



India – a Vibrant Nation

- A billion people
- Land area of 2.97 million sq. Km.
- Stable democratic environment
- Independent judiciary and vibrant media
- Most richly endowed agricultural nation in Asia
- One tenth of world's arable land.
169 million hectares (more than China)
- One fifth of world's irrigated land (56 million hectares)
- Coastline of 8000 km, vast marine wealth, 10 major ports.



INDIA: A BUOYANT ECONOMY

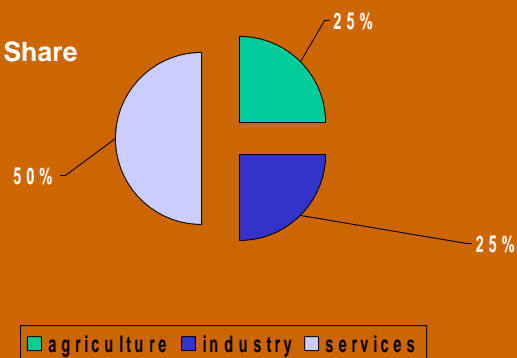
- GDP growth picked up from:
 - 3.8% in 2002-03
 - 8.5% in 2003-04
 - 7.5% in 2004-05
 - 8.1% in 2005-06Projected GDP growth in 2006-07 is 7.5-8%.
- Annual addition to India's GDP is now more than \$ 100 billion
Equals GDP of Nigeria, Philippines, Egypt or Chile
Roughly half the GDP of Ireland, Argentina, Portugal or Iran
- Private consumption spending touched \$ 417 billion last year while investment spending was \$ 217 billion
- FICCI economic agenda for boosting GDP growth to 10%



Economic Fact Sheet

- GDP at current prices : US \$400 billion

- GDP Share



GOLDMAN SACHS PROJECTIONS (US 2003 \$ BILLION)

INDIA'S GDP WILL EXCEED ITALY'S IN 2020, FRANCE'S IN 2020, GERMANY'S IN 2025 AND JAPAN'S IN 2035.

The growth estimated is

<u>Year</u>	<u>India's GDP</u>
2005	604
2020	2014
2025	3174
2030	4935
2035	7854



Indian Human Resources

237 universities - 8000 colleges
- 7.1 million students

Degree level professional institutions

* engineering : 351

* medicine : 246

Scientific and technical personnel

- 3.8 million

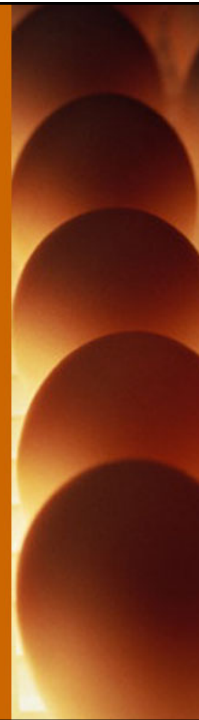
→ National Institute of Food Technology,
Entrepreneurship and Management[NIFTEM]
being set up by this Ministry



Cattle / Marine / Milk Sector

- Sixth in poultry production. (842 Millions)
- 53% of World Buffalo & 43% of Sheep

Seventh largest in marine landings –
(5.8 million tonnes)
Largest producer of milk (84.5 million tons)



Indian Agriculture

- India is one of the world's largest food producers.
- China : 856 million tonnes
- USA : 608 million tonnes
- India : 601 million tonnes
- Second largest producer of fruits (46.64 million tonnes) after Brazil. 2 World Ranking
- Second largest producer of vegetables (78.19 million tonnes) in the world, next to China. (13% of world's production) 2 World Ranking



Strengths as a Large Producer

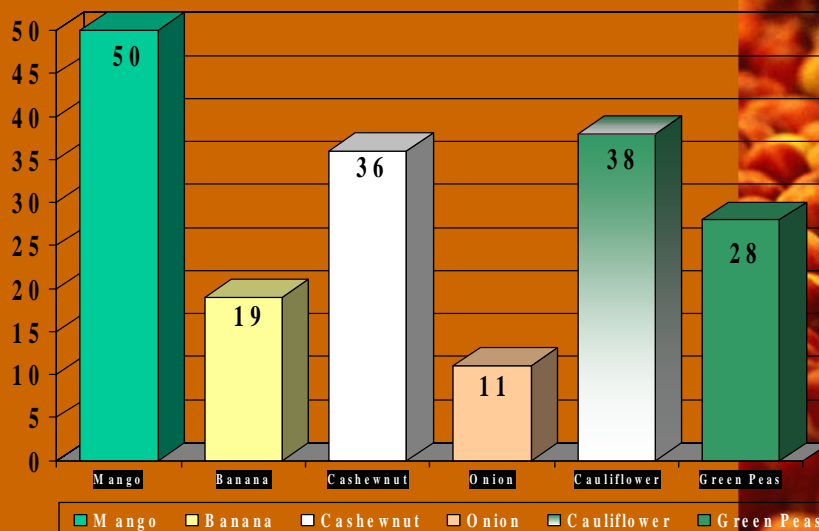
- 3rd Largest Producer of Agricultural Commodities, next to USA & China

