Article published on March 22nd 2012 | Investing

How big the Food Ingredients market in India and at what rate is it growing?

India is making a splash in the food ingredients market with a 9% growth rate year-on-year, well above the 5-6% seen in the global market.

What was once a small market valued at $470 million in 2007, only a meager 1.6% of the global market, is now getting worldwide attention from major food and beverage manufacturers and food ingredient companies. Big players such as Danisco, DSM, Solae, ADM and BASF (just to name a few) have already established their presence in India. Food and beverage giants such as Pepsico, Coca Cola, and Kelloggâ€™s are shifting their product portfolio to more nutritious and healthy products. Even Nestle India, a subsidiary of Nestle, is set to compete with other giants in the health foods category.

In addition to the growing middle-class in India, urbanization, changing lifestyles and the need for convenient healthy foods is pushing the growth of the food ingredients market. As consumers evolve from a subsistence living, they invariably spend a large portion of their new income on food and as a result, they demand healthier food and beverage options. There is a catch though. Generating more income does not mean they are willing to sacrifice convenience. Consumers want healthier products but are unwilling to go out of their way to get it. This means that food and beverage manufacturers need to get creative.

What are the emerging trends in the Food Ingredients industry today?

India, with a population of more than one billion, represents one of the largest consumer markets in the world. Additionally, the country enjoys one of the largest and most balanced demographics in terms of age, as more than 50% of the population is below 30 years of age. The tremendous growth in its population of young people is likely to bring about a shift in the Indian food and drinks industry, as young populations drive the demand for processed and health foods.

Due to increasing urbanization and rising disposable income, the buying power of the new middle-class is increasingly being directed towards modern convenience food products. Higher incomes will result in a change in consumption patterns, and India may see an increasing demand for health, organic, processed and packaged food.

The key challenges are

the rules for contract farming should be relaxed and commercial tie-up with farmers should be encouraged. It has suggested that a government agency should act as a mediator in this.

Infrastructure development for cold storage facilities and up graded transportation options in order to reduce agro produce loss.

Taxation benefits and export incentives that have been revised for the food processing industry should be extended to the food ingredients industry as well.

To encourage cold chains, the ministry of food processing industry has proposed to exempt excise duty on refrigeration equipment, with a refrigeration utilizing power of 50 KW and above. The Frost and Sullivan report recommends that the same benefit could be extended to food ingredient

manufacturers as well, since they are the direct link for complete integration from the farm to the end-product level.

The report has also asked for relaxation of food laws and incorporation of new standards under the FSAA (Food Safety and Standards Act, 2006) it is expected that this will bring in significant investments in the food ingredients industry, which in turn will boost agricultural growth.

How do international events cater to the growing needs of the Food Ingredients industry, especially India?

Food & Beverage trade shows in India showcase the latest developments in the food and beverage industry. These Food & Beverage shows bring all the major players of the food & beverage industry on one platform. Food ingredients (Fi) India is successful in creating its position as the industryâ€™s only meeting place and driving further the Indian processed food sector. More than 4,500 food professionals had attended Fi India 2010, held in Bombay Exhibition Centre, Mumbai.

Running since 2006, Fi India event is the meeting place for all stakeholders of Indiaâ€™s food ingredients industry. What started as a small conference in 2006 in Mumbai is now the leading event of the industry, recording continuous growth and bringing together thousands of buyers and sellers every year. UBM also organises Health Ingredients and Natural Ingredients exhibitions in India and overseas which receives an overwhelming response.

Article Source:
http://www.articleside.com/investing-articles/scrutiny-of-indian-food-industry.htm - Article Side

Market Review - About Author:

Article Keywords:
Stock Tips, Stocks Tips,Free Stock Tips,Trading Strategies , Intraday Tips,Equity Tips,Nifty Tips, Nifty Futures ,NSE Tips ,Share Tips,Shares Tips, Online Trading, Share Trading,

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!