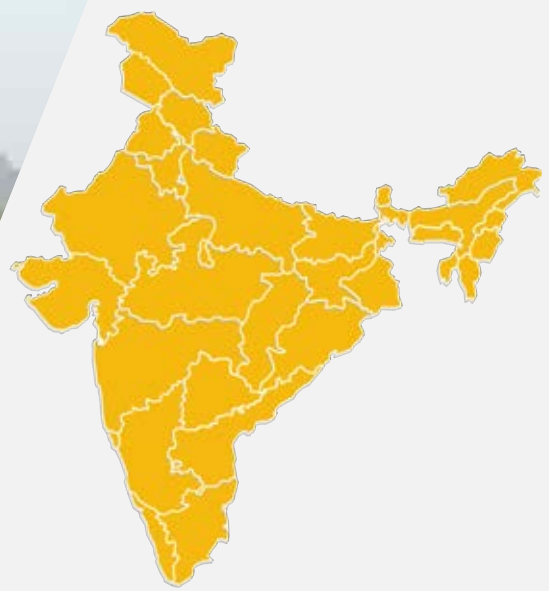




AGRICULTURE AND ALLIED INDUSTRIES



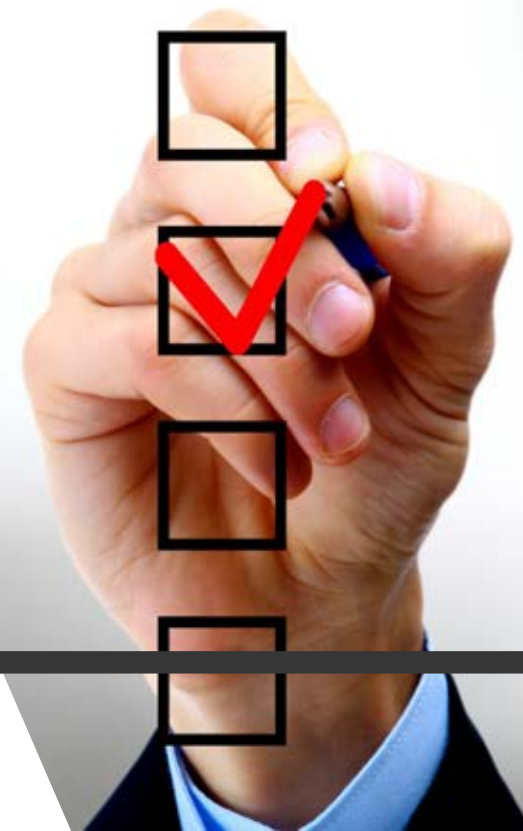
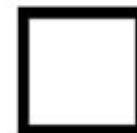
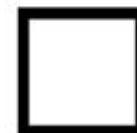
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June 2020

Table of Contents

- ▶ Executive Summary.....3
- ▶ Advantage India.....4
- ▶ Market Overview.....6
- ▶ Recent Trends and Strategies17
- ▶ Growth Drivers.....21
- ▶ Opportunities.....30
- ▶ Industry Associations.....33
- ▶ Useful Information.....35



EXECUTIVE SUMMARY

Global standing

- India is the largest producer of spices, pulses, milk, tea, cashew and jute, and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds.
- India is currently the world's fourth largest producer of agrochemicals.
- India had the largest livestock population of around 535.8 million, which translated to around 31 per cent of the world's livestock population in 2019.

Favourable conditions

- India has the 10th largest arable land resource in the world. With 20 agri-climatic regions, all 15 major climates in the world exist in India. The country also possesses 46 of the 60 soil types in the world. Growth in Gross Value Added (GVA) by agriculture and allied sectors stood at 4 per cent in 2019-20#.
- Strategic geographic location and proximity to food importing nations favour India in terms of exporting processed foods.

Increasing farm mechanisation

- India is among the largest manufacturers of farm equipment like tractors, harvesters and tillers. India accounts for nearly one-third of the overall tractor production globally.
- Sale of tractors in the country stood at 804,000 units in 2019 with export of 80,475 units.

Rising consumption expenditure

- Consumer spending in India is likely to reach US\$ 3.6 trillion by 2020.
- Private consumption expenditure (at constant prices) was estimated at Rs 83.25 lakh crore (US\$ 1.18 trillion) in FY20# against Rs 79.08 lakh crore (US\$ 1.12 trillion) in FY19.

Record production of food grains

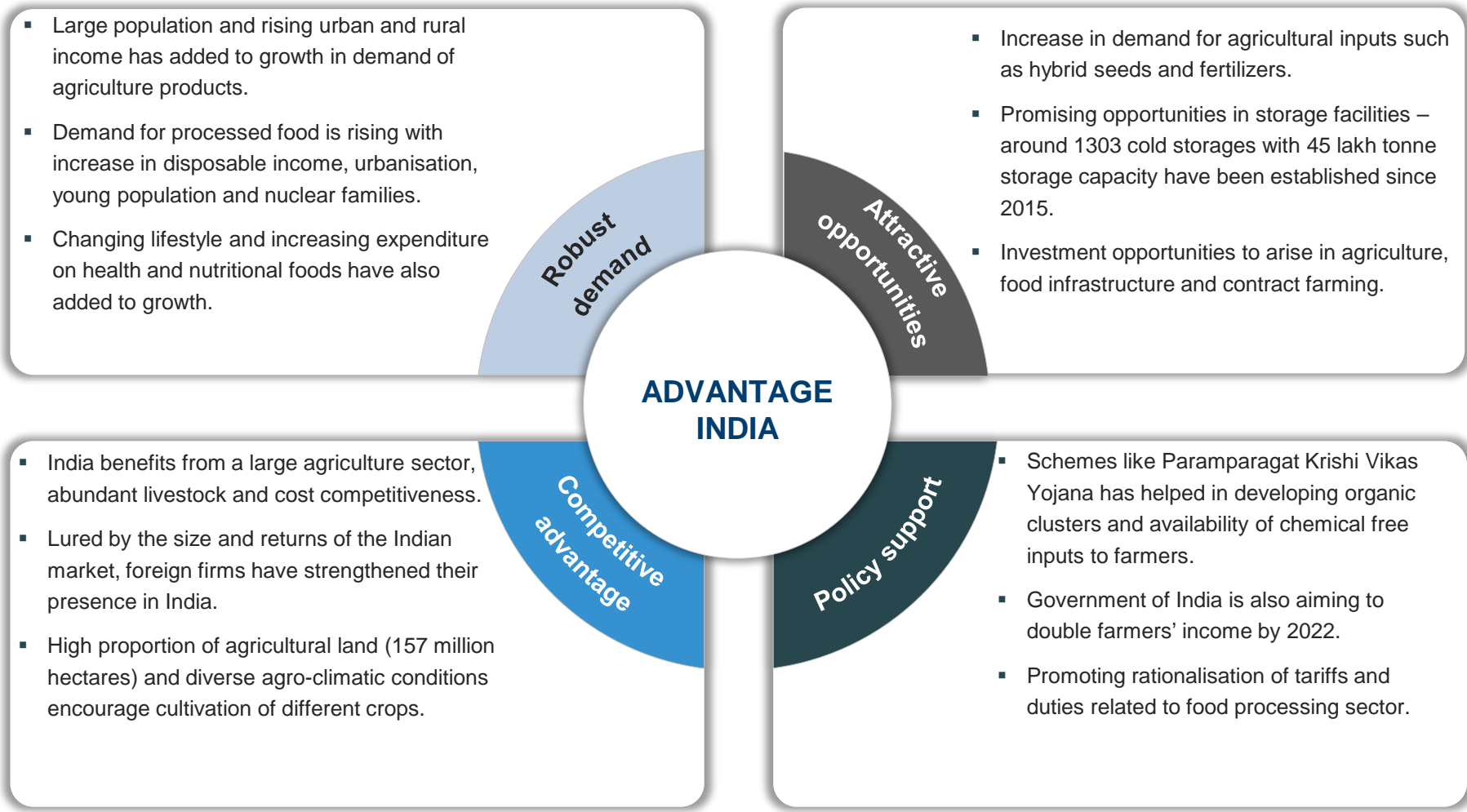
- During 2019-20* crop year, food grain production was estimated to reach a record 295.67 million tonnes. In 2020-21, Government of India is targeting food grain production of 298 million tonnes.

