

# MISSP

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

**MISSP BROCHURE ON  
INDIAN DAIRY 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

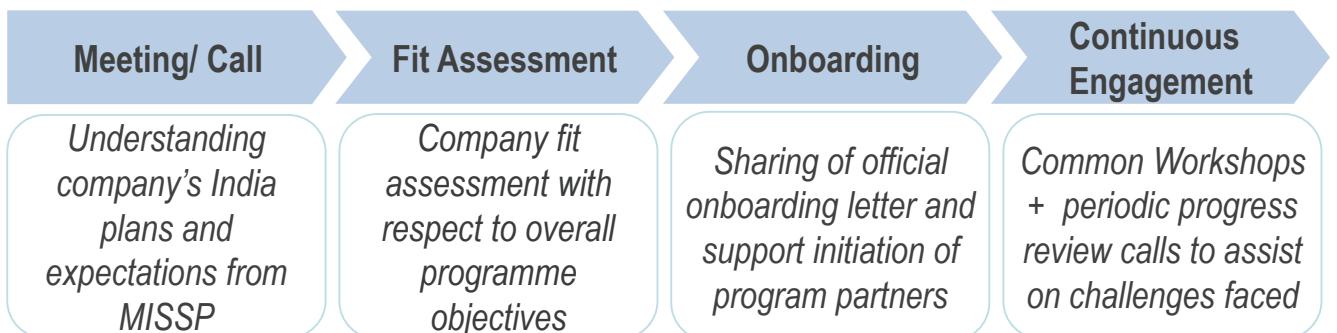


Setting up joint ventures in India



Company Incorporation

### Programme – Member Engagement Process

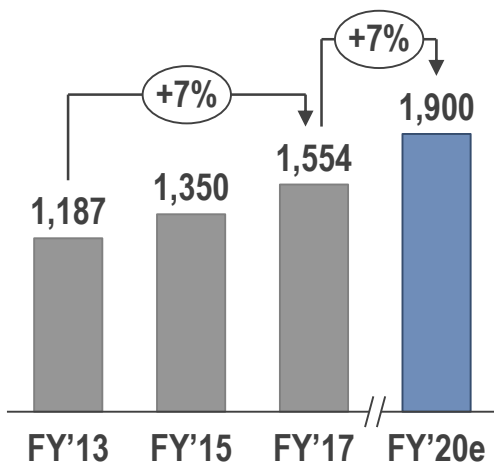




## INDIA MACRO ECONOMIC PERSPECTIVE

### 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
Global Rank	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