Produce/Crop	Rank in World Production
Milk, Pulses, Tea	1 st
Wheat, Rice, Fruits, Vegetables, Sugarcane	2 nd
Coarse grains, Edible Oilseeds,	3 rd



Agriculture Production Base

%age of world production



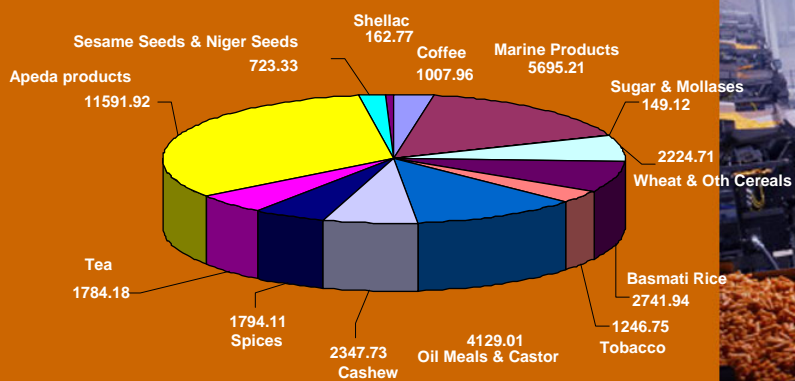
Spices

- India is a treasure house of medicinal aromatic plant species.
- 9500 spices of medicinal and aromatic plants classified and documented.
- More than 50 types of spices with annual production of 3.02 million tonnes, India is the largest producer, consumer and exporter of spices. Major spices produce are black pepper, cardamom (small & large), ginger, garlic, turmeric, chilli, etc.



India's Agriexport Basket

2004-05



Total : USD 7946.15 million

(Rs. 35,598.74 Crores)



Agro & Food Products Exports

Million USD

	02-03	2003-04	2004-05	2005-06
India's Total Exports	52164	64781	79355	102725
Export of Agro Products	6579	7394	7933	9414



FOOD PROCESSING

- India - One of the largest food producers of the world
- Output of the organized segment - US\$ 34,827 million
- Marine and Spices together contribute more than 70% of export earnings
- Investment requirement is around US\$ 15 billion
- India is looking for investment in infrastructure, packaging and marketing
- The Indian scientific and research talent - a knowledge source that can be tapped for advantage



Food Processing – Growing market

- Increase in per capita income and purchasing power.
- A largely untapped domestic market of 1000 Million Consumers
- 300 Million Upper and Middle Class consume processed food
- 200 Million more consumers expected to shift to processed food by 2010
- Increasing number of working women.
- Well developed infrastructure and distribution network.
- Fast expansion of electronic and print media.



Prospects of Food Processing

- Presently, a small percentage of farm produced processed into value added products
- India needs US \$ 28 Billion of investment to raise food processing levels by 8-10 %.
- Rapid urbanisation, increased literacy, changing life style, more and more women in workforce, rising per capita income leading to rapid growth and new opportunities in food and beverages sector
- Indians spend about 50% of household expenditure on food items



Potential for Processed Food

	2003-04 INR (bn)	2009-10 INR (bn)	2014-15 INR (bn)	Growth
Processed foods	4,600	8,200	13,500	10%
Primary processed food	2,800	4,200	5,700	7%
Value added food	1,800	4,000	7,800	15%
Share of value added products in processed food consumption	38%	49%	58%	



Areas for Investment

- **Mega Food Parks**
- **Agri Infrastructure ,Supply chain aggregation,**
- **Logistics & Cold Chain Infrastructure**
- **Fruit and Vegetable Products**
- **Animal Products, Meat & Dairy**
- **Fisheries & Seafood**
- **Cereals, Consumer Foods/Ready to eat foods**
- **Wine & Beer**
- **Machinery/Packaging**