*Note: #- as per provisional estimate, *-3rd Advance Estimates*

Source: Ministry of Agriculture, Government of India, MOSPI

ADVANTAGE INDIA





Source: DPIIT, JLL India

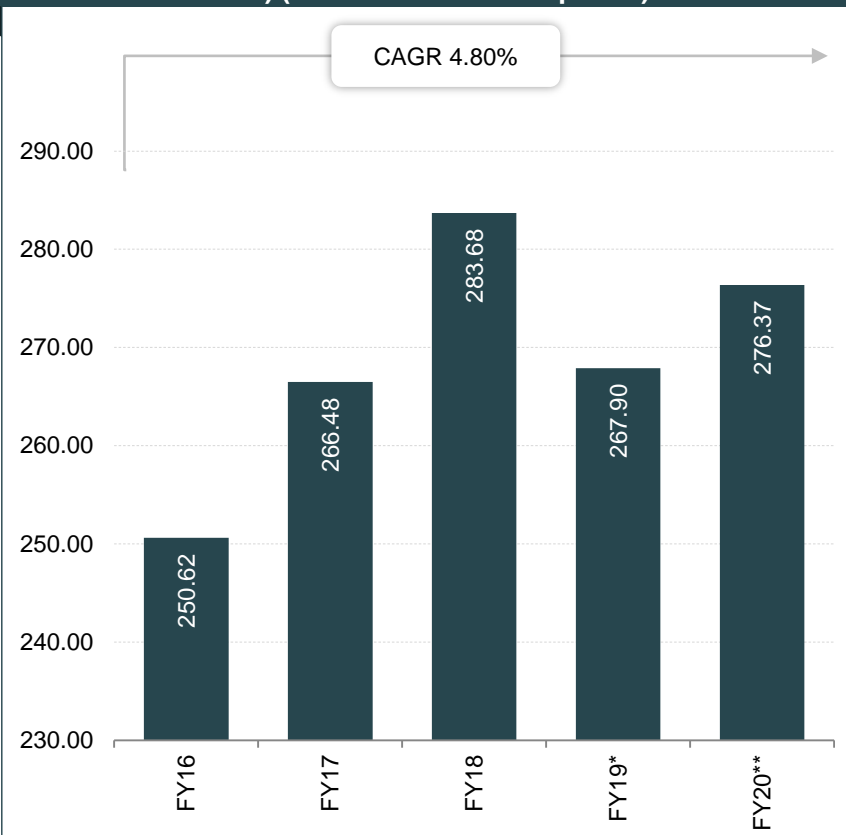
MARKET OVERVIEW - AGRICULTURE



GROWTH IN AGRICULTURE

- Agriculture is the primary source of livelihood for about 58 per cent of India's population.
- Gross Value Added by agriculture, forestry and fishing was estimated at Rs 19.48 trillion (US\$ 276.37 billion) in FY20*.
- Agriculture and Allied sector's GVA at constant 2011-12 prices grew at a CAGR of 4.80 per cent between FY16-20.
- As per Union Budget 2020-21, allocation of Rs 2.83 lakh crore (US\$ 40.06 billion) was made to the Ministry of Agriculture.
- Agriculture, forestry and fishing sector grew 4 per cent 2019-20.

Gross Value Added by Agriculture and Allied sectors (US\$ billion) (at constant 2011-12 prices)

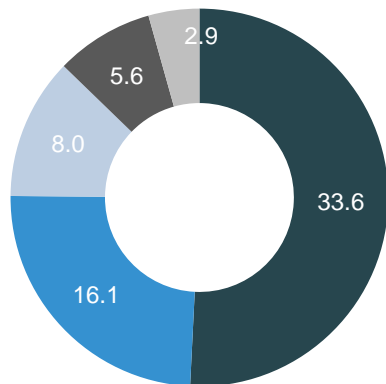


Notes: GDP – Gross Domestic Product, MOSPI – Ministry of Statistics and Programme Implementation, * 1st revised estimates, **- 3rd advance estimate

Source: Ministry of Agriculture, Print Release, RBI, MOSPI, Central Statistics Office (CSO)

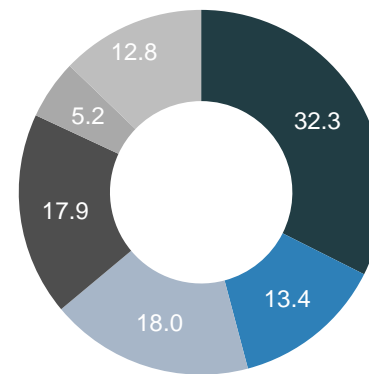
MAJOR SEASONS: KHARIF AND RABI

Rabi Area sown in 2019-20 (million hectares) (as on January 31, 2020)



■ Wheat ■ Pulses ■ Oilseeds ■ Coarse Cereals ■ Rice

Kharif Area sown in 2019-20 (million hectares) (as on September 27, 2019)

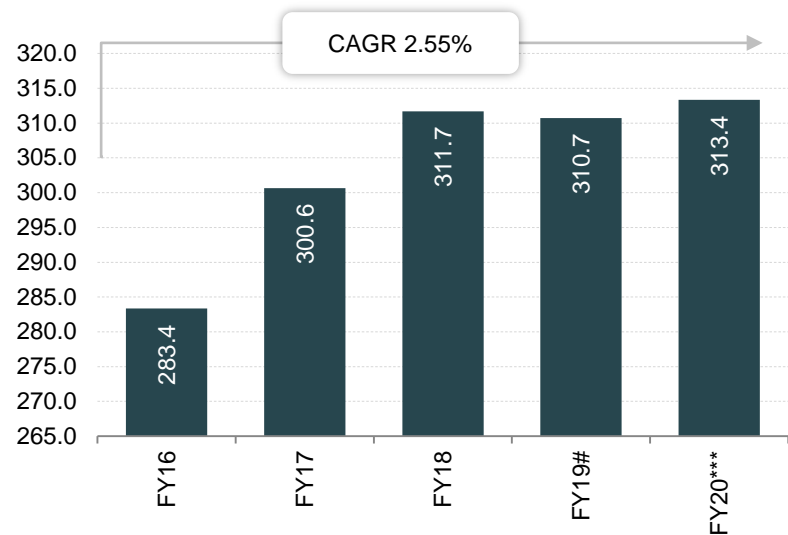


■ Rice ■ Pulses ■ Coarse Cereals ■ Oilseeds ■ Sugarcane ■ Cotton

- There are two major agricultural seasons in India: Kharif and Rabi.
- Kharif season lasts from April to September (summer) – rice (paddy) is the season’s main crop.
- Rabi season lasts from October to March (winter) – wheat is the season’s main crop.
- As of August 2019, total area sown with kharif crops in India reached 92.6 million hectares.

