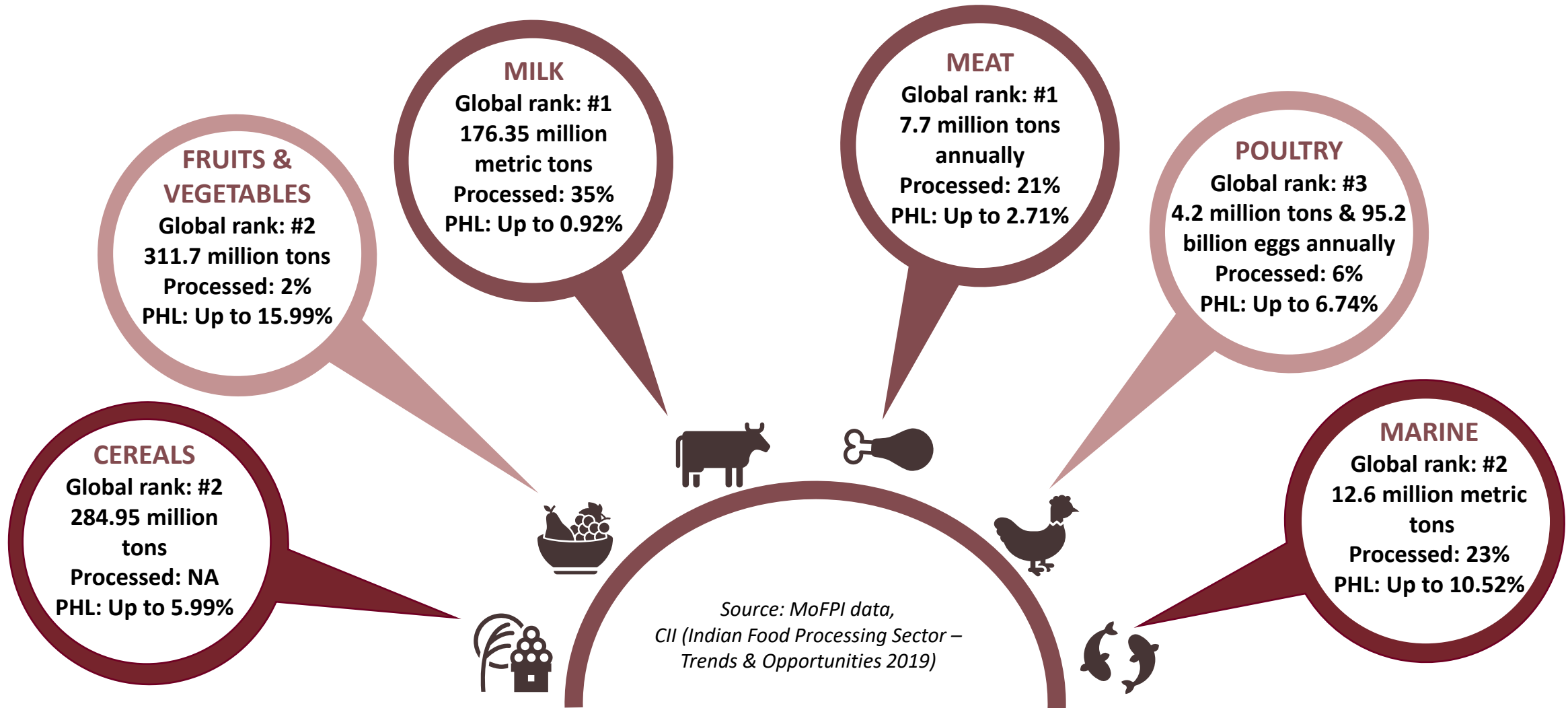


# Opportunities in the Indian Food Processing Sector

May 2020

## WHY INDIA? OVERVIEW

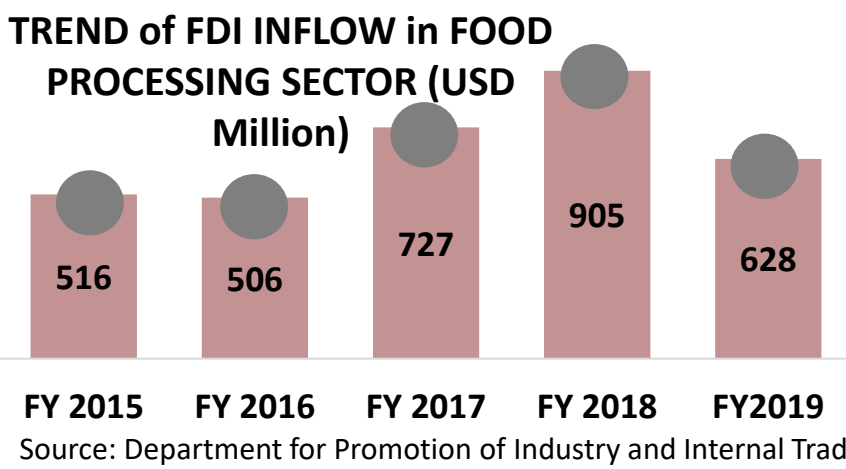
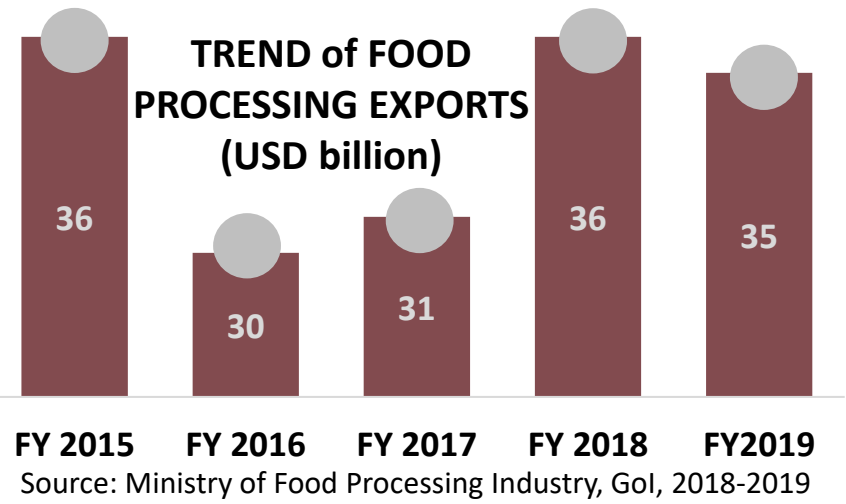


# INDIAN FOOD PROCESSING: MARKET OVERVIEW

Valued at **USD 258 billion** in 2018.  
Contributes to **14%** of manufacturing GDP of India.

**USD 51 billion**  
Gross value of plant and machinery by 2024-2025

**USD 535 billion**  
Food processing output by 2025-2026



**USD 35.3 billion**  
India's food export

**USD 19.56 billion**  
India's food import

**USD 64 billion**  
Capital Investment in 2018-2019

## TOP 5 PRODUCTS EXPORTED FROM INDIA

Processed Food Categories	Export Value (USD million)
Cereals	8,162
Fish and related products	6,257
Meat and related products	3,723
Coffee, tea, and spices	3,200
Residues and waste from the food industries	1,918

