

# MISSP

**MOMENTUM IN INDIA: SWISS SMEs PROGRAM (MISSP)  
BUSINESS FACILITATION SUPPORT PROGRAM**

**MISSP BROCHURE ON  
INDIAN CHOCOLATE INDUSTRY**

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## “MOMENTUM IN INDIA: SWISS SMEs PROGRAM (MISSP)”

### MISSP INTRODUCTION

“MISSP” is a business facilitation support programme launched for Swiss SMEs by the Embassy of India, Berne, Switzerland on 1st November 2017. The objective of MISSP is to boost the momentum of Swiss-Indo business relations by facilitating efficient build-up of intelligent business models capable of utilizing the inherent advantages of Indian economic structure

### Advantage

- MISSP is a unique platform that combines services rendered by government, non-for-profit and private entities – **“one stop source for business support”**
- **“Non Political and Non bureaucratic Program”**
- Compliments the **“ease of doing business” in India**
- Delivers **comprehensive know-how** about diversified and dynamic Indian business ecosystem

### Service Offering Through Extensive Partner Network

The MISSP programme offers wide range of business support services under a single platform through a consortium of programme partners focused on providing requisite facilitation services for Swiss companies

#### Knowledge Sharing/ Networking

*Common Workshops –  
Networking Events*

#### Collaboration

*Research and Development –  
Technology – Skilling*

#### Market Entry Strategy Consulting

*Market Assessment – Sales and  
Distribution – Localization – M&A*

#### Tax & Legal

*Company Incorporation – Taxation  
– Due Diligence – Audits – Dispute  
Resolution*

#### Liasoning

*Indian Central and State  
Government Authorities/  
Organizations*

#### Financing

*Banking – Project and  
Trade Finance – Forex  
Management*



## “MOMENTUM IN INDIA: SWISS SMEs PROGRAM (MISSP)”

### PROGRAMME ROLLOUT AND IMPLEMENTATION

The programme is designed to provide case-by-case support to all companies in four different ways



