

## INDIAN PROCESSED FOOD: RECENT TRENDS AND FUTURE PROSPECTS

RINA DAVE & ANKUR AMIN

Assistant Professor, SEMCOM College, Sardar Patel University, V. V. Nagar, Gujarat, India

### ABSTRACT

India is fast emerging as a sourcing hub of processed food. India's food processing sector includes fruit and vegetables; spices; meat and poultry; milk and milk products, beverages, fisheries, plantation, grain processing and other consumer product groups such as confectionery, chocolates and cocoa products, soya-based products, mineral water, high protein foods etc. Dairy Industry is also growing. Government has implemented various schemes to promote at the same time favorable Exim policy is also benefiting equally. It is in the unorganized segment. Government should give more support and should more formalize it. It has export potentials. Food processing sector is indispensable for overall development of an economy as it provides a vital linkage and synergy between the agriculture and industry. It helps to diversify and commercialize farming; enhance income of farmers; create markets for export of agro foods as well as generate greater employment opportunities.

**KEYWORDS:** Industrial Policy, Food Processing, Agriculture Based Industry

### INTRODUCTION

The food processing sector is highly fragmented industry, it widely comprises of the following sub-segments: fruits and vegetables, milk and milk products, beer and alcoholic beverages, meat and poultry, marine products, grain processing, packaged or convenience food and packaged drinks. It is in the unorganized segment. This segment accounts for more than 70% of the output in terms of volume and 50% in terms of value. Though the organized sector seems comparatively small, it is growing at a much faster pace.<sup>1</sup> The Indian food services industry is estimated to be nearly worth Rs 75,000 crore (US\$ 13.77 billion) and is growing at a healthy compound annual growth rate (CAGR) of 17 per cent, according to a Franchise India report released at the Indian Restaurant Congress. It is expected to reach Rs 1,370 billion (US\$ 25.16 billion) by 2015. "In the future, the organised market is expected to grow even faster - at around 20 to 25 per cent per annum," according to MrGauravMarya, President of Franchise India.

### RESEARCH METHODOLOGY

An attempt is made to give an overview on Indian food processing industry. Indian Dairy industry's export potentials are also examined with help of following objectives.

### OBJECTIVES

- To examine profile of Indian Food Processing Industry.
- To examine growth of dairy product in India.
- To evaluate exports of processed food.

### Food Processing Industry

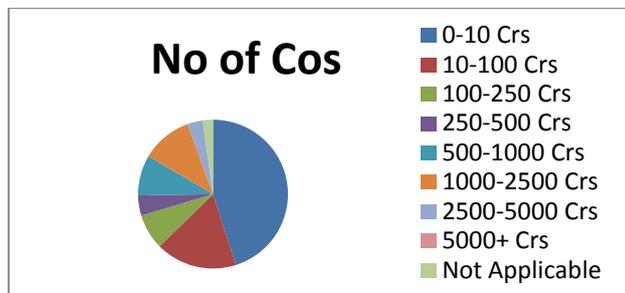
With a vast agriculture sector, abundant livestock, and cost competitiveness; India is fast emerging as a sourcing

hub of processed food. India's food processing sector includes fruit and vegetables; spices; meat and poultry; milk and milk products, beverages, fisheries, plantation, grain processing and other consumer product groups such as confectionery, chocolates and cocoa products, soya-based products, mineral water, high protein foods etc. India's contribution estimated worth US\$ 121 billion in India's contribution in world business made India on 13<sup>th</sup> number. It is one of the largest industries in India, and is ranked fifth in terms of production, consumption and exports.

**Turnoverwise**

**Table 1**

Legend	Turnover	No of Cos
	0-10 Crs	41
	10-100 Crs	16
	100-250 Crs	7
	250-500 Crs	4
	500-1000 Crs	8
	1000-2500 Crs	10
	2500-5000 Crs	3
	5000+ Crs	0
	Not Applicable	2



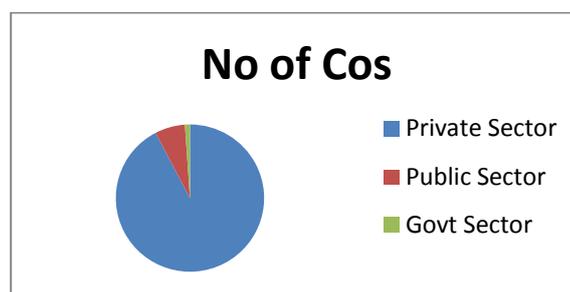
Sources: [www.fundoodata.com](http://www.fundoodata.com)