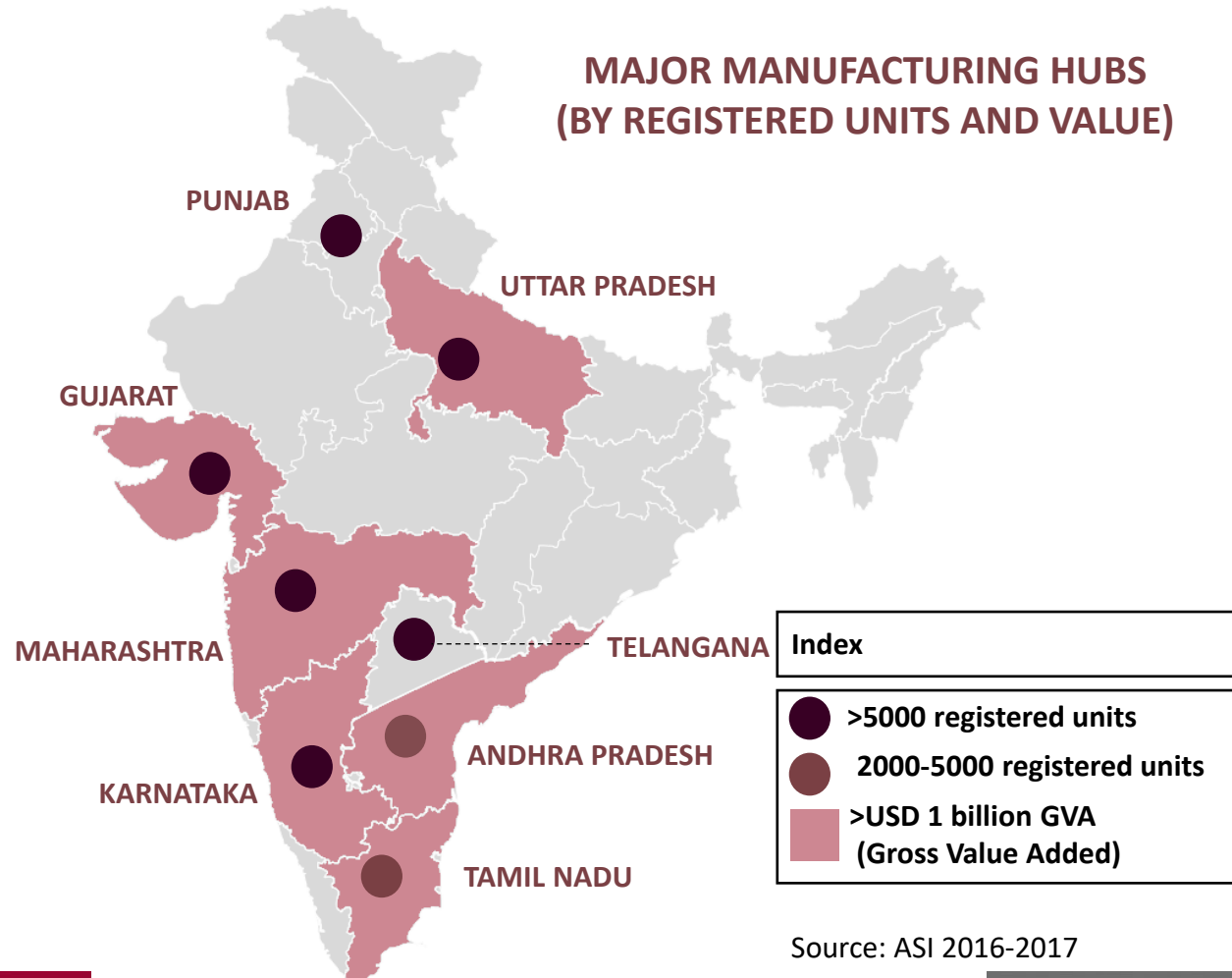
## TOP 5 PRODUCTS IMPORTED INTO INDIA

Processed Food Categories	Import Value (USD million)
Animal and vegetable fat	9,994
Edible fruits	3,628
Edible vegetables	1,189
Beverages, spirits	787
Residual and waste from the food industries	644

Source: Ministry of Food Processing Industry, GoI, 2018-2019

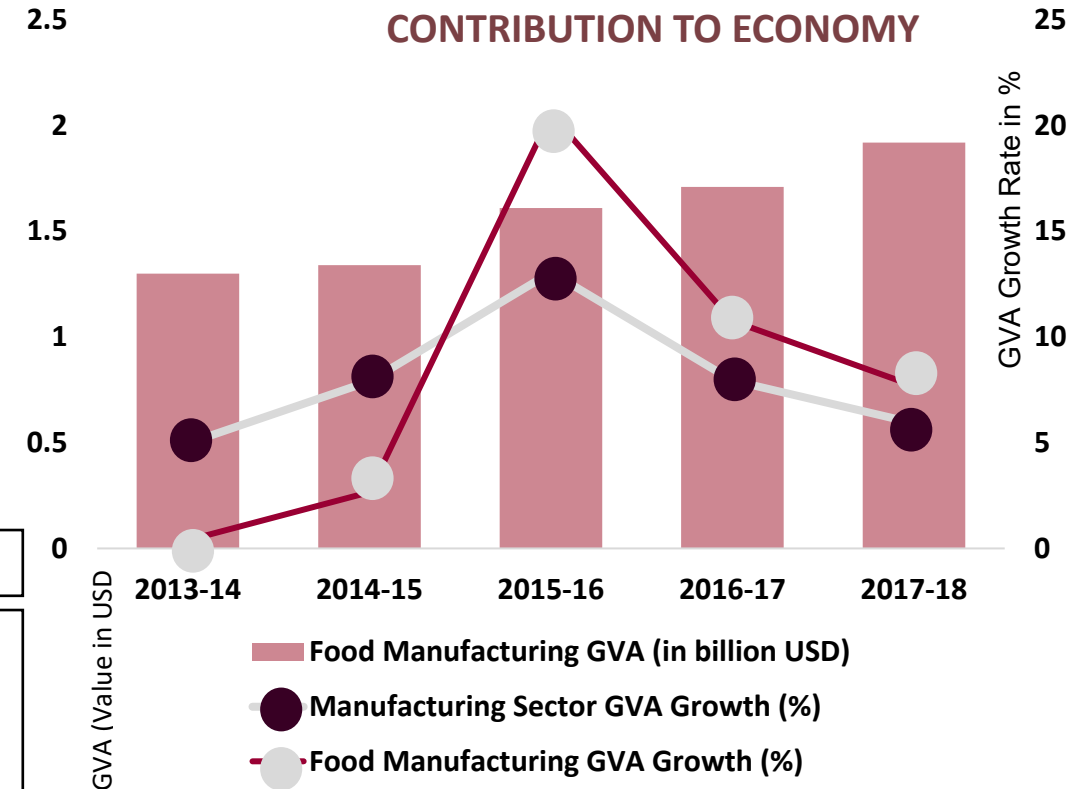
# INDIAN FOOD PROCESSING: MANUFACTURING OVERVIEW

