

# Final project proposal – Export firm based in India. Exporting food commodities such as rice, coffee, spices, and pulses.

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## Definition of the research question/consulting problem / entrepreneurship goal

This entrepreneurship project will focus on starting and developing an export firm based in India. The firm will focus on exporting agricultural commodities sourced from within India, and exported globally. The firm's focus will be in the products and varieties of rice, coffee, spices, and pulses.

This entrepreneurship project aims to match the supply of Indian agricultural commodities to global demand arising from specific countries. The project will investigate what are the countries of demand and what are their respective regulations for each of their products.

Additionally, the project report will provide coverage of important aspects of the business venture such as a plan for human resources, sales and marketing plans, financial plan, and plan of operations..

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## Context/Justification of the Problem/Goal of the Project

### General overview

India's rich agricultural diversity, competitive pricing, and growing demand globally for agricultural commodities provide a robust foundation for a food export business. By leveraging India's strengths and staying agile in response to regulatory and geopolitical dynamics, the business can secure long-term growth and profitability. Diversification of products (rice, coffee, spices, etc.) and markets will further reduce risks and open up **financially lucrative opportunities**. The justification has been delineated below.

#### *Rising Global Demand for Agricultural Commodities*

- With increasing global population combined with a rising global incomes, there is a growing need for food staples and speciality products like rice and coffee. Developing regions in Africa, the Middle East, and Southeast Asia show rising demand for staples, while developed regions prefer high-quality, sustainable food products.

- Coffee consumption, in particular, is growing rapidly, with India producing many varieties that are well-suited for export. Some of the traditional variants are experiencing a premiumization boom which offer unique selling points.
- India's agricultural diversity allows the inclusion of various commodities like rice, coffee, spices, and pulses, increasing business opportunities.

#### *India's Competitive Advantage*

- India is a leading rice exporter and ranks among the top coffee exporters.
- The cost competitiveness of Indian agricultural products makes them attractive globally, especially in price-sensitive markets.

#### *Dynamic Indian Regulatory Framework*

- India's government intermittently regulates exports of key commodities, creating challenges and opportunities for exporters. Businesses that stay informed and adapt quickly to policy changes, such as lifting bans or implementing subsidies, can gain significant advantages.
- Strategic alignment with government export incentives and promotion schemes adds to financial benefits.

#### *Dynamic Global Geopolitical Scenario*

- Global trade dynamics are shifting due to geopolitical events, trade wars, and alliances. The concepts of "**near-shoring**" and "**friend-shoring**" highlight the importance of establishing trade relationships with politically stable and aligned nations.
- For Indian food commodities, safe and asymmetric-risk destinations include:
  - **Rice:** Middle East, Africa, and Europe.
  - **Coffee:** USA, EU, and Japan (markets with a growing interest in premium and sustainable coffee).
  - Diversifying the export base and exploring intermediary hubs like the UAE or Singapore can provide workarounds during trade restrictions.

#### *Global Trends Favoring Indian Exports*

- **Sustainability and Traceability:** Increasing demand for sustainable, organic, and ethically sourced products aligns with India's growing organic farming sector.

- **Changing Diets and Preferences:** Gluten-free diets, coffee culture, and demand for spices and pulses have bolstered the need for commodities from India.

#### *Economic and Climatic Factors in India*

- India's diverse agricultural base ensures a stable supply of various food commodities, supported by favourable climatic conditions and extensive irrigation networks.
- The cost-effective labour market reduces production and packaging costs, ensuring price competitiveness.

#### *Risk Mitigation and Strategic Planning*

- Identifying multiple trading partners and markets minimizes risks associated with export bans or geopolitical uncertainties.
- Establishing partnerships with global distributors and traders ensures continuity of operations during volatile times.

## Specific numerical insights

This section provides numerical data and relevant insights to substantiate and factually ground the proposal.