Recent Initiatives to Attract FDI

Widespread road and rail network

- National Highways Development Project underway to convert 14279 km of highways to 4/6 – lanes connecting:
 - Four major cities of Delhi, Mumbai, Chennai and Kolkata North
 - South (Srinagar to Kanyakumari) and East- West (Silchar to Porbandar) corridors
 - Ports
- Rural connectivity to unconnected habitations with population of 500 persons or more by 2007



Recent Initiatives to Attract FDI (2)

- Infrastructure for post harvest management, logistics (including cold chain), markets, retailing, food processing- are priority areas
- Plan to set up modern markets with auction centres
- Attracting FDI & private sector investment in infrastructure



Policy Initiatives in the Food Processing Sector

- Food processing industry is declared a priority sector. New Trade Policy places greater thrust on Agro-based industries.
- Automatic approval to Foreign Direct Investment upto 100% equity in FPI sector excluding alcoholic beverages and a few reserved items
- Fruits & vegetables products, condensed milk, Ice cream, Meat preparation, Fish/Poultry, Pectins, Pasta, dairy machineries completely exempt from Central Excise Duty.
- Custom duty on Packaging Machine reduced
- Central Excise Duty on meat, poultry and fish reduced to 8%
- Income Tax rebate allowed (100% of profits for 5 years and 25% of profits for the next 5 years) for new industries in fruits and vegetables.
- Institutional & credit support



Policy Initiatives in the Food Processing Sector

- Vision 2015 adopted by this Ministry envisages –
 - Trebling the size of the processed food sector
 - Increasing level of processing of perishables from 6 % to 20 % .
 - Value addition to increase from 20 % to 35%
 - Share in global food trade to increase from 1.5 % to 3%



Agri Export Zones & Food Parks

- 60 Agri Export Zones set up for end-to-end development for export of specific product from geographically contiguous areas
- 53 Food Parks approved to enable small and medium food and beverage units to set up and to use capital intensive common facilities such as cold storage, ware house, quality control labs, effluent treatment plant, etc.



All Industry Giants - Global and Domestic - entering with huge investments

All major Multinationals already present

Nestle Pepsi Coke Kelloggs Conagra Unilever Perfetti
GlaxoSmithkline Heinz Wyeth Ajinomoto NissinMet
Walmart and many others

Some of the Indian Giants in Food

ITC Dabur Britannia Parle Amul Haldiram Godrej

The Indian Multinationals entering with full vigour

Reliance Bharti Group Tatas Wipro Thapars etc.



FDI Inflow in FPI Sector

Year	USD Million
2002-03	36.42
2003-04	113.49
2004-05	38.77
2005-06	35.11
(upto November 05)	



Synopsis On Wine Industry

ADVANTAGE INDIA - WINE

- Availability of raw material
- Modern wineries
- Competitive labour cost
- Huge and growing domestic market
- FDI encouraged
- Supportive government policy



Statistics

Synopsis On Wine Industry (Contd..)

Approximately 38 wineries are presently operating in the country with a total production of 6.2 million liters annually.

- Maharashtra is leading among the states with 36 wineries and 5.4 million liter production.

- 72,000 wine cases are imported mainly by ITDC, Sansula, Brindco, E & J Gallo and other private companies.

- At present 7,62,000 wine cases are sold every year, which includes 46,000 cases of sparkling wines.

- Eighty percent of wine consumption in the country is confined in major cities such as Mumbai (39%), Delhi (23%), Bangalore (9%) and Goa (9%)

-  India's low wine consumption, which is hardly 0.07 L



Statistics

Synopsis On Wine Industry (Contd..)

The most popular red varieties in cultivation are Shiraz, Cabernet Sauvignon, Pinot Noir and Merlot and for Rosae still wines, Zinfandel is used.

The most popular white wine grapes are Chenin Blanc, Sauvignon Blanc, Ugni Blanc, Viognier, Chardonnay and Riesling.

- During the year 2005, the total annual production of wine in India was 6.214 million litres.



Retailing In Food Industry

Food Retail in India

- Food & Grocery (USD154 bn) about 77% of total retail sales
- Organized food retail to grow by 30 % in the next five years
- Rs 110 billion industry by 2010 from current Rs 25-30 billion



Retailing of Food Industry (Contd..)

