

# Statistics, Opportunities, Entrepreneurship of Processed Food - at India and Abroad

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# Structure of Presentation

Statistics

Opportunities

Entrepreneurship

# Statistics of Processed Food

## *Global Trade and India's Share*

- Global Trade is About 10% of Food Consumption
- 90% Food Consumption is local

# Global Trade Export and Import

## Top Ten Exporters Million USD

World	362181
1. USA	44883
2. France	27573
3. Netherlands	26286
4. Germany	22691
5. Belgium	17732
6. Spain	17508
7. Brazil	14971
8. Canada	14338
9. Italy	14286
10. China	12512

***19. India 4024***

## Top Ten Importers Million USD

World	381898
1. USA	32986
2. Germany	32429
3. Japan	26174
4. UK	24472
5. France	20931
6. Italy	18760
7. Netherlands	18351
8. China	15182
9. Belgium	14771
10. Spain	10624

***19. India 3775***

# India's Share

Billion Rs.

	2002-03	2003-04	2004-05
India's Total Exports	2527.90	2915.82	+ 27.08%
Export of Agro Products	318.82	332.80	+ 1.10
Export of Products	138.28	141.84	+ 14.85%

Monitored by APEDA

*Present Share in Global Food Trade 1.4%*

# Profile of Processed Foods

- Rice, Wheat and Other Cereals  
(Minimal processing)
- Livestock Products
- Processed Fruits and Vegetables
- Other Processed Foods

# Rice, Wheat and Other Cereals (Major Markets)

- Basmati Rice - Saudi Arabia, UK, Kuwait, UAE, USA
- Non Basmati Rice - Bangladesh, South Africa, Saudi Arabia, Nigeria, UAE,
- Wheat - Bangladesh, Indonesia, UAE, Yamen, Sri Lanka
- Other Cereals - Bangladesh, Malaysia, Korea, Dem. Rep., Sri Lanka, UAE

# LIVESTOCK PRODUCTS

## Major Markets

- Buffalo Meat - Malaysia, Philippines, Jordan, Angola, UAE
- Sheep/Goat Meat - UAE, Saudi Arabia, Oman, Qatar, Malaysia Poultry Products - Japan, UAE, Saudi Arabia, Oman, Denmark
- Dairy Products - Germany, USA, UAE, Bangladesh, Nepal
- Animal Casings - Germany, Portugal, Hong Kong, UAE, France
- Processed Meat - UAE, Japan, Taiwan, Philippines, Bangladesh



# PROCESSED FRUITS AND VEGETABLES

## Major Markets

- Dried and Preserved Vegetables. - Bangladesh, USA, Nepal, UK, UAE
- Mango Pulp - Saudi Arabia, Netherlands, Yamen, UAE, Kuwait
- Pickles & Chutneys - Russia, USA, France, Spain, Belgium
- Other Processed Fruits & - USA, UK, UAE, Netherlands, Saudi Arabia

# OTHER PROCESSED FOOD

## Major Markets

- Groundnuts - Indonesia, Malaysia, USA, Philippines, UK
- Guar Gum - USA, Germany, China, France, Italy
- Jaggery & Confectionery - Bangladesh, Sri Lanka, Indonesia, Malaysia, USA
- Cocoa Products - Nepal, South Africa, USA, Sri Lanka, UAE
- Cereal Preparations - UK, USA, Nepal, UAE, Thailand
- Alcoholic Beverages - UAE, Bhutan, Japan, USA, Thailand
- Misc. Preparations - UAE, UK, Yemen, USA, Tanzania,
- Milled Products - Indonesia, UAE, Yemen, Malaysia, South Africa

# Share of Major Markets

- South East / : 19.04% (Indonesia, Malaysia, Philippines)
- Middle East : 19.91% (UAE, Saudi, Oman, Kuwait)
- SAARC : 24.14% (Bangladesh, Nepal, Sri Lanka)
- West Europe : 8.83% (UK, Netherlands, Germany)
- East Europe : 1% (Poland)
- North America : 6.62% (USA, Canada)
- South America : 0.16%
- Africa : 6.87% (South Africa, Kenya)
- Oceania : 0.93%
- Others : 12.05%

**Developed Markets 20.45%**

**Developing Markets 79.55%**

# *Opportunities at Home*

# Consumption of food products in India

- Estimated at Rs 8600 billion at current prices  
(Average annual growth during 1996-04 7.8%)
- The market size for processed food Rs. 5300 billion  
(about 60%)
- Primary processed products 63% of above
- Value added products 37% of above

## Consumption Basket: Matching with evolution of global food demand

- Reduction in the share of cereals, pulses and increase in the share of meat, fruits & vegetables and beverages over the last decade.
- Share of milk, milk products and spices has remained constant.