Source: Ministry of Agriculture and Farmers’ Welfare

India's Horticulture Production (MMT)



Foodgrains and Commercial Crops Production (MT)

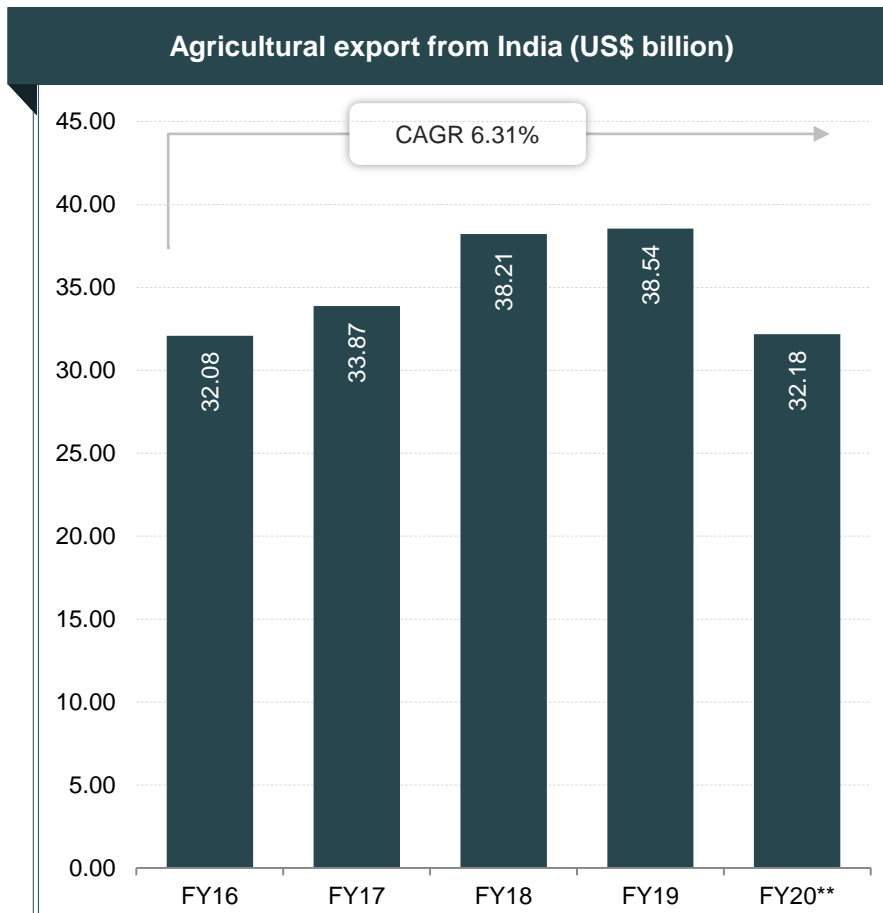
Crop	2017-18*	2018-19**	2019-20***
Rice	112.76	116.48	117.94
Wheat	99.87	103.67	107.18
Total Cereals	259.60	263.14	272.66
Total Pulses	25.42	22.08	23.01
Total Foodgrains	285.01	285.21	295.67
Total Oilseeds	31.45	31.52	33.50
Sugarcane	379.90	405.41	358.13
Cotton (million bales of 170 kg each)	32.80	28.04	36.04
Jute & Metsa (million bales of 180 kg each)	10.03	9.82	9.92

- Since 2010, production as well as yield of both major crops - rice and wheat have increased significantly. As per the third advance estimates, production of rice was estimated at record 117.94 million tonnes (MT) while production of wheat was estimated at 107.18 MT during 2019-20 crop year.
- India ranks second in global production of fruits and vegetables and is a leading exporter of mangoes and bananas.
- Production of horticulture crops in India was estimated at record 313.4 million metric tonnes (MMT) in 2019-20***, implying a CAGR of 2.55 per cent between FY16-20.

Note: *as per 3rd revised estimates, ** as per 4th revised estimate, *** as per 3rd advance estimate, # as per final estimate
Source: Ministry of Agriculture and Farmers' Welfare

SURGE IN DEMAND OF INDIAN AGRICULTURAL PRODUCTS...(1/2)

- Total agricultural export from India grew at a CAGR of 6.31 per cent during FY16-19 to reach US\$ 38.54 billion in FY19. In FY20 (till February 2020), agriculture export was US\$ 32.18 billion.
- The Agriculture Export Policy, 2018 was approved by the Government of India in December 2018. The new policy aimed to increase India's agricultural export to US\$ 60 billion by 2022 and US\$ 100 billion in the next few years with a stable trade policy regime.
- The Government of India has come out with the Transport and Marketing Assistance (TMA) scheme to provide financial assistance for transport and marketing of agriculture products in order to boost agriculture export.
- Government aims to raise fishery export from India to Rs 1 lakh crore (US\$ 14.31 billion) by 2024-25.

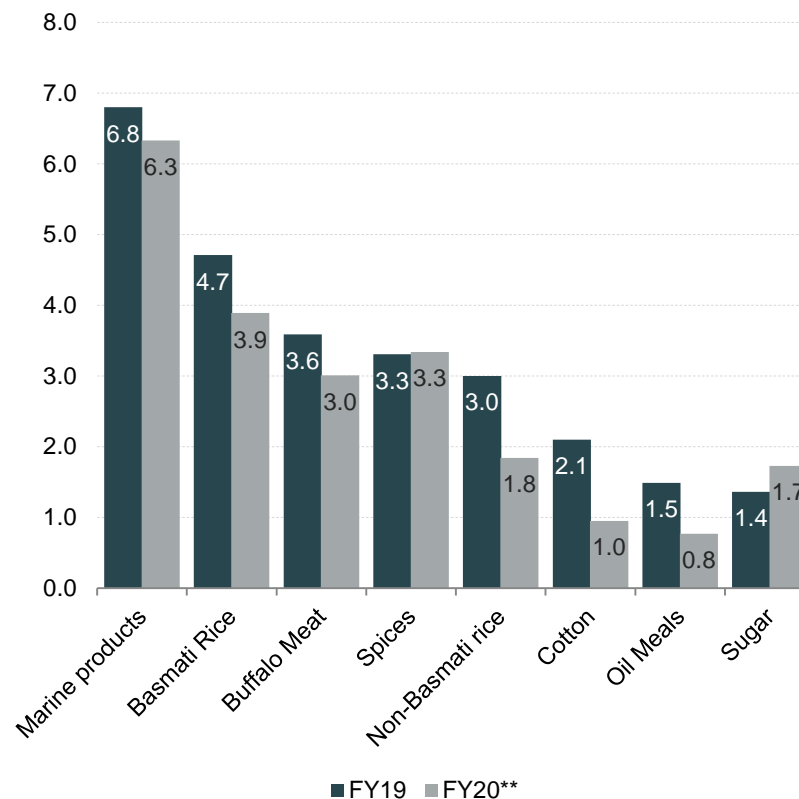


Notes: CAGR is up to FY19, ** till February 2020
Source: World Trade Organisation, APEDA, DGCIS

SURGE IN DEMAND OF INDIA AGRICULTURAL PRODUCTS...(2/2)

- Marine products, buffalo meat and rice are the largest agricultural export items in terms of value. Other major export items are spices, cotton, oil products and sugar.
- Marine products export reached US\$ 6.3 billion, followed by basmati rice at US\$ 3.9 billion and buffalo meat at US\$ 3.01 million in FY20*.
- Tea export from India reached 270.3 million kgs in FY19 while that from coffee stood at 282.9 million kgs in the same period.
- During FY20 (till February 2020), tea export stood at US\$ 709.28 million. Coffee export stood at US\$ 742.05 million in FY20.

