Consultants

1.3 India is highly attractive to food businesses

India allows 100% Foreign Direct Investment (FDI). For any foreign investment beyond 51%, 30% of the value of goods used in food processing must be sourced from India.⁶

Foreign direct investment, net inflows (% of GDP)



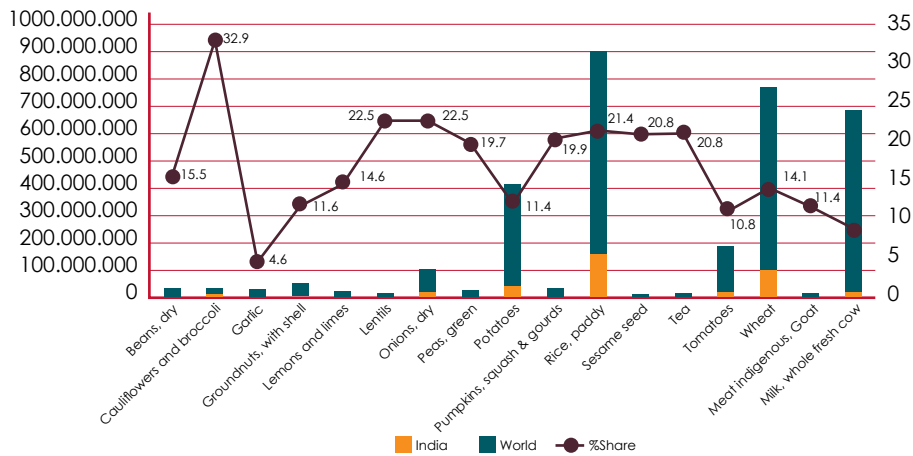
Source: World Bank⁷

1.4 Potential for further growth

Changing consumer demands are driving further growth. Food processing is predicted to grow by around 10% annually to 2021,⁸ while packaged food sales are expected to grow fivefold to \$200 billion over the next decade, according to Bloomberg.⁹

Where India Ranks

Key agricultural and related commodities where India is ranked 2 (Value MT)



Source: Project Consultants Business Opportunity in India within Food Sector – Suman Project Consultants

2.0 India in detail



2.1 Tapping into F&B trends in India

- **Family health and overall wellness** remain key drivers for growth in the functional food and supplements sectors.¹⁰
- **Growing demand for packaged food.** Increasing urbanisation and disposable incomes are driving sectoral growth. More working women means less time is being spent preparing food at home.¹¹
- **Dairy, bread & cereals** are among the fastest growing segments.¹²
- **Strong beverage growth.** The Indian beverage market is one of the fastest growing in the world. The functional beverages sector for example is expected to grow by 9.6% between 2017- 2022.¹³

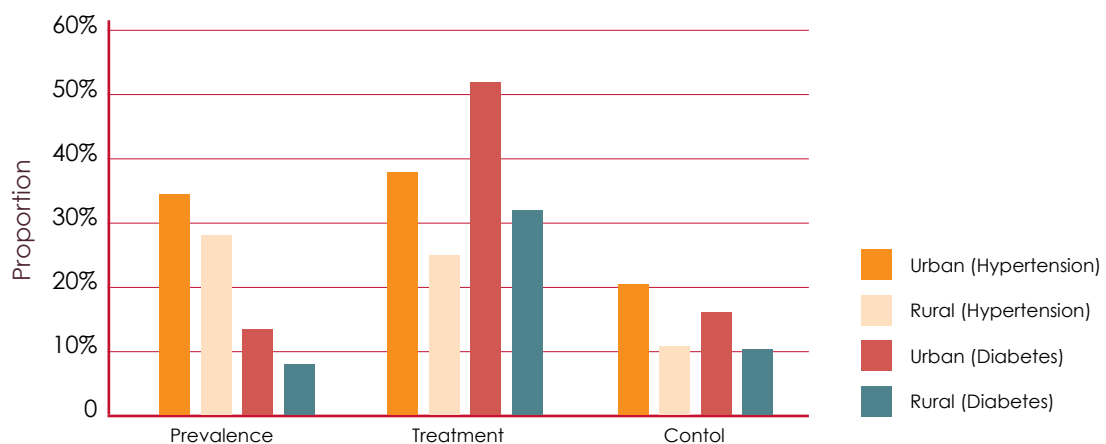
2.2 Significant growth potential for health ingredients

