

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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India

Food Processing Ingredients

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Report Highlights:

India's food processing sector continues to expand in response to changing demographics, strong local and international brands, emerging modern retail and growing consumer acceptance of processed foods. Sales of packaged foods nearly doubled between 2005 and 2010 to \$20 billion and the industry has attracted \$1.3 billion in foreign direct investment since 2000. Despite the strong growth, per capita consumption of processed foods remains low and a relatively small percentage of India's sizeable agricultural production is processed, suggesting that there is ample opportunity for future growth. In addition to strong competition from domestically-produced inputs, U.S. exporters of food ingredients face high tariffs and effective import bans in certain categories. Exporters of high quality ingredients that are not produced in India are likely to find the best opportunities. U.S. exports of food ingredients were \$50 million in 2010, up 150 percent from 2005.

Post:

New Delhi

Author Defined:

SECTION I: INDIA FOOD PROCESSING SECTOR – MARKET OVERVIEW

While India is one of the world’s largest producers of fruits, vegetables, cereals and milk, a significant amount of food is lost each year due to the lack of storage, transportation, cold storage and processing facilities. Indian consumers have traditionally preferred fresh ingredients and home-cooked meals. However, rising incomes, a young population, more working women, an expanding food retail sector and steady urbanization are combining to change food consumption patterns with an emphasis on convenience, quality and food safety. According to data provided by the Ministry of Food Processing, the food processing sector accounts for 14 percent of manufacturing gross domestic product and is valued at \$58 billion. The modern sector, which is represented by large multinational and Indian brands accounts for 30 percent of production volume and 50 percent of production value. The balance is produced in what is referred to as India’s “unorganized” sector which is comprised of small manufacturers.

Traditionally, a significant segment of the food processing in India was confined to primary processing (milling and crushing) of cereals, pulses and oilseeds along with the processing of foods such as traditional pickles, spice mixes and snack foods (cookies and salty fried snacks). Until the late 1990s, most of the food processing sector was limited to small-scale industries (SSI) where only small firms could obtain a license to process foods. In recent years, laws have changed to allow large firms to invest in the sector and Indian and global food companies have entered the sector. Despite increasing investment and modernization in the industry, the level of processing of perishable food products remains low (Table 1).

Table 1: Level of Processing in Perishable Products

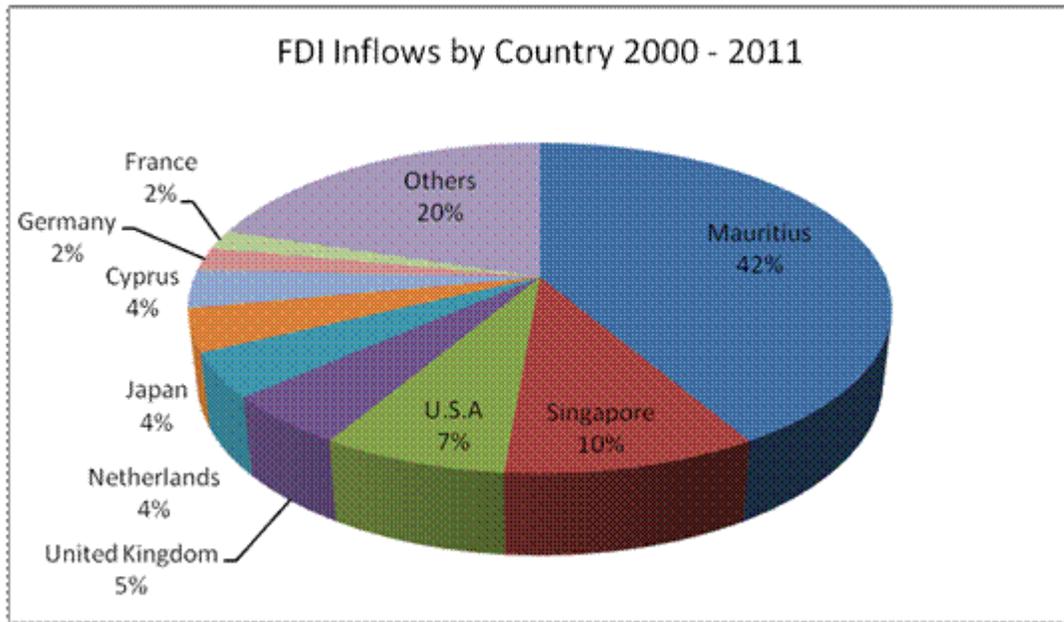
Product	Level of Processing (% of total production)
Fruits & Vegetables	2.2
Milk*	35.0
Buffalo Meat	20.0
Poultry	6.0
Marine	26.0