Key agricultural and allied sector export from India (US\$ billion)



Notes: * till February 2020

Source: Ministry of Agriculture and Farmers' Welfare, APEDA

MARKET OVERVIEW – FOOD PROCESSING



- Food and grocery market in India is the sixth largest in the world. Food processing industry contributes 32 per cent to this food market and is also one of the largest industries in the country, contributing 13 per cent to total export and six per cent of industrial investment.
- India also has the required infrastructure to enable the growth of food processing industry with 7,845 cold storage chains, having a capacity of 35.88 million tonnes, and 42 mega food parks sanctioned as of 2017. Out of these, 18 mega food parks are operational as of end of 2019.
- Milk production in the country is expected to increase to 208 MT in FY21 from 198 MT in FY20, registering a growth of 10 per cent y-o-y. Milk processing capacity is expected to double from 53.5 MMT to 108 MMT by 2025.
- As of October 2019, 1,303 cold storages with a total capacity of 45,62,860 MT have been established in the country under the schemes of Ministry of Food Processing Industries and Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW).
- Foreign direct investments (FDI) in India's food processing sector stood at US\$ 628.24 million in FY19.
- According to National Accounts Division, Ministry of Statistics and Programme Implementation, food processing units in India is growing at 7.68 per cent annually.

Infrastructure for Food Processing Industry in 2019

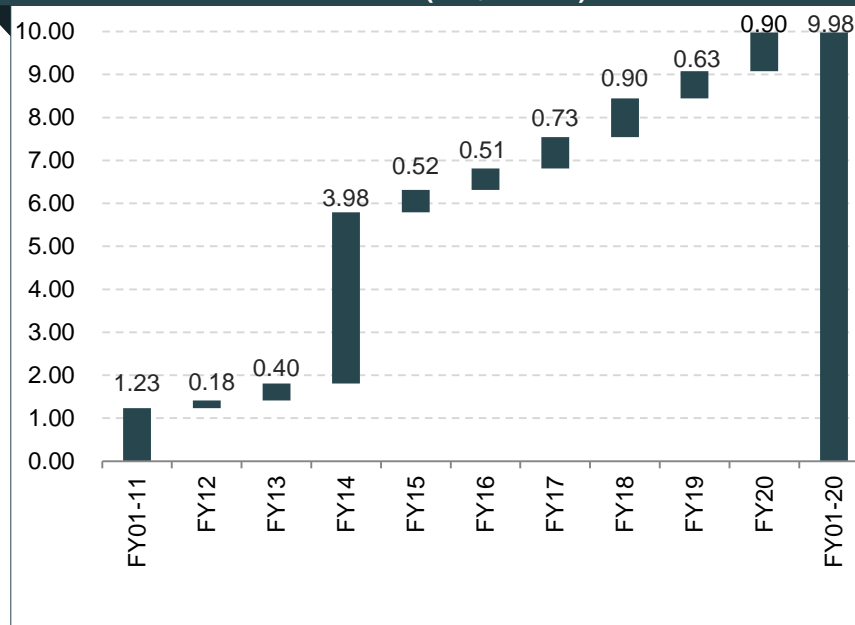
Cold Storages ²	133
Cold Storages' Capacity (lakh MT) ²	46
Mega Food Parks Sanctioned ³	39
Agri Export Zones ³	60

Source: ¹ USDA - India's Food Processing Sector Poised for Growth 2019, ²Ministry of Agriculture and Farmers' Welfare, ³ Ministry of Food Processing Industries, ⁴Crisil

FOOD PROCESSING INDUSTRY IN INDIA...(2/2)

- Sales of processed food in the domestic market have been increasing at a faster pace. Packaged food industry in India is expected to cross US\$ 65 billion by 2020.
- The sector has also witnessed sharp increase in investment with cumulative FDI inflow reaching US\$ 9.98 billion during FY01-20. Organised dairies in the country are expected⁴ to invest Rs 14,000 crore (US\$ 2.17 billion) during FY18-21.

FDI inflow¹ into Food Processing Industries between April 2000- March 2020 (US\$ billion)

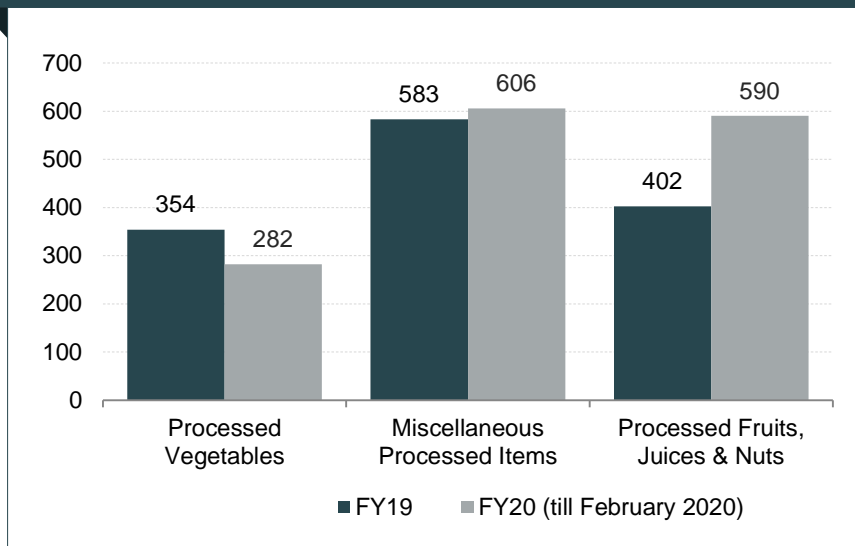


Notes: * till December 2019

Source: ¹DPIIT, ²German Engineering Federation, ⁴Crisil

EXPORT OF PROCESSED FOOD AND RELATED PRODUCTS

Export of Processed Food and Related Products (US\$ million)















Top Importers of Processed Items from India in 2018-19

Product	Countries
Processed Vegetables	USA, France, Germany, UK, Belgium
Processed Fruits & Juices	USA, Netherlands, Saudi Arabia, UK, Germany
Processed Meat	United Arab Emirates, Myanmar, Qatar, Maldives, Bhutan

- Miscellaneous processed items export in FY19 reached US\$ 583 million, followed by processed fruits, juices & nuts at US\$ 246.13 million and processed vegetables at US\$ 354 million.
- India's export of processed food stood at US\$ 4.45 billion in FY19.