#### *India's Agricultural Export Leadership*

- India exported \$11 billion worth of rice in FY 2022-23, accounting for over 40% of global rice trade (APEDA).
- Coffee exports from India reached \$1.08 billion in FY 2022-23, making India the fifth-largest coffee exporter globally (International Coffee Organization).
- Spice exports contributed \$4 billion in FY 2022-23, highlighting the strong global demand for Indian-origin spices (APEDA).

#### *Market-Specific Demand Data*

- Middle East and Africa imported over 12 million tons of rice in 2022, with India as the primary supplier (World Bank Commodity Market Outlook).
- Global coffee demand is projected to grow at a CAGR of 4.5% from 2023 to 2030, driven by premium coffee consumption in markets like the EU, USA, and Japan (International Coffee Organization).

### *Competitiveness of Indian Exports*

- Indian agricultural labor costs are 50% lower than the global average, ensuring competitive pricing (Ministry of Commerce, India).
- Indian robusta coffee is priced 20-25% lower than Brazilian and Vietnamese varieties, enhancing its appeal in price-sensitive regions (International Coffee Organization).

### *Export Incentives and Government Support*

- The government provides 2-4% of export value back to exporters through schemes like RoDTEP, helping reduce cost pressures (APEDA).
- Organic rice and spices, backed by APEDA certification subsidies, align with the \$9 billion global organic food market, which is growing rapidly (World Bank Commodity Market Outlook).

### *Logistical and Infrastructure Advantages*

- Recent advancements in port infrastructure, such as Mundra and Krishnapatnam, have reduced shipping times to key markets (Middle East and Southeast Asia) by 20% (APEDA Logistics Reports).
- India's cost-effective logistics, despite a slightly higher 14% logistics-to-GDP ratio, provide a competitive edge in accessing global markets (Ministry of Commerce, India).

### *Sustainability and Diversification Trends*

- Global demand for organic and sustainable products is growing at a CAGR of 6.5%, aligning with India's increasing organic farming base (APEDA).
  - Diversification into politically stable markets such as Europe and the USA has enabled exporters to maintain a 4% annual growth rate, even during geopolitical uncertainties (WTO Trade Analysis).
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## Definition of Specific Goals

The following specific goals have been identified to establish a roadmap for fulfillment of the entrepreneurship project.

### Check the financial feasibility of launching the export business

- Conduct a detailed cost-benefit analysis to determine the profitability of exporting rice, coffee, and other food commodities from India.
- Evaluate operational expenses, logistics, export duties, and profit margins in target markets.

### Identify drivers and brakes to the growth of the business

- **Drivers:** Pinpoint key factors that can accelerate growth, such as high global demand, government export incentives, and expanding into under-served markets.
- **Brakes:** Analyze potential barriers, such as fluctuating regulatory policies, geopolitical risks, and logistical challenges, and propose mitigation strategies.

### Check the financial feasibility of market diversification

- Assess the viability of targeting diverse markets, including high-demand regions like the Middle East for rice and Europe for speciality coffee.
- Study the costs and benefits of exporting to risk-neutral versus high-risk markets.

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## Present the Methodology to be Used

Feasibility assessment methodologies have been discussed below.

### To check the financial feasibility of launching the export business.

*Methodological Framework: Financial feasibility studies.*

- **Break-Even Analysis:** Calculate the volume of exports needed to cover initial investment and operational costs.

- **Use a Net Present Value (NPV)** approach to determine long-term profitability.
- **Scenario Planning:** Create optimistic, pessimistic, and realistic financial models based on potential market conditions.

To identify drivers and brakes that contribute to the growth of the business.

*Methodological Framework: SWOT, PESTLE, and Five Forces analysis.*

*SWOT Analysis of the Project and Project coordinator/entrepreneur*

**Strengths** - Extensive cross-cultural Experience, entrepreneurial acumen, expertise in financial analysis, and adaptability and continuous learning

**Weaknesses** – Limited direct experience in the export sector.

**Opportunities** - Identify emerging markets and product diversification for Indian agricultural commodities.

**Threats** - Regulatory risks, competitive landscape, economic and geopolitical volatility

*PESTLE Analysis:* Assess **Political, Economic, Social, Technological, Legal,** and **Environmental** factors impacting your export strategy.

