

Challenges Facing Indian Bakery Industry

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Chef Balendra Singh, Director of Institute of Bakery and Pastry Arts (IBPA) talks about the challenges faced by Indian Bakery Industry



The bakery industry in India is experiencing robust growth over nine percent according to a recent report. It is a huge industry, employing a large number of people. In fact, with over one million unorganized small-scale bakeries and more than 2,000 organized or semi-organized bakeries, the bakery sector is the largest of all the segments of India's food processing sector.

A report released by leading market research company IMARC in March 2019 stated that the Indian bakery market reached a value of \$7.22 billion in 2018. The market value is projected to exceed \$12 billion within the next five years, expanding at a compound annual growth rate (CAGR) of 9.3 percent during 2019- 2024. As bakery products provide both convenience and affordability to the consumers, their consumption level has witnessed a rise in the past few years," according to the report titled "Indian Bakery Market, Industry Trends, Size, Growth, Opportunity and Forecast 2019-2024".

A huge part of this market almost 80 percent is captured by bread and biscuits which are items of mass consumption. As bread and biscuits are fast-moving consumer goods (FMCG), they are consumed on a daily basis by the consumers, which is the main reason for increases in sales of these products in India. "In addition to this, growth in the fast-food chains further stimulates the demand for bread as they are used for sandwiches, burgers, soups, snacks, etc.," the report stated.

Moreover, the introduction of value-added bakery products is giving an impetus to the market growth. Apart from this, busy lifestyles, changing eating habits and western influence has reflected in a strong demand for bakery products in India, it added.

Trends in Indian Bakery

One clear trend that has emerged in the bakery industry is the preference for lighter and healthier foods. Gone are the days when stores were full of only white bread. No one can have multigrain bread, brown bread or even gluten-free bread if someone is intolerant to this family of proteins found in grains like wheat, rye, etc. And these products are not limited to a few

urban corners. They have spread across the length and breadth of the country. And it is not only bread which has become healthier. The same can be said of biscuits, cakes and many other items. The rise of diabetes in the country has also led to a rise in the demand for sugar-free bakery products. Overall, this trend towards healthier items has been driven by increasing health consciousness.

So the time now has come for companies like Sustenance Foods which recently introduced handcrafted granola that is gluten-free, packed with nuts and seeds and sweetened with locally sourced organic honey to flourish. In fact, the trend towards healthier bakery items has grown so strong that it is not just new bakeries that are experimenting with lighter items. Even traditional bakeries are now innovating new products to cater to the growing demand for healthier foods. Another trend that has emerged in recent years is a preference for handcrafted items. The sheer variety of handcrafted chocolates that becomes available during festivals points towards the growing demand for such items in the country.

The demand is increasing not just for handcrafted chocolates, but also for extra bakery items. These trends also show that the people are not shying away from paying a little more than what they prefer if they get the products of their choice- healthy, hygienic and tasty. This is especially true in urban India, though the trend is catching fast in other areas of the country as well. All these augur well for small unorganized bakery stores in India because they can now concentrate on producing quality products without bothering much about whether they would be able to make a reasonable profit out of the products that could be priced slightly higher.

Challenges Facing the Industry

The growth of industry also brings its own challenges and the most important of them being increasing adequate capacity to meet the new-age demands. For example, to meet the demand for healthier food, bakeries need to invest in making the facilities more hygienic and also hiring new people with knowledge of such products. One cannot produce gluten-free bread in a facility that also produces products containing gluten. Making facilities hygienic also requires that there should be an adequate number of toilets, hand-washing facilities and changing rooms for the workers. According to a "Guidance Document on Food Safety Management System" produced by Food Safety and Standards Authority of India (FSSAI), it is important for food production facilities to have washbasins, drying facilities (cloth towel should not be used), soap, disinfectant, dustbin, tap and suitable temperature controlled water supply.

It also requires the facilities to have sufficient numbers and separate hygienically designed toilets with proper flushing facilities for male and female employees. "The toilets shall not open directly to the food production area and shall be maintained in a clean and hygienic condition. There must be an interceding space between the toilet and a room where open food is handled. No food or ingredients should be stored in this interceding space," states the FSSAI guidance document. Getting the right people is another challenge. This is because, traditionally, the industry has not put much emphasis on imparting training on various facets of the industry to make the workforce future-ready. This is not to say that the training institutes in the country are not equipped to impart proper training. But there appears to be a need for the industry to build a culture of regular training and also give confidence to young aspiring bakers that investing in education to learn the nuances of the bakery industry is worth their money and time. The increase in demand for fortified items which include fiber, antioxidants, omega-3 oils, and vitamin and mineral fortifications also pose new challenges for the industry.

"The addition of inclusions to baked products requires modifications to the original product formula, thus creating a new product from an existing one. Such modifications can be challenging to bakers as changes in the formulation may result in the need for changes to equipment, processes and ingredient costs," states the FSSAI document. "The sector reports a strong need for more training institutes which can produce skilled workers who are knowledgeable not only about the trade but are also competent in implementing the food safety and hygiene requirements prescribed in the country's food laws," the document says. Innovating new products is another big challenge for the industry in view of increasing competition in the market. There is also a need to increase awareness about the digital technologies and usefulness of social media platforms that can help bakeries in the unorganized sector reach a wider market.