

# Opportunities in the Indian F&B market



**60%+** of population is dependent on agriculture in some way making it an area of growth for the government.



Demand for processed food is growing thanks to a **higher disposable income among an urbanized and young population.**

There is also **increased expenditure on healthy and nutritious foods.**

## Foreign investment in India

The Indian government is incentivising foreign investment in the food processing sector and have set aside a **USD 500 million** capital investment for this.

Foreign Direct Investment (FDI) in the food and agriculture sector in **2016 - 2017** amounted to **USD 727 million.**

Between 2000 - 2016 FDI in:

Food processing = **USD 7.3 billion**  
Agriculture = **USD 440 million**

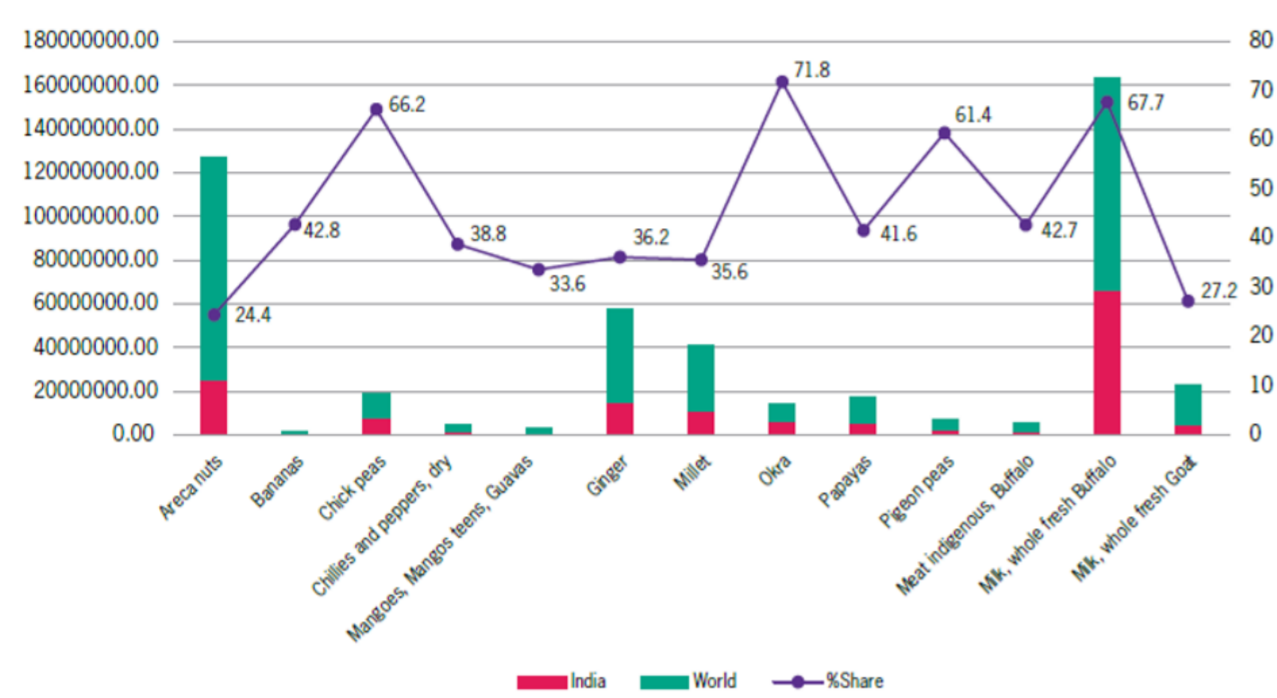
## Agriculture in India

India benefits from a large agriculture sector and an abundance of livestock. Due to its diverse climate, it allows for a wide variety of crops to be grown. It is also very cost competitive.