**Figure 1**

**Table 2**

Legend	Sector	No of Cos
	Private Sector	84
	Public Sector	6
	Govt Sector	1

**Sector Wise**

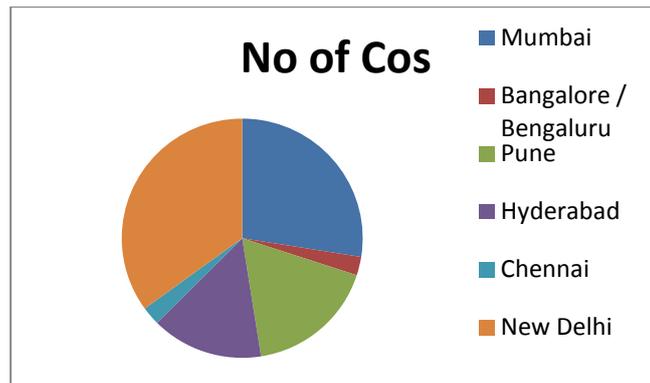


Sources: [www.fundoodata.com](http://www.fundoodata.com)

**Figure 2**

**Table 3**

Legend	City	No of Cos
	Mumbai	11
	Bangalore / Bengaluru	1
	Pune	7
	Hyderabad	6
	Chennai	1
	New Delhi	14



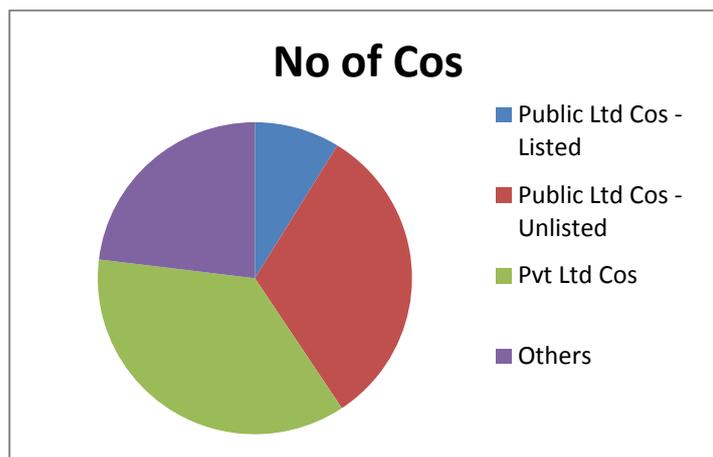
Sources: [www.fundoodata.com](http://www.fundoodata.com)

**Figure 3**

**Entity Wise Profile**

**Table 4**

Legend	Co Entity	No of Cos
	Public Ltd Cos - Listed	8
	Public Ltd Cos - Unlisted	29
	Pvt Ltd Cos	33
	Others	21



Sources: [www.fundoodata.com](http://www.fundoodata.com)

**Figure 4**

**Industry Best****Table 5**

Ace International LLP	Andhra Pradesh Dairy Development Cooperative Federation Ltd(Vijaya)	Bhole Baba Dairy Industry Ltd	Calibre Chemicals Pvt Ltd
Carol Info Services Ltd	Chitale Group	Creamline Dairy Products Ltd	Delhi Milk Scheme
Dodla Dairy Ltd	DS Group (DharampalSatyapal Ltd)	Dwarka Group of Companies ( Dwarka Milk )	Enhance Proteins Ltd (Mahaan)
Gopaljee Dairy Foods Pvt Ltd	GRB Dairy Foods Pvt Ltd	Hangyo Ice Creams Pvt Ltd	

Sources: [www.fundoodata.com](http://www.fundoodata.com)

**MNC****Table 6**

Cadbury India Ltd ( Mondelez )	Maez One Group Pvt Ltd(Red Mango)	UniColloidsImpexPvt Ltd
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Sources: [www.fundoodata.com](http://www.fundoodata.com)

**SMEs****Table 7**

A. Arunachalam& Company	Anuj Dairy Pvt Ltd	Celeste Chocolates	Chanakya Dairy Products Ltd
CHARBHUJA Industries Pvt Ltd	Chocoalacarte	Chocoouse Chocolatiers	Choudhery Cheese Bazar Pvt Ltd
Cosmic Kitchen Pvt Ltd	Dairy Craft India Pvt Ltd	Dairy Ice Cream & Frozen Foods Pvt Ltd	Dairy Tech India
Devashree Foods Pvt Ltd	Dhiman Food Pvt Ltd	Exito Gourmet Pvt Ltd	

