



Brief:

To explain and explore

- Indian investment opportunities in food packaging and food processing
- Indian agricultural growth, change and mechanisation in recent years



The Academic Context

Debate and disagreement!

Some key positions:

Kenneth Ohmae (1994) “The Borderless World”

Leslie Sklair (1995) “Sociology of the Global System”

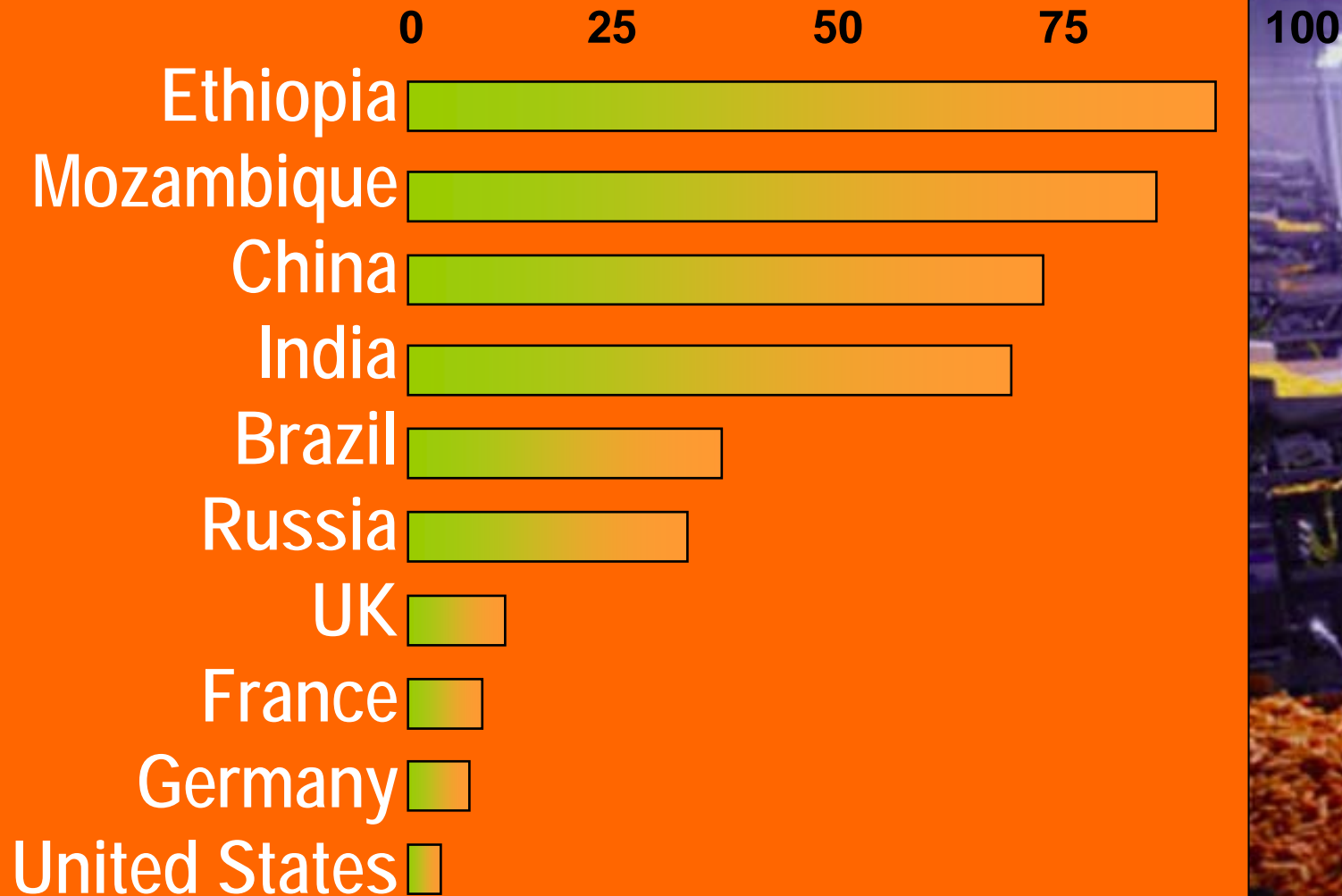
Ritzer’s ‘mcdonaldization’ thesis

Anti-globalisation social movements



Global Perspective

Percentage of Labor Force in Agriculture, Selected Nations



India: Agriculture, Food Processing and Packaging Equipment Market



Presentation Content

The Growth of Indian Economy
India Market

Indian Agriculture

Progressive Relationship Between India and UK
India an attractive Agriculture destination