Source: Ministry of Food Processing Annual Report 2010-11 and Industry Sources

* A large segment of processed milk consists of packaged liquid milk

The Government of India has simplified investment procedures in the food processing sector in an effort to attract foreign investment. The number of food products reserved for small scale industries has been reduced; investments are permitted under the “automatic route” which simplifies capital reporting procedures; up to 100 percent foreign equity can be invested for most products; certain taxes have been

reduced for investors; and import tariffs on some equipment have been reduced. In turn, the food processing industry has attracted \$1.3 billion in foreign direct investment (FDI) over the past 11 years accounting for one percent of total FDI inflows.



Source: Department of Industrial Policy Promotion; Ministry of Commerce and Industries

A key component of the Government of India's strategy to reduce food losses and contain persistently high food inflation involves attracting investment in food processing and the food value chain. India's emerging modern food retail industry is also creating new demand for processed foods and food processors are introducing new products and improving traditional recipes using improved technology, innovative packaging and aggressive marketing.

The expanding industry presents new opportunities for suppliers of products that can be used as ingredients in food processing. Products that have traditionally done well in the Indian market such as nuts and dried fruits are finding new opportunities as ingredients in processed foods such as ice cream, cookies and baked goods. Additionally, the market for high quality ingredients, especially products that are not readily available in India, is reportedly expanding. U.S. exports of ingredients (defined as "other intermediate products" in Foreign Agricultural Service BICO reports at www.fas.usda.gov) reached \$50 million in 2010, a 150 percent increase from 2005.

Trade Policy

High tariffs continue to boost the cost of imported ingredients and limit opportunities for foreign exporters. Tariffs on many ingredients are 30-40 percent, but can vary. In addition, there are several additional fees and tariffs that could apply. Exporters should work closely with their prospective importers to determine the likely landed post-duty cost of their products. There tends to be less opposition to imports of food ingredients, especially those that are seen as complementary to domestically produced ingredients. The Ministry of Food Processing is an advocate of export led investment in the food processing sector, where a firm tests a product or ingredient through exports with the intent to eventually invest and produce in India. In addition to high tariffs there are a number of non-tariff access

issues that effectively prohibit imports of U.S. dairy products classified in chapter four of the Harmonized Tariff Schedule, poultry meat, beef, pork, pet food, seafood and foods derived from biotech crops (except soybean oil). Exporters should also ensure that their products comply with India's food labeling and inspection requirements. The Ministry of Health and Family Welfare regulates both domestic and imported range of processed foods and food ingredients, through the standards laid out in Food Safety and Standards Act (More information is available in the follow GAIN reports: [IN1172](#) and [IN1165](#)).

Opportunities and Challenges in the Food Processing Sector:

Opportunities:

- Growth in the food processing industry
- Increasing disposable incomes, dual income households, urbanization, increasing numbers of nuclear families, preference for convenience foods
- Seasonality of raw materials produced in India
- Indian consumers are becoming more accepting of foreign foods and flavors
- Small but growing modern food retail sector
- Increasing demand for quality and hygienic ingredients and foods
- Rising number of foreign brands is boosting quality throughout the sector
- U.S. products are associated with high quality

Challenges:

- Processed foods still seen as inferior to fresh foods by many consumers
- Forward and backward linkages still developing
- Fragmented and long supply chain
- Processing firms source most of their ingredients locally
- Modern retail sector is relatively small
- High tariffs and market access issues
- Despite expanding palates, most consumers prefer Indian cuisine

SECTION II: ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

The best way to begin exporting to India is to identify a firm that imports and distributes food ingredients. These firms are adept at navigating the import and distribution processes and are able to engage directly with India-based food processors. While a few firms specialize in ingredients, others may handle retail-ready products in addition to ingredients. Some importers are also approved suppliers for multinational food processors and restaurants operating in India. U.S. processors that already supply major food processors in the United States or other foreign markets may wish to investigate similar supply relationships with firms that have a presence in India. Key initial factors to consider when researching the market are whether a product has a market access and the landed post-duty cost of a product.

- Survey existing and potential opportunities by reviewing FAS policy and market reports and

consider engaging a market research firm to assist in analyzing market opportunities and challenges.