**MAJOR MANUFACTURING HUBS  
(BY REGISTERED UNITS AND VALUE)**



Source: ASI 2016-2017

**FOOD MANUFACTURING INDUSTRY –  
CONTRIBUTION TO ECONOMY**



Source: Ministry of Statistics and Programme Implementation

# INDIAN FOOD PROCESSING: GOVERNMENT INITIATIVES

## NATIONAL FOOD POLICY

WHAT?



- Increasing value addition
- Reducing wastage
- Guarantying fair price to farmers
- Ensuring quality produce to end consumer

HOW?

- Installing a single-window clearance system
- Promoting mega food parks and food parks
- Encouraging fruit processing clusters
- Strengthening agriculture marketing infrastructure
- Facilitating land allotment
- Supporting development of logistic infrastructure
- Ensuring compliance with food safety regulatory requirements
- Supporting business units having established backward integration

## PRADHAN MANTRI KISAN SAMPADA

### Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters

WHAT? HOW?

- Mega Food Parks
- Integrated cold chain and value addition infrastructure
- Creation/expansion of food processing and preservation capacities
- Infrastructure of agro-processing clusters
- Creation of forward and backward linkages
- Food safety and quality assurance infrastructure
- Human Resources and institutions

## INDIAN FOOD PROCESSING: FISCAL INCENTIVES

### Goods and Services Taxes

Applicable GST (%)	Percentage of food categories affected
0	36%
5	37%
12	17%
18	8%
28	2%

### Financing

**USD 285 million**  
Special fund set up in National Bank for Agriculture and Rural Development (NABARD)

### Customs Duty

**5%** Uniform assessment for all goods imported as part of Project Import irrespective of tariff classification

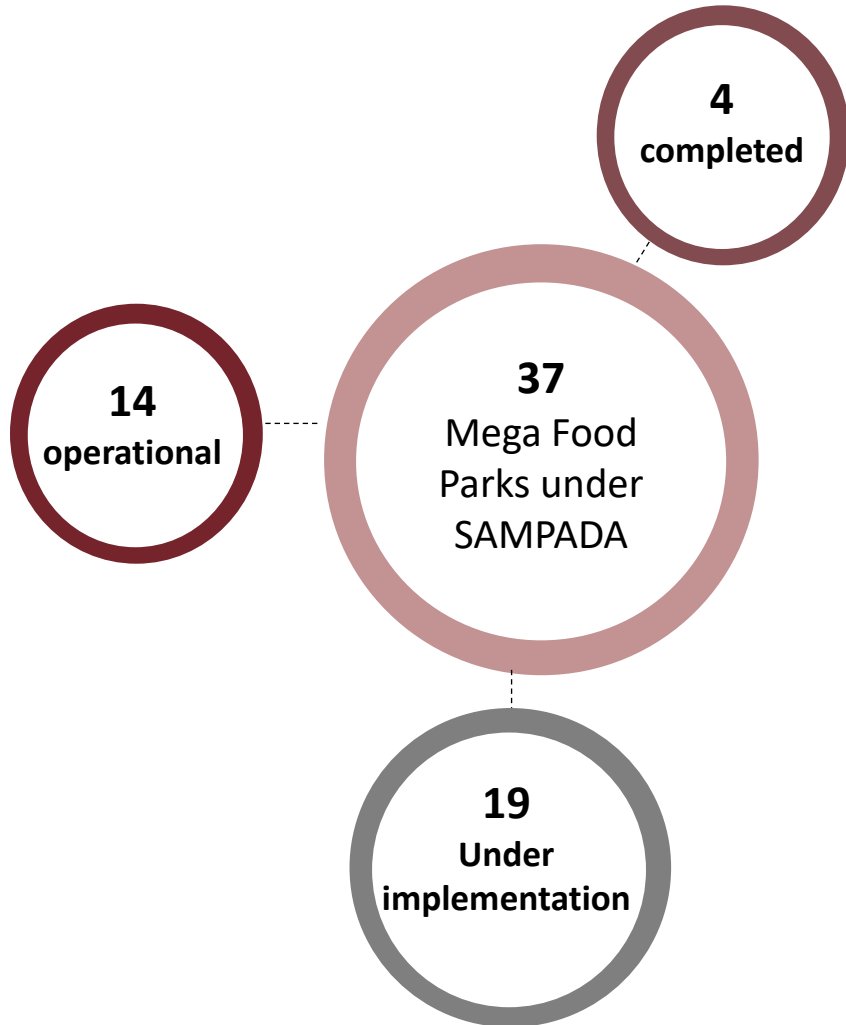
**5%** Concessional basic duty under Project Import for cold storage (including pre-cooling unit, pack houses, sorting and grading lines and ripening chambers)