*Porter's Five Forces:* Evaluate the competitive landscape, buyer power, supplier power, threat of substitutes, and barriers to entry.

To check the financial feasibility of market diversification and market entry strategies.

*Methodological Framework: Market Segmentation and Entry Strategy Frameworks.*

*Market Segmentation Analysis:*

- Identify key regions with high demand (e.g., Middle East for rice, Europe for coffee).
  - Evaluate consumer preferences, purchasing power, and regulatory requirements in each segment.

*Entry Strategy Frameworks:*

- **Direct Exporting:** Set up direct relationships with buyers.

- **Licensing or trade Intermediaries:** Collaborate with distributors and/or explore trading hubs like Dubai for risk mitigation.
  - **Joint Ventures:** Partner with local companies to gain market access and navigate regulations.
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## Identify Major Bibliographic References and Data Sources

### Government and Trade Bodies of India

- **Agricultural and Processed Food Products Export Development Authority (APEDA):** Offers insights on rice export policies, guidelines, and statistics.
  - **Website:** <https://apeda.gov.in/apedawebsite/>
- **Ministry of Commerce and Industry (India):** Provides trade regulations and export data.
  - **Website:** <https://www.commerce.gov.in/>
- **Directorate General of Foreign Trade (DGFT):** Essential for export licensing and procedural guidance.
  - **Website:** <https://www.dgft.gov.in/CP/>

### International Trade Organizations

- **International Trade Centre (ITC):** ITC is a joint agency of the United Nations and the World Trade Organization. It offers market access tools and trade flow statistics.
  - **Website:** <https://www.intracen.org/>
- **World Trade Organization (WTO):** Helpful for understanding trade agreements and tariffs.
  - **Website:** <https://www.wto.org/>



- **World bank Group – Commodity markets section:** Provides data on current prices and price forecasts.
    - **Website:** <https://www.worldbank.org/en/research/commodity-markets>
  
  - **European Commission – Agriculture and rural development section:** Provides short term and medium outlook for major EU agricultural commodity markets.
    - **Website:** [https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook\\_en](https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook_en)
  
  - **European Commission (for food control):** provides information on regulation for food imports into the European union.
    - **Website:** [https://food.ec.europa.eu/horizontal-topics/official-controls-and-enforcement/imported-products\\_en](https://food.ec.europa.eu/horizontal-topics/official-controls-and-enforcement/imported-products_en)
  
  - **US Food and Drug Administration** – provides information on regulation for food imports into the United states.
    - **Website:** <https://www.fda.gov/food/food-imports-exports/importing-food-products-united-states>
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### Provisional Title of the Project

**“From Indian Farms to Global Markets: Business Plan for Indian Agricultural Commodity Exports.”**

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## Working Schedule

S No	Month	Tasks
1	December	Indian regulations and government incentives.
2	January	Major markets analysis - including prices and respective regulation.
3	February	Logistics, Operations, and HR Plan.
4	March	Sales, and Marketing Plan. Financial plans and feasibility studies.
5	April	Final draft Submission to TFM director by 25th April 2025.
6	May	Final TFM document submission by 25th May 2025.
7	June	TFM oral defense during first week.

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## References

1. Agricultural and Processed Food Products Export Development Authority (APEDA):  
[<https://apeda.gov.in/apedawebsite/>](<https://apeda.gov.in/apedawebsite/>)
2. International Coffee Organization: [<https://www.ico.org/>](<https://www.ico.org/>)
3. World Bank Commodity Market Outlook:  
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[markets](https://www.worldbank.org/en/research/commodity-markets)](<https://www.worldbank.org/en/research/commodity-markets>)
4. Ministry of Commerce, India:  
[<https://www.commerce.gov.in/>](<https://www.commerce.gov.in/>)
5. World Trade Organization (WTO): [<https://www.wto.org/>](<https://www.wto.org/>)