### MISSP Workshops – Key Topics Planned, 2018 (Preliminary)



Distribution Strategies



Cross Border Tax Challenges



Supply Chain Challenges



Goods and Service Tax

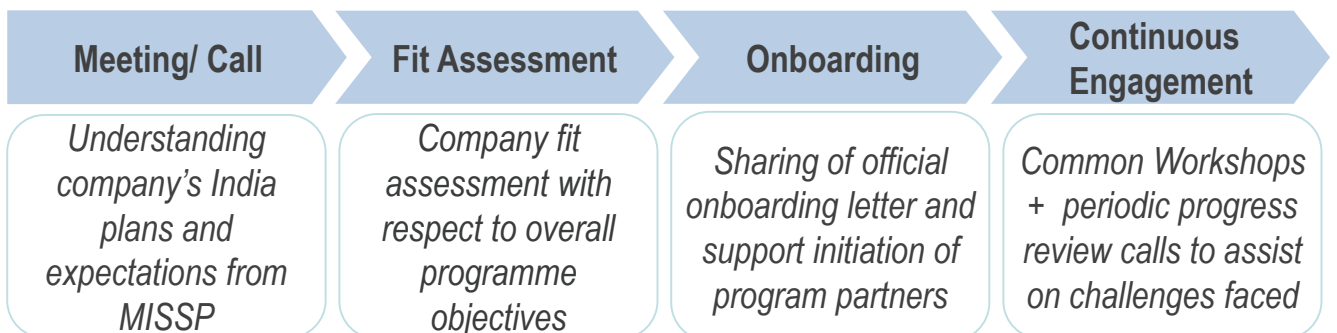


Setting up joint ventures in India



Company Incorporation

### Programme – Member Engagement Process

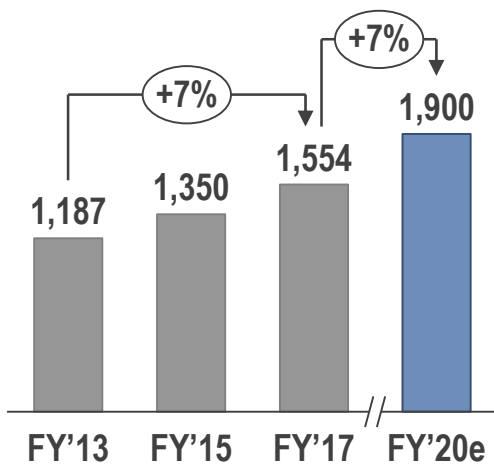




## INDIA MACRO ECONOMIC PERSPECTIVE

### GDP GROWTH AND OUTLOOK

India GDP (bln EUR)



- 3<sup>rd</sup> largest economy in the world by Purchasing Power Parity (PPP)
- India emerged as fastest growing major economy globally overtaking China in last 2 to 3 years and is expected to **outpace world's economic growth by 2X till 2020**
- **Improving macroeconomic fundamentals** – inflation falling from high of 10 to 4.7%, declining interest rate, fiscal deficit moving towards 3% target and current account deficit under control

### GOVERNMENT IMPETUS FOR GROWTH

#### BUSINESS

- GST - unified national tax
- Further Relaxation of FDI Norms
- Initiatives: Make in India, Skill India

*“FDI doubled since 2014 to reach 43.4 bln USD in FY 17”*

#### INFRASTRUCTURE

- 1.5-2x increased government spend
- On verge of becoming power surplus
- Key projects: Smart cities, Delhi Mumbai Industrial Corridor

*“~880 bln EUR infra investment planned for next 5 years”*

#### GOVERNANCE

- Digitalizing government approvals
- Implementation of bankruptcy law to simplify exits + End retrospective taxation for cross border investments

*“Highest ever increase in - Ease of Doing Business Rank”*

#### SOCIAL

- Focus on financial inclusion + eliminating corruption
- Key Initiatives: Demonetization, subsidies linkage to bank accounts

