

MISSP

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

**MISSP BROCHURE ON
INDIAN FOOD AND BEVERAGE INDUSTRY**

Powered by



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Bern, Switzerland
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E A C
INTERNATIONAL CONSULTING



“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

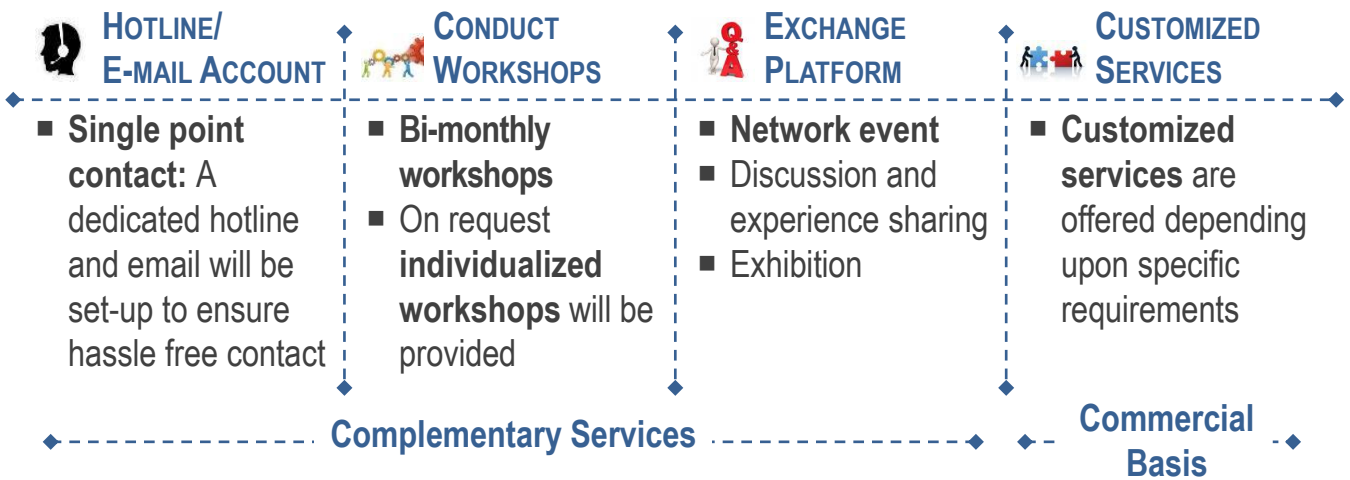
*Banking – Project and
Trade Finance – Forex
Management*



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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

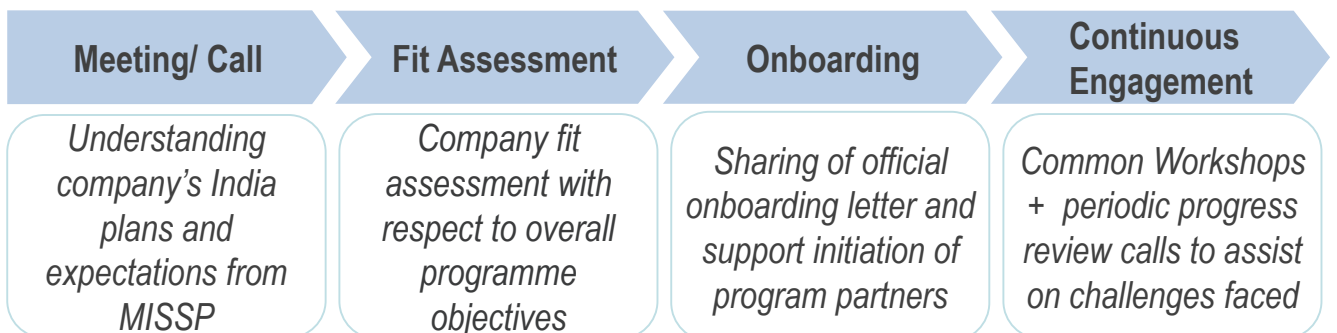


Setting up joint ventures in India



Company Incorporation

Programme – Member Engagement Process

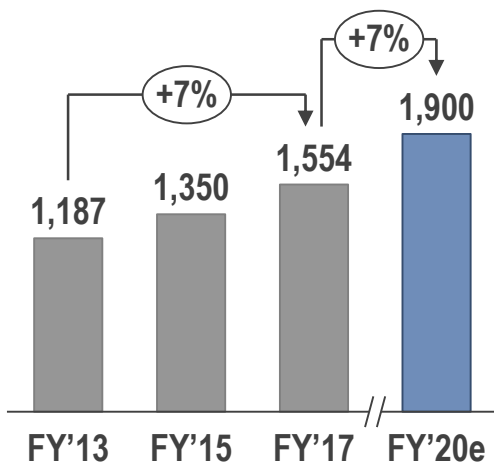




INDIA MACRO ECONOMIC PERSPECTIVE

GDP GROWTH AND OUTLOOK

India GDP (bln EUR)