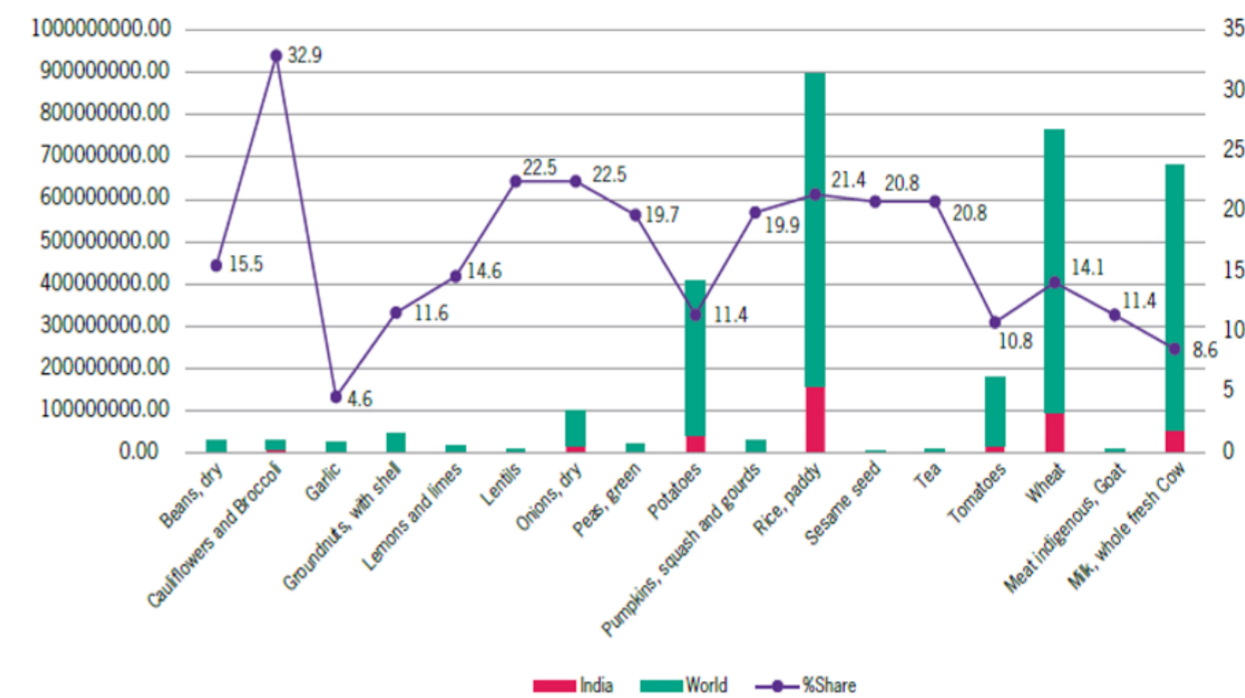
**No. 1** producer of milk, buffalo meat, ginger, mangos, chick peas

**No. 2** producer of rice, wheat, potatoes, onions beef and tea in the world

Key agricultural and related commodities where India is ranked 1 (Value in MT)

