



## THE CHANGING FACE OF THE INDIAN FOOD AND BEVERAGE INDUSTRY



- With **1.35 B people**, India ranks 2<sup>nd</sup> accounting for 18% of the world population with a **large middle class** which will grow to **580 M by 2027 and overtake that of China, USA and EU**.
- **13th largest recipient** of Foreign Direct Investment (FDI) in India **attracting over US\$ 10 B** (April 2000-March 2021).
- Fast economic growth, rising disposable income, and rapid urbanization are **driving consumer demand and buying behavior**, especially for fresh and processed products.
- With shifts in consumer preferences, the Indian food processing capabilities are evolving rapidly with a rapid rise in the consumption of new food & beverage product segments.
- Products such as nuts, fresh fruits, and craft beer consumption have increased significantly.
- Nearly 2/3 of the disease incidence in India is due to lifestyle diseases; **increasing health awareness** has led people to look for **healthier food and beverage options**.

### GROWTH TRENDS

- A growing middle class with rising disposable income are seeking healthy alternatives, driving India's **organic food segment** which is expected to grow at **CAGR 20%** from 2020 to 2025 reaching **US\$ 2.6 B** from the current US\$ 800 M.
- Agricultural commodity imports have been growing and reached **US\$ 13 B in 2021**, with edible oils, fresh fruits, pulses and nuts being at the top.
- Demand for agricultural and allied services such as **warehousing (15%) and cold storages (17%)** are seeing **double digit y-o-y growth**.
- The Indian **food industry's output** is expected to reach **US\$ 535 B by 2025-2026**.
- At US\$ 600 B, the **Food and Grocery retail market** in India is the 3<sup>rd</sup> largest in the world.
- **Retail sales** in agriculture will be largely digitalized with **90% of small grocery shops** across the country using **modern traceable logistics** and transparent supply chains by 2025.
- The **e-Grocery market** was a mere US\$ \$0.05 B in 2013 but has grown to reach US\$ 4.3 B in 2021 and is expected to grow at a **CAGR of 37%** reaching US\$ 39 B by 2028.
- In 2021, a **110 food processing projects** were completed, including: 1 Mega Food Park; 37 Cold Chains, 4 Food Testing Laboratories, and other smaller investments.
- India's **agri-tech** sector has **1,200 + startups** and has received over **US\$ 1 B funding** from 2017-2020.

### GOVERNMENT INITIATIVES

- The Indian government has set a priority agenda for food security and streamlining the agriculture sector by allowing **100% Foreign ownership**, and tax & non-tax incentives by:
  - Incentives include subsidies for the purchase of modern agricultural equipment and services for **irrigation, seed replacement and precision agriculture**;
  - Government investment in **cold chain warehousing/logistics** an infrastructure and smarter food chains with **big data, digital connectivity, e-commerce, and vertically integrated/decentralized value chains**;
  - **Partnerships** with developed countries for the supply of advanced food supply chains and agri-tech products, technologies, and services;
  - **Consolidating food laws** under a single regulatory authority – the Food Safety and Standard Authority of India (FSSAI);
  - **Liberalization and growth of organized retail**, making the Indian market more attractive for global players; and,
  - Launching various schemes and plans for the agri-community in order to **increase investment and simplify farm work**.



## OPPORTUNITIES ACROSS THE VALUE CHAIN

- While India is a leading producer of many agricultural products, the level of value addition (canned/frozen) is still sub-optimal compared to more developed economies. Due to the enactment of strict imports/exports regulations combined with supply chain disruption due to pandemic related shipment delay, Indian companies have recognized the need for **localization** and this is becoming a **major growth driver** in the demand for food equipment, logistics, packaging, technology and services companies.
- **Agricultural Yield:** The quantity of crop produced per unit of land is significantly lower compared to countries with developed ag-sectors; and opportunities exist for global companies technologically advanced farming technology and processes to India.
- Digitalized supply chain, smart warehousing, and logistics **utilizing industry 4.0 technologies** will help India reduce food supply chain waste from field to table.
- **Food Processing:** This sector is projected to attract **US\$ 33 B** of new investment by 2024. At present only 48% of total produce gets processed due to the inability of small players to handle large volume resulting in high levels of crop and food waste. This inefficiency creates opportunities for **foreign firms** with expertise and equipment technology. Currently, the market size for the **food processing equipment sector** is **US\$ 1.5 B**.
- **Packaging | Cold Chain:** Due to annual harvest and post-harvest losses of over US\$ 10 B, the Indian government and the private sector are taking enormous interest in cold chain infrastructure; they are seeking **advanced and sophisticated technology** to produce a variety of packaging machinery in order to create an integrated cold chain network.

## OPPORTUNITIES ACROSS PRODUCT SEGMENTS

	<b>Processed Food</b>	Snacks, sauces, condiments, canned food, ready-to-eat, cereals, baby food
	<b>Fruit, Nuts, Vegetables</b>	Demand growing at 5–7 % for premium fruits and treenuts
	<b>Pulses</b>	Demand to reach 32–37 million tonne by 2025 with 27% import
	<b>Dairy</b>	Leading producer and consumer of dairy products
	<b>Wheat</b>	Demand to reach 97 million tonne by 2025 outpacing population growth
	<b>Cereals</b>	Highest market share in agricultural products
	<b>Beverages</b>	Rising consumption of wine, craft beer, and beer Ingredients
	<b>Services</b>	Precision farming, plant & animal genomics, water & soil management
	<b>Meat</b>	India produces 6.3 million tons meat annually and is ranked 5 <sup>th</sup> globally

- The Indian food processing sector is comprised of six key sub-sectors: dairy; meat & marine; cereals; grains & oilseeds; fruits & vegetables; beverages (non-alcoholic); and, packaged foods.
- The Indian **bakery market** of US\$ 7.6 B in 2020, is expected to grow at a **CAGR 8.5%** from 2021-2026 to reach an estimated US\$ 12.39 B by 2026. India is the **2<sup>nd</sup> largest producer of biscuits/cookies** after the US and India's appetite for baked goods in continues to grow as consumers open up to **new product innovations**.
- With 40% of Indian population preferring vegetarian diet, there is a huge potential for Plant-based foods.
- With a CAGR of **15%**, the poultry meat market is the fastest growing animal processing segment and is dominated by domestic players.
- Ayurvedic health practices create demand for Immunity-boosting ingredients and foods with health benefits.

## SOME MAJOR INVESTORS



## LEARN MORE ABOUT OPPORTUNITIES IN INDIA

### Nalin Patel, Country Manager India

Mr. Patel has over 35-years of experience driving strategic Business growth in India & helping international companies to make optimal informed market entry & expansion investment decisions across industry sectors in India.

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