USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 12/23/2013

GAIN Report Number: IN3153

India

Food Processing Ingredients

2013

Approved By:
David Williams
Prepared By:
Dhruv Sood & Shubhi Mishra

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 2007 and 2012 to $26 billion and the industry has attracted $3.7 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 $83 million in 2012, up almost 100 percent from 2007.

Post:
New Delhi

Executive Summary:

Section I – Market Summary

While India is one of the world's largest producers of fruits, vegetables, cereals and milk, a significant amount of food is damaged each year due to the lack of storage, transportation, cold storage and processing facilities. A great deal of Indian food is sold fresh or partially processed in traditional open air stalls, street carts and shops and 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 1.5 percent of gross domestic product and is valued at $13 billion. Food processing's share of GDP has been unchanged for eight years. According to the latest Annual Survey of Industries, there are 36,000 registered food processing units in the country with 1.7 million people employed in the sector.

Table 1: Registered Manufacturing Units in the Food Processing Sector (2010/11)

Description	**Number of Units**
Total Food Processing Industries, of which	**35,838**
Grain Mill products	17,792
Other Food Products*	9,151
Vegetable & Animal oils and fats	3,307
Beverages	1,817
Dairy Products	1,493
Fruits and Vegetables products	1,052
Prepared Animal Feeds	677
Fish, crustaceans and molluscs	436
Meat Processing & Preserving	115

Source: Annual Survey of Industries (ASI), Ministry of Statistics and Program Implementation
*Includes starch, bakery, sugar, cocoa, chocolate, macaroni, noodles, couscous and prepared meals & dishes.

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 were allowed to obtain a license to process foods. In recent years, laws have changed to allow more 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 2).

Table 2: 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

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. In 2010, the Ministry of Food Processing had assigned a study to The Central Institute of Post-Harvest Engineering and Technology (CIPHET), Ludhiana to assess the post-harvest losses in produce (see table below). A repeat study has been commissioned by the Ministry to assess the current situation. The study will be completed in January 2015. The estimates from this study are significantly lower than many of the loss estimates that are cited in the popular press. While there is considerable variation in India's loss estimates, these lower estimates may be a more accurate reflection of level of damaged and spoiled food.

Table 3: Estimated Losses of Food Products by Category

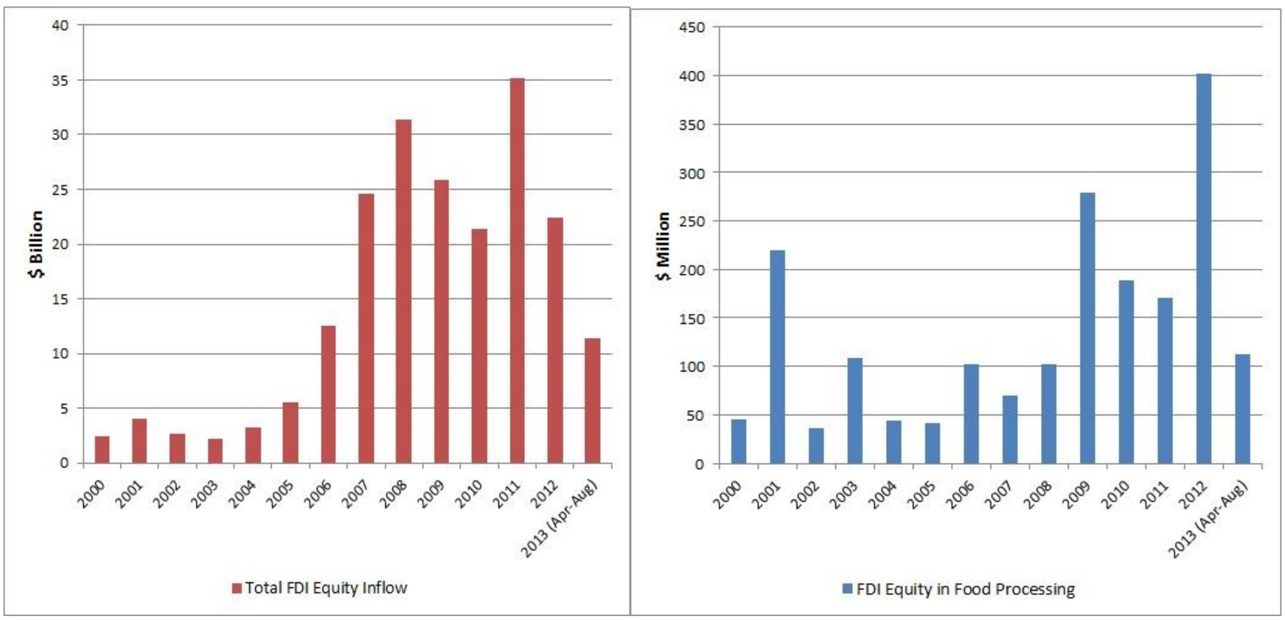
Crop	**Annual Loss (%)**
Cereals	3.9 - 6
Pulses	4.3 - 6.1
Oilseeds	2.8 - 10.1
Fruits and Vegetables	5.8 - 18.0
Milk	0.8
Fisheries (Inland)	6.9
Fisheries (Marine)	2.9
Meat	2.3
Poultry	3.7

