

# Without a Cold Chain India Will Starve



## Agribusiness and Food & Beverage Sector Overview — August 2019



### HIGHLIGHTS

- With the increase in population to 580M by 2025, there is a significant need for various agricultural and food products.
- Fast economic growth, rising disposable income, rapid urbanization are driving the consumer demand and buying behavior generating demand for fresh and processed products.
- At US\$ 380 billion, the **Food and Grocery (F&G) retail market** in India is the 6th largest in the world. Food processing, contributing 32% to it, will be the **3rd largest market by 2020**.

### STRATEGICALLY PLACED TO CAPTURE FURTHER GROWTH












- The F&G retail sector, currently dominated by conventional trade formats of grocery stores, is rapidly being replaced by modern trade formats (supermarkets, hypermarkets).
- Indian Agro-food start-ups raised US\$ 1.7 billion in Venture Capital between 2013-17 in 558 deals, and rising rapidly.
- The **online grocery market**, 5th largest in APAC, is valued at US\$ 1 billion and growing at **87% CAGR to US\$ 5 billion by 2022**.
- Revenue in the Dairy market, is estimated at US\$ 88.50 billion in 2018 is projected to increase to US\$ 116 billion by 2021.
- Foreign direct investments (FDI) in India's food processing sector is expected to cross US\$ 28 billion in 2019.

### Government Initiatives

- The Government of India has set a priority agenda for food security and improvement of agriculture sector through,
  - Greater partnerships with developed countries with advanced value chains, food supply, agritech products, and services.
  - Consolidated food laws under a single regulatory authority - Food Safety and Standard Authority of India (FSSAI).
- India allows automatic 100% FDI in agro and food processing sector, along with fiscal and taxation incentives.

### OPPORTUNITIES FOR FOREIGN COMPANIES

- Growth potential for foreign exports to India remains in commodities that India needs due to shortfalls in production (pulses, grains, horticulture, oilseeds).
- Opportunities exist for value-added products for the growing middle class (wine, craft beer, processed food), dairy, and services to Indian Governments, institutions and farmers.
- **Food Processing Sector**– India has the potential to attract US\$33 billion in investments in the sector by 2024.
- **Cold Chain**– Due to high agricultural losses of up to US\$ 14 billion annually, government and private sector are making large investments in cold chain infrastructure network.
- **Agro-machinery & Agritech**– India is the largest tractor market in the world. Focus on agricultural mechanization and irrigation penetration is driving demand for machinery and emerging technologies.
- **Dairy Management**– Modern commercial dairy farms seek import of skills, technologies and services for dairy farms, cattle nutrition, breeding, rearing, fertility and disease management, milk quality and safety, and dairy cattle genetics.

	<b>Processed Food</b>	Snacks, sauces, condiments, canned food, ready-to-eat, cereals, baby food
	<b>Fruit, Nuts, Vegetables</b>	Demand growing at 5–7 % for premium fruits and treenuts
	<b>Pulses</b>	Demand to reach 32–37 million tonne by 2025 with 27% import
	<b>Wool</b>	Demand being driven by large US\$ 108 billion textile industry
	<b>Wheat</b>	Demand to reach 97 million tonne by 2025 outpacing population growth
	<b>Cotton</b>	Import extra-long staple (ELS), and quality long staple cotton
	<b>Dairy</b>	Strong 7% CAGR demand for value-added milk products (cheese, cream)
	<b>Meat &amp; Poultry</b>	Lamb racks, pork, and goat meat in demand in HORECA segment
	<b>Beverages</b>	Rising consumption of wine, craft beer, and beer ingredients
	<b>Hides and Skin</b>	India imported hides and skin worth \$916 million in 2017 and rising
	<b>Services</b>	Precision farming, plant & animal genomics, water & soil management

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