



A STUDY ON FOOD MARKET IN INDIA

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ABSTRACT Indian food market is growing faster than before due to the dramatic change in technological and market change and consumer buying habits. In India food market shares larger part of sales in all over Indian market compare to other market. This paper enables about the food market and developments and trend in the market.

KEYWORDS : Food, Food Market

INTRODUCTION

The Indian food market is expected to reach Rs 42 lakh crore by 2020, says a PTI report citing a research by Boston Consulting Group. At present, the size of the Indian food market is estimated to be Rs 23 lakh crore in 2014. "India's food market size which is at around Rs 23 trillion in 2014 is set to reach around Rs 42 trillion by 2020, along with a three-time increase in average household income from 2010-2020," Boston Consulting Group (BCG) Principal Rohit Ramesh said at the India Food Forum 2015. The major segment of Indian food market are dairy and food processing, canning, frozen food refrigeration, thermo processing and specialty processing

OBJECTIVES

1. To revile the profile of Indian food market
2. To analysis the food market in India
3. To find out the factors influencing growth of food market in India

DEVELOPMENT OF THE INDIAN FOOD MARKET

After independence, the government put emphasis on making the country self sufficient through increased food and farm production. Emphasis was given on the development of agriculture through better farming techniques, increased irrigation facilities, more use of fertilizers and so on. This really put a positive impact on the food processing industry which resulted in better yields. In the 1960s, the government initiated the Green Revolution' movement to increase the food grain production. Emphasis was given on a forestation, irrigational projects, use of better quality seeds, improvised farming techniques and so on. This increased the food exports of India in terms of both quality and quantity. The market liberalization policies in the 1990s led to the favorable growth of the economy of India which also improved the food industry in the country. Since then, the food industry has really developed to a great extent. More segments are coming up and also plenty of foreign companies are entering the Indian food market.

MAIN SEGMENTS OF THE INDIAN FOOD MARKET

The food industry in India mainly consists of a number of sectors. Some of the well known ones are: Some of the other sectors which are expected to grow more and be a very lucrative option of business in the coming years are:

- Fruits and vegetables
- Confectionary
- Aqua culture and fishing
- Meat and poultry
- Fast food and snacks
- Ready to eat food
- Additives
- Health food and grains
- Health food supplements

RECENT TRENDS AND ANALYSIS OF INDIA FOOD MARKET

According to the recent survey, the Indian food market is all set to be double by the year 2025. The rapid economic development, innovative technology and food production, growing consumerism and improved lifestyle are the main reasons behind this growth. Today, Indian consumers are paying for branded and value added food products which have led to the introduction of new segments in the manufacturing and retail market. Over the last few years, the annual

output of the food market in India has been around \$155 billion which is expected to reach around \$344 billion by the year 2025. The annual rate of growth is expected to be around 4.1%. The following table shows the growth and analysis of food markets in India for the period from 2002-2003 to 2011-201

Table 1 Food Markets Sales In India

(Rs. Billion)

Year	Food Sales	Percentage of Growth Rate
2002-03	6020	-
2003-04	6485	7.72
2004-05	6645	2.47
2005-06	7329	10.29
2006-07	8045	9.77
2007-08	8915	10.81
2008-09	9863	10.63
2009-10	11,338	14.95
2010-11	12,589	11.03
2011-12	14,005	11.25
CGR	8.81%	

Source: CSO

The above table 3.8 shows the growth in food markets in India for the period from 2002-03 to 2011-12. Though the growth rate was above 10 percent from 2007-08 onwards, in 2004-05, only 2.47 percent increase was recorded over the previous year. The year 2009-10 had a rosy picture with the food markets recording an increase of approximately 15 percent over 2008-09. The compound growth rate for the period was 8.81.