Source: APEDA

FOOD PROCESSING SEGMENTS AND PRIVATE PLAYERS

Segments	Private Players		
Fruits, Vegetables and Processed Grains			
Milk and Milk Products			
Meat, Poultry and Marine Products			
Consumer Food (Alcoholic Beverages, Soft Drinks, Packaged Drinking Water, Packaged Food)			

RECENT TRENDS AND STRATEGIES



RISING DEMAND OF INDIAN PRODUCTS IN INTERNATIONAL MARKET...(1/2)

Changing consumer tastes

- Wide array of products, coupled with increasing global connectivity, has led to a change in the taste and preference of domestic consumers.
- This trend has been bolstered by rising income, increasing urbanisation, a young population and the emergence of nuclear families. Consumer preference is moving towards healthier snacks.

Expansion of international companies

- Liberalisation and growth of organised retail have made the Indian market more attractive for global players.
- With a large agriculture sector, abundant livestock, and cost competitiveness, India is fast emerging as a sourcing hub of processed food. Danone, Nestle, Kraft Foods, Mondelez International, and Heinz are some of the international players in food processing market in India.
- Italian confectionery major, Ferrero, will invest Rs 2,000 crore (US\$ 310.3 million) by 2021 to make India a hub for developing new products.
- Nestle India will invest Rs 700 crore (US\$ 100.16 million) in construction in its ninth factory in Gujarat by 2021.

Rising demand on Indian products in international market

- Strategic geographic location and continuous increase in raw material production will help India to supply cheaper products to other countries.
- In November 2019, Haldiram entered into an agreement for Amazon's global selling program to E-tail its delicacies in the United States.

Emphasis on healthier ingredients

- Food processing companies are serving health and wellness as a new ingredient in processed food because of it being low on carbohydrates and cholesterol, for example, zero-per cent trans fat snacks and biscuits, slim milk, and whole wheat products, etc.

Source: Ministry of Agriculture and Farmers' Welfare, Government of India, News Sources

RISING DEMAND OF INDIAN PRODUCTS IN INTERNATIONAL MARKET...(2/2)

Higher consumption of horticulture crops

- There is a surge in demand for fruits and vegetables as a result of shift in consumption. Accordingly, Indian farmers are also shifting production towards horticulture crops to cash in on the growing demand.
- Fresh fruits export from India reached US\$ 462.30 million while fresh vegetables export reached US\$ 546.61 million in FY20 (till January 2020).
- Coca Cola is aiming to improve its sourcing of fruits for aerated drinks and juice beverages categories. In November 2019, Coca-Cola launched 'Rani Float' fruit juices to step out of its trademark fizzy drinks.

Product innovation as the key to expansion

- In September 2019, the World Bank agreed to sanction Rs 3,000 crore (US\$ 430 million) to the Ministry of Food Processing to finance mini and mega food parks across the country,
- Heritage Foods, a Hyderabad-based company, has plans to add five more milk processing units in the next five years for an investment of US\$ 22.31 million as part of its expansion plan to achieve US\$ 1 billion turnover by 2022.

Strengthening procurement via direct farmer-firm linkages

- Contract farming has been operational in India for a long time now, however, the experience of the private sector players involved therein has seen mixed bag of successes and failures.
- Largely, it has helped both the processing companies, via increasing sales and therefore increasing their incomes, as well as Indian farmers by providing access to better technology and fetching better prices in the market.

Agriculture output/outlook

- Sugar production in India reached 26.46 MT between October 2019 and May 2020 sugar season according to Indian Sugar Mills Association (ISMA).
- India's export of basmati rice is expected to grow 4-5 per cent in FY20 on the back of higher average realization, strong demand from Iran and steady rise in paddy prices.

Source: Ministry of Agriculture and Farmers' Welfare, Government of India

Rising business and product innovation

- Companies have been moving up the value chain, for example, cooperatives are transitioning from being pure producers of milk to offering a wide range of dairy products.
- Both domestic and global firms have been focusing on product innovation to cater to domestic tastes while also introducing international flavours. For example, Ruchi Soya is innovating by entering into the ready-to-cook segment to meet the needs of people with significant time constraint and provide a rich source of protein in the breakfast category.

Low-cost price strategy

- Low-cost price strategy is adopted so as to make the product affordable to consumers by guaranteeing them value for money. The main aim is to provide quality products to consumers at minimum cost like Amul Milk. Parle and Sunfeast have been working on their cost and pricing strategy to market economical products.

Research

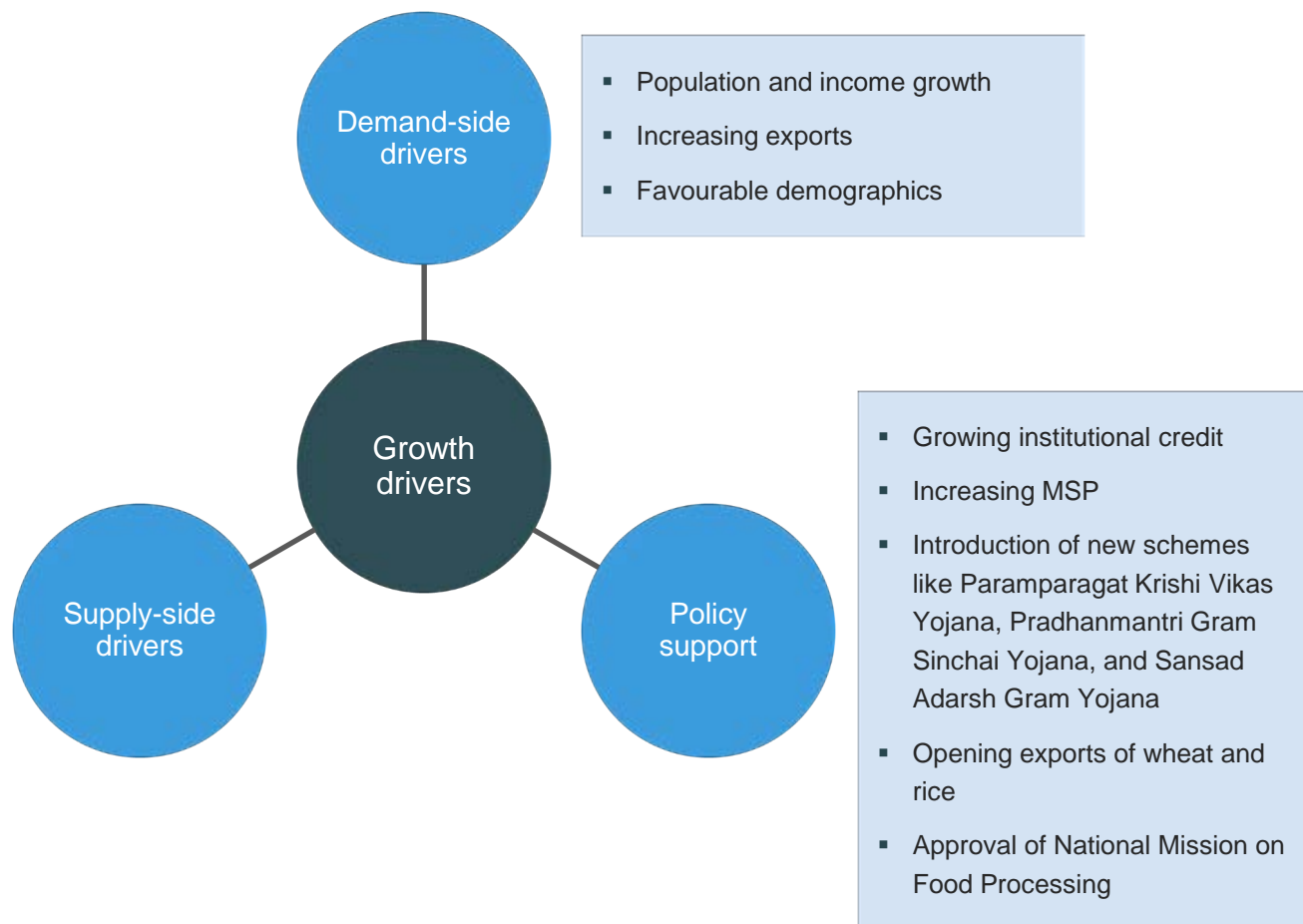
- Crop protection, soil enhancement, and increased productivity are the major segments for the industry.
- In September, 2019, Prime Minister Mr Narendra Modi launched the National Animal Disease Control Programme (NADCP) to eradicate foot and mouth disease (FMD) and brucellosis in livestock.
- Two diagnostic kits developed by Indian Council of Agricultural Research (ICAR) - Indian Veterinary Research Institute (IVRI) and the Japanese Encephalitis IgM ELISA were launched in October, 2019.