Source: CIPHET Study on Post-Harvest Losses 2010, Ministry of Food Processing Industries Annual Report 2012-13, Government of India

Foreign Direct Investment Policy

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 **as listed under the** Consolidated FDI Policy 2013; certain taxes have been reduced for investors; import tariffs on some equipment have been reduced; and there are incentives for setting up processing plants. A few food items are reserved for the micro and small scale sector where automatic approval is available for up to 24 percent foreign direct investment. The food processing industry has attracted $3.7 billion in foreign direct investment over the past 13 years accounting for one percent of total foreign direct investment inflows.

Figure 1: Financial Year Wise (Apr-Mar) FDI in Food Processing



Source: Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India

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. In addition, there are several additional fees tariffs that could apply. Exporters should work closely with their prospective importers to determine the likely landed post-duty cost of their products. 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 certain products. U.S. dairy products classified in chapters 4 and 21 of the Harmonized Tariff Schedule, poultry meat, lamb and mutton, seafood, goat, pork, pet foods and foods derived from biotech crops (except soybean oil) are effectively prohibited due stringent import requirements. 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 requirements laid out in Food Safety and Standards Act.

The Food Safety and Standards Authority of India (FSSAI) has made it mandatory for every food business operator (FBO) in the country (including Food Processing Companies) to follow and comply with the Food Safety and Standards Act, 2006 and Rules & Regulations, 2011. All FBOs are required to register and obtain a license by February 4, 2014. FSSAI has also extended the date for all FBOs to ensure compliance with the provisions of the Food Safety and Standards (packaging and labeling) regulations, 2011 to July 1, 2014. (See IN2150, IN2069, IN3094, IN3134, IN3135 for more information. On November 1, 2012, the Ministry of Consumer Affairs, Food Public Distribution, formally implemented rules requiring that food products be sold in standard-sized packages under the Legal Metrology Act 2011. The rule stipulates standard package weights such as (but not limited to) 100 grams or 250 grams. Non-standard weights (i.e. 413 grams) are no longer allowed as of November 1, 2012. (See IN2150 for more information).

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. food ingredients are well-known and considered of high quality.
- Local processors are increasing their production capacity and food quality to meet higher export standards for foreign markets.

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.
- New local food developments follow global market trends (natural foods, juices, processed meats)

Section II – Roadmap 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.

