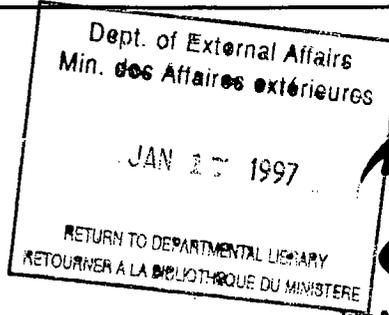




## MARKET REPORT

### AgriFood

### India



Team Canada - Équipe Canada

#### Market Opportunities Assessment

Agriculture is the backbone of India's economy. India's greatest accomplishment is its long tradition of near self-sufficiency in agricultural production. It contributes 33 % to the gross domestic product (GDP) and two thirds of the country's work force, approximately 630 million people, derive their livelihood from agriculture based activities.

With a population of approximately 900 million people, expected to reach 1 billion by the year 2000, India has the potential to be one of the world's largest markets for agri-food products. India's middle class is estimated to contain 100 to 300 million people, earning between USD 1,200 to USD 3,600 per household, per year. The upper echelons of the population, approximately 30-40 million, earn USD 18,000 or more a year.

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The domestic demand for consumer ready agricultural products is increasing, yet and the Government of India (GOI) is interested in developing more exports in this sector. To this end the GOI has implemented new policies to allow foreign firms to enter joint ventures and even set up their own operations within India to help supply the growing demand. The raw materials for these firms are restricted to local supply, thus eliminating the possibility of these firms to open a doorway for imports. Many of India's locally produced products, however, are already at or below international prices and may be able to meet the standards of similar foreign products.

When local production has not been available or of high quality, the government has encouraged investors to establish the backward linkages to domestic production, thus placing the burden of establishing quality domestic production on the investor. However, inadequate infrastructure (ports, roads, cold storage),