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Which are the key factors that are helping the growth in the market?

Food ingredients refer to a broad category of ingredients that are added to food to improve the appearance, quality or nutritional value of food and beverages. Key uses of food ingredients include facilitate processing, maintain product consistency, extend shelf life, ensure microbiological safety, improve or maintain nutritional value, or enhance the flavor, color and texture of the finished product. Demand for food ingredients has been rising over the years on account of rising wealth, evolving consumer habits, rising packaged goods penetration and global population growth. The flavors segment has the largest share in the overall food ingredients market followed by hydrocolloids, sweeteners, emulsifiers, preservatives, colors and food cultures. In the flavor segment, beverages account for a major share followed by dairy products, bakery products and savory & convenience foods. In the sweetener category, low calorie sweeteners are gaining importance as they do not produce acids by oral bacteria, and therefore prevent dental carries.

Diabetic and obese people also prefer low calorie sweeteners as it provides them the same sweet taste of sugar without side-effects. Usage of colorants is highest in soft drinks, confectionery and meat & savory products. There has been a shift towards natural colors as more and more consumers associate natural products with superior quality. The rapid population growth and changing consumer preferences resulting from various factors such as increasing personal income, leisure time, health concerns and urbanization, has lead to an overall rise in the demand of food ingredients.

What are the key challenges faced by the Food Ingredients industry?

The Indian food ingredient industry has a big scope for growth, since India is an agro-based country and has a huge base for raw materials required for this industry. However, a recent report prepared by Frost and Sullivan, in association with CIFTI (Confederation of Food Trade Industry), the food wing of industry chamber FICCI has come up with a few strategic recommendations for this industry to address the challenges faced by this industry.

How can the government support the Food Ingredients industry?

Indiaâ€™s processed food industry is undergoing major developments as a result of government endorsement schemes and capital investments. Food ingredients (Fi) India trade exhibition takes place in Mumbai, which addresses the latest industry issues and will see the future investment into the country. With an average of 6.3% annual economic growth and expending middle-class, now over 300 million, India is one of the worldâ€™s leading markets.

These factors have driven government investment in the processed food industry, with the goal of providing better nutrition to Indiaâ€™s large population and improving further living standards.

â€œThe Indian food and beverage market is expanding rapidly and is expected to touch US$ 330 billion by 2013. The Government of India is envisaging substantial investment , in the food processing industry over the next five years.

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