Benefits Of Agricultural biotechnology in India
Investment Opportunities

Foreign Trade Policy of India to promote Agriculture

India Strengths as a Large Producer

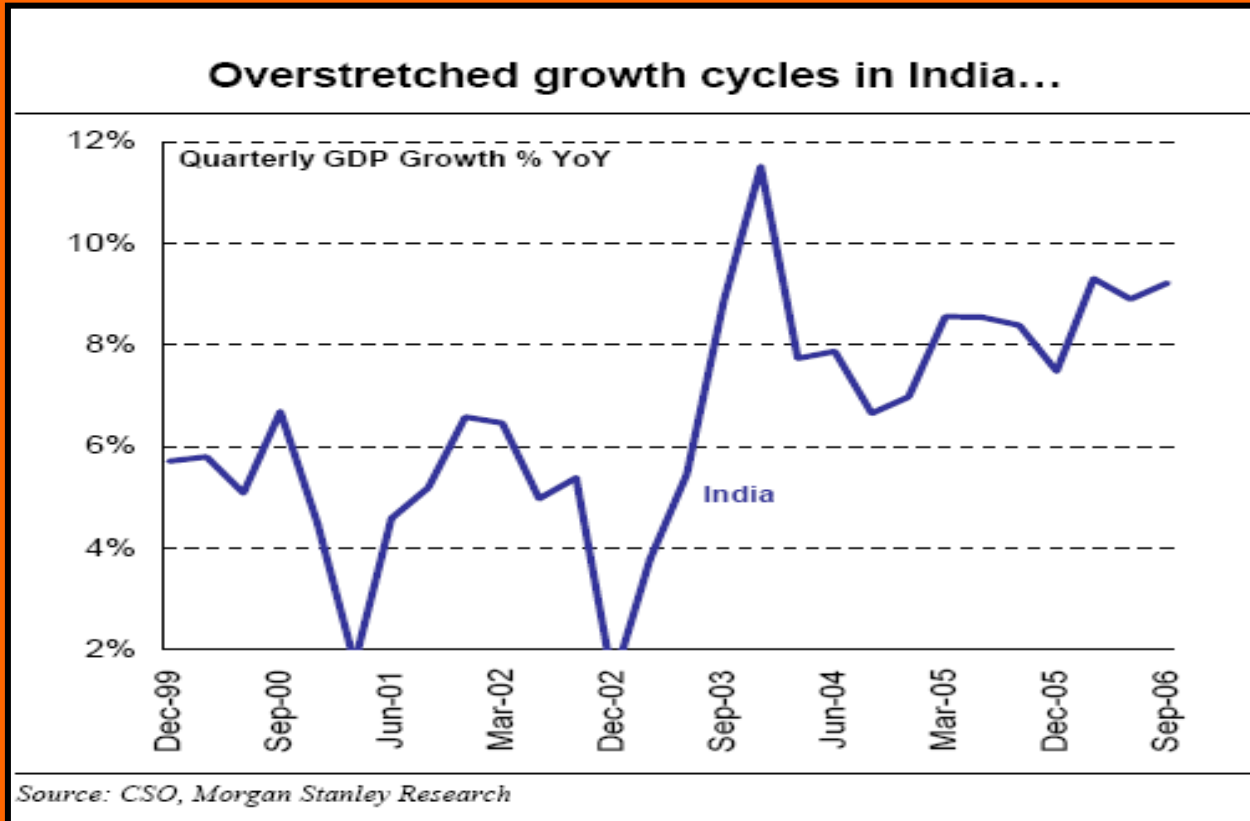
Food Processing – Growing market

Prospects of Food Processing

Value of Food Market



The Growth of Indian Economy



Ministry of Commerce & Industry Government of India,
New Delhi September, 2004



India Market

- India the largest democracy in the world with a 8.1% (05-06) GDP growth rate
- Consistent growth
- Skilled manpower
- Enormous opportunities for investment, both domestic and foreign.
- India is one of the largest recipients of Foreign Direct Investment in the world, in very short period of time.



Indian Agriculture

- It employs around 65 per cent of the population.
- Food production in India will be double in the next ten years.
- In terms of the real value added, the Indian agriculture sector ranks third, after China and the United States
- The turnover of the total food market is approximately Rs.250000 crores (US \$ 69.4 billion)
- The half of the investment comes from abroad which is \$18.2 Billion approximately.
- The agricultural food industry also assumes significance owing to India's sizable agrarian economy, which ranges between 22%-35% of GDP



Progressive Relationship Between India and UK



UK is India's largest trading partner in Europe and one of the largest in the world

More than 440 UK firms have now set up operations in the India.

The International Agriculture & Technology Centre (IATC) assists UK agriculture-technology companies to reach their export potential and has identified India as one target markets among the 8 countries.



All This Has Made India an attractive Agriculture destination

FICCI's Study on FDI reveals that ...

- 72% felt GROWTH CONDITIONS in India are AVERAGE-GOOD
- 96% said MANPOWER SKILLS are AVERAGE-GOOD
- 61% said PERFORMANCE satisfactory with profits or break even
- 66% found PROFITABILITY to be AVERAGE-GOOD



Benefits Of Agricultural biotechnology in India

Ag Biotechnology has the potential...

To significantly contribute towards

- **Nutritionally improved food availability**
- **Poverty alleviation**
- **Strengthened trade and economic competitiveness**
- **Agricultural sustainability**

While delivering direct benefits to the farmers and consumers



Investment Opportunities