Organised Retail

- organized sector constitutes only 3% of the USD 230 billion Indian retail market (USD 7.0 billion currently)
- expected to grow 400%- to over USD 30.0 billion by 2010 (Ernst and Young 2006)
- India ranks 1st, ahead of Russia, in terms of emerging markets in retail and is deemed as a Priority 1 market for retail.
- Highest density of retail outlets of any country in the world
- More than 15million, compared with 900,000 in America, where the market is, in value terms, 13 times bigger



Organized Retail Market ~ Key Categories



VISION DOCUMENT PROJECTIONS

	2003-04 (\$ billion)	2014-15(\$ billion)
Total food consumption	205	
Processed foods	126	274
Primary processed food	79	136
Value added food	48	138
Share of value added products in food consumption *	16%	50%

*excluding consumption of alcoholic beverages and out-of-home consumption



Why India?

- 10th most industrialized country
- 4th largest economy in terms of purchasing power parity
- Fastest Growing Free Market Democracy
- Country of over 1.10 billion consumers
- Stable inflationary trends
- Total size of Food Processing Industries is about US \$ 40 b
- Investment during last 5 years estimated at US \$ 15 b
- Industry growth rate estimated at 7.3%
- Processing Sector – US \$2.53 Billion since liberalisation in 1991
- India amongst top 3 investment destinations- UNCTAD & AT Kearney



Why India? (Contd..)

- **Strategic Geographic Location**
Proximity of India to markets in Europe and Far East, South East & West Asia
- **Buoyant Economy**
- **Widespread road and rail network**
- **Rural connectivity to unconnected habitations with population of 500 persons or more by 2007**
- **Infrastructure for post harvest management, logistics (including cold chain), markets, retailing, food processing- are priority areas**
- **Plan to set up modern markets with auction centres**



Why India? (Contd..)

- Largest producer of raw material like cereals and milk
- Second largest producer of fruits and vegetables
- Diverse agro climatic conditions from tropical to temperate – producing almost every variety of crop
- Highest arable land to land size ratio
- A large agricultural research system
- Highest area under irrigation
- Already the hub of operations for most of the major global players in the industry today



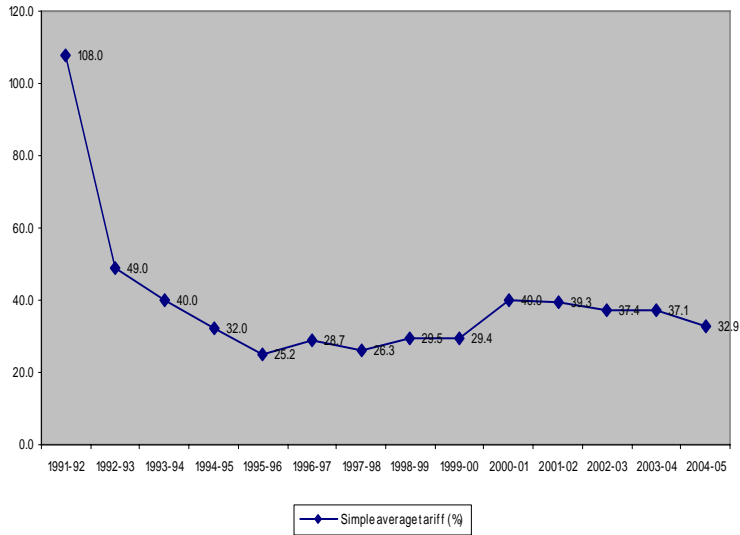
Our Efforts

Fiscal Reforms

- Most capital goods can be imported without requirement of any license/permission
- Customs duty rates have been substantially reduced on plant and equipments as well as on raw materials and intermediates especially for export production.
- Most processed food items exempt from excise duty
- Repatriation of profits is freely permitted
- Units in EPZ/FTZ and 100% EOUs can retain 50% of foreign exchange receipts in foreign currency accounts
- All profits from export sales are completely free from corporate taxes



SHARP REDUCTION IN IMPORT TARIFFS



Views about India

World Economic Forum - "Global Competitiveness Report" 2004-05

India –one of the least restricting among the emerging South East Asian economies in terms of ownership.

Sample Survey of European companies - Study for India EU Summit, 2002

Dominant majority said – "India is the country where you have to be"



UNCTAD World Investment Report 2005

- October 2005

India is emerging as the second most attractive destinations for FDI inflow after China according to Transnational Corporations.

A T Kearney Global Retail Development Index, 2005.

In 2005 - India is the place to be and is the most compelling opportunity for the retailers.

A T Kearney

India scores highest in locational advantages for business process outsourcing



THANK YOU