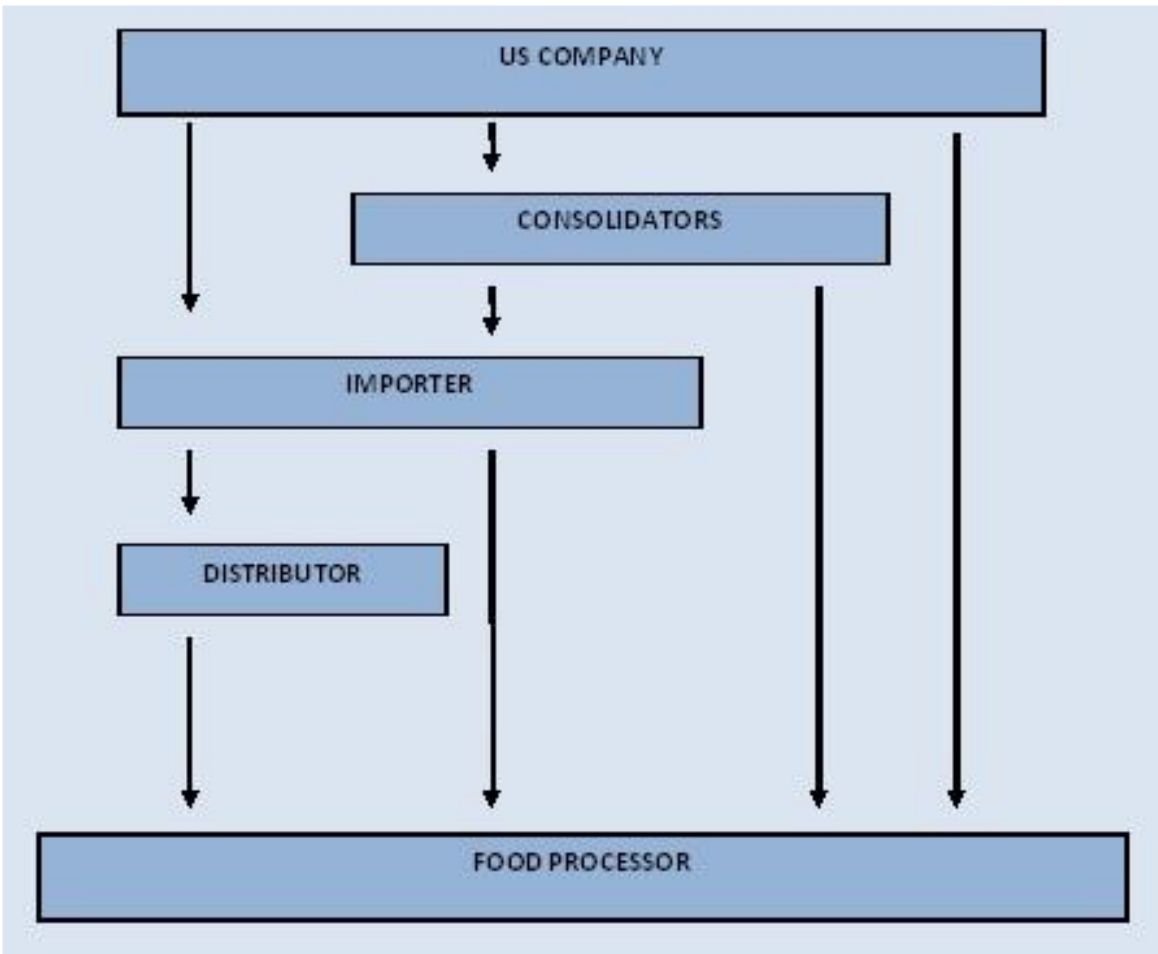
- Consider whether participating in an Indian trade show would be an effective means of identifying a distributor.

- 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 one annual trade show in India. Mumbai-based Annapoorna typically takes place in September. While this show is not geared specifically to ingredients, it typically draws 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 (refer IN3024), 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



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 subsidiaries of foreign companies or joint ventures
- Medium-sized domestic food processing companies with a local or regional presence.
- Small-scale companies or cottage industries in the "unorganized" sector.

Table 4: 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	2,540	Retail, Export, HRI	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 HRI 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 and 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 HRI Processing	Delhi
VRS Foods Limited	Bactofuged milk (bacteria free), yogurt, butter milk, cheese (cottage, mozzarella), UHT milk, clarified butter, SMP, instant dairy mix, demineralized 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, skimmed milk powder, whole milk powder, pasteurized cream, white butter, mouth freshener, powdered beverages	Catch, Dairy Max, Pass Pass, Piyoz, Yomil	530	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, Zingaro, UB Export, London Pilsner, Kalyani Black Label, Bullet	650	Retail Hotels Restaurants Export	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, shrimp, prawns, spices, biscuits, salty snacks, wheat flour, RTE foods, confectionery	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
Hind Agro Industries Limited	Boneless meat and other meat and meat products (goat, buffalo, sheep)		58	Export	Uttar Pradesh and Delhi
Suguna Poultry Farm Limited	Poultry and poultry products (fresh, chilled, frozen and processed)	Suguna	NA	Retail	Tamil Nadu, Karnataka, Kerala, Uttar Pradesh, 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 & HRI	Haryana
Hindustan Unilever Limited (Unilever holds 51.5 % equity	Tomato ketchup, fruits drinks, vegetable soups, ice-cream, jams, ready to	Kissan, Annapurna, Knorr	708	Retail	Maharashtra Madhya Pradesh, Uttar Pradesh