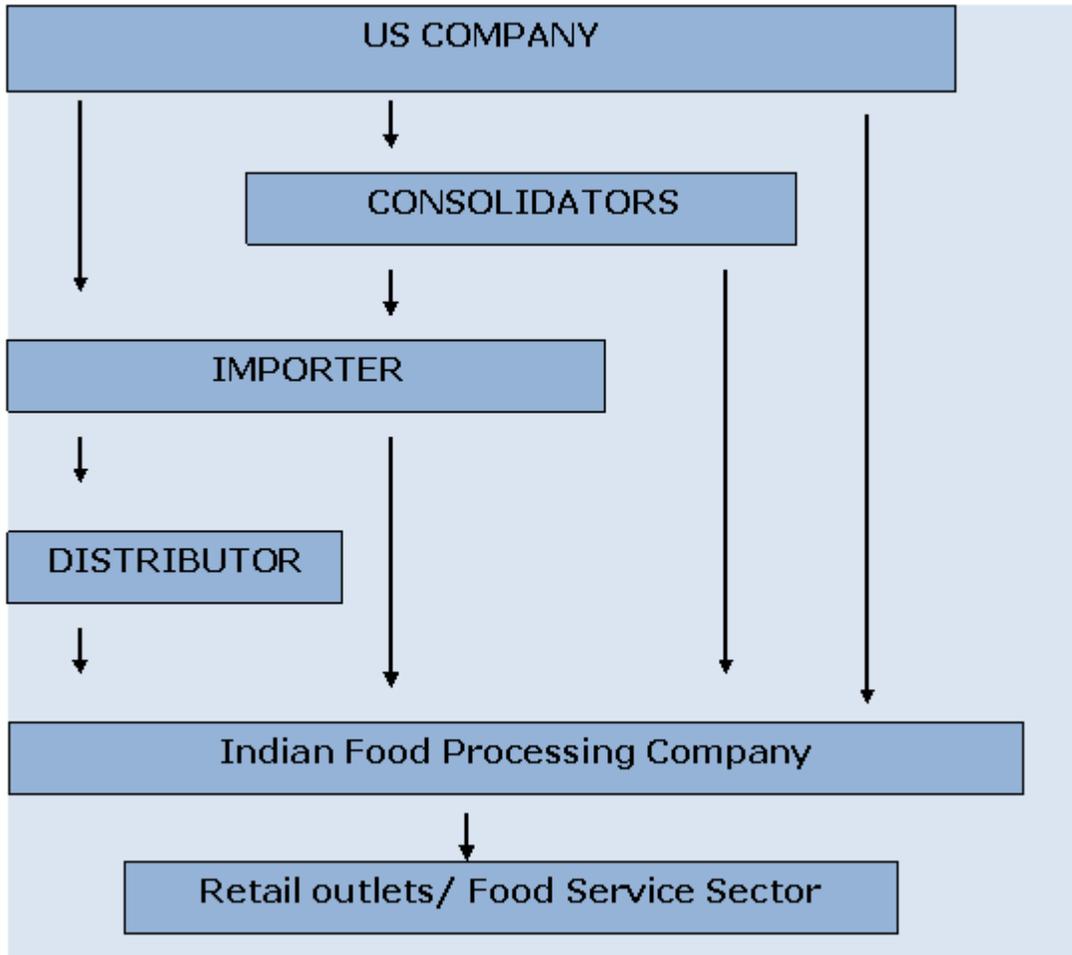
- Determine if your product has market access in India.
- Analyze the likely landed post-duty cost of a product. Recognize that after local margins and transportation, a product may be significantly more expensive.
- Establish a relationship with an Indian importer/distributor that provides services to the food processing sector.
- U.S. firms should examine all distributor prospects and thoroughly research the more promising ones. Check the potential agent's reputation through local industry or trade associations, potential clients or bankers.
- Consider whether participating in an Indian trade show would be an effective means of identifying a distributor.
- For products with a potentially longer shelf life and/or larger order volumes (e.g., from medium or large food processing chains), U.S. exporters may identify and explore supplying through consolidators based in Dubai, Singapore and Europe.

Participation in trade shows offers a good opportunity to get a sense of the Indian market and engage directly with potential importers or distributors. USDA currently endorses two annual trade shows in India. Mumbai-based [Annapoorna](#) typically takes place in September and Delhi-based AAHAR which takes place in March. While these shows are not geared specifically to ingredients, they typically draw many of the major Indian importers. Indian importers also travel to major international shows such as SIAL, ANUGA and Gulfood. [Food Ingredient India](#) is a trade show dedicated exclusively to the ingredient industry and is gaining popularity within the industry.