**5%** Customs duty reduced from 10% for refrigerated containers

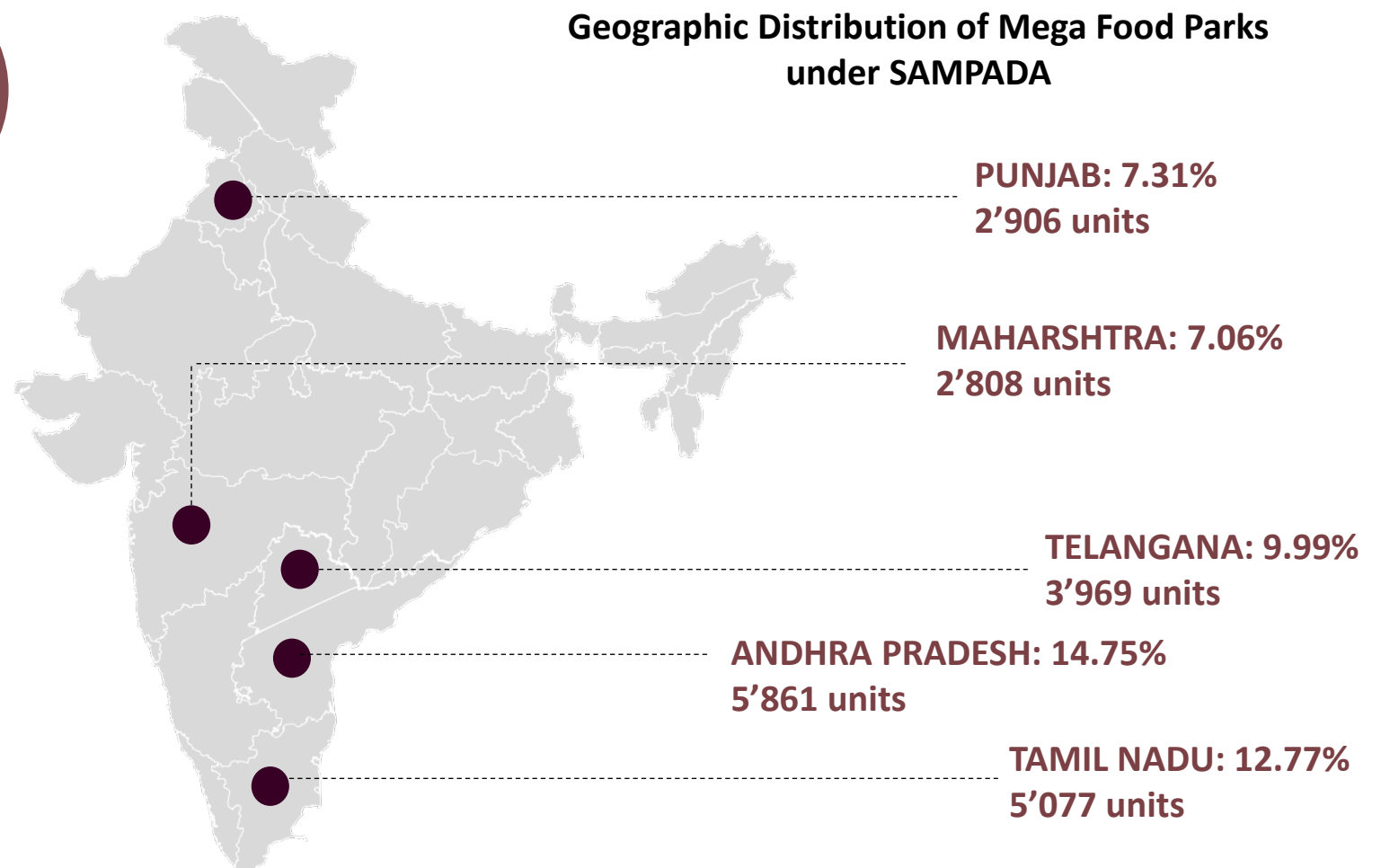
**0%** For import of raw material/intermediate food items against the export of finished products under Advance Authorization Scheme

Source: Department for Promotion of Industry & Internal Trade and CII (Indian Food Processing Sector – Trends & Opportunities 2019)

# INDIAN FOOD PROCESSING: MEGA FOOD PARKS



## Geographic Distribution of Mega Food Parks under SAMPADA





## INDIAN FOOD PROCESSING: OPPORTUNITIES

### Food and Vegetable Processing

- ❖ Current processing levels in the segment are less than 2%
  - ❖ Need of new technology in processing
  - ❖ Opportunity to develop extensive product line

