



IndiaNews

FOOD & FOOD INGREDIENT REVIEW
December 2002 / January 2003

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We at Giract are delighted to welcome you to the first issue of IndiaNews. As many readers are aware, we have had a most excellent and positive response to our ChinaNews publication and now are able to cover the second largest population of the world as its Food Industry gears up for the 21st Century.

The Indian food & food ingredients industry has been growing and maturing slowly but certainly. As India integrates herself with the world to keep up with WTO obligations, growth is likely to receive further boost. This is sure to throw up opportunities that seemed unimaginable just a few years ago.

IFF has identified some such opportunities and is planning to promote India as a hub for South Asia. It is examining the possibility of contract farming of various crops, focusing initially on vanilla. Due to the efforts of IFF and Spices Board of India, vanilla should soon emerge as an important crop in India's spice basket. One hopes that vanilla will add some excitement to Indian spices export market that has stagnated over the past few years.

Excitement on the export front in recent past has come from buffalo meat. Opening of new markets like Malaysia, Philippines, Bangladesh and some African countries and deeper penetration in existing markets has led to healthy growth.

It may be mentioned here that animal slaughter continues to be a highly politicized issue. Governments, both at centre and states, continue to be extremely wary of giving support for new mechanized slaughterhouses. The Chief Minister of Central Indian state of Madhya Pradesh recently wrote to the Prime Minister demanding a complete ban on cow slaughter throughout the country (At present slaughter of cow and progeny is banned in some states including Madhya Pradesh). The Chief Minister was, of course, playing to the orthodox Hindu votes, keeping in view elections scheduled later this year.

A proposal for setting up 40 agri-export zones for promoting export of horticultural and agricultural products is currently under implementation. The Ministry of Food Processing, has many schemes for promoting food-processing industry including liberal subsidies for new industrial units. Kerala, the coastal state on South Western side, is planning to promote food industry in a big way.

However, growth in Indian food industry has never been due to Government initiatives. Entrepreneurial push on one hand and customer demand on the other, have been the main engines for growth. As an example, the milk-based soft drinks market has been growing at a healthy rate of almost 40% per annum. The market was dominated earlier by local cooperative dairies. The entry of organized players has given a new zip to the market and pushed it on a path of hectic growth.

While there has been growth in milk segment of the non-carbonated beverages market, the other area of excitement has been packaged water in bulk packs of 20 liters. Bottled water in small packs of ½, 1 or 2 liters is usually consumed away from home. Water in bulk packs is, now, an item of regular consumption for many households and institutions. This has forced all non-alcoholic beverage companies to focus on this segment.

The alcoholic beverages segment has seen many new entrants. Almost all major brands now have at least a token presence in India. It is widely expected that Central Government's budget (expected on 28 February) will reduce customs duty on imported alcohol to comply with WTO requirements. This should give further boost to imported liquor in India.

Finally, to all our readers, please let us know (info@giract.com) what more you would like to see in this publication, thank you for your support and interest. As India develops its processed food and ingredients industry, we look forward to serving you with "breaking news" every two months.