Ensuring payment is another important consideration when establishing a relationship with an importer. Until a successful working relationship is established, exporters may wish to consider vehicles such as an irrevocable letter of credit. Alternatively, Indian importers are accustomed to operating without credit and may be willing to pay cash prior to shipment. While FAS India receives few queries concerning delinquent Indian importers, our offices do not have the authority or expertise to mediate contractual disputes or serve as a collection agent when differences over payment arise. FAS India can recommend local legal services, but these situations can be avoided with proper preparation and sale terms. For firms that qualify, the Export Import Bank of the United States provides exporter insurance.

B. MARKET STRUCTURE

The following chart gives an overview of the distribution network for imported food ingredients.



C. COMPANY PROFILES

Depending on the scale of the operation, Indian food processing sector can be divided into the following categories:

- Large Indian companies: Wholly owned by domestic players.
- Wholly-owned subsidiaries of foreign companies or joint ventures.
- Medium/small domestic food processing companies with a local or regional presence.
- Small scale companies or cottage industries in the unorganized sector.

Table 2: Major Food Processing Players in the Indian Market

Company	Product Types	Brand	Sales \$Million	End-Use Channels	Production Location
Gujarat Cooperative Milk and Marketing Federation	Packaged milk, butter, milk, fresh cream, milk powder, sweets, clarified butter, milk spray, cheese, chocolates, yogurt, infant milk formula, sweetened condensed milk, ice-cream and flavored milk	Amul	2,000	Retail Export Restaurants Hotels	Gujarat
Dynamix Dairy Industries Ltd	Cheese, butter, clarified butter, whole milk powder, skimmed milk powder, dairy whitener, infant food, casein / lactose, whey products, UHT plain milk, flavored milk & juices	Dynamix	NA	Retail Restaurants Hotels Export	Maharashtra
Mother Dairy Fruit and Vegetable Private Ltd.	Ice-cream, fluid milk, flavored milk, butter, clarified butter, UHT milk, cheese, yogurt, dairy whitener, juices, edible oils, fresh & frozen fruits & vegetables	Mother Dairy	NA	Retail Export Restaurants	Delhi
Mahaan Foods Limited Mahaan Dairies Limited Mahaan Protein Limited	Coffee and dairy whiteners, edible casein, pharmaceutical and edible grade lactose, whey protein concentrate, milk protein concentrate, clarified butter, SMP, full cream milk powder, dehydrated milk fat, milk powder replacer, functional foods, infant food formulation, sports food, sauces and soups	Mahaan	45	Retail Processing	Delhi
VRS Foods Limited	Bactofuged milk (bacteria free), yogurt, butter milk, cheese (cottage, mozzarella), UHT milk, clarified butter, SMP, instant dairy mix, demineralised whey powder, edible casein	Paras	NA	Retail Processing	New Delhi and Uttar Pradesh
Pioma Industries	Soft drink concentrate, instant drink powder, fruit jams, cordials, flavors, pickles, curry pastes, snacks, fruit syrups	Rasna	NA	Retail Export Processing	Gujarat
Dharampal Satyapal Group	Spices, snacks, flavored water, spring water	Catch	370	Retail	Himachal Pradesh, Uttar Pradesh, Delhi, Assam and Tripura
Dabur Foods Limited	Fruit juices, vegetable pastes, tomato ketchup, honey	Real, Nature Care, Capsico, Homemade, Dabur	840	Retail	West Bengal, Nepal
United Breweries Limited (UBL)	Beer, Spirits	Kingfisher	911	Retail Hotels Restaurants	Punjab, Uttar Pradesh, Maharashtra Goa, Karnataka, Kerala, Tamil