FACTORS DERIVING THE GROWTH OF INDIAN FOOD MARKET

Indian food market is expected to be driven by several factors they are as follows

1 Socio economic changes across India's population base

Rising economic growth in the country is expected to result in a the transition across income classes, with the very rich and middle class households growing from 14.5 million in 2005 to nearly 64 million by 2015 and 100 million households by 2020. Due to the transition of households from lower to higher income classes, a growth in household consumption is expected from USD 592 billion in 2008 to USD 1,580 billion by 2020. India is a young nation with a young population, with two thirds of the population under 35 years of age. While the global median age for population is 33 years, India's median age is just 23 years. The youth population in India is estimated to reach 24.2 million by 2015. The high percentage of youth is expected to drive the demand for tertiary processed foods due to their preference for such products and their propensity to try newer products. India's population in rural areas are increasingly migrating to cities and towns on account of rising education levels among rural youth and better job opportunities that are offered in the cities. This is expected to result in higher income, more exposure to tertiary processed products and a resultant increase in consumption for such products.

2 Changing and evolving lifestyle trends leading to demand for processed food, which meets requirements of convenience and health

A shift has been observed in societal trends, with larger families of multiple generations of individuals being replaced by small, working families. The falling household sizes, especially in the urban households, marks an increase in the number of nuclear families, with an increasing household income being spent among fewer family members. For these nuclear working families, convenience emerges as a key determinant for their buying behavior. In India's top eight cities, there are approximately 30 million people who fall in this category. As a result, these nuclear families have begun to increasingly consume value-added tertiary food products such as ready-to eat meals, showing a change of preference away from basic products. The high prevalence of lifestyle diseases such as diabetes, cancer and cardiovascular disease is influencing the India food consumption patterns. There has been a growing demand for healthier products across categories, on account of these health needs. However, currently, there are limited options available in the processed food segment which can meet these health needs of consumers, resulting in a demand-supply gap and thereby creating an opportunity that can be explored by food companies. The number of Indians travelling out of the country has increased from 4.4 million in 2000 to 8.3 million in 2006. As more and more people travel abroad, they are exposed to newer concepts, especially processed foods. This will lead to increasing acceptance of such foods.

SUMMARY OF FINDINGS, AND CONCLUSION

FINDINGS

The growth in food markets in India for the period from 2002-03 to 2011-12. Though the growth rate was above 10 percent from 2007-08 onwards, in 2004-05, only 2.47 percent increase was recorded over the previous year. The year 2009-10 had a rosy achieve with the food markets recording an increase of approximately 15 percent over 2008-09. The compound growth rate for the period was 8.81.

Regarding the growth OF food market in India from 2002-2003 to 2011-2012, a single digit growth was witnessed in 2003-04 and 2004-05 and the growth rate was found hovering around 11 percent up to the year 2008-09. The year 2009-10 witnessed 15.13 percent growth only to fall to 11.4 percent in 2010-11. Finally, in 2011-12, the growth got recovered and it was found to be 15.46 percent, an all time high. The compound growth rates were 8.81 food and food Market.

CONCLUSION

The growing urbanization coupled with changes in lifestyles of the people has caused big impact on the food habits of the society. Thanks to globalization, Indian society has got itself exposed to western culture and it is clear evident that particularly among those living in urban areas. Lopsided development of the economy has its own say in this respect with 10 people in major cities and towns experiencing retail organization.

The past decade witnessed considerable growth of retail in India. The switchover from joint family system to nuclear family system has facilitated the growth of retail in a big way. Little time is found available to prepare food in the house as the women joined the workforce in almost all avenues of employment. This has also led to changes in the food habits of the people who remark time to go for shopping at retail organizations, with a big budget for food and beverages.

The unprecedented growth in demand for food has resulted in the entry of moves in this market with myriad brands of products. Thanks to innovation in food technology, has increased considerably with the people making a beeline to go in for consumption of food product. Increased health consumers particularly among the urban middle class have also compounded to the growth of the market. The traditional way of preparing nutritious food has given way to packed food largely due to the fact that the caller is easily available. The media have played their role quite effectively in luring the people to shop at retail malls. The shopping space found among the urban people at any retail format has not receded with large number being added to the list. It has thus become imperative for any firm dealing in food to concentrate on wholesomeness, only to keep its hopes alive in a highly competitive market.

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