Source: Ministry of Agriculture and Farmers' Welfare, Government of India

GROWTH DRIVERS



GROWTH DRIVERS OF INDIAN AGRICULTURE

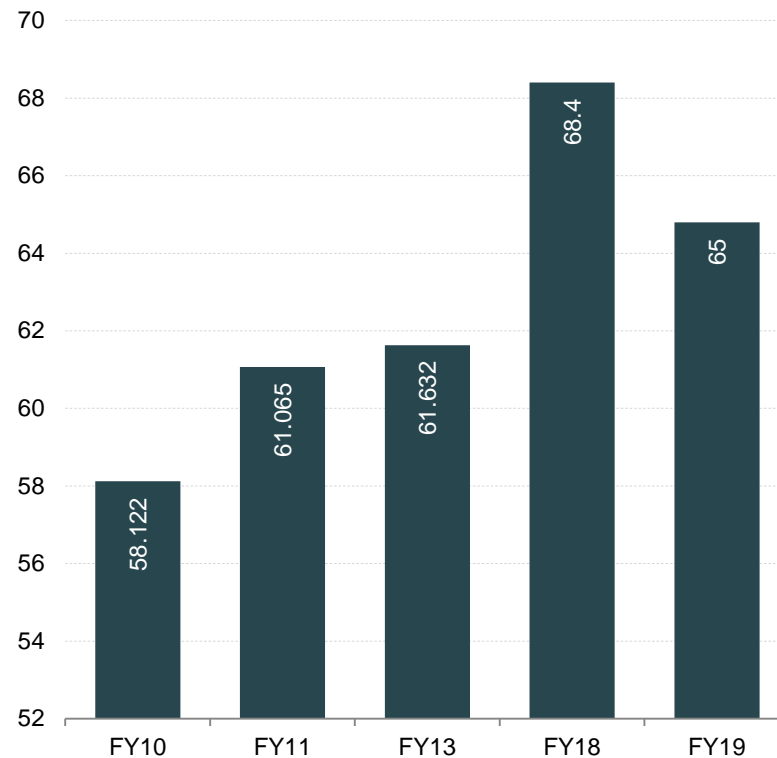


Source: Note: MSP - Minimum Support Price

GROWING AREA UNDER IRRIGATION

- Gross irrigated area under food grains was estimated to reach 64.8 million hectares in FY19*.
- Of the wide variety of crops in India, rice and wheat are the most irrigated.
- With growing investments in irrigation, the dependence on monsoon has declined considerably over the years.
- As per Union Budget 2019-20, Rs 3,949.93 crore (US\$ 565.16 million) was allocated towards implementing Pradhan Mantri Krishi Sinchayee Yojana (PMKSY).
- A long-term irrigation fund has been set up under NABARD. A dedicated micro irrigation fund will be set up under NABARD to achieve the goal, 'per drop more crop'. The initial corpus of the fund will be US\$ 775.67 million.
- In May 2019, NABARD announced an investment of Rs 700 crore (US\$ 100 million) venture capital fund for equity investments in agriculture and rural-focused start-ups.

Gross irrigated area (million hectares)

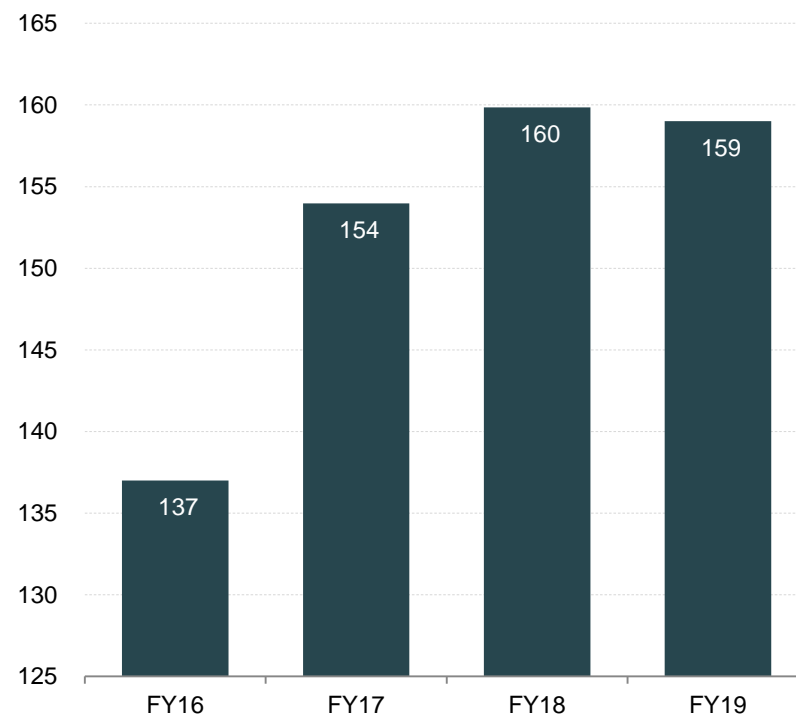


Source: Food and Agricultural Organisation US, Ministry of Agriculture, *Ministry of Agriculture and Farmers' Welfare Annual Report 2018-19

INSTITUTIONAL CREDIT AND INVESTMENTS ON A RISE

- Agricultural credit disbursement target of Rs 13.50 lakh crore (US\$ 193.16 billion) was set in 2019-20 and a sum of Rs 9.07 lakh crore (US\$ 129.90 billion) was disbursed till November 2019.
- In October 2019, Pioneering Ventures (PV) announced the launch of 'Rural India Impact' fund of US\$ 70 million, targeted to make growth capital available to companies it has been backing so far.