					Nadu, Andhra Pradesh, Madhya Pradesh, West Bengal and Nepal
Britannia Industries Limited Britannia New Zealand Foods Pvt. (50:50 JV between Britannia Industries Ltd. and Fonterra, New Zealand)	Biscuits, bread, cakes, cheese, dairy whitener	Britannia	580	Retail	Delhi, Maharashtra West Bengal & Tamil Nadu
Indian Tobacco Company (ITC)	Fruit Purees/Concentrates, IQF/Frozen Fruits, shrimps, prawns, spices, biscuits, salty snacks, wheat flour, RTE foods, confectionary	Sunfeast, Kitchens of India, Aashirwad, Candyman, Mint-o, Bingo	3,045	Retail	Karnataka and West Bengal
MTR Foods Limited (Owned by Norway-based Orkla)	Soups, RTE Foods, rice meals, spice powders, instant sweet mixes, instant ice-cream mixes, vermicelli, pickles, ice-cream	MTR	260	Retail	Karnataka and Maharashtra
Al-Kabeer Exports Private Limited	Seafood, RTE meals, cottage cheese, snacks, nuggets, burgers, french fries	Al-Kabeer	NA	Retail	Hyderabad, UAE & UK
Hind Agro Industries Limited	Boneless meat and other meat and meat products (goat, buffalo, sheep)		NA		Uttar Pradesh and Delhi
Suguna Poultry Farm Limited	Poultry and poultry products (fresh, chilled, frozen and processed)	Suguna	NA	Retail	Tamil Nadu, Karnataka, Kerala, Uttarprades, Chandigarh, Gujarat, Maharashtra and Andhra Pradesh
Venkateshwara Hatcheries Group	Poultry and poultry products (fresh chilled, frozen and processed)	Venkys	103	Retail	Maharashtra and Madhya Pradesh
Darshan Foods Private Limited	Skinless sausages, pepperoni, German salami, sausages, lemon pepper breaded burger patty, black forest ham, chicken breast roll, imported French turkey	Meatzza	NA	Retail and HRI	Haryana
Hindustan Unilever Limited (Unilever holds 51.5 % equity in HUL)	Tomato ketchup, fruits drinks, vegetable soups, ice-cream, jams, ready to drink products etc.	Kissan, Annapurna, Knoor	708	Retail	Maharashtra Madhya Pradesh, Uttar Pradesh
Godrej Hershey Foods and Beverages Limited / GHFBL (A JV between Hershey Company of North America and Godrej beverages and foods limited)	Confectionery, soymilk, juices, tomato puree, edible oils, vanaspati (hydrogenated vegetable oil) biscuit shortening, margarine	Maha Lacto, Sofit, Jumpin, Smart Cook	NA	Retail	Madhya Pradesh and Andhra Pradesh
AVT McCormick Ingredients Ltd.	Spices, oleoresins		NA	Export, Retail	Kerala
GlaxoSmithKline Consumer	Health food drinks, biscuits	Horlicks, Boost,	NA	Retail	Punjab, Andhra Pradesh, Haryana

Healthcare		Maltova, Viva			
Weikfield Products Co. (India) Pvt. Ltd.	Custard powder, baking powder, drinking chocolate, cream caramel, chutneys, sauces and natural ayurvedic health foods		NA	Retail	Maharashtra
Nestle' India (Nestlé India is a subsidiary of Nestle' S.A. of Switzerland)	Dairy whitener, yogurt, noodles, tomato ketchup, packaged milk, multi grain breakfast cereal, energy drinks, chocolates	Nescafe, Maggi, Milky bar, Milo, Kitkat, Barone, Milkmaid and Nestea	NA	Retail	Punjab, Haryana, Uttaranchal, Goa, Karnataka and Tamil nadu
Perfetti Van Melle India (a subsidiary of Perfetti Van Melle, Italy)	Confectionery and chewing gum	Center Fresh, Alpenlebe, Mentos, Chlor Mint, Big Babool etc.	NA	Retail	Haryana, Tamil Nadu and Uttarakhand
Indo Nissin Foods Ltd. (a subsidiary of Nissin Food Products Company Ltd., Japan)	Noodles	Top Ramen	NA	Retail	Haryana and Karnataka
Agro Tech Foods Ltd. (A public limited company, affiliated with ConAgra Foods Inc., USA)	Edible oil, RTE pudding, dried green peas, popcorn, cocoa mix, frozen potato products	Sundrop, ACT II, Hunt's Snack Pack, Crystal	150	Retail & HRI	Maharashtra New Delhi, Andhra Pradesh and West Bengal
Heinz India Private Limited	Tomato ketchup, baby food, energy drink	Complan, Glucon-D, Heinz	NA	Retail	Uttar Pradesh and Karnataka
Kellogg's India Private Limited (A wholly owned subsidiary of Kellogg's U.S.A.)	Breakfast Cereals, biscuits	Kellogg's	NA	Retail	Maharashtra
Godrej Pillsbury Limited Nederland BV (Pillsbury),	Cereal flours and bakery foods		NA		Karnataka
Cargill India Private Limited	Vegetable oils, wheat flour, flavors etc.	Nature Fresh	NA	Retail	Haryana
Adani Wilmar Limited (50:50 JV between Adani Group, India and Wilmar Holdings, Singapore)	Vegetable oils	Fortune, King's, Bullet, Fryola, Raag, Jubilee	NA	Retail	Rajasthan, West Bengal and Andhra Pradesh
Cadbury India Limited (Cadbury Schweppes Group of Britain)	Chocolate, confectionery, milk based drinks and candies	5 Star, Perk, Celebration, Éclairs, Bytes, Bournvita	NA	Retail	Maharashtra Madhya Pradesh, Karnataka and Himachal Pradesh
Pepsico India Holdings Limited	Aerated beverages, fruit juices, potato chips, breakfast cereals	Pepsi, Lay's, Tropicana, Aliva	NA	Retail	
Coca- Cola India Limited	Aerated beverages, fruit juices, energy drinks, tea and coffee etc.	Coca-Cola, Diet Coke, Kinley,	NA	Retail	

