

FOOD PROCESSING



Food processing 'A sunrise sector'

India's food ecosystem offers a wide range of opportunities with a massive food market that is expanding further, stimulating growth in the retail sector, favourable economic policies and attractive fiscal incentives. Food sector has emerged as high growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry. The Industry is rapidly expanding with 42 mega food parks scheme. Currently, 12 Mega Food Parks have become functional.

- By 2020, Indian dairy industry is expected to double to USD 140 bn
- By 2020, Indian food and retail market is projected to touch USD 482 bn
- By 2020, food processing sector has the potential of attracting USD 33 bn of investment in coming years
- By 2030, Indian annual household consumption to treble, making India 5th largest consumer

100% FDI is permitted under the automatic route in food processing industries

100% FDI is allowed through government approval route for trading, including through e-commerce in respect of food products manufactured or produced in India.

For further details, please refer [FDI Policy](#)

Contribution in Indian Economy

Share in
India's Food
market -
32%

Share in
total
employment
- **11.6%**

Share in
Indian
exports -
13%

Cropping
intensity -
142%

Highlights



World's largest producer of milk



World's largest processor and third largest producer of cashew nuts



World's second largest producer of food grains, fruits and vegetables

Industry Scenario

The processed food market , currently valued at USD 322 bn in 2016, is expected to grow to USD 543 bn by 2020 at a CAGR of 14.6%.

Food processing has an important role to play in linking Indian farmers to consumers in the domestic and international markets. The Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments across the value chain. The sector that engages approximately 1.77 mn people, has a total of 38, 603 registered units with fixed capital of USD 29.7 bn and aggregate output of around USD 144.6 bn. Major industries constituting the food processing sector are grains, sugar, edible oils, beverages and dairy products.

- Major food categories and their share in the food processing sector are as follows:
 - Dry food grocery: 34.7%
 - Milk & dairy products: 16%
 - Fresh produce: 15.6%
 - Perishables: 8%
 - Spices: 6%
- Indian food processing industry has two major sub-segments:
 - Food and grocery retail (92%)
 - Foodservice market (8%)

Growth Drivers

Agri commodity hub

Huge consumer base

Strong economy

Conducive policies

Robust infrastructure

Rich demographic dividend

**Presence of complete
supply chain**

Largest producer of several agri commodities

1.3 Billion consumers with increasing demand for branded food

4th largest economy in terms of purchasing parity

Proactive government policies with attractive fiscal incentives

Significant investments in world class ports, logistics and supply chain infrastructure

High focus on availability of skill and development

Opportunity for investors across the food processing supply chain

Industry Trends



Ultra high temperature (UHT) Processing and aseptic packaging

Involves producing dairy products with longer shelf life

Scraped surface heat exchangers and higher pasteurization
Higher pasteurization and modernized mechanical systems



Higher consumption of horticulture crop

Surge in demand for fruits and vegetables

Frozen and processed foods

Frozen processed foods offer both convenience and nutrition



Strengthening procurement

Direct farmer-firm linkages, contract farming

Key Policies

Dairy Processing & Infrastructure Development Fund

Highlight of Budget 2018-19 in respect of Food Processing sector

NABARD

Nivesh Badhu

Pradhan Mantri Kisan Sampada Yojana (PMKSY)

Scheme for Cold Chain, Value Addition and Preservation Infrastructure under PMKSY

Scheme for creation of backward and forward linkages under PMKSY

Recent Investments

Dec 18, 2018: LOTS Wholesale Solutions opens a Cash and Carry store in Delhi, second of its 15 planned distribution stores across India