*“180 mio bank accounts opened since Jan. 2015” under govt. scheme*





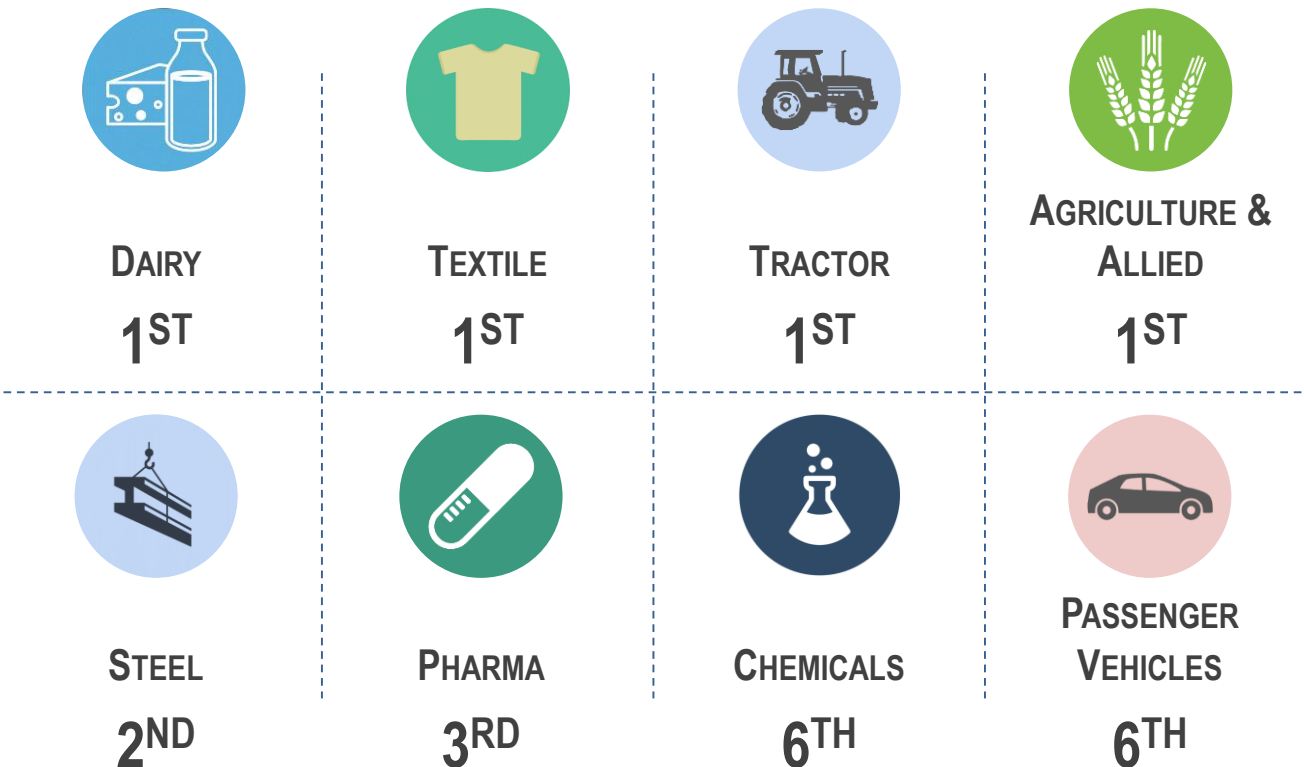
## INDIA MACRO ECONOMIC PERSPECTIVE

### IMPACT OF REFORMS AND POLICY INITIATIVES

#### GLOBAL INVESTOR'S CONFIDENCE ON A HIGH



### LEADING GLOBAL PRODUCER IN KEY INDUSTRIES





## INDIA FOOD AND BEVERAGE INDUSTRY



**India** has the advantage of having the 10<sup>th</sup> largest arable land for agriculture and the largest livestock population

Milk	Live-stock	Fruits & Vegetable	Tea	Wheat & Rice	Spices
1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>

### INDUSTRY HIGHLIGHTS



**India's 162 bln CHF F&B** industry is poised to grow at a CAGR of 12-15% during 2017-20 **constitutes 5% of global share; 5<sup>th</sup> largest manufacturing sector**



**India has market potential** with 17% of the world's population residing and has 8% of world's middle class, expected to add another 380 mio by 2030



**Government of India has** identified 'Food Processing' as one of the focused sectors to unleash the untapped potential being an agricultural economy



**Food processing sector,** the key link between agriculture & manufacturing industry contributes around 9 to 10% of GDP both in agriculture and manufacturing sectors

### GROWTH INDICATORS

#### GROWING CONSUMERISM

Growing Affluence/  
Double Incomes

Young Population  
(>50% under age of 30)