		Georgia			
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Note: Most information has been sourced from company websites. This list is neither exhaustive nor ranked according to the order of importance. Sales figure data are mentioned only for those companies for which information is available in the public domain.

D. SECTOR TRENDS

With the spread of cafés, chain restaurants, modern retail and efforts to attract investment in cold chains and food logistics, the food processing industry is expected to expand. Incentives and subsidies are offered for a variety of programs. The Ministry of Food Processing Industries has set targets to increase the level of processing of perishables from 6 to 20 percent, value addition by 20 to 35 percent and the share in global trade from 1.5 to 3 percent by the year 2015. The Ministry of Food Processing is also supporting the development, through subsidies and other incentive programs, of the cold chain infrastructure, storage facilities, modern slaughter houses, food parks and laboratories. A list of food processing research centers is provided in the following table.

Table 3: List of Food Processing Research Centers and Institutions in India

Paddy Processing research Centre	www.pprc.gov.in
Central Food Technological Research Institute	www.cftri.com
National Research Centre for Sorghum (NRCS)	www.nrcjowar.res.in
National Dairy Research Institute	www.ndri.res.in
CIFT (Central Institute of Fisheries Technology)	www.cift.res.in
The Central Marine Fisheries Research Institute, Kochi	www.cmfri.com
Central Avian Research Institute, Izatnagar	www.icar.org.in
The Central Inland Fisheries Research Institute (CIFRI)	www.cifri.ernet.in
The Defense Food Research Laboratory (DFRL)	www.drdo.org
Central Potato Research Institute	www.cpri.ernet.in
Central Plantation Crops Research Institute	www.cpcri.nic.in
Indian Agriculture Research Institute	www.iaripusa.org
Indian Institute of Horticulture Research	www.kar.nic.in
National Research Center for Mushroom	www.nrcmushroom.com
Directorate of Wheat Research (ICAR)	www.icar.org.in
Indian Institute of Packaging, Mumbai	http://iip-in.com
Indian Veterinary Research Institute	www.ivri.nic.in
IIT, Mumbai	www.iitb.ac.in
Integrated Fisheries Project, Cochin	http://ifpkochi.nic.in
National Institute of Nutrition, Hyderabad	www.ninindia.org
Central Leather Research Institute	www.clri.org

Source: Ministry of Food Processing, India.

Consumption

In volume and value terms, sales of every category of processed foods increased significantly between 2005 and 2010. A number of factors have combined to spur the increase in the consumption of

packaged foods such as strong economic growth in recent years, more working women, urbanization, the nascent development of modern retail, the emergence of foreign and international brands, significant improvements in packaging and quality and savvy marketing campaigns. Expansion is being driven by domestic and multinational companies. Urban areas account for over 75 percent of sales as consumers seek convenience and quality in processed foods. For higher value, frozen and refrigerated foods, sales are almost exclusively in urban areas. Rural areas tend to have lower incomes and a preference for fresh ingredients. Nevertheless, rural areas are emerging as a market for well-priced shelf stable foods.

**Table 4: Sales Volume of Packaged Foods 2005 and 2010
(Thousand metric tons except where noted)**

Category	2005	2010	Percent Change
Bakery	2,800	3,700	32
Canned Food	22	31	41
Confectionary	150	254	69
Dried Processed Food	490	810	65
Frozen Processed Food	10	15	50
Ice Cream (million liters)	70	160	130
Meal Replacement	17	27	59
Noodles	112	224	100
Oils and Fats	1,390	2,060	48
Pasta	0.9	1.7	88
Ready Meals	2.1	4.1	95
Sauces, Dressings, Condiments	133	216	62
Snack Bars	0	1.3	1,300
Soup	1.7	3.2	88
Spreads	15.3	20	31
Sweet and Savory Snacks	102	183	80
Meal Solutions	175	277	58

Source: Euromonitor

Table 5: Sales Value of Processed Foods 2005 and 2010 (Billion Rupees)