Credit to Agriculture & Allied Activities (outstanding) (US\$ billion)

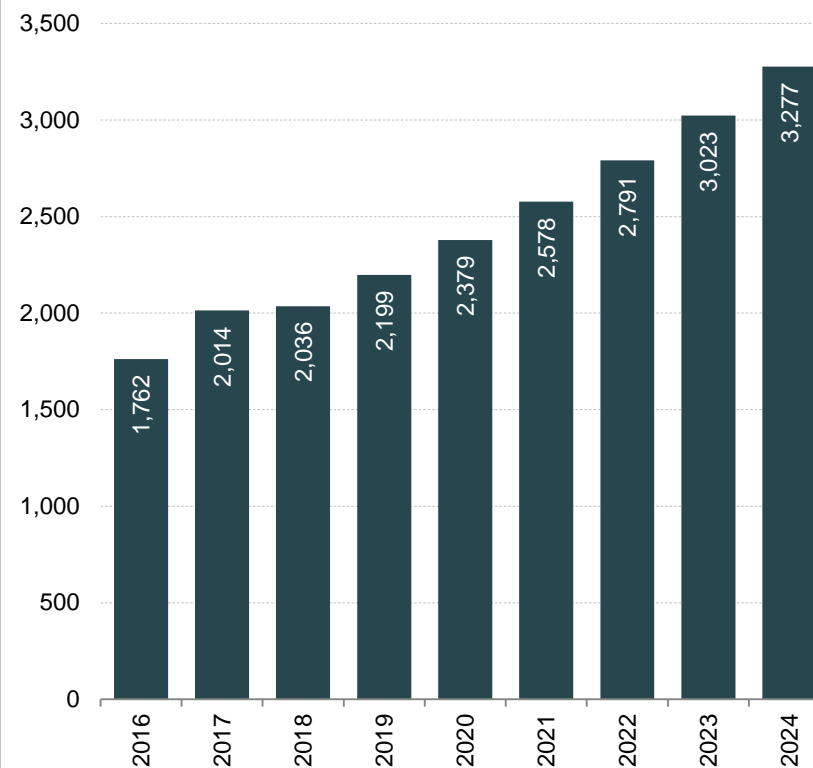


Source: Ministry of Agriculture and Farmers' Welfare, RBI, AgFunder

RISING INCOME AND GROWING MIDDLE CLASS TO DRIVE DEMAND FOR PROCESSED FOOD

- Strong growth in per capita income has resulted in greater demand for food items.
- Per capita GDP of India is expected to reach US\$ 3,277 in 2024 from US\$ 2,036 in 2018.
- Packaged food industry in India is expected to cross US\$ 65 billion by 2020 and become the third largest market for packaged foods globally.
- Ministry of Food Processing has been allocated Rs 1,233 crore (US\$ 176.42 million) in the Union Budget 2020-21.
- There has also been a shift in demand:
 - from carbohydrates to meat products (in line with the various phases of economic growth)
 - and to convenience foods, and organic and diet foods

GDP per capita at current prices (US\$)



Source: International Monetary Fund, World Economic Outlook Database, April 2019, Euromonitor

COMPETITIVE ADVANTAGE

- India's comparative advantage lies in its favourable climate, large agriculture sector and livestock base, long coastline and inland water resources.
- India also has an edge in cost of production compared to its competitors in Asia and the developed world.

	Units	Global Rank
Arable land (million hectares)	161	2
Area under irrigation (million hectares)	55	1
Coastline ('000 kilometers)	7.5	7
Cattle (million)	3.1	1
Arable land (million hectares)	161	2
Area under irrigation (million hectares)	55	1

Product	Production in 2019-20 (MT)
Milk	208
Pulses	23.01
Meat	7.7
Banana	31.7
Mango	20.8
Tea (million kgs)	1350
Rice	117.94
Sugarcane	358.13
Wheat	102.2

Source: Ministry of Agriculture and Farmers' Welfare, Tea Board, Department of Animal Husbandry, Dairying & Fisheries

FAVOURABLE POLICIES ARE SUPPORTING THE SECTOR GROWTH ... (1/2)

<p>Agriculture Export Policy, 2018</p>	<ul style="list-style-type: none"> ▪ New export policy was cleared by the Government of India in December 2018. ▪ Targets increasing India's agricultural export to over US\$ 60 billion by 2022.
<p>Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan)</p>	<ul style="list-style-type: none"> ▪ Prime Minister of India launched the Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan) and transferred Rs 2,021 crore (US\$ 284.48 million) to bank accounts of more than 10 million beneficiaries on February 24, 2019. ▪ After the budget announcement of Pradhan Mantri Samman Nidhi Yojna, eligible farmers will get Rs 6,000 (US\$ 85.84) in three instalments.
<p>Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA)</p>	<ul style="list-style-type: none"> ▪ In September 2018, the Government of India announced a Rs 15,053 crore (US\$ 2.25 billion) procurement policy, under which, states can decide the compensation scheme and can also partner with private agencies to ensure fair prices for farmers in the country.
<p>Pradhan Mantri Krishi Sinchai Yojana (PMKSY)</p>	<ul style="list-style-type: none"> ▪ The scheme ensures access to the means of irrigation to all agricultural farms in the country to produce 'per drop more crop', thus bringing much desired rural prosperity. ▪ To increase agricultural production and productivity by increasing availability of water and its efficient use. ▪ As per the Ministry of Agriculture, during 2019-20, Rs 1.50 crore (US\$ 0.21 million) was allocated to the union territory of Andaman and Nicobar as a central share for implementation of per drop more crop component of Pradhan Mantri Krishi Sinchai Yojana (PMKSY).
<p>Model Contract Farming & Services Act 2018</p>	<ul style="list-style-type: none"> ▪ In May 2018, the Government finalised the Model Contract Act to include all services in the agriculture value chain under its ambit along with contract farming activity. The act has laid special emphasis on protecting farmers' rights in the country.

Source: Ministry of Agriculture and Farmers' Welfare, Union Budget 2019-20

FAVOURABLE POLICIES ARE SUPPORTING THE SECTOR GROWTH ... (2/2)

APMC farmers go cashless

- The Electronic National Agriculture Market (e-NAM), which was launched in April 2016 to create a unified national market for agricultural commodities by networking existing APMCs. It had 16.6 million farmers and 131,000 traders registered on its platform until May 2020. Over 1,000 mandis in India are already linked to e-NAM and 22,000 additional mandis are expected to be linked by 2021-22.

Focus on R&D and modernisation

- Moreover, the Government plans to launch a programme named 'SAMPADA' for the food processing sector with investments worth US\$ 892.46 million to integrate current with new schemes, and with an aim to reduce waste and double farmer's income.

Focus on infrastructure

- The sector has been assigned a priority status for bank credit.
- 60 Agri Export Zones (AEZ) have been set up across the country.
- Between FY15-20, around 1303 cold storages with 45 lakh tonnes have been established.
- In May 2020, Government announced the launch of animal husbandry infrastructure development fund of Rs 15,000 crore (US\$ 2.13 billion).

National Mission on Food Processing

- Ministry of Food Processing Industries (MOFPI) launched a new centrally sponsored scheme (CSS), National Mission on Food Processing, to promote facilities for post-harvest operations, including setting up of food processing industries in India. In Union Budget 2019-20, the Government announced to spend Rs 110 crore (US\$ 15.74 million) in Union Territories only.

Notes: RKVY - Rashtriya Krishi Vikas Yojana

Source: Ministry of Agriculture and Farmers' Welfare, Union Budget

FAVOURABLE POLICIES ARE SUPPORTING THE SECTOR GROWTH ... (3/3)

Pradhan Mantri Kisan Maan-Dhan Yojana (PM-KMY)

- A minimum fixed pension of Rs 3000 (US\$ 42.92) will be provided to eligible small and marginal farmers on attaining the age of 60 years, subject to certain exclusion clauses.
- The beneficiary is required to make a monthly contribution between Rs 55 to Rs 200 (US\$ 0.78 to 2.86) to the Pension Fund depending on the age of entry into the scheme and a provision of equal contribution by the Central Government.
- The scheme aims to cover around 3 crore beneficiaries. As on 14th November 2019, 2 million farmers in the country have been registered under the scheme.
- A budgetary provision of Rs 900 crore (US\$ 128.7 million) has been made for the year 2019-20.

