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Trends and Challenges of Indian Bakery Industry

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By **Kalyani Sharma** | June 28, 2019


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Chef Balendra Singh, Founder, Institute of Bakery and Pastry Art shares his views on Indian bakery industry

The Bakery industry and India is experiencing robust growth over 9% according to a recent report. It's a huge industry employing a large number of people. In fact with over a million an organised small scale bakeries and more than 2000 organised or semi organised bakeries. The Bakery sector is the largest of all the segment of India's food processing sector. Report released by leading market research company IMARC in March 2019 started that the Indian Bakery markets reach a value of dollars 7.22 billion in 2018. The market value is projected to exceed dollar 12 billion within the next 5 year expanding at a compound annual growth of 9.3 % during 2019-2014.

A large part of this market nearly 80% is captured by bread and biscuits which are items of mass consumption. In fact India is 2nd only to the US in terms of biscuit production. As breads and biscuits are fast-moving consumer goods (FMCG), they are consumed on a daily basis by the consumers, which is 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 breads as they are used for sandwiches, burgers, snacks, etc. Moreover, introduction of value added bakery products is giving a boost 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 Bakeries

One clear trend that has come up in the bakery industry is the preference for lighter and healthier foods. Now one can have multigrain bread, brown bread, sweet 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 cities. They have spread across the length and breadth of the country. And it is not only breads which have become healthier. The same

can be said of biscuits, cakes, pastries and many other items. The rise of diabetes in the country has also led to a rise in the demand for sugar free and healthy bakery products. Overall, this trend towards healthier items has been driven by increasing health awareness.

So the time now has come for companies like sustenance foods which newly introduced handcrafted granola that is gluten free, packed with nuts and seeds and sweetened with locally sourced organic honey to flourish. The trend towards healthier bakery items has grown so strong that it is not just new bakeries that are analyzed with lighter items. Even traditional bakeries are now bringing in new products to cater to the growing demand for healthier foods.

Another trend that has emerged in recent years is a preference for homemade items. The pure variety of homemade chocolates that becomes available during festivals points towards the growing demand for such items in the country. The demand is growing not just for homemade chocolates, but also for other 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 diviner well for small unorganised bakery stores in India because they can now concentrate on producing quality products without bothering much about whether they would be able to make reasonable profit out of the products that could be priced slightly higher.

Challenges Facing Indian Bakeries

The growth of an industry also brings its own challenges and the most important of them being increasing sufficient capacity to meet the new age demands. For example, to meet the demand for healthier food, bakery store or shop need to invest in making the facilities more hygienic and also hiring new people with knowledge of such products.

Making facilities hygienic also requires that there should be adequate number of toilets, hand-washing facilities and changing rooms for the workers. According to 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 wash basins, drying facilities (cloth towel should not be used), soap, dustbin, tap and suitable temperature controlled water supply.

It also requires the facilities to have sufficient number 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 neat and clean condition. Getting the right people is another challenge. This is because, traditionally the industry has not put much attention 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 emphasis to young aspiring bakers that investing in education to learn the nuances of the bakery industry is worth their time and money.

The increase in demand for fortified items which include fibre, 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 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,” document says.

Innovating new products is another big challenge for industry in view of increasing competition in the market. There is also need to increase awareness about the digital technologies and convenience of social media platforms that can help bakeries in the unorganised sector reach a wider market.

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