### Grain and Dairy Segments

- ❖ Upgradation of milling technology
  - ❖ Fortification of products
- ❖ Automation and integration of supply chain for Grain and Milk Product segments

01

02

03

04

05

### New Product Development

- ❖ Fortified health food,
- ❖ Traditional Indian food
  - ❖ Convenience food
- ❖ Processed organic food especially baby food
  - ❖ Confectionery and bakery items,
  - ❖ Packaged local/ traditional Indian drinks

### Food Manufacturing and Infrastructure

- ❖ Packaging technology for enhanced shelf life
  - ❖ Energy efficient technologies
    - ❖ R&D infrastructure
    - ❖ Food testing labs

### Meat and Marine Products

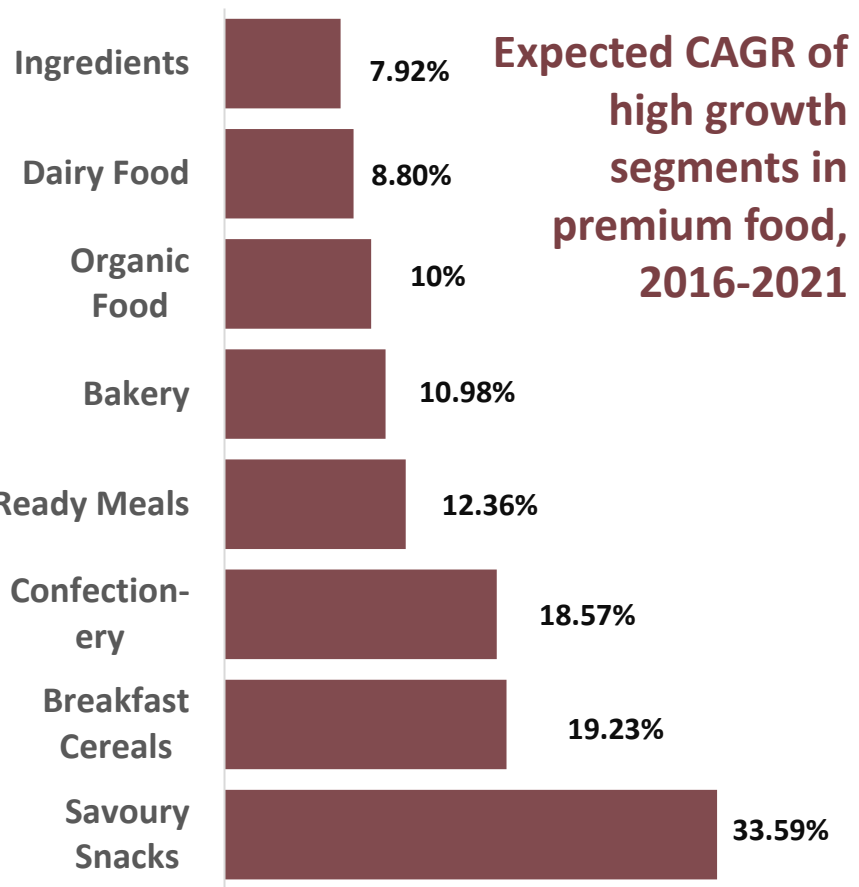
- ❖ Opportunities in cold chain, export, packaging innovations
- ❖ Growing market for processed, cleaned and frozen meat and poultry products



