



The Indian Food Industry

DIBD – OMII

Own Man In India

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Introduction to the Indian Food Industry

- Macro level
- Segments
- Public and Private Investments
- Danish case – Carlsberg in India





Current market situation

- The “Indian food & beverage industry” (referred to as the Indian food industry) is growing fast like many other industries in India these years.
 - Currently India is the second largest producer of food next to China, and is expected to become the biggest because of the great potential it has within food and agriculture.
 - Today the industry is ranked as the fifth largest industry nationally and accounts for 7% of the country’s GDP and 13% of the country’s export.
 - Even though India is one of the largest food producers in the world it only accounts for 1.5% of total worldwide food trade – however, this indicates vast scope for both investors and exporters.
 - According to recent research the Indian food industry is expected to have a growth rate of about 7.5% during 2009 and 2013 that means that the industry will revenue US \$330 by 2013. Thus, there is much investment potential to tap into the coming years.
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Main sectors within the Indian food industry

- **India's food processing sector covers:**
 - Fruit and vegetables
 - Meat and poultry
 - Milk and dairy products
 - Alcoholic beverages
 - Fisheries
 - Plantation
 - Grain processing
 - Confectionerylike chocolates and cocoa products
 - Soya-based products
 - Mineral water
 - High protein foods etc.





The food industry's ranking and production

Food Category	India's rank in the world
Milk	No. 1
Livestock	No. 1
Tea	No. 1
Rice	No. 1
Sugarcane	No. 1

Between 2007 and 2008:

- India was the second largest producer of fruits in the world.
- India was the third largest market in the world for alcohol and had 56 manufacturing units.
- India produced 6.5 million tons of meat and 7 million tons of fish each year.
- Since 2007 and 2008 the numbers have all been increasing – indicating a rapidly growing industry that only becomes bigger by the day.



Growth potential

- As mentioned the Indian food industry is increasing rapidly with a 7.5% growth rate the coming years.
- The growth in the industry is supported by several of factors:
 - **Socio-economic changes:**
 - A growing middleclass of about 300 million – comparatively the US. has a total population of approx. 300 million.
 - Growing urbanization, more than 40 cities have a population of more than a million.
 - Households are growing and the domestic income increases.
 - Changing lifestyles and patterns – more women work now.
 - “Westernization” of the Indian retail market – the demand for international goods increases.



Key players in the Indian food industry

Company name	Segment	Products Manufactured	Major brands	Manufacturing locations	Total group turnover in USD
Hindustan Unilever Limited	Food	Jams, Soups	Kwality Walls, Kissan, Annapurna	Mumbai, Pondicherry, Silvassa	3.5 billion
ITC Limited	Food	Chips, Ready to eat, snacks	Bingo, Sunfeast, Candy, Annapurna	Hyderabad Bangalore , Kolkata ,etc	3.5 billion
Britannia Foods	Food	Biscuits	Britannia	Mumbai, Kolkata, Chennai, Delhi, Uttarakhand	719 million
Cadbury	Confectionary	Chocolates	Dairy milk, Perk, Five star, Gems	Mumbai	342 million
Nestle	Confectionary	Chocolates, Snacks	Nestle, Maggi, Nescafe	Moga (Punjab), Nanjangud (Karnataka), Samalkha (Haryana), Goa, etc	1 billion
Parle Products	Confectionary	Chocolates, Biscuits,	Parle-G, Krackjack, Monaco, Hide and Seek,	Mumbai, Chennai, Hyderabad	150 million
Venkys Limited	Meat & Poultry	Chicken	Venkys		
Alkabeer	Meat & Poultry	Chicken, Mutton	Alkabeer	Hyderabad	100 million
Alkabeer	Fruits & Vegetables	Mixed vegetables, green peas, paneer	Alkabeer	Hyderabad	(including both Meat –Poultry and Fruits & vegetables)