Category	2005	2010	Percent Change
Baby Food	10.7	17.4	63
Bakery	113	181	68
Canned Food	2	3.1	55
Confectionary	33.2	68.4	106
Dairy	154.9	369.5	138
Dried Processed Food	28.3	56.5	100
Frozen Processed Food	1.4	2.5	79
Ice Cream	9.3	24.4	160
Meal Replacement	5.3	9.9	87
Noodles	9	21.9	143
Oils and Fats	101.6	172.6	70
Pasta	0.09	0.2	120
Ready Meals	0.37	0.82	121
Sauces, Dressings, Condiments	20.9	36.3	74
Snack Bars	0	0.67	na
Soup	0.56	1.47	162
Spreads	2.3	3.9	70
Sweet and Savory Snacks	18	36.4	102
Impulse or Indulgence Products	130.7	252.9	93
Staples	343.6	683.5	99
Meal Solutions	26.7	46.3	163
Total Packaged Food*	500	983	97

Source: Euromonitor, one dollar equals Rs. 50

*Total does not equal sum of individual categories because of overlap between categories.

Fruits, Nuts and Vegetables:

India is a large producer of fruits and vegetables, but only two percent are processed and a significant portion of annual harvests are lost due to the poor handling. Processing is relatively diffuse with many small-scale industries involved in processing.

The major processed items are fruit pulps, juices, Indian-style pickles, dehydrated vegetables, curried vegetables, dried fruits and processed mushrooms. The United States, Australia and Afghanistan are major suppliers of dried fruits and nuts.

Meat and Meat Products:

The processed meat sector, which was formerly regulated by the Ministry of Food Processing, is now regulated by the Food Safety and Standards Authority of India (FSSAI). There are around 4,000 municipal slaughter houses in the country along with a number of modern private sector slaughter houses and meat processing plants. Over 100 of India's meat slaughter and meat processing plants are registered exporters of meat, primarily buffalo meat and, to a lesser degree, mutton.

Dairy

India is the world's largest dairy producer, but according to the National Dairy Development Board India, demand for dairy products is growing at twice the rate of production. Sales of dairy products grew from Rs. 155 billion in 2005 to Rs. 370 billion (\$7.4 billion) in 2010. Sales of ice cream increased from Rs. 9 billion in 2005 to Rs. 24 billion (\$500 million) in 2010. Western cheeses and yoghurt are small but emerging dairy categories.

Edible Oils

Most of the edible oils purchased by households or institutional users are sold in loose form or as vanaspati (partially hydrogenated vegetable oil). According to industry sources, 35 to 40 percent of the Indian edible oil market is branded. India usually ranks as the world's first or second largest importer of vegetable oil.

Milling and Baking

Approximately 90 percent of the grains undergo primary processing and wheat is the major grain processed in India, largely for wheat flour. Milling of rice and pulses makes up the balance of the grain processing sector. Most of the grain processing is carried out in unorganized sector but, some large players are active in the market and sell the processed produce in branded retail packs. With changing lifestyle breakfast cereal segment is showing slow and steady growth and is mainly confined to corn flakes and oat products. Bakery and snacks industry is governed by small and medium unorganized local players and very few organized units. As a result of growth in baking and retail industry imports of ingredients such as malt, starches, food flavoring agents, and wheat gluten are increasing. India also imports a significant amount of pulses from Myanmar, Canada, Australia and the United States.

SECTION III: COMPETITION

India's domestic industry is the primary competitor for U.S. exporters of food ingredients. India, with its diverse agro-climatic conditions, produces a variety of foods and ingredients, the quality of which is expected to improve as firms invest in the food processing and logistics sectors. In addition, some competing suppliers enjoy a freight advantage and consolidators in markets like Dubai and Singapore offer quick delivery of small quantities. High import duties and restrictions on number of imported raw materials pose as an additional challenge for the U.S. exporters interested in Indian market.