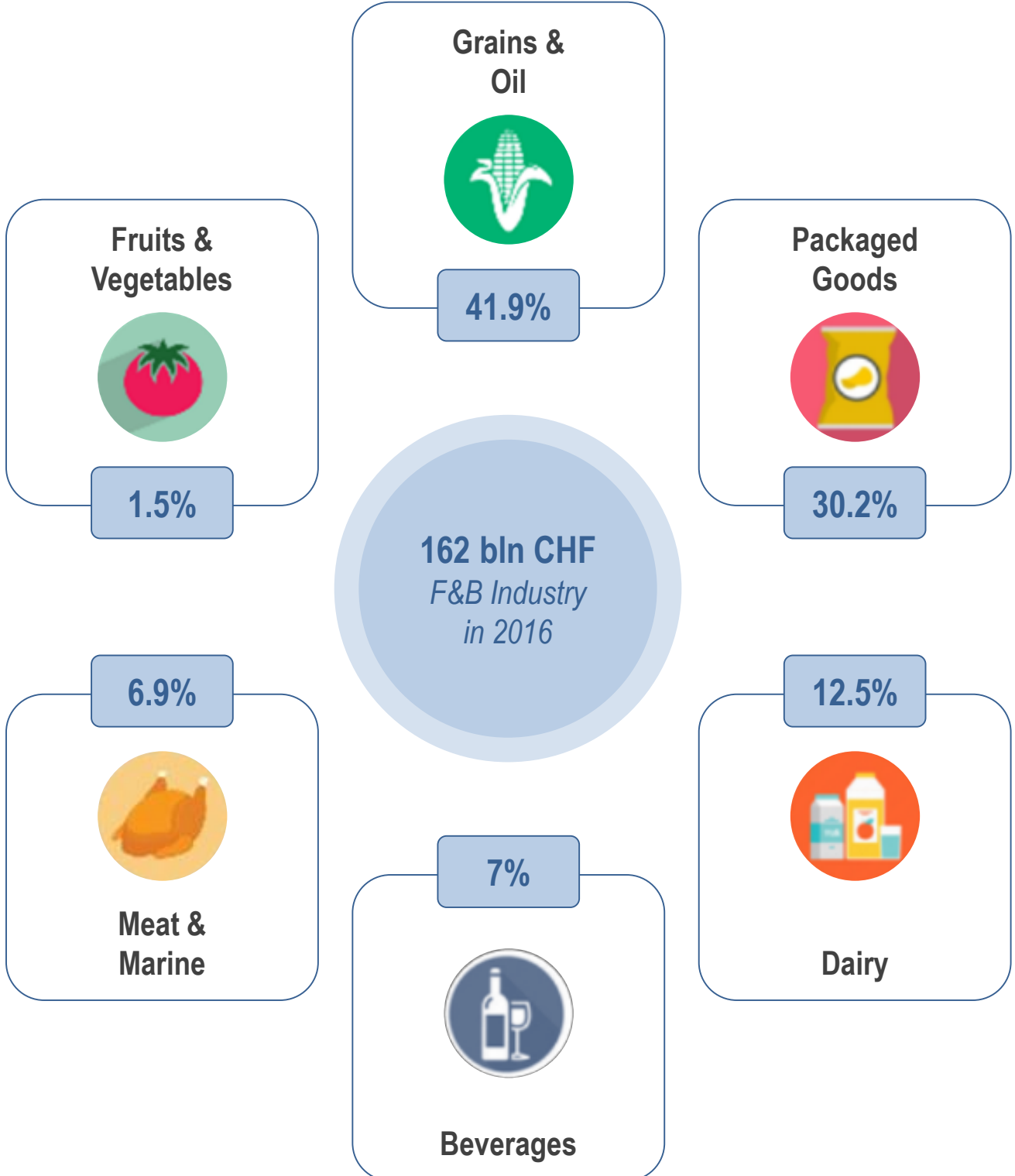
Dedicated Infrastructure  
Development

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 DAIRY INDUSTRY

*The Dairy industry is expected to grow at a CAGR of 13% from 20.1 bln CHF in 2016 to 32.5 bln CHF in 2020, the organised market comprises ~20%*

### Industry Overview

- The production of dairy products is worth 20.1 bln CHF as on 2016
- India has significant advantage of being **world's largest producer of milk**, the production stood at 147 million tonnes in FY'16
- Industry is **highly fragmented and unorganized** mostly dominated by local milk man and regional brands
- The organized segment has significant presence of international companies e.g. Nestle, Danone, Unilever

### Industry Structure

- The **organized market holds 20% of the share**
- Market composition:
  - **60%:** Liquid and powdered milk
  - **35%:** Value added products such as ghee, UHT<sup>1)</sup> milk, flavoured milk, cheese
  - **5%:** Highly premium products such as branded yoghurt, probiotic curd, specialty cheeses etc.

### Demand Drivers

- Rise in HORCEA (Hotels, Restaurants & Cafes) industry
- Rising milk exports – 5,075 Metric tonnes till September 2017
- Emerging market for value add categories – Whey, Cheese, Flavoured milk, Ultra High Temperature milk
- The growing awareness of self-health management and food hygiene

### Trends

- Value-added market is still under-penetrated with tremendous scope for growth, the expected growth will be at 19-20% and for liquid milk, would be at 3-5%
- Emerging products include low fat flavoured yoghurts, curds, milks, cheese due to increasing health awareness among consumers



## MARKET PLAYERS, POLICY INITIATIVES AND INDUSTRY OUTLOOK

<b>Key Market Players</b>	<b>DOMESTIC</b>	<b>INTERNATIONAL</b>		
				
				
				
				

<b>Policy Initiatives</b>	<ul style="list-style-type: none"> <li>■ <b>Nil excise duty</b> in milk, milk products, vegetables, nuts &amp; fruits- both fresh and dried</li> <li>■ Exemption of service tax to transportation by rail, vessels or roads applies to the transportation of milk</li> <li>■ Launch of sector strengthening initiatives- ‘National Program for Bovine Breeding’ and ‘ National Dairy Plan’</li> <li>■ Reduced excise duty on food processing and packaging machinery from 10% to 6%</li> </ul>
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<b>Industry Outlook</b>	<ul style="list-style-type: none"> <li>■ In last 5-10 years, most organized players have expanded their portfolio in the value-added segment and are investing in brand building</li> <li>■ Value-added products market is still under-penetrated and demand is yet to grow stronger there by expected to grow at 19-20% CAGR in coming years; while milk production has attained saturation to grow at 3-5%</li> <li>■ The dairy sector is a promising sector both from the domestic demand as well as from exports potential point of view hence likely to grow at a CAGR of 10-13% till 2020</li> </ul>
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