Hygiene- Need for  
Packaged Food

Rising Consumption  
in Rural India

Self- Health  
Management

Changing Food  
Preferences

#### SUPPLY SIDE

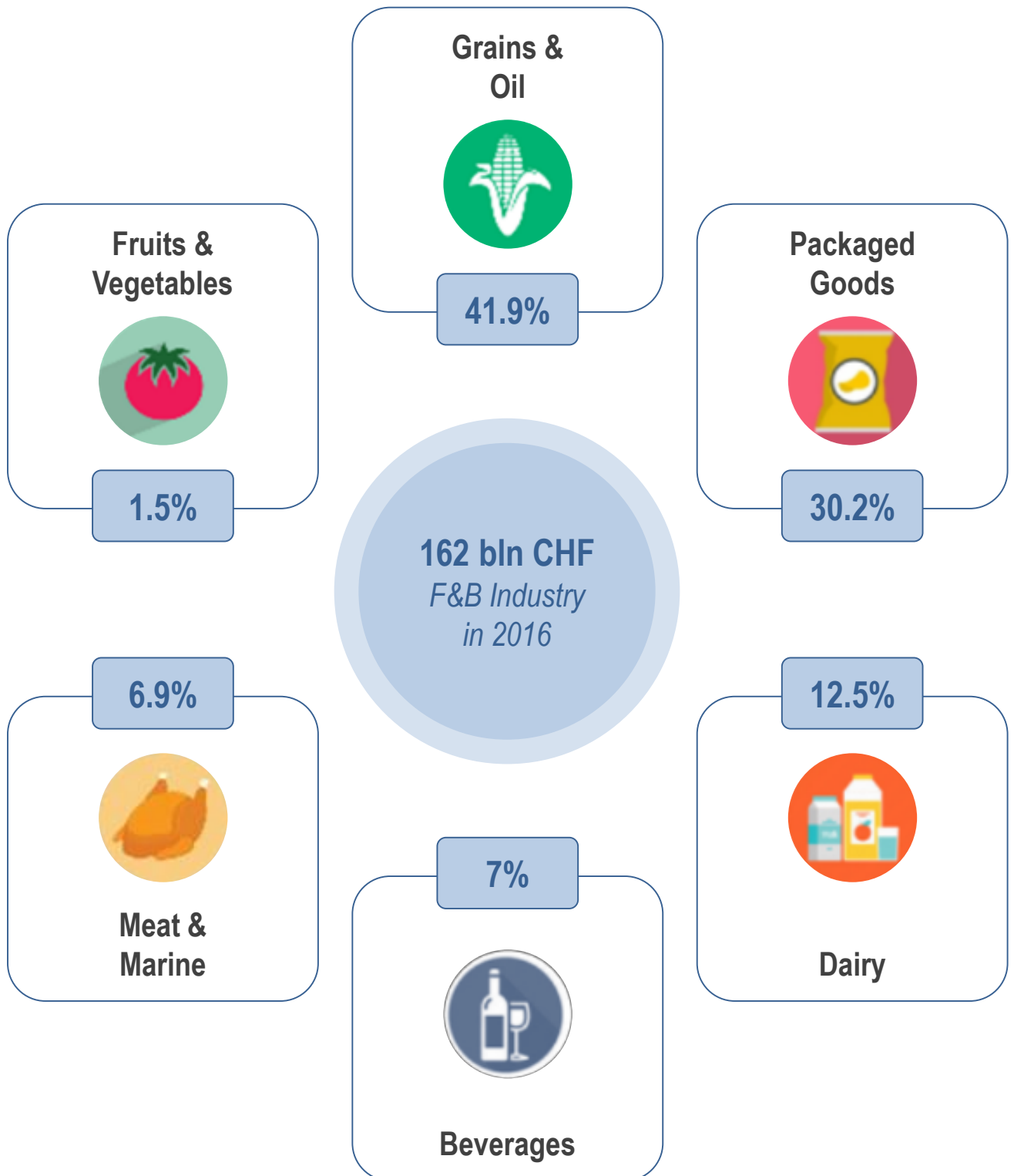
Dedicated Infrastructure  
Development

Large Diversified Raw  
Material Base

Improved Food Retail  
Format



## FOOD AND BEVERAGE INDUSTRY SEGMENTATION





## FOOD AND BEVERAGE INDUSTRY: ADVANTAGE INDIA

*Food processing industry is one of fastest growing industries in India backed by strong government initiatives, surging demand and diversified and large raw material source*

### STRONG DEMAND GROWTH

- Demand is rising with **growing disposable income, increasing number of working women, urbanisation and nuclear families**
- Household **consumption is set to double by 2020 and three folds by 2030**
- Changing lifestyle and increasing expenditure on health and nutritional foods

