FOOD PROCESSING
GROWTH DRIVERS

STRONG DOMESTIC DEMAND:
- Changing lifestyle and food habits
- Increasing disposable income

SUPPLY SIDE ADVANTAGES:
- High level of agricultural production - large livestock base, wide variety of crops, etc.
- Inland water bodies and long coastline that helps marine production

EXPORT OPPORTUNITIES:
- Proximity to key export destinations
- Greater integration with global economy

PROACTIVE GOVERNMENT POLICY AND SUPPORT

SECTOR HIGHLIGHTS

India ranks 2nd globally in total food production.

Largest producer, consumer and exporter of spices and spice products. The total production of spices during 2016-17 was estimated to be 8.2 Mn tonnes.

Total poultry population in the country during 2016-17 was 729.2 Mn (as per 19th Livestock Census), and total egg production was around 88.1 Bn whereas the per capita availability is around 69 eggs per annum.

Largest producer of milk in the world with a total production of 165.4 Mn tonnes during 2016-17. India’s share in the global production of milk stands at 18.5%.

2nd largest producer of horticulture crops globally, with a total production of 307.16 Mn tonnes.

During 2017-18, total exports of manufactured food products and beverages stood at USD 32.54 Bn.
KEY SUB-SECTORS OF INTEREST

DAIRY

- Milk production during 2015-16 and 2016-17 was 155.5 Mn tonnes and 165.4 Mn tonnes respectively which shows an annual growth of 6.37%.
- The per capita availability of milk was around 355 grams per day in 2016-17, which was more than the world average of 302 grams per day during the same period.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Year</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>India’s milk production rate (cumulative annual growth rate)</td>
<td>2014-15 to 2016-17</td>
<td>6.3</td>
</tr>
<tr>
<td>World milk production (cumulative annual growth rate)</td>
<td>2014 to 2017</td>
<td>2.1</td>
</tr>
<tr>
<td>Per capita availability of milk per day in India</td>
<td>2014-15 (322g) to 2016-17 (355g)</td>
<td>10.2</td>
</tr>
</tbody>
</table>

For doubling farmers’ income, the target for milk production is 254 Mn tonnes by 2021-22 which would increase the per capita availability of milk to 515 grams per day, thereby addressing the substantial nutritional requirement of the growing population.

Major Milk Producing States:

<table>
<thead>
<tr>
<th>State</th>
<th>Production (Mn MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar Pradesh</td>
<td>27.77</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>20.85</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>13.44</td>
</tr>
<tr>
<td>Gujarat</td>
<td>12.78</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>12.18</td>
</tr>
</tbody>
</table>

Opportunities:

- Introduce value added dairy products viz. cheese, smoothies, flavoured milk, custard, yoghurt and other ethnic Indian products
- Cattle feed, new veterinary technology and cattle diagnostics services etc.

FISHERIES

- India is the 2nd largest fish producing and 2nd largest aquaculture nation in the world.
- The total fish production during 2016-17 was 11.41 Mn MT with inland sector contributing 7.77 Mn MT and marine sector contributing 3.64 million MT.
- India’s seafood export crossed USD 7 Bn during the financial year 2017-18 as frozen shrimp and frozen fish continued to be the flagship export items.
- USA, South East Asia, EU, Japan and China were the major export markets.
- Vizag, Kochi, Kolkata and Pipavav were the major ports for marine products cargo.

### INLAND FISHERIES

<table>
<thead>
<tr>
<th>Parameters</th>
<th>MILLION HECTARES (MH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Areas under reservoirs</td>
<td>3.15</td>
</tr>
<tr>
<td>Areas under ponds and tanks</td>
<td>2.36</td>
</tr>
<tr>
<td>Area under brackish water</td>
<td>1.24</td>
</tr>
<tr>
<td>Length of rivers and canals</td>
<td>0.19</td>
</tr>
</tbody>
</table>

### MARINE FISHERIES

<table>
<thead>
<tr>
<th>Parameters</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Length of coastline</td>
<td>8,118 kms</td>
</tr>
<tr>
<td>Exclusive Economic Zone</td>
<td>2.02 Mn sq. kms</td>
</tr>
<tr>
<td>Number of fish landing centres</td>
<td>1,537</td>
</tr>
<tr>
<td>Number of fishing villages</td>
<td>3,432</td>
</tr>
</tbody>
</table>

**Major States:**

- The top 5 states in terms of production are: Andhra Pradesh, West Bengal, Gujarat, Karnataka and Kerala.
- **Inland Fisheries:** Andhra Pradesh, West Bengal, Uttar Pradesh, Bihar and Odisha
- **Marine Fisheries:** Gujarat, Andhra Pradesh, Tamil Nadu, Maharashtra and Kerala
- Krishnapatnam and JNP were the major ports for marine products cargo.

