

## MARKET FOR PROCESSED FOODS

The Indian market for processed foods is currently estimated at \$3.2 billion and is expected to grow to \$5 billion by the end of 1997. Characteristics of the market supporting this anticipated growth are:

- a huge and growing middle class
- a large pool of younger consumers
- increasing urbanization
- more working women
- smaller family units
- emerging "curry in a hurry" lifestyle
- increasing quality and variety of products available
- shift from primary to packaged (convenience) foods
- increasing popularity of health, organic and environmentally friendly products

For the food processing sector, attractions for Canadian business include a huge potential market within the country, the availability of raw materials (as well as the growth potential for further development of raw material resources), and the high priority accorded to this sector by the government. India's abundant manpower, with technical education and skills at various levels and labour costs that are considerably lower than in developed countries, is another attraction. In addition, India offers an attractive low cost base for locating an export oriented unit in the food processing sector. In processed foods, a major element can be development of exports and foreign companies with buy-back and third country marketing arrangements can be very successful.

Processed foods in India are currently divided as follows:

Category	Market Size (\$m)	% of Total market
Bakery Products	210	6.5
Confectionery products	110	3.4
Fruits and Vegetables	40	1.3
Beverages	1000	31.2
Dairy Products	615	19.2
Western Foods	47	1.5
Oil and Fat	1175	36.7
Frozen Foods	9	0.3

Source: US International Trade Administration, *Packaging for the Food Processing Industry*, 1995.