



Dear Member,

The 27th India International Trade Fair, which is the largest exposition of its kind in Asia was inaugurated on 14th November, 2007 at New Delhi. It is a 14-day event with participation of business houses from as many as 44 countries. The participation of nations from South Asian Association for Regional Cooperation is expected to promote intra-regional trade and investment, and the economic and social development of the region as a whole.


In her inaugural address Smt. Pratibha Devisingh Patil, President of India remarked that she was happy to note that the theme for the trade fair is "Processed Food and Agro Industries". She said "Although India is one of the largest food producers in the world, only 2 percent of the total food production is processed, which is negligible amount". Considering India's strong agricultural base and availability of a large and varied raw material source, the President of India pointed out that the food processing industry should be encouraged to set up small and medium units closer to agricultural production centers.

The President's message is aimed at the Indian food processing industry which is still in the nascent stage. Though India's agricultural production base is reasonably strong, wastage of agricultural produce is sizeable. It is estimated to be valued at around US\$ 13 billion. The country is the highest producer of milk in the world at 90 million tons a year of which only 35 percent is processed. India is the second largest producer of fruits and with an annual production of 150 million tons, but processes only 2 percent of the produce. The country occupies the third largest place in the world in the production of food grains and fish and has the largest livestock population. However, around 21 percent of meat and 6 percent of poultry products are processed.

Having regard to the wide ranging and large raw material base along with a consumer base of over one billion people, the food processing industry provides an excellent scope and opportunity for investment. The total inflow of foreign direct investment in the food processing sector has been around US\$ 1.2 billion between 1991 to 2006.

Low availability of adequate infrastructural facilities in terms of cold storage and warehousing, lack of sufficient quality control and testing methods as per international standards, inefficient supply chain and involvement of middlemen, high inventory carrying cost, high taxation, high packaging cost, high requirement of working capital, inadequately developed linkages between Research and Development and industry and seasonability of raw materials and affordability and cultural preference of fresh food are constraints to the growth of industry. At the same time formulation of the National Food Processing policy, declaration of food processing sector as priority sector for lending, 100 per cent foreign direct investment on automatic route, excise duty waiver and income tax holiday for processed fruits and vegetables, customs duty reduction on freezer vans and formulation and implementation of a legal framework are expected enable India to emerge as a leading food supplier to the world.

I thank you for your cooperation.



ATLURI SUBBA RAO