Key players in the Indian beverage industry

Company name	Segment	Products Manufactured	Major brands	Manufacturing locations	Total group turnover in USD
KMF	Dairy	Milk, Ghee, Ice cream	KMF	Bangalore, Hassan, Dharwad - Karnataka	200 million
Amul	Dairy	Milk, Ice Cream	Amul	Anand,	1.8 billion
Pepsico	Drinks	Soft drinks	Pepsi	Punjab, Maharashtra, West Bengal	1.1 billion
Coca-Cola	Drinks	Soft drinks	Coca-Cola	Vijayawada, Thane	1.2 billion
United Breweries	Alcohol	Alcoholic drinks	Kingfisher	Mumbai, Bangalore, Hyderabad, Kolkata	661 million
Mohan Meakin	Alcohol	Rum, Old Munk	Mohan Mekins	Solan	97 million
TATA Tea	Beverages	Tea, Coffee	TATA	Mumbai, Kolkata, etc	1 billion
Hindustan Unilever Limited (HUL)	Beverages	Tea, Coffee	Brooke Bond, Red Label, Brooke Bond Taaza, Taj Mahal, Bru, Lipton	Mumbai, Pondicherry, Silvasa, West bengal, etc	3.5 billion



Private investments in the Indian food industry

Following are some of the major investments in the Indian food industry

- Amul, who is into the dairy products such as milk and ice creams is planning to add more than 15,000 dairy retail outlets across India by the end of 2010.
 - The Indian Farmers Fertilizers Cooperative Limited (IFFCO) is planning to enter the dairy business, and is planning to set up a new venture in India with an investment of about US \$224 million
 - FerreroSpA , a confectionary company from Italy will invest US \$125 million to open their second unit in Western India.
 - PepsiCo India will be investing US \$500 million to improve their infrastructure and plant capacity.
 - Reliance Industries Ltd, who is a big Indian conglomerate mainly within the energy sector, has invested US \$1.25 billion in a dairy project.
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Government initiatives in the Indian food industry

Following are some of the government initiatives in the Indian food industry:

- The Indian government will be setting up 10 Mega Food Parks (MFPs) with an investment of US \$514 million
- The food processing industries are prioritized highly in terms of getting credit and lending money in the bank, because they grow fast and thus indicate a stable business.
- The fruit and vegetable processing companies do not have to pay any taxes on these products to the Indian government, thus making the business easier to access.
- The food products such as fruits and vegetables, condensed milk, ice cream and meat products are not required to pay the central excise duty – i.e. the manufacturer does not have to pay tax to the government if he wants to sell these products in different states in India.
- The excise duty tax on ready-to-eat packaged foods and instant food mixes has been brought down to 8% from 16% making this industry highly attractive and competitive.
- The excise duty tax on soft drinks has also been reduced to 16% from 24%.



Carlsberg – a Danish case in India



- Carlsberg came to India in 2006 via a joint venture, but in 2009 Carlsberg could call itself Carlsberg India Pvt. Limited – a Danish subsidiary of the Carlsberg Group.
- Today Carlsberg India has four breweries in operation, with a fifth under development in the southern part of India.
- Carlsberg makes a very good case for a company that has become very successful within few years in a complex market with a difficult product.
- The beer market in India is growing.
- However, Indians only consume 1.4 litre beer annually per person compared to 25 litres beer consumption in China and 110 litres in Denmark.
- However, Carlsberg has tapped into the Indian beer market very carefully by making thorough market research discovery how the Indian consumers' mindset work before entering.
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Carlsberg – a Danish case in India



- There are many obstacles in relation to selling beers in India:
 - 28 states with different alcohol legislation
 - Religious barriers
 - Beer has lower brand value compared to e.g. wine
 - Beer is often of low quality
 - Slower effect than hard liquor
 - High diuretic effect
- Nevertheless, Carlsberg has still managed to overcome many of these obstacles by launching a beer that turns to the upper and growing middleclass. Playing on more sophisticated parameters than their competitors.
- Carlsberg has been positively welcomed by the middle- and upper class as a good alternative to especially wine. The brand is in India compared to good quality, modernity and European chicness.
- Together with Tuborg, Carlsberg is today growing rapidly in India, and is determined to become a market leader in India across all segments in the beer market.



Danish contact in India

- If you are interested to hear more about India and the rising food industry's possibilities do not hesitate to contact:
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