National Animal Disease Control Programme for Foot and Mouth Disease and Brucellosis

- In order to eradicate the Foot & Mouth Disease (FMD) and Brucellosis amongst the livestock, the scheme was launched in September 2019.
- Under this, there are 12,652 crore fully Central Government sponsored programme scheduled that will vaccinate over 600 million cattle in the country in an effort to mitigate the two diseases.
- The scheme is aiming at ensuring 100 per cent vaccination of cattle, buffalo, sheep, goat and pig.
- In May 2020, Rs 13,343 crore (US\$ 1.89 billion) was allocated to the scheme.

HIGHLIGHTS OF UNION BUDGET 2020-21

- The Budget 2020-21 has identified agriculture sector as one of the key drivers of the economy.
- As per Union Budget 2020-21, the Government will work with state Governments to allow farmers to benefit from e-NAM.
- The Government announced plans to launch Krishi Udaan on international and national routes.
- Fish production is expected to increase to 200 lakh tonnes by 2022-23.
- PM-KUSUM scheme has expanded to support 20 lakh farmers for setting up stand-alone solar pumps and will help another 15 lakh farmers to set up their grid-connected solar pump.
- Viability gap funding will be provided under Union Budget 2020-21 for setting up warehouses.
- Coverage of artificial insemination will be increased to 70 per cent from 30 per cent at present.
- Rs 1.34 lakh crore (US\$ 19.23 million) allocated to the Ministry of Agriculture and Farmers' Welfare.
- Rs 8,363 crore (US\$ 1.20 billion) allocated to the Department of Agricultural Research and Education.

Source: Union Budget 2020-21

OPPORTUNITIES



Farm management services

- New agri business, which provides inputs such as seeds and fertilizers along with providing advice and training farmers on latest agricultural practices.
- It introduces efficiencies into the whole gamut of agri practices.
- Provides assistance to sell products at appropriate prices.
- In December 2019, the Department of Agriculture, Cooperation and Farmers Welfare created a task force to develop a complete farmers' database for better planning, monitoring, strategy formulation and smooth implementation of schemes for the entire country.

Potential global outsourcing hub

- Limited arable land against growing population makes agricultural inputs crucial.
- Huge opportunity exists for agri input segments like seeds and plant growth nutrients.
- In India, commercial seeds account a small percentage (25 per cent) and huge demand is expected for quality branded seeds.
- Global supermarket majors are looking at India as a major outsourcing hub.
- The establishment of food parks – a unique opportunity for entrepreneurs, including foreign investors to enter in the Indian food processing sector.
- As of 2019, out of the 40 approved mega food parks in the country, 18 are operational.
- As of Sept 2019, the World Bank sanctioned Rs 3,000 crore (US\$ 429.25 million) to finance mini and mega food parks in the country.

Supply chain infrastructure and contract farming

- 1,303 cold storages with a capacity of 45 lakh MT has been established since 2015.
- Private warehouse operators are supported by multiple income streams, subsidy and availability of credit.
- It is expected that 4 per cent growth in the food grain storage capacity would restructure agricultural sector over the next few years.
- Both firms and the Government are eager to boost efficiency and access to markets.
- Investment potential of US\$ 22 billion in food processing infrastructure; 100 per cent FDI in this area.
- Firms are increasingly taking recourse to contract farming in order to secure supply.
- The Government's main focus is on supply chain related infrastructure like cold storage, abattoirs and food parks.

Source: Ministry of Agriculture and Farmers' Welfare, Ministry of Food Processing Industries

GOVERNMENT INITIATIVES THAT WILL FURTHER PROP UP THE SECTOR

- In September 2018, the Cabinet Committee on Economic Affairs (CCEA) approved a Rs 5,500 crore (US\$ 820.41 million) assistance package for the sugar industry in India.
- In March 2018, the Government of India extended the urea subsidy to farmers till 2020 with an aim to ensure supply of urea at statutory controlled prices. Urea subsidy for 2018-19 was estimated at Rs 45,000 crore (US\$ 6.95 billion).
- The Coffee Board is positioning India as a “Coffee Nation” and as the drink for Prime Minister Narendra Modi's vision of New India.
- Allocation of US\$ 3.9 billion for RFID, US\$ 234 million for long – term rural credit fund, US\$ 7.03 billion for short – term cooperative rural credit finance fund, and US\$ 3.9 billion for short – term RRB refinance fund.
- Food Processing Industries have taken few initiatives for developing the food processing sector that would enhance the exports of agro and processed foods and income of farmers.
- The Government is planning to invest US\$ 8 billion to revive four fertilizer plants and setting up two plants to produce farm nutrients.
- Financial outlay of US\$ 35.47 million has been announced under the National Dairy Development Board (NDDB) to boost milk output and per animal production of milk.

Source: Ministry of Agriculture and Farmers' Welfare, DIPP; Note: RFID – Radio Frequency Identification

INDUSTRY ASSOCIATIONS



Agency	Contact Information
National Institute of Agricultural Extension Management	Rajendranagar, Hyderabad–500 030, Andhra Pradesh Phone: 040-24016702 to 706 Fax: 040-24015388
National Institute of Agricultural Marketing (NIAM)	Bambala, Kota Road Jaipur–302033, Rajasthan Phone: 0141-2770027 Fax: 0141-2771938, 2770027
Central Insecticides Board and Registration Committee	Machinery Store Building, N.H.IV Faridabad Phone: 0129 -2413002.
Coconut Development Board	Kera Bhavan, SRVHS Road, Kochi Kerala–682011 Phone: 0484-2376265, 2377267, 2376553 Fax: 0484-2377902
National Dairy Development Board (NDDB)	PB No 40, Anand–388 001 Phone: 02692-260148/260149/260160 Fax: 02692-260157
National Horticulture Board (NHB)	Ministry of Agriculture, Government of India 85, Institutional Area, Sector-18 Gurgaon–122015, Haryana
National Oilseeds and Vegetable Oils Development Board (NOVOD)	Krishi Bhavan, New Delhi 110 114 Phone: 91-11-25846010

USEFUL INFORMATION



- AIBP: Accelerated Irrigation Benefit Programme
- Breeder seeds: Seeds move from germ-plasm (research) stage to breeder stage
- CAGR: Compound Annual Growth Rate
- Certified/quality seeds: Foundation seeds are further multiplied to get certified seeds, which are sold to farmers
- FMTTI: Farm Machinery Training and Testing Institutes
- Foundation seeds: Breeder seeds are multiplied as foundation seeds
- FY: Indian Financial Year (April to March); So, FY12 implies April 2011 to March 2012
- KCC: Kisan Credit Card
- MSP: Minimum Support Prices
- NFSM: National Food Security Mission
- NMAM: National Mission on Agricultural Mechanisation
- PGN: Plant Growth Nutrients
- RKVY: Rashtriya Krushi Vikas Yojana is a central Government scheme providing funds to state Governments to spend on agriculture
- Wherever applicable, numbers have been rounded off to the nearest whole number

EXCHANGE RATES

Exchange Rates (Fiscal Year)

Year INR	INR Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49

Exchange Rates (Calendar Year)

Year	INR Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89

Source: Reserve Bank of India, Average for the year

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