- Excellent export prospects, competitive pricing of agricultural products and standards that are internationally comparable has created trade opportunities in the agro industry.
- An average Indian spends about 50 per cent of his/her household expenditure on food items. With a population of over one billion and a 350 million strong urban middle class and their changing food habits.
- The relatively low-cost but skilled workforce can be effectively utilised to set up a large,Low cost production base for domestic and export markets.
- Foreign direct investment is not directly allowed in agriculture but there exist ample opportunities in related sectors.
- Biotechnology refers to the techniques that allow scientists to modify the DNA of crops to enhance their tolerance to pests and diseases, increase yields and improve quality and nutritional value.



Foreign Trade Policy of India to promote Agriculture

- The Foreign Trade Policy 2004-09 emphasised the importance of agricultural exports and announced the following policy measures to boost agri-exports:
 - A new scheme has been introduced called the Vishesh Krishi Upaj Yojana (Special Agricultural Produce Scheme) for promoting the export of fruits, vegetables, flowers, minor forest produce and their value added products by increasing incentives for exporters of such products
 - Funds shall be earmarked under ASIDE (Assistance to States for Infrastructure Development of Export) for development of AgriExport Zones (AEZs)
 - Capital goods imported under the Export Promotion Capital Goods (EPCG) scheme shall be permitted to be installed anywhere in the AEZs



- 3rd largest producer of agricultural commodities, next to USA and China.

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



Food Processing – Growing market

- Increase in per capita income and purchase 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.



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 urbanization, 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.



Value of Food Market

- Size of food market in India - US\$ 8,6 million
- Primarily processed food market – US\$ 2,8 million
- Value added processed food market – US\$ 1,8 million.
- Industry growth rate during the last five years is estimated at 7.14% against GDP of 6.2%
- Investment required during next ten years – US\$ 1,5 million.



**Thank you
&
Welcome to India**