in HUL)	drink products				
Hershey India Private Ltd. (100% subsidiary of the Hershey Company. USA)	Confectionery, soymilk, juices,	Sofit, Jumpin, Hershey's Syrup, Nutrine (Maha Lacto, Maha Choco, NUTRINE Eclairs, NUTRINE Lollipop, NUTRINE Santra Goli, AASAY, KOKANAKA and HONEYFAB)	NA	Retail and HRI	Madhya Pradesh and Andhra Pradesh
AVT McCormick Ingredients Ltd.	Spices, oleoresins, spice mixes	McCormick	NA	Export, Retail	Kerala
GlaxoSmithKline Consumer Healthcare	Health food drinks, biscuits	Horlicks, Boost, Maltova, Viva	NA	Retail	Punjab, Andhra Pradesh, Haryana
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)	Snacks, confectionery and chewing gum	Stop Not, Center Fresh, Alpenliebe Creamfills, Alpenliebe Lollilop, Centre Fruit, Centre Shock, Mangofillz, Chlormint, Chocoliebe, Fruittella, Happydent White, Protex Happydent, Marbels, Mentos Big Babol	266	Retail	Haryana, Tamil Nadu and Uttarakhand
Indo Nissin Foods Ltd. (a subsidiary of Nissin Food Products Company Ltd., Japan)	Noodles	Top Ramen, Cup Noodles	NA	Retail	Haryana and Karnataka
Agro Tech Foods Ltd. (A public limited company, affiliated with ConAgra Foods Inc., USA)	Edible oils, snacks, spreads, RTE & RTC popcorn, soups, puddings and desserts, meals and meal enhancers	Sundrop, ACT II, Hunt's Snack Pack, Crystal, Snack Break, 10 min Yummeals	131	Retail & HRI	Maharashtra, New Delhi, Andhra Pradesh and West Bengal
Heinz India Private Limited	Tomato ketchup, baby food, energy drink	Complan, GluconD, 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
General Mills India	Whole wheat flour,	Pillsbury, Betty	NA	Retail &	Karnataka

	vermicelli, cake mixes (cooker and oven), custard powder, canned corn and specialty vegetables, baking mixes and specialty flour, granola bars, ice cream, frozen Indian flat breads	Crocker, Nature Valley, Green Giant, Häagen-Dazs		Foodservice	
Cargill India Private Limited	Vegetable oils, wheat flour, flavors etc.	Nature Fresh	NA	Retail	Haryana
Cadbury India Limited (Mondelēz International)	Chocolate, confectionery, milk based drinks, candy, chocolate, beverages, biscuits, gum	Cadbury Dairy Milk, Cadbury Celebrations, Bournville, 5 Star, Perk, Gems, Toblerone, Bournvita, Tang, Oreo, Halls, Bubbaloo	NA	Retail	Maharashtra, Madhya Pradesh, Andhra Pradesh, Karnataka and Himachal Pradesh
Pepsico India Holdings Limited	Aerated beverages, fruit juices, potato chips, breakfast cereals	Pepsi, Lay’s, Tropicana, Aliva, Aquafina, Cheetos, Dukes, Gatorade, Kurkure, Lehar, Mirinda, Mountain Dew, Nimbooz, Quaker Oats, Slice, Uncle Chips	NA	Retail	
Hindustan Coca Cola Beverages Pvt. Ltd.	Aerated beverages, fruit juices, energy drinks, tea and coffee	Coca-Cola, Diet Coke, Kinley, Georgia, Thums up, Sprite, Fanta, Limca, Maaza, Minute Maid, Burn, Schweppes	NA	Retail	Jammu, Uttarakhand, Uttar Pradesh, Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Goa, West Bengal, Andhra Pradesh, Karnataka, Orissa, Bihar, Meghalaya, Assam, Tamil Nadu
Mrs Bector's Foods Specialities-CREMICA	Sauces, mayonnaise, toppings, syrups, biscuits, Indian snack foods, stabilizer blends and ice cream	Cremica	NA	Retail & HRI	Punjab
FieldFresh Foods Private Limited (A Joint venture between Bharti Enterprises & Del Monte Pacific Limited)	Packaged fruits, fruit drinks, ketchup, pasta sauces, olive oil	Del Monte, Fieldfresh	NA	Retail & Foodservice	Tamil Nadu, Punjab
Hatsun Agro	Packaged milk, butter, milk, fresh and frozen cream, milk powder, sweets, clarified butter, yogurt, condensed milk, ice-cream and flavored milk	Arokya, Hatsun, Arun Ice cream, Hatsun Dairy, Ibaco	2,674	Retail & HRI	Tamil Nadu, Karnataka
AB Mauri	Bread improvers, cake mixes, bread mixes, cake gels, sweet flavors, seasonings, emulsions for	Tower, Prime, Mauripan, Mauri	NA	HRI	Karnataka, Maharashtra, Uttar Pradesh, Kerala, West Bengal