# Food Consumption by States

- U.P. the largest consuming market food followed by Maharashtra, West Bengal, Bihar and A. P.
- *Fastest growing markets*, Assam and other North East States, Gujarat and A.P.
- The growth in the case of Maharashtra, M.P., Rajasthan is *lower* than the country average.

# Projection of Food Consumption

- Country of 1.08 billion
- Growth 1.7% p.a.
- Large and growing market

*Estimated to double from current levels by 2015*



# Factors Constraining the Market

## *Demand Side*

- Lower income
- Socio cultural factors
- High Emotive Value
- Attached to Cooking

## *Supply Side*

- High cost of raw material (farm produce)
- Presence of intermediaries
- High cost of packaging material
- Cost and quality of distribution
- Tax structure

# Demand Drivers

- Changing age profile - Large part of population is young
- Increasing income
- Increased consumer desire for convenience
- Increasing health consciousness
- Emergence of organized food retail

# Advantage India

Product	World Ranking	Production		% Share (In Mill. M.T)
		World	India	
Tea	1	3.20	0.89	27.81
Milk	1	600.89	86.96	14.47
Cashew	2	2.03	000.46	22.66
Sugar Cane	2	1333.25	289.63	21.72
Fruits	2	480.00	46.00	9.58
Vegetables	2	842.00	82.00	9.74
Rice (Paddy)	2	589.13	132.01	22.41
Wheat	2	556.35	65.13	11.71

# Strengths

- Varied Agro climatic zones
- Rich human resource, both qualified scientists and other technical personnel as well as skilled workforce
- Large network of institutions in research and development

# Weaknesses

- *Inappropriate Infrastructure* - Most storage capacity created is not suitable for the products requiring storage
- The mindset of exporting the surpluses

# Challenges

- Varieties as per market preference
- Technology for Value Added Products
- Knowledge of Standards
- Synergy in the plan and approach of agencies at various levels in different functional areas viz. research, extension, finance, quality assurance and certification.

# Why Processing

- Development & growth of agriculture is critically dependant on value addition & processing.
- Increased export will motivate the farmer to achieve better productivity besides inducing entrepreneurship.

# Opportunities in Global Market

- Potential Products
- Key Issues



# Potential Products

- Basmati and Non Basmati Rice
- Wheat
- Millets
- Buffalo Meat
- Poultry Products - Egg Powder
- Mushrooms
- Gherkins
- Dehydrated Onions
- Alcoholic Beverages
- Indian Curries & Snack Foods

# Key Issues for Reaching the Global Markets

- Adherence to standards
- Safety and hygiene
- Certification
- Traceability

# ACTION POINTS

- **Connect Farmer to the Market**
- **Backward Linkages through Contract Farming**
- **Improve yields Invest in Infrastructure**
- **Invest in R & D and Quality Management**
- **Invest in training at all levels**
- **Introduce system for Residue Monitoring & Pest Risk Analysis**
- **Actively participate in standardization process**
- **Unified food laws Harmonize/Improve our own standards**
- **Aggressive Marketing Campaigns**
- **It is important to develop common Indian brands for agri exports with high profile marketing campaigns**

# *Entrepreneurship*

# Food Businesses for Entrepreneurs

- Acid and acidified foods
- Candies
- Baked goods
- Spice blends
- Jams, jellies and preserves
- Some frozen foods
- Some dried foods

# Getting Started

- Get a plan to make sure you have a concept that you can sell at a profit
- Gauge the market potential and identify your competitors
- Assess your assets and access to capital
- Find out what it takes to manufacture your product safely and legally
- Choose whether to use a copacker or not

# Business Assistance

- Setting up a business, planning and identifying markets
  - NCSU Ag. and Resource Economics
  - NC Small Business Technology Development Centers
  - Use the internet
- Marketing and Sales
  - NCDA&CS Marketing Division

# Regulatory and Technical Assistance

- Regulatory
  - NCDA&CS
  - County health department for ready to eat foods
- Technical Assistance and Testing
  - Food Science Extension
  - Consultants and testing laboratories



# Once the Initial Planning is Done...

- Call the Regulatory Agency
  - Facility information and inspection visit
  - Permit and license for ready to eat foods
  - Category determined for processed foods
- Ask Food Science Extension
  - Shelf stability and safety determination
  - Process and control requirements
  - Training
  - Labeling assistance

# Types of Food Businesses Difficult for the Entrepreneur

- Meat processing
- Canning low-acid foods
- Restaurant
- Catering when not associated with a restaurant
- Frozen dinners
- Home meal replacement when served ready to eat

# Constraints to the Entrepreneur

- Lack of business experience
- Inadequate capital
- Lack of planning
- Inadequate facilities
- Access to market outlets
- Need to manage production and sales
- Partners and family relationships
- Trying to maintain a career

*Thank You...*