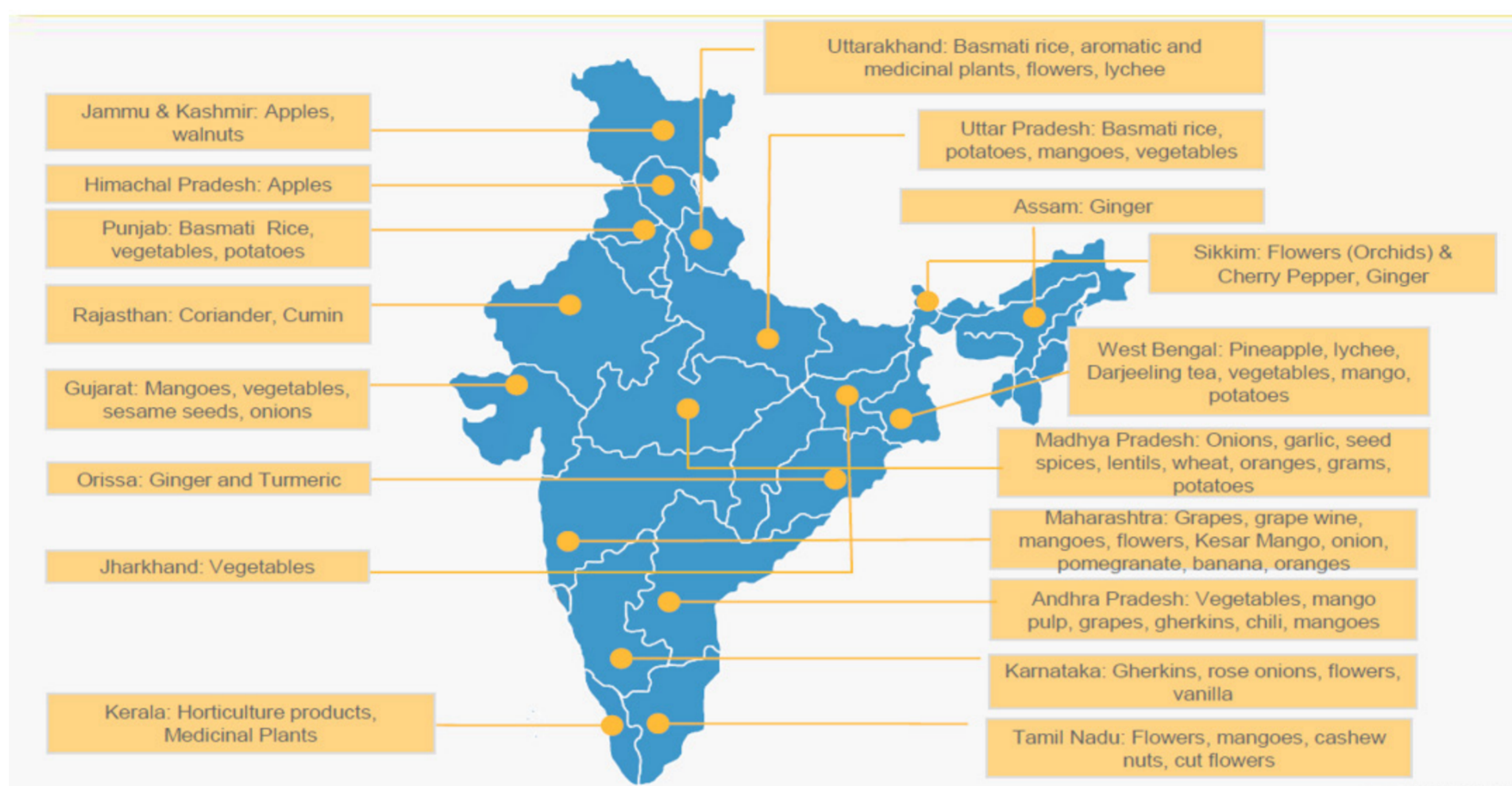


Key agricultural and related commodities where India is ranked 2 (Value in MT)



However, when looking at food production in India, you cannot look at it as one country.

## Commodity Strengths of Different States



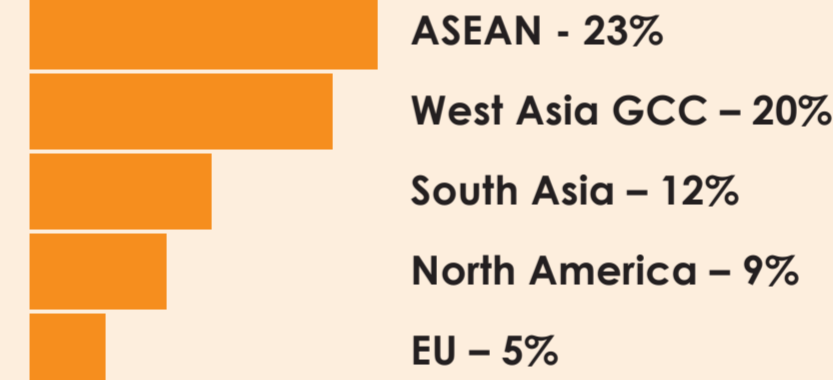
## Export v.s. Import in India

India is the **6th** largest **exporter** of agri products in the world. Value is **USD 1.75 trillion** = 2.7% of global share



India is the **11th** largest **importer** of agri products in the world. Value is **USD 24 billion** = 1.5% of global share

## Main export markets for India:



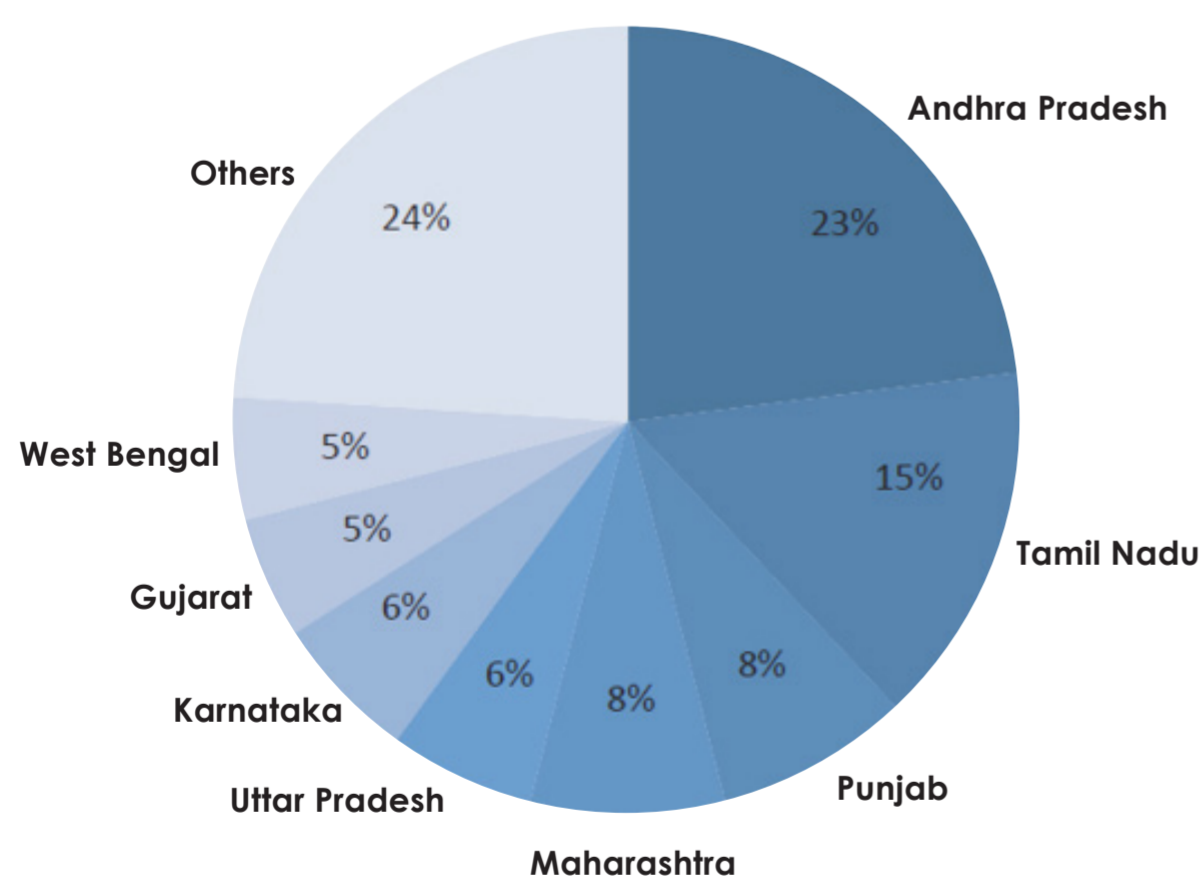
## Organic is a growing sector for India