	beverages, flavors and color blend				
Parry Enterprises	Food flavors, cocoa products, taste enhancers, dairy ingredients, food additives, preservatives, protein, vegetable fat	Parry,	NA	HRI	Tamil Nadu
Gits Foods	Ready meals, instant mixes, dairy products	Gits	NA	Retail	Maharashtra
Nashik Vintners	Wine	Sula	NA	Retail	Maharashtra
Allanasons	Halal Frozen boneless buffalo meat, halal chilled vacuum packed buffalo and mutton, tropical fruit purees, spices, grains, coffee beans and pet foods	Saffa, Premier	NA	Retail & Foodservice	Andhra Pradesh, Maharashtra, Karnataka, Uttar Pradesh
Balaji Wafers Pvt. Ltd.	Wafers and Indian snack foods	Balaji	NA	Retail	Gujarat
Haldiram Foods International Ltd.	Indian savory snacks and sweets, frozen foods	Haldiram's	NA	Retail	Maharashtra
Surya Food and Agro Pvt. Ltd.	Biscuits, cookies, chocolates, confectionery, juices and beverages	Priyagold	NA	Retail	Uttar Pradesh and Gujarat
Anmol Biscuits	Biscuits and cakes	Anmol	NA	Retail	West Bengal and Delhi
Vadilal Industries Limited	IQF – Frozen foods, fruit pulp, Indian breads, snacks, ready meals, mixes, condiments, desserts, canned products	Vadilal Quick Treat	66	Retail	Gujarat and Uttar Pradesh
Prataap (Prakash) Snacks Pvt. Ltd.	Potato chips, extruded snacks from corn and rice, Indian snack food	Yellow Diamond	NA	Retail	Madhya Pradesh
Monginis Food Ltd.	Cakes, cookies and chocolates	Monginis	NA	Retail & Foodservice	Maharashtra, Gujarat, Goa, Karnataka, Andhra Pradesh
Devyani Food Industries Pvt. Ltd.	Ice-cream	Cream Bell	NA	Retail & HRI	Himachal Pradesh
Bikanervala Foods Pvt. Ltd.	Syrups, Indian sweets, Indian savory snacks, biscuits, cookies, cakes, chocolates	Bikano	NA	Retail & Export	Andhra Pradesh, Delhi, Gujarat
Unibic Biscuits India	Cookies	Unibic	NA	Retail	Karnataka
Bikaji Foods International	Indian snacks, chips, Indian sweets, frozen snacks, cookies, canned sweets	Bikaji	NA	Retail & Foodservice	Rajasthan
MARS International India Pvt. Ltd.	Pet foods, confectionary	Pedigree, Whiskas; Boomer, Doublemint, Juicy Fruit, Orbit, Pim Pom, Solano, Trex	NA	Retail	Karnataka, Himachal Pradesh
Desai Brothers	Indian pickles, papads, appalams, cooking pastes, curry powders, ready to cook products, ready to eat products, chutneys, canned vegetables, mango pulp	Mothers Recipe, Dabee, Rozana	113	Retail	Maharashtra
Capital Foods	Ketchup, cooking and curry pastes, soy sauce, baked beans, mango chutney,	Ching's Secret, Smith and Jones	25	Retail & Foodservice	Maharashtra, Gujarat