**Opportunities:**

- Most marine exports are currently in the frozen form and there is immense potential for exporting value added products.
- Infrastructure development for fishing harbours/landing centres.
- Value addition and product development for items such as ready-to-cook, ready-to-eat, canned and frozen goods, etc.
POULTRY AND MEAT PROCESSING

- The total poultry population in India was 729.21 Mn (as per 19th Livestock Census) and egg production was around 88.14 Bn during 2016-17.
- The per capita availability is around 69 eggs per annum.
- India produces around 7.4 Mn MT of meat and is the largest producer of buffalo meat.
- The country has exported buffalo meat products worth USD 4,036.9 Mn during 2017-18. The major export destinations were Vietnam, Malaysia, Egypt, Iraq and Saudi Arabia.
- India is also the largest exporter of sheep and goat meat in the world and has exported 21,906.51 MT during 2017-18.

Opportunities:
- New technology in meat and poultry processing
- Egg powder plants
- Hatcheries
- New products - value added products such as frozen/chilled products, RTC/RTE, Indian ethnic products/snacks
- Modern abattoirs

FRUITS AND VEGETABLES PROCESSING SUB-SECTOR

- India is the second largest producer of fruits and vegetables in the world, with a production of 307 Mn MT (2017).
- India is the world's largest producer of bananas, papaya, mangoes and guavas, and the second largest producer of potatoes, green peas, cabbage and cauliflower.
- Processed fruits and vegetables grew by 17% in current value terms in 2017 from the last year. Frozen processed potatoes were the joint-fastest-growing category in 2017. During 2016-17, India exported fresh fruits and vegetables worth USD 1.6 Bn.
- Frozen processed fruits and vegetables are the most consumed categories among processed fruits and vegetables.
- The share of private label has increased in processed fruits and vegetables, as supermarkets, hypermarkets and online retailers have started to offer products under their own names.

Opportunities:
- New technology to reduce wastage levels
- Adequate infrastructure (cold chain, processing infrastructure, R&D for processed food and packaging and innovative farm preservation systems)
- Packaging technology for convenience foods
- Processed fruit-based ingredients for ice creams, yogurt, beverages
Indian food retail market was estimated at around USD 600 Bn in 2017 and is growing at a CAGR of 14.4%.

Food retail market is majorly dominated by Food Grocery (FG) and Food Service (FS) segments.

Organized retail in FS is growing at a CAGR of 15% and modern retail in the FG is growing at a CAGR of 25%.

The growth in food grocery market is mainly driven by dry food grocery segment since the products involved are not only consumed in raw form but also serve as raw materials for food processing.

India has always been the largest producer and consumer of milk and is the 2nd largest producer of fruits and vegetables. The modern retailers are focusing on offering fresh or cut-and-packaged form, keeping customer’s convenience in mind.

Other growing segments are spices, perishables, fresh produce, other processed food and beverages, etc.

Being an item of everyday consumption, the FG market can never face shortage of demand and growth.

Due to evolving economic demographics and economic growth, India is likely to drive the global food service industry. Some key aspects that drive the demand in this segment are:

- Improving demand metrics of ready-to-eat products
- Impact of technology in the entire food service industry - from sourcing of raw materials to reservations to on-demand delivery
- Online aggregators and development of third party logistics service providers
- GST and emerging environment

Key formats behind FS market’s growth are Quick Service Restaurants (QSRs), Casual Dining Restaurants (CDR), Cafes, frozen desert parlours, lounges, fine-dining restaurants, etc.
COLD CHAIN SOLUTIONS

The annual value of harvest and post-harvest losses of major agricultural produces at national level is estimated to be INR 92,651 Cr (USD 14 Bn)

Product-wise segmentation of temperature controlled logistic chain

- Horticulture (fresh Fruits & vegetables)
- Floriculture (Fresh flowers)
- Dairy Products (Milk, Ice-cream, Butter)
- Meats, Fish, Poultry
- Processed Food Products
- Pharma, Life Sciences, Chemicals, Electronics

Opportunities:
- Efficient technology for Cold Chain Logistics
- Energy efficient storage technology
- Modern Hack House, Ripening Facilities, Cold Distribution Hubs, etc