- 3rd 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





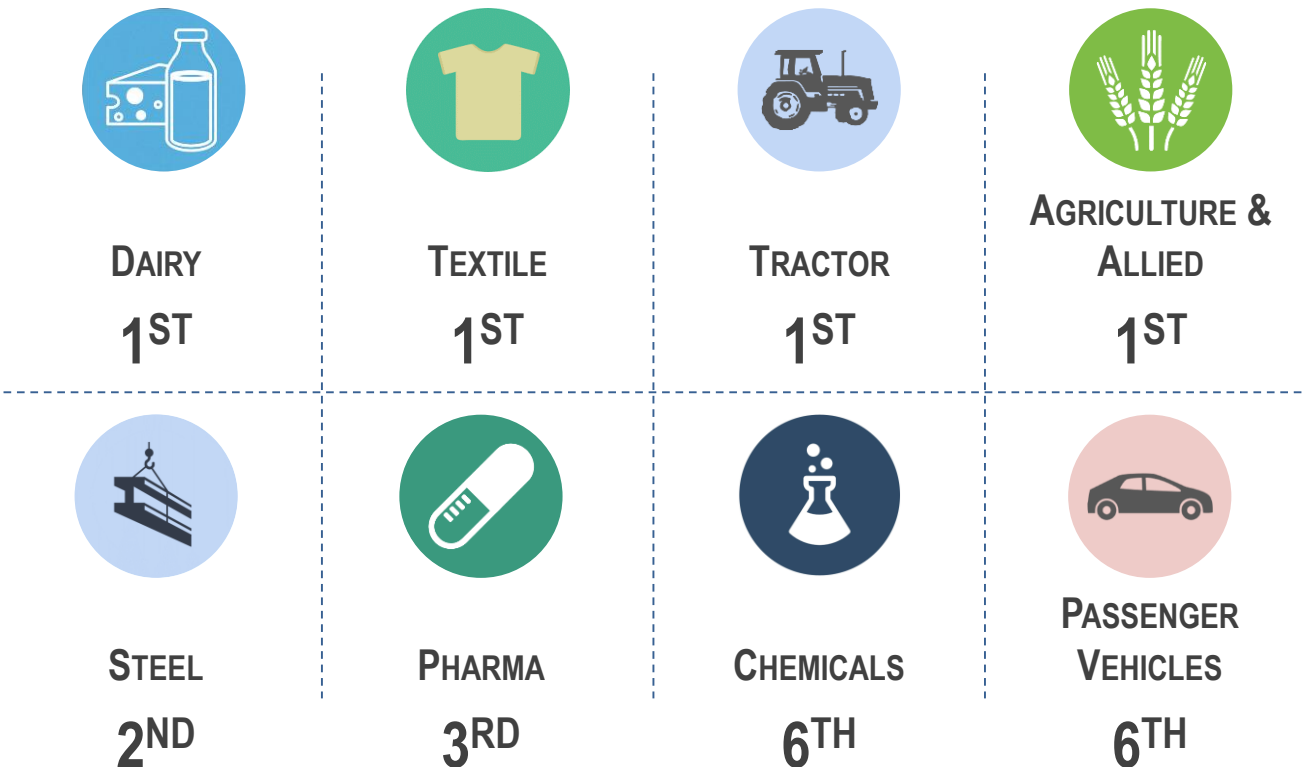
INDIA MACRO ECONOMIC PERSPECTIVE

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 10th largest arable land for agriculture and the largest livestock population

	Milk	Live-stock	Fruits & Vegetable	Tea	Wheat & Rice	Spices
Global Rank	1 st	1 st	2 nd	2 nd	2 nd	3 rd

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; 5th 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