Table 6: Competition in Major Product Categories

Product Category	Net Imports	Major Supply	Strengths of Key Supply Countries	Advantages (A) and Disadvantages (D)
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	(In US\$ Million) IFY Apr/Mar 2009/10	Sources		of Local Suppliers
Animal or vegetable oils, fats and their cleavage products	5,650	Indonesia Argentina Malaysia USA	Major production hubs and competitive prices	Local production is inadequate and more than 40 % of total edible oil consumption is dependent on imports.(A)
Pulses	2,249	Myanmar Canada Australia USA	Price Competitiveness, freight advantage (for countries like Myanmar) and the ability to produce specific kind of pulses demanded in India.	Local production is inadequate and more than 20 % of total demand for pulses is met through imports.(A)
Edible Fruits and Nuts	1,247	USA Afghanistan China Australia	Growing market demand, preference for specific quality, popular at certain holidays	Domestic production of some of the major fruits nuts is insignificant (A)
Sugars and sugar confectionery	671	Brazil Thailand	Price competitiveness	India is usually a net exporter of sugar (D)
Products of the milling industry, malt, starches, insulin, wheat gluten	28	Australia China USA	Price Competitiveness, high quality	Growing domestic industry (A), Increasing awareness about health & quality food (A), Stringent food laws (D)
Coffee, Tea, Mate And Spices	315	Indonesia Srilanka Nepal	Price Competiveness and proximity	Most imports are for re-export. (D)
Dairy produce; birds' eggs; natural honey; edible prod. Of animal origin	70	New Zealand Australia Denmark	Price Competiveness, sanitary requirements	Domestic production is not keeping pace with demand (A). The Indian import protocol is very stringent and effectively prohibits imports of dairy products from the United States. (D)

Source: Ministry of Commerce and Industry and FAS India analysis

SECTION IV: BEST PRODUCT PROSPECTS

Table 7: Best Product Prospects for the Food Processing Ingredients

Product Types	Import Value (\$Million)	Import Volume (Metric)	5 -yr Import growth	Basic Import Tariff	Key Constraints	Market Attractiveness For USA
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	CY 2010	Tons) CY 2010				
Nuts (mainly Almonds)	392	144,663	95	In shell Almonds (Rs. 35/Kg) Pistachios (10%)	Competition from other suppliers exists but is not substantial	High demand and growing retail industry
Cocoa and cocoa preparations	115	31,454	420	30%	Strong competition from domestic and international suppliers	Strong quality and brand preference
Products of the milling industry, Malt, starches, insulin, wheat gluten	28	43,336	250	30%	Competition from domestic suppliers	Growing bakery and retail industry and increased popularity for processed foods
Pulses	1,865	2,999,907	220	Zero	Price Competitiveness, freight advantage (for countries like Myanmar) and the ability to produce specific kind of pulses demanded in India.	Local production is inadequate and more than 20% of total demand for pulses is met through imports.
Apples, Pears and Quinces Fresh	134	140,537	480	Apples 50% Pears 30%	Competition from domestic and foreign suppliers like China, Chile, and New Zealand	Seasonal shortages and high prices, increasing interest in quality fruits and growth of organized retail
Grapes Fresh	21	12,843	110	30%	Competition from domestic and foreign suppliers	Seasonal shortages and high prices, increasing interest in quality fruits and growth of organized retail
Pasta	11	8,867	120	30%	Competition from domestic manufacturers and foreign suppliers	Increasing popularity
Fruit Juices	27	18,999 Liters	237	30%	Competition from domestic manufactures and foreign suppliers from neighboring countries	Increasing health awareness and shortage of quality products
Sauces, preparations, mixed condiments & seasonings	9	5,256	200	30%	Competition from domestic organized and unorganized manufactures	Preference for imported brands and growing food processing sector
Beverages, Spirits and Vinegar	235	19,245,019 Liters	2	Up to 150%	High import duty and competition from domestic suppliers	Growing consumption and lack of domestic production

*Includes almonds, walnuts, pistachios, hazelnuts, chestnuts etc.

Source: Ministry of Commerce and Industry, GOI and Post analysis

Products Not Present Because They Face Significant Barriers

U.S. exports to India of dairy products classified under chapter four of the Harmonized Tariff Schedule, pet food, pork and pork products (cooked and uncooked), poultry and poultry products (cooked and uncooked), and seafood are effectively prohibited because of sanitary protocol requirements. Imports of beef are prohibited for religious reasons. Except for soybean oil, imports of products containing ingredients derived from biotech crops are also prohibited.

SECTION V: POST CONTACT AND FURTHER INFORMATION

The following reports may be of interest to US exporters. These, and related reports prepared by this office, can be accessed via the FAS Home Page, (www.fas.usda.gov) by clicking on "Attaché Reports," and typing the report number.

Report Number	Subject
IN1215	India: Exporter Guide 2011
IN1005	India: Retail Food Sector 2010
IN1186	India: HRI Food Service Sector Annual 2011
IN1112	Dairy and Products, Annual
IN1184	Livestock and Products, Annual
IN1165	FAIRS: FSSAI releases Draft Food Safety and Standards (Import) Regulations
IN1134	Product brief: Indian Wine Market
IN1189	Tree nuts Annual

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