GOVERNMENT INITIATIVES

1. **FDI Policy**
   - 100% FDI permitted for food processing
   - 100% FDI under government approval route for trading, including the same through e-commerce, with respect to food products manufactured and/or produced in India

2. **Pradhan Mantri Kisan SAMPADA Yojana**
   - Mega Food Parks
   - Integrated cold chain and value addition infrastructure
   - Creation of infrastructure for agro processing clusters
   - Creation/Expansion of food processing and preservation capacities (Unit Scheme)
   - Creation of backward and forward linkages
   - Food Testing Laboratories Institutions

3. **Nivesh Bandhu**
   - A dedicated investors’ portal aimed at facilitating ease of doing business, bringing together information on incentives and policies

4. **e-NAM**
   - National Agriculture Market (NAM) is a pan-India electronic trading portal that networks the existing APMC mandis to create a unified national market for agricultural commodities

5. **Infrastructure Support**
   - 12 operational Mega Food Parks - 42 to be set up by 2019
   - 122 operational cold chain projects - 238 approved

6. **World Food India 2017**
   - The largest international event in India in the food processing sector saw participation from 61 countries & presence of 60 global CEOs. MoUs worth approximately USD 11.25 billion were signed between the industry and MoFPI

Currently, about 60% of India’s cold chain storage capacity is contributed by the states of Uttar Pradesh and West Bengal, wherein majority of the cold storages are for a single commodity: potato.

Several initiatives were taken by the Government of India to curb the losses in supply chain of agriculture produce and to improve existing infrastructure such as:

- Ministry of Food Processing Industries under the Pradhan Mantri Kisan SAMPADA Yojana, provides financial aid for setting up integrated cold chain and reservation infrastructure facilities up to a maximum of INR 10 Cr per project
- Ministry of Food Processing Industries has approved 238 Integrated Cold Chain and Value Addition Infrastructure
- Since 2011-12, cold chain has been given infrastructure status
- In 2014, Ministry of Agriculture launched “Mission for Integrated Development of Horticulture” (MIDH) under which cold chain development was given thrust to ensure enhancement of horticulture yield to reach gainful end-use
- Establishment of National Centre for Cold Chain Development
Fruits and Vegetables
Meat
Ready to Eat
Dairy
Irradiation
Marine
Multi Commodity

INDUSTRY CLUSTERS/ZONES
COLD CHAINS

UPCOMING PROJECTS

Aug 10, 2018
Congelados De Navarra, Spain’s leading food processing company, is all set to invest USD 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.

Jun 08, 2018
Amazon Retail India, the global company’s food retail business in India, has received an infusion of USD 1.6 Mn from the parent company, as per regulatory filings. Amazon has committed to invest up to USD 500 Mn in its food retail business, for which it has started a pilot in Pune.

Jun 08, 2018
DXN Industries plans to invest USD 27 Mn to set up an agro-industry in Siddipet district, Telangana.

May 13, 2018
Future Group to invest USD 51.8 Mn to open 140 exclusive FBB outlets

Feb 19, 2018
The Food Processing Park at Vinchur in Nashik district has attracted an investment of USD 150 Mn, and it is expected to generate 5,400 jobs. A total of 15 food processing units have signed MoUs with the state government during ‘Magnetic Maharashtra’, global investors’ summit and exhibition.

Feb 19, 2018
Amazon becomes the first foreign e-commerce firm to enter food retail venture in India. Amazon has rolled out its own food retailing business in India with a pilot in Pune, becoming the first foreign e-commerce firm to stock and sell food items directly to consumers.
SUCCESS STORIES

RP Sanjiv Goenka Group (India)

**Brief description of the company & Investment interest**
- RP Sanjiv Goenka Group is engaged in power and natural resources, carbon black, IT and education, food processing, retail, media and entertainment, and infrastructure businesses. The company was incorporated in 2011 and is based in Kolkata, India.
- The company recently entered into packaged snack segment and is aiming to build multiple categories in packaged foods in the near future.
- In this regard, the company was looking to set up manufacturing units for capacity expansion of two brands - Too Yumm! and Evita.

**Investment plan in detail**
- The RP-Sanjiv Goenka Group has entered the FMCG business with an aspiration to build a 6,000-7,000 Cr business over the next 5 years, predominantly focused on packaged foods. The Group wishes to set up manufacturing plants with capacity of 20,000 tonnes per year.
- The company also signed an MoU worth INR 1200 Cr with Ministry of Food Processing Industries (MoFPI) during World Food India 2017 for capacity expansion for two of their brands - Too Yumm! and Evita.
- The proposed projects should generate employments of overall 2000 people.