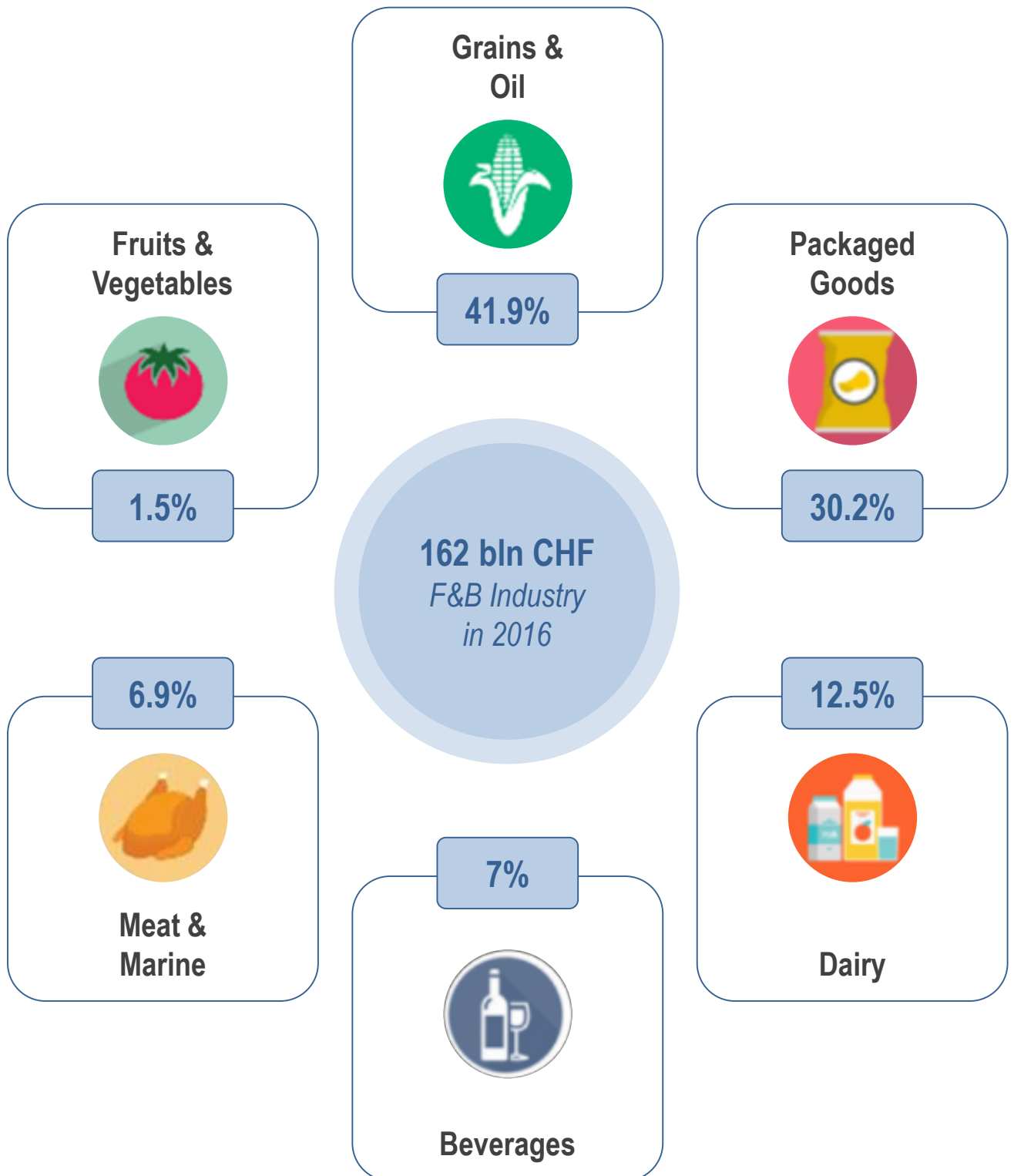
Dedicated Infrastructure
Development

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

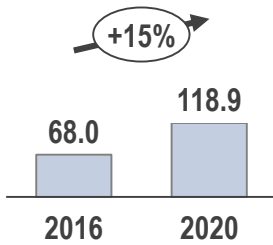
- Agriculture (including livestock) is a **major contributor to India’s GDP** (15% - FY 2017)
- **Manufacturing cost competitiveness**
- **Export opportunities** especially to Middle East and South East Asia regions
- India’s dominance as the **largest producer of milk globally**



GRAINS & OIL & PACKAGED FOOD SEGMENT OVERVIEW

GRAINS & OIL

PRODUCTION (BLN CHF)