Dec 07, 2018: Union Cabinet approves agricultural export policy

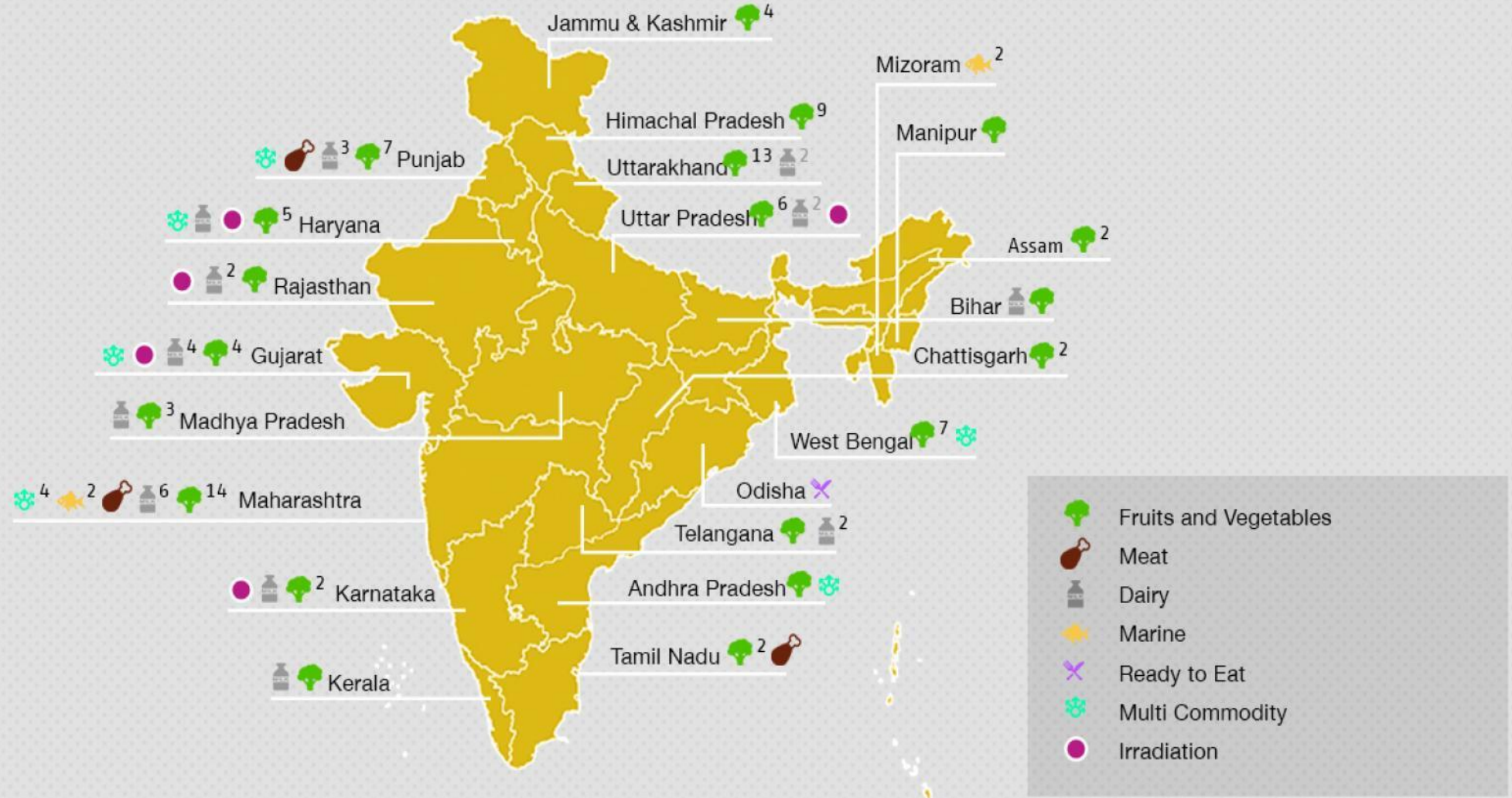
Dec 03, 2018: Government plans to set up NBFC with \$ 278.3 mn to fund food processing firms

Aug 10, 2018: Congelados De Navarra, Spain's leading food processing company, is all set to invest \$ 43.5 mn in Punjab, with the establishment of a food processing unit in Machiwaara, Ludhiana. The project will generate direct employment for 400 and indirect for 5,000 people in the state.

Major Investors



Cold Chains



Mega Food Parks



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