Sources: [www.fundoodata.com](http://www.fundoodata.com)

The export of fruits and vegetables from India, including processed food items, have registered a growth of 24 per cent in terms of value to record Rs 8,241 crore (US\$ 1.51 billion) in 2011-12 as compared to Rs 6,638 crore (US\$ 1.22 billion) in the previous fiscal year. India is the world's largest milk producer, accounting for around 17 per cent of the global milk production, according to RNCOS research report titled, 'Indian Dairy Industry Analysis'. The food processing industries attracted foreign direct investments (FDI) worth US\$ 1,661.85 million between April 2000 to September 2012, according to the latest data published by Department of Industrial Policy and Promotion (DIPP).

Total size of food-processing industry is around US \$40 billion growing at 10% and the size of processing sector is estimated to be US \$2.53 billion. Food-processing industry is significant for India's development because it has important link and synergy with industry and agriculture, the two main support of the economy. The industry is mainly unorganized with 75% of the processing units belonging to the unorganised category, the organized category though small, is growing fast. The food production is expected to double in the next 10 years and the consumption of value added food products is expected to grow at a much faster pace. This growth will benefit the economy, increase agricultural yields, create employment and raise the standard of living of various associated people.

The total inflow of foreign direct investment (FDI), year-wise, in food processing sector during the period 2000-01 to 2007-08 (upto November 2007) is as follows:

**Table 8**

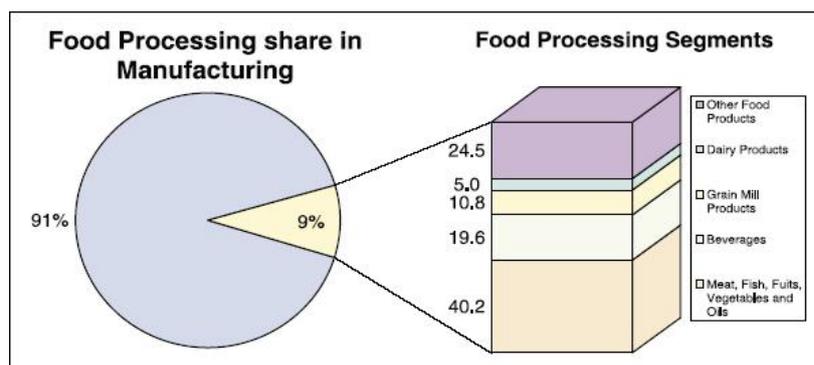
Year	Foreign Direct Investment (Rs. in Crores)
2000-01	198.13
2001-02	1036.12
2002-03	176.53
2003-04	510.85
2004-05	174.08
2005-06	182.94
2006-07	441
2007-08 (upto November 2007)	61.63
<b>Grand Total</b>	<b>2781.28</b>

(Source: Annual Report 2007-08, Ministry of Food Processing Industries)

**Segmentation of Different Sectors in Food Processing Industry**

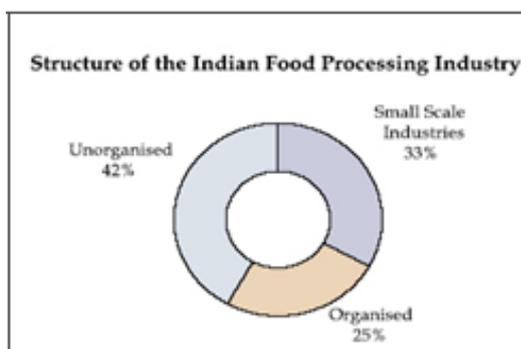
**Table 9**

<b>Dairy</b>	Whole milk powder, skimmed milk powder, condensed milk, ice cream, butter and ghee, cheese
<b>Fruits and vegetables</b>	Beverages, juices, concentrates, pulps, slices, frozen and dehydrated products, potato wafers, potato chips
<b>Grains and cereals</b>	Fisheries Frozen and canned products Meat and poultry Frozen and packed products, egg powder
<b>Consumer foods</b>	Snack food, namkeen, biscuits, ready-to-eat food, alcoholic and nonalcoholic beverages



Sources: <http://mofpi.nic.in>

**Figure 5**



Source: FAIDA/Ministry of Food Processing Industries

**Figure 6**

## Dairy Industry in India

India now has indisputably the world's biggest dairy industry—at least in terms of milk production; last year India produced close to 100 million tons of milk, 15% more than the US and three times as much as the much-heralded new growth champ, China. Appropriately, India also produces the biggest directory or encyclopedia of any world dairy industry. The dairy sector in the India has shown remarkable development in the past decade and India has now become one of the largest producers of milk and value-added milk products in the world.