**Invest India facilitation**
- The company approached Invest India in July 2017 informing their expansion plans in the next 5 years and interest to set up facilities in northern and southern part of the country. The company was evaluating potential plant locations across states.
- Invest India had detailed discussions with the company to understand their requirements and gathered necessary information to suggest suitable options for the proposed projects.
- Invest India has approached five states for land options for the proposed projects and detailed information on land options, available incentives etc. Same was shared with the company.
- Several site visits and necessary discussions with concerned state government officials were arranged for land assessment and finalization of plot for the proposed projects.

**Outcome**
- The company has finalized 20 acre land at Bandi Timmapur [village], Mulugu, Siddipet [district] for setting up the proposed facility in Telangana state. Land allotment process is underway.
- RP Sanjiv Goenka Group would invest about INR 200 Cr in plant and machinery and employ more than 1000 persons over 3-4 years, to operate its packaged food manufacturing facility at the site shortlisted in Siddipet district.

Congelados de Navarra (Spain)

**Established 1998, Congelados de Navarra (CN) is the leader on IQF vegetables and pulses in Spain and amongst the leading European Companies. The firm reported an annual turnover of USD 220 Mn and has successfully engaged with more than 2000 farmers. The firm has pioneered on IQF (individually quick-frozen) method technology. Vegetables, Fruits, Herbs and readymade dishes are the salient products of the company. The company has also invested heavily in R&D activities.**

- The company had approached Invest India during World Food India 2017 and expressed their interest in India operations. The company had submitted its proposal to invest towards setting up a manufacturing facility for frozen vegetables in India.
- Invest India facilitated the company by providing necessary information on policies, available scheme & incentives, arranging required discussions and site visits etc.
- On 10th August 2018, Congelados de Navarra met Hon’ble Minister of Food Processing Industries and signed an MoU with MoFPI to invest INR 350 Cr (USD 48 Mn) which would also create 300 direct jobs and nearly 3000-5000 indirect jobs.
- The company has earmarked a land parcel in Punjab for the proposed greenfield project.

Georges Monin (France)

**The 106-year-old French company Georges Monin produces flavoring products for use in creating specialty beverages.**

- It offers fruit smoothie mixes, syrups, raspberry fruit puree, dark chocolate sauce, sweeteners, gourmet sauces, organic syrups, sugar-free syrups, beverage concentrates, bottled display racks, bottle pumps and pourers, and samplers.
- With its headquarter in France, company's products are available in more than 140 countries.
- The Hon’ble Minister of Food Processing Industries Mrs. Harsimrat Kaur Badal met the company during SIAL Paris in August 2016. During the meeting, Monin had expressed its interest to set up a syrup manufacturing facility in India.
**Investment plan in detail**

- The company wishes to set up a syrup manufacturing unit in India and is looking for 20 acres of land for the same

- Other requirements:
  - Water: 150 KL/day
  - High sugar availability near by proposed unit

**Invest India facilitation**

- The Hon'ble Minister of Food Processing Industries Mrs. Harsimrat Kaur Badal met the company during SIAL Paris in August 2016. During the meeting, Monin had expressed its interest to set up a syrup manufacturing facility in India

- The investment interest was shared with Invest India for providing handholding support to the company

- On 12th December 2016, the company visited India and detailed discussions were arranged with senior officials on Uttarakhand, Andhra Pradesh and Maharashtra at MoFPI. Although it was a national holiday, the senior officials of both central and state government received the delegation and gave a detailed overview of opportunities available in respective states. Detailed comparative analysis of state policies and incentives were prepared by Invest India team and the same was shared with the company

- 9 States - Andhra Pradesh, Uttarakhand, Maharashtra, Goa, Karnataka, Haryana, Punjab, Telangana and Uttar Pradesh were shortlisted for exploring options of the proposed project

- During the past 2 years, the food processing team has been facilitating the company by sharing inputs on raw material availability, policies, incentives, arranging site visits and discussions with concerned authorities of state governments for exploring opportunities, location assessment etc.

- The food processing team has also been coordinating with all concerned departments for gathering required information as required by the company and shared the same to support in finalization of proposed project

**Outcome**

- On June 19th, 2018, the company signed an MoU worth INR 100 Cr with Government of Telangana to set up production facilities in Telangana to manufacture gourmet flavours from a wide range of fruits, vegetables, flowers and nuts

- The proposed project is expected to generate employments of around 200 people (direct and indirect)

- The company is in process of setting up its subsidiary in India
To find out more
www.investindia.gov.in/sector/food-processing

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