	coconut milk powder, hakka and instant noodles, soup & sauce mixes frozen entrees				
Dr. Oetker India Pvt. Ltd./ Funfoods Pvt. Ltd.	Mayonnaises, sauces, spreads, salad dressings, cakes, dessert toppings, milk shake mixes, bar syrup concoctions, muesli	Dr. Oetker Fun Foods	NA	Retail & Foodservice	Delhi
Ruchi Soya Industries	Cooking oils (soybean, cotton seed, groundnut, sunflower, palmolein, mustard, rice bran), soya foods, vanaspati, bakery fats and feed ingredients	Ruchi, Nutrela, Sunrich, Mahakosh, Ruchi Gold and Ruchi Star	1,000	Retail	Jammu, Uttarakhand, Madhya Pradesh, Rajasthan, Gujarat, West Bengal, Maharashtra, Andhra Pradesh, Karnataka, Tamil Nadu
Adani Wilmar (50:50 JV between Adani Group, India and Wilmar Holdings, Singapore)	Cooking oils, vanaspati, packed basmati rice, pulses	Fortune, Fortune Plus, King's, Bullet, Raag, Fryola, Avsar, Jubilee, Pilaf, Alpha, Aadhaar, A-kote	2,000	Retail	Madhya Pradesh, Rajasthan, Gujarat, West Bengal, Maharashtra, Andhra Pradesh, Karnataka, Tamil Nadu

Note: Most information has been sourced from company websites. This list is neither exhaustive nor ranked in any particular order. Sales figures are mentioned only for those companies for which information is available in the public domain.

C. 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 India's share of global processed-food trade from 1.5 to 3 percent by the year 2015. A government study entitled "Human Resource and Skill Requirements in the Food Processing Sector" indicates that the annual human resource requirement in food processing is estimated at 530,000 employees of which 100,000 are needed in the modern or "organized" sector. 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 5: List of Food Processing Research Centers and Institutions in India

The Indian Institute of Crop Processing Technology	www.iicpt.edu.in/
Central Food Technological Research Institute	www.cftri.com
Directorate of Sorghum Research	www.sorghum.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.org.in/
Central Avian Research Institute, Izatnagar	www.icar.org.in/cari/
The Central Inland Fisheries Research Institute (CIFRI)	www.cifri.ernet.in

The Defense Food Research Laboratory (DFRL)	www.drdo.org
Central Potato Research Institute	http://cpri.ernet.in/
Central Plantation Crops Research Institute	www.cpcri.gov.in/
Indian Agriculture Research Institute	www.iaripusa.org
Indian Institute of Horticulture Research	www.iihr.ernet.in
Directorate of Mushroom Research (ICAR)	www.nrcmushroom.org/
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
National Institute of Fisheries Post Harvest Technology and Training (NIFPHATT)	http://ifpkochi.nic.in
National Institute of Nutrition, Hyderabad	www.ninindia.org
Central Leather Research Institute	www.clri.org
Central Institute of Post-Harvest Engineering and Technology, Ludhiana (CIPHET)	http://www.ciphet.in/

Source: Ministry of Food Processing Industries

Government of India Initiatives for Promotion of Food Processing Sector

The Government of India has allocated nearly a billion dollars under the Twelfth Five-Year Plan (2012-17), to implement various programs for the promotion and development of the food processing sector. Programs include: infrastructure development (food parks, integrated cold chain projects, and abattoirs), quality assurance, codex standards, research and development, human resource development, and strengthening industry-related institutions.

Table 6: Organizations under the Ministry of Food Processing Industries

Name	Objective
National Institute of Food Technology Entrepreneurship & Management (NIFTEM)	NIFTEM is expected to become a university dedicated to food processing technology. Located near New Delhi, the Institute will cater to the needs of all public and private sectors affiliated with food processing. Apart from teaching and Research, NIFTEM works as a sector promotion organization through its resources and expertise.
Indian Institute of Crop Processing (IICPT)	IICPT is engaged in the research and development of food grain processing, value addition, and by-product utilization.
Indian Grape Processing Board (IGPB)	IGPB focuses on research and development, extension, quality standardization, market research, knowledge management, and domestic and international promotion of the wines of India.
National Meat & Poultry Processing Board (NMPPB)	NMPPB fosters the development of the meat and poultry processing sectors and the production of healthy and hygienic meat and meat products

Source**:** Ministry of Food Processing Annual Report 2012-13

Consumption

In volume and value terms, sales of every category of processed foods increased significantly between 2007 and 2012. Industry sources estimate that over 300 million consumers consume some type of processed food regularly. 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 7: Sales Volume of Packaged Foods 2007 and 2012
(Thousand metric tons except where noted)

Category	2007	2012	Percent Change
Bakery	3,131	4,163	33
Canned Food	24	38	58
Confectionery	186	366	97
Dried Processed Food	614	1,091	78
Frozen Processed Food	12	22	83
Ice Cream (million liters)	68	136	100
Meal Replacement	7	21	200
Noodles	155	344	122
Oils and Fats	2,090	3,132	50
Pasta	1	2	100
Ready Meals	3	6	100
Sauces, Dressings, Condiments	183	301	64
Snack Bars	0	1	-
Soup	2	4	100
Spreads	16	23	44
Sweet and Savory Snacks	142	399	181
Meal Solutions	236	386	64