INDUSTRY STRUCTURE

- India ranks 2nd for rice at 157.2 mio tonnes with ~20% share and wheat at 95.85 mio tonnes with 13% share in FY '14 (MOFPI)
- Organized segment is 13-18% of overall industry

KEY PLAYERS

DOMESTIC



INTERNATIONAL

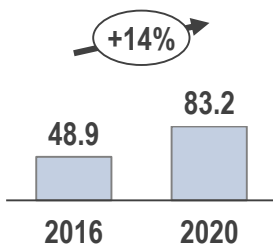


KEY INSIGHTS & FUTURE OUTLOOK

- Predominantly primary and secondary processing
- Growing processing infrastructure to drive the segment

PACKAGED FOOD

PRODUCTION (BLN CHF)



INDUSTRY STRUCTURE

- Organized segment is 35-40% of overall industry
- India is a large attractive market for packaged foods after USA, China, Brazil and Mexico
- The per capita consumption is 24 kg. per year, the industry has not reached maturity yet

KEY PLAYERS

DOMESTIC



INTERNATIONAL



KEY INSIGHTS & FUTURE OUTLOOK

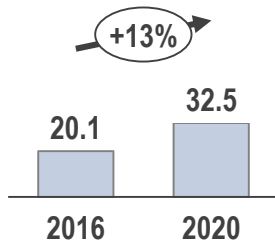
- High growth segments of packaged food are expected to grow at ~15%
- Government's favourable policy initiatives and incentives to boost growth through FDI



DAIRY & BEVERAGES SEGMENT OVERVIEW

DAIRY

PRODUCTION (BLN CHF)



KEY PLAYERS

DOMESTIC



INTERNATIONAL



INDUSTRY STRUCTURE

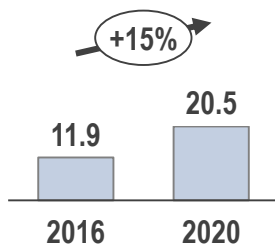
- Organized segment is 20% of overall industry
- Dairy market is highly fragmented and unorganized
- Liquid and powdered milk comprises 60% of market, value added products comprise 35% and highly premium products comprise 5%

KEY INSIGHTS & FUTURE OUTLOOK

- Value-added market is 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

BEVERAGES

PRODUCTION (BLN CHF)



KEY PLAYERS

DOMESTIC



INTERNATIONAL



INDUSTRY STRUCTURE

- Organized segment is 30-35% of overall industry
- India ranks 2nd globally for tea with ~20% share
- Tea is the most common hot beverage in the Northern, Western and Eastern regions; coffee is preferred in the South

KEY INSIGHTS & FUTURE OUTLOOK

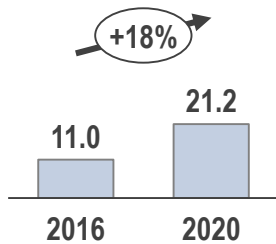
- Industry is driven by a lifestyle driven demand
- High demand for non-alcoholic beverages such as health drinks



MEAT & MARINE & FRUITS & VEGETABLES SEGMENT OVERVIEW

MEAT & MARINE

PRODUCTION (BLN CHF)



INDUSTRY STRUCTURE

- Organized segment is 7-10% of overall industry
- India is the 2nd fastest growing processed meat and poultry industry with CAGR of 18%
- Low penetration of processed foods such as sausages, meat sauces

KEY PLAYERS

DOMESTIC



INTERNATIONAL

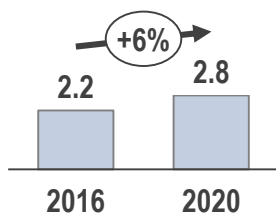


KEY INSIGHTS & FUTURE OUTLOOK

- High growth likely in Ready-to-Eat and Ready-to-Cook meals
- Largest buffalo meat exporter globally
- Quick Service restaurants is driving growth

FRUITS & VEGETABLES

PRODUCTION (BLN CHF)



INDUSTRY STRUCTURE

- Indian ranks 2nd in fruits and vegetables in the world after China
- Organized segment is 8-12% of overall industry
- Consumers have a preference for fresh foods
- Low penetration of processed foods

KEY PLAYERS

DOMESTIC



INTERNATIONAL



KEY INSIGHTS & FUTURE OUTLOOK

- High growth likely in Ready to Eat Foods
- India's vast production base resulted in exported fruits and vegetables worth 1.6 bln CHF, FY '17
- Growing presence of organized retail outlets is increasing demand



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