### Leading Dairy Products Brands

Amul, Vijaya, Verka, Vadilal, Kraft, Britannia.

**Table 10**

Market Growth Rates	
1990-91 – 1996-97	18.50%
1996-97 – 2001-02	20.60%
2001-02 – 2006-07	11.70%
2004-05 – 2009-10	9.40%
2009-10 – 2014-15	7.40%

The market growth rate for dairy products was increased in the year 1996-97 to 2001-02. After 2002 the market for dairy products declining.

**Product:** Dairy spreads (04052000)

**Table 11**

Country	2009-10		2010-11		2011-12	
	Qty	Value	Qty	Value	Qty	Value
NEPAL	5,266.00	10,24,439.00	5,000.00	9,47,225.00	374	43,123.00
GHANA	0	0	0	0	100	17,831.00
EGYPT ARAB REPUBLIC	0	0	0	0	50	5,075.00
NEW ZEALAND	0	0	382	62,769.00	0	0
AUSTRALIA	0	0	400	64,485.00	0	0
HONG KONG	110	8,926.00	778	1,06,487.00	0	0
<b>Total</b>	<b>5,376.00</b>	<b>10,33,365.00</b>	<b>6,560.00</b>	<b>11,80,966.00</b>	<b>524</b>	<b>66,029.00</b>

Source: <http://agriexchange.apeda.gov.in>

Above table reveals that Dairy Spreads Nepal, Ghana, Egypt New Zealand, Australia and Honkong increased gradually.

Dairy products exports in top 10 countries

**Table 12**

Country	2009-10		2010-11		2011-12	
	Qty	Value	Qty	Value	Qty	Value
UNITED ARAB EMIRATES	49,88,236.00	7,064.49	58,45,355.00	9,479.37	40,36,082.00	9,365.33
NEPAL	24,29,023.00	3,659.05	30,58,701.00	4,403.21	1,20,02,660.00	3,502.68
SINGAPORE	35,97,883.00	1,879.16	25,60,663.00	1,969.75	30,62,655.00	2,597.16

**Table 12:Contd.,**

OMAN	3,86,370.00	581.96	7,48,005.00	1,356.89	6,72,525.00	1,776.86
EGYPT ARAB REPUBLIC	8,64,436.00	891.91	36,47,350.00	6,643.98	8,07,340.00	1,636.23
AUSTRALIA	4,81,428.00	762.86	7,38,770.00	1,016.87	7,58,922.00	1,569.89
SAUDI ARABIA	15,56,586.00	2,131.25	10,79,613.00	1,570.59	4,65,703.00	1,158.80
UNITED STATES	6,22,390.00	959.67	6,54,446.00	1,068.88	5,24,786.00	1,111.40
QATAR	3,43,489.00	559.39	4,33,168.00	752.17	4,55,207.00	1,065.66
KUWAIT	6,12,722.00	942.44	5,33,016.00	1,043.25	4,08,259.00	942.46

Source: <http://agriexchange.apeda.gov.in>

India's exports in United Arab Emirates was increased 2010-11 but consecutive years it declined. The same was incase Nepal, Oman and Egypt. Australia, United States ,Qatar found increased from 2009-10 to 2011-12.

## CONCLUSIONS

To conclude it can be said that India has a strong agricultural production base with diverse agro-climatic conditions and arable land of 184 million hectares. It is one of the major food producers in the world and has abundant availability of wide variety of crops, fruits, vegetables, flowers, live-stock and seafood. As per the available information, it produces annually 90 million tons of milk (highest in the world); 150 million tons of fruits and vegetables (second largest); 485 million livestock (largest); 204 million tons of food grains (third largest); 6.3 million tons of fish (third largest); 489 million poultry and 45,200 million eggs. As a result, Indian food processing industry has become an attractive destination for investors the world over. Processed food exports also increased from 2010-11. Dairy Industry too have become an important aspect. Dairy Industry is also growing. Government has implemented various schemes to promote at the same time favorable Exim policy is also benefiting equally. Further efforts should be made to channelize it and there is huge export potentials. Concentrated efforts would definitely give more fruits.

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