Global market = **USD 75 billion**,  
Indian export = **USD 327 million**

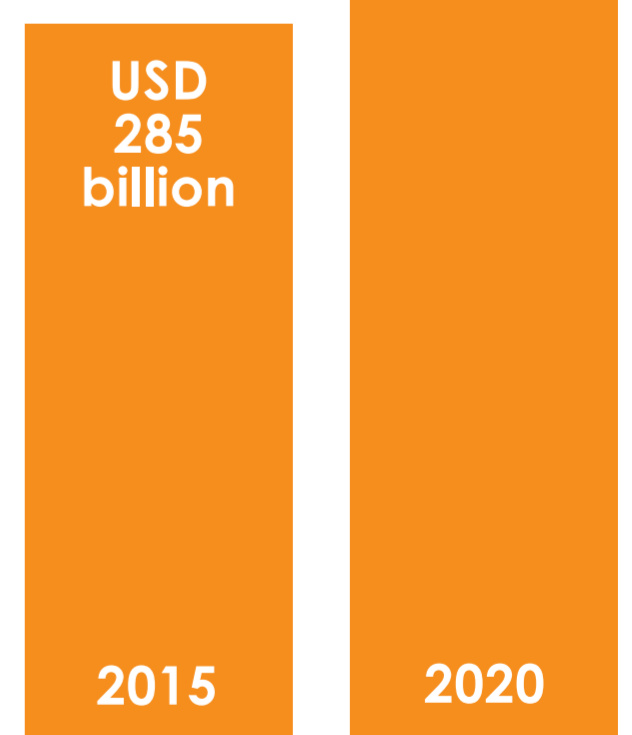
## Food processing in India

Food processing contributes to **14%** of overall GDP

### Statewise Share of Food Processing Industries



The food processing sector is set to grow over the coming years:



**70%** of food is coming from SMEs or creating a huge opportunity for large scale manufacturers.

Between 2012-2017 the Indian government invested approximately **USD 2.9 billion** in the food processing sector. This investment was mainly in supply chain related infrastructure.

### Growth drivers:

- **Strong domestic demand** thanks to a growing middle class with a higher disposable income
- **Rising export opportunities.** India is now more integrated with the global economy and has the advantage of proximity with key export regions
- **Supply side advantages e.g.** a favourable climate, large livestock base
- **Policy support** as growing this sector is a key target for the current government

## How to succeed in India

● **Focus on product innovation.** Companies should look for ways to add value to products, e.g. rather than launching another dairy product, look at developing a lactose-free version. This is key to expansion of the Indian market.

● **Develop a low cost strategy.** Given the low per capita income (approx. USD 1850) compared to established markets, consumers are more price sensitive. Look at how best to offer your product at a lower price point.

● **Look into joint ventures.** Building a network and brand across India is difficult without fully understanding the pulse of the country. JVs can help with this. Some of the most successful foreign brands have done this, e.g. Starbucks joined with Tata, Del Monte joined with Bharti Enterprise.