### POLICY SUPPORT & INITIATIVES

- **100% FDI** under automatic route
- Promoting rationalisation of tariff and duties relating to F&B sector
- Government has set up **“Food Processing Fund” of 300 mio CHF** for extending credit to individual units
- **Attractive fiscal incentives** -capital subsidies, tax rebates, depreciation benefits

### Attractive Sector- WHY?

### INFRASTRUCTURE & SKILL DEVELOPMENT

- **42 Mega Food Parks (MFP)** are being setup with an investment of 2.38 bln CHF
- **134 cold chain projects** are underway to develop supply chain infrastructure
- **Extensive skilling programs** on food processing through **tie-ups with academic and research institutes** to promote employment

### ATTRACTIVE OPPORTUNITIES

- Agriculture (including livestock) is a **major contributor to India’s GDP** (15% - FY 2017)
- **Manufacturing cost competitiveness**
- **Export opportunities** especially to Middle East and South East Asia regions
- India’s dominance as the **largest producer of milk globally**





## QUICK GLANCE INTO THE CHOCOLATE INDUSTRY

**95% of the chocolate market is organized and dominated by international players; chocolate gifting culture and increasing awareness drives demand**

<h3>Industry Overview</h3>	<p><b>48.9 bln CHF</b></p> <p><b>Chocolates</b></p> <p><b>Cocoa &amp; Sugar confectionery</b></p>	<ul style="list-style-type: none"> <li>■ New customised product variants launched by chocolate manufacturers to capture the growing consumption</li> <li>■ The trends for premiumization of chocolates and rise in gifting culture are few major drivers for market to grow at 10-15% CAGR during the next few years</li> <li>■ India's per capita spending is very low</li> </ul>
<p><i>Source: Ministry of Food Processing Industry</i></p>		
<h3>Industry Structure</h3>		<ul style="list-style-type: none"> <li>■ Mondelez is market leader because of constant product innovation strategy and well-established distribution network</li> <li>■ Ferrero has product availability across distribution channels, growing popularity as gifting options and higher demand for premium tastes</li> </ul>
<h3>Demand Drivers</h3>	<ul style="list-style-type: none"> <li>■ The urban population is becoming more aware about chocolate brands and variants contributing to an increase in chocolate consumption</li> <li>■ Chocolate gifting culture over Indian sweets for festive and non-festive occasions is on the rise due to longer shelf life, increased convenience and attractive packaging options</li> <li>■ India's low per capita spending will lead to immense opportunities for new and existing players</li> </ul>	
<h3>Trends</h3>	<ul style="list-style-type: none"> <li>■ Premium, luxury and niche chocolates are expected to drive growth in the Indian chocolate market</li> <li>■ Manufacturers are increasingly innovating to cater to rapidly evolving consumer tastes preferences with premium products</li> <li>■ Recently domestic companies launched premium variants to compete with international players</li> </ul>	



## MARKET PLAYERS, POLICY INITIATIVES AND INDUSTRY OUTLOOK

### Key Market Players

#### DOMESTIC



#### INTERNATIONAL



### New Variants



### Policy Initiatives

- Nil excise duty in milk, nuts & fruits- both fresh and dried
- Tax exemption for the next 5 years for new agro-processing industries
- Import duty on high end chocolates and cocoa beans is at 30%
- Import duty on cocoa powder ranges from 20-30%
- Reduced excise duty on food processing and packaging machinery from 10% to 6%

### Industry Outlook

- White chocolate share will be replaced by dark and premium chocolates, a major domestic player recently launched 3 single-country origin chocolates including that of Peru, Venezuela, Tanzania for which cocoa is imported from cocoa hubs
- MNCs are looking to India for cocoa production to meet increasing demand e.g. a major MNC inaugurated its cocoa pressing centre in India in April 2016, which is its largest processing centre in Asia-Pacific
- Most chocolate companies are investing in brand building – strengthening offering in existing brands and launching new brands
- India continues to be the big growth market for chocolate makers, companies are collaborated with e-commerce companies to improve sales and visibility



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