2.2.1 Growing health concerns in India

Cardiovascular diseases, especially coronary heart disease (CHD), are endemic in India. The lead cause of CHD deaths according to the Global Burden of Diseases Project is a diet low in fruit.¹⁴ This creates an opportunity for nutraceutical firms to provide the nutrients lacking in everyday diets.

Growing incidences of diabetes have led to regulations and taxes around sugar and labelling.¹⁵

Prevalence, treatment, and control of hypertension and diabetes mellitus in urban and rural India



Source: <https://www.ahajournals.org/doi/full/10.1161/CIRCULATIONAHA.114.008729>

2.2.2 Main health-related growth categories



Functional food and beverage sales are forecast to increase, with nutraceuticals sales to grow to \$10 billion by 2022.¹⁶ Demand for dietary supplements and vitamins is also expected to grow.

Example: Coconut Water + Chocolate Post Workout Cardio Plant Based Powder

Source: Mintel, GNPD



There is growing interest in **natural ingredients with flavours** such as orange, mango and apple the most popular.¹⁷ Ayurveda-based juice such as aloe vera and amla, as well as vegetable juices are also increasingly being consumed by people in India.¹⁸

Example: Goji-Berry & Green Tea

Source: Mintel, GNPD



India offers **omega-3** manufacturers a unique opportunity.¹⁹ Usage tends to be highest within the younger population (the largest youth population in the world) in contrast to America and North America, where consumption is concentrated within the 55+ age group.

Example: Edible vegetable oil

Source: Mintel, GNPD

2.3 Main packaged food growth categories



Demand for **pre-packaged snacks** is set to increase, with growth expected to be in double-digit figures between 2018 and 2024.²⁰

Example: Vanilla Flavoured Cereal Snack

Source: Mintel, GNPD



Example: Organic Sesame Bar

Source: Mintel, GNPD



The Indian **organic food market** has potential to grow +25% annually to reach \$1.36 billion by 2020.²¹

Example: Organic Cow Ghee

Source: Mintel, GNPD



Example: Organic Indian Gooseberry Tea

Source: Mintel, GNPD

2.4 Main dairy and bakery growth categories



India is one of the largest producers of **milk and milk-based products** in the world, with production up 6.6% at 176.35 m tons in 2017-18.²² Indian dairy product exports totalled \$185m in 2017-18.²³

Example: Soft & Creamy Cheese Wedges

Source: Mintel, GNPD



Example: Rose Flavoured Milk with Basil Seeds

Source: Mintel, GNPD



The Indian **baked goods market** reached a value of more than \$6 billion in 2017 and is expected to exceed \$11 billion by 2023.²⁴

Example: Sliced Vanilla Pound Cake

Source: Mintel, GNPD



Example: Tropical Pineapple Cake Slices

Source: Mintel, GNPD

2.5 Main beverage growth categories



The **hot drinks** market is expected to grow annually by 6.5% between 2018 and 2021.²⁵ Tea remains the largest market segment.

Example: Aloe Vera & Litchi Green Iced Tea Premix

Source: Mintel, GNPD



The **non-alcoholic drinks** market is expected to grow annually by 12.8% with juice sales growing by 5.4% to 2021.²⁶ The market for alcoholic drinks is expected to grow annually by 7.9% to 2021.²⁷

Example: Malt Flavoured Premium Non-Alcoholic Malt Beverage

Source: Mintel, GNPD



Example: MangAloè Ready-to-serve Fruit Beverage

Source: Mintel, GNPD



Example: Strong High Intensity Wheat Beer

Source: Mintel, GNPD

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