# Premium Foods Segment

# PREMIUM FOODS: OVERVIEW

## PRODUCTS SEGMENTS



**Expected CAGR of high growth segments in premium food, 2016-2021**

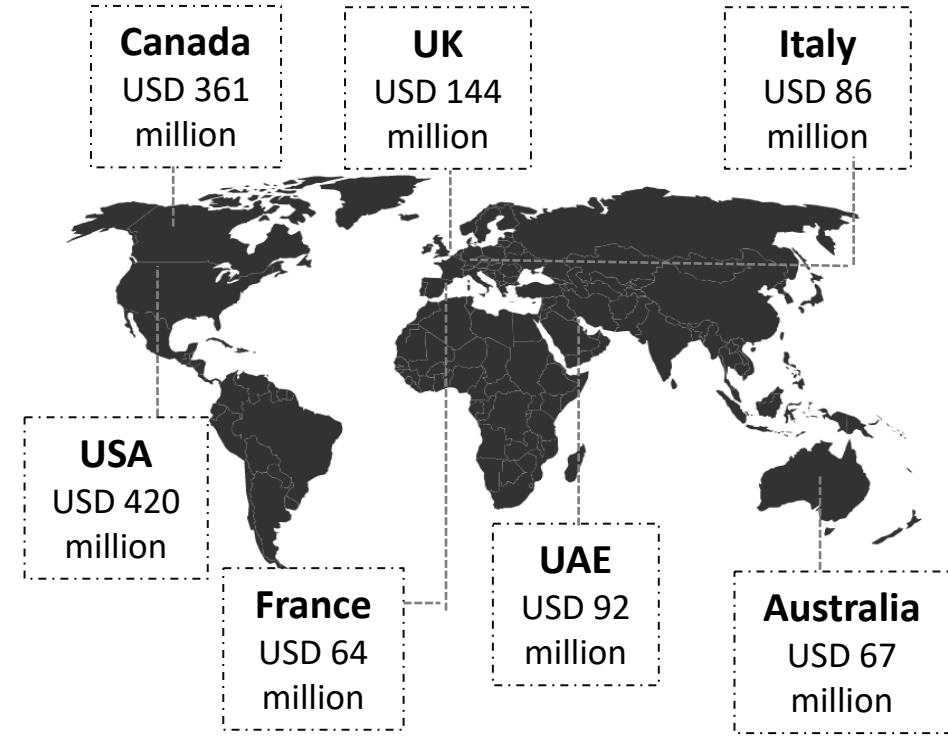
Olive oil, rapeseed oil, palm oil are the most preferred premium edible oil consumed in the Indian market.

Premium confectionery products such as chocolates saw an increase in demand whilst the availability was low.

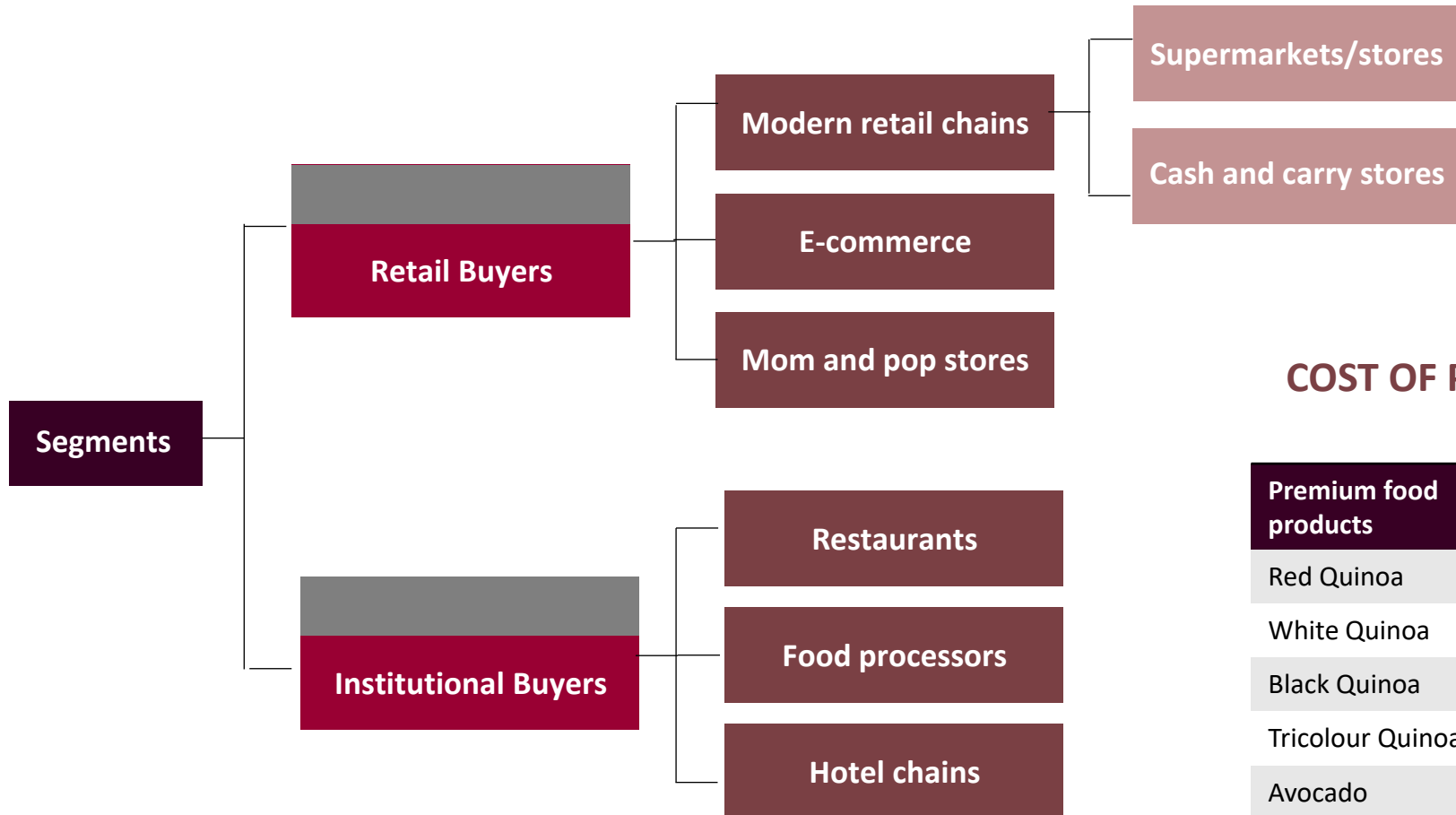
The bakery segment is evolving with the introduction of premium variants such as croissants and filled muffins.

Savoury snacks such as nuts, especially almonds, fresh fruits are among the fastest growing segment.

## TOP COUNTRIES EXPORTING TO INDIA



# PREMIUM FOODS: DISTRIBUTION CHANNELS



## MODERN RETAIL/ONLINE CHAINS



## COST OF PREMIUM FOOD IN E-COMMERCE AND FOODHALL STORE

Premium food products	Per KG price in Foodhall (USD)	Per KG price on e-commerce (USD)
Red Quinoa	16	8
White Quinoa	13	4
Black Quinoa	16	7
Tricolour Quinoa	15	7
Avocado	16	4

Source: Bloomberg Quint, Flipkart

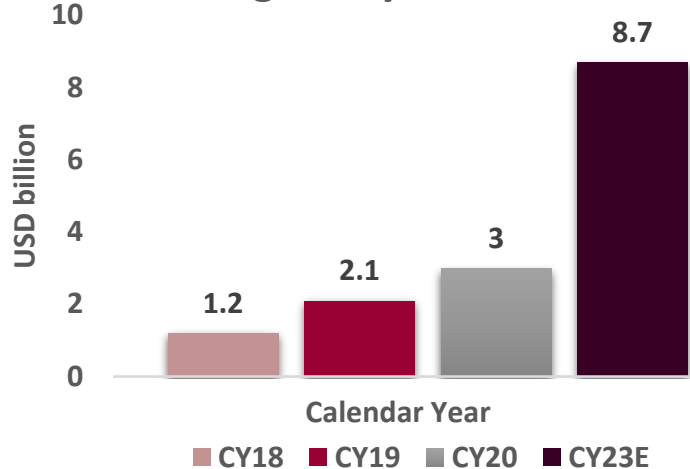
# INDIAN ONLINE FOOD & GROCERY: OVERVIEW

**Total retail: USD 800 billion**  
**Food and grocery retail: USD 500 billion**  
**Food and grocery retail growth rate: 30%**  
**E-grocery expected growth rate: 60%**  
**Imported food share in organized retail: 18%**  
**Share of vegetable, fruits and nuts in food imports: 80%**

## Industry Scenario

- Walmart has increased its stake from 77% to 81.3% in Flipkart. It invested USD 16 billion in the Indian e-commerce giant to explore online retail space in food & grocery.
- Amazon launched its grocery service “Pantry” in 30 cities and has already expanded to 110 cities. The firm is looking to invest USD 500 million in food retail in years to follow.
- BigBasket raised another USD 50M from Alibaba after it has raised USD 300 million from SoftBank & Alibaba to battle with Amazon and Walmart.

**E-grocery Y-O-Y**



Daily essentials and express delivery driving the growth

Private label growth has remained constant around 30%

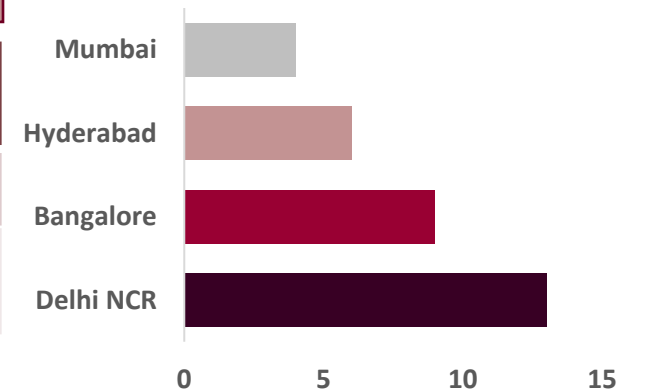
Big Basket driving growth through FMCG and Groefers through staples

Online grocery segment is driving growth of e-commerce in 2020.

2019 (USD Bn)	2020-E (USD Bn)	Growth rate
33.5	35.5	6%
Expected growth of online grocery in 2020		76%

Source: Forrester, Redseer, Economic times

**Online grocery monthly GMV in top 4 cities in million**



**Thank You**