Source: Euromonitor

Table 8: Sales Value of Processed Foods 2007 and 2012 ($ billion)

Category	2007	2012	Percent Change
Baby Food	0.21	0.38	79
Bakery	2.24	4.38	96
Canned Food	0.04	0.08	88
Confectionary	0.72	2.05	184
Dairy	3.79	8.46	123
Dried Processed Food	0.61	1.46	138
Frozen Processed Food	0.03	0.06	120
Ice Cream	0.20	0.51	160
Meal Replacement	0.06	0.30	420
Noodles	0.21	0.64	203
Oils and Fats	2.47	5.59	126
Pasta	0.00	0.00	125
Ready Meals	0.01	0.02	106
Sauces, Dressings, Condiments	0.51	1.00	96
Snack Bars	0.00	0.01	480
Soup	0.02	0.04	139
Spreads	0.05	0.11	112
Sweet and Savory Snacks	0.44	1.48	236
Impulse or Indulgence Products	2.78	7.20	159
Staples	7.96	17.43	119
Meal Solutions	0.64	1.25	96
Total Packaged Food*	11.37	25.86	128

Source: Euromonitor, one dollar equals Rs. 60
*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. Processing is relatively diffuse with many small-scale industries involved in production. 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 Poultry: 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. 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 $3.8 billion in 2007 to $8.5 billion in 2012. Sales of ice cream increased from $200 million in 2007 to $510 million in 2012. Western cheeses and yoghurt are small but emerging dairy categories.

Edible Oils: Edible oils purchased by households or institutional users are sold in liquid 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 grain processing is carried out in the unorganized or informal sector but, some large players are active in the market and sell processed grains in branded retail packs. With changing lifestyles, the breakfast cereal segment is showing slow and steady growth, primarily for corn flakes and oat products. The bakery and snacks industry is dominated by small and medium players and a handful of large firms. 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 Russia.

Grape and Wine Processing: There is a small but growing interest in wine in India as consumers are exposed to wine while traveling and by domestic wine makers. Hotels are carrying more wines, both domestic and imported, and wine is gaining favor among women and a country where men have primarily consumed whisky in the alcoholic beverage sector.

Food processors are introducing new products and traditional recipes using improved technology, innovative packaging, and aggressive marketing. For ingredients that are not available in India, processors turn to imports and typically source through importers specializing in food ingredients. Food ingredients sourced by Indian food processing companies from the U.S. are valued at $103 million in 2012 and include dried fruits and nuts, essential oils, protein isolates, starch, vegetable saps, thickeners, lactose, sugar and sugar syrups, mayonnaise, mixed seasonings, sauces and preparations, yeast, baking powders, sweeteners and other preparations for beverages, vinegar, oleoresins, and gelatin and gelatin derivatives.

Table 9: India's Imports of Food Ingredients from the World and United States

	2007 ($ million)	2012 ($ million)
India’s Total Imports of Food Ingredients		
- Intermediate Products	549	873
- Consumer Oriented	298	682
- Bulk Commodities	231	336
Total	**1,078**	**1,891**
India’s Imports of Food Ingredients from U.S.		
- Intermediate Products	18.7	56.7
- Consumer Oriented	19.2	45.7
- Bulk Commodities	0	0.5
Total	**38**	**103**

Source: Directorate General of Foreign Trade, Ministry of Commerce, Government of India

Table 10: Top 10 imports of food ingredients from United States

HS Code	Description	2007 ($ million)	2012 ($ million)	Percent Change
210690	Food Preparations Nesoi	8.23	16.91	106
210610	Protein Concentrates & Textured Protein Substances	1.27	13.05	930
350400	Peptones, Other Proteins & Deriv Etc; Hide Powder	4.49	9.48	111
170211	Lactose & Lactose Syrup Cont 99% More Lactse By Wt	2.89	8.06	179
350510	Dextrins And Other Modified Starches	2.07	6.88	233
130239	Mucilage & Thickner W/N Modified,Frm Veg Prd Nesoi	3.63	6.80	87
291570	Palmitic Acid, Stearic Acid, Their Salts And Estrs	2.93	6.21	112
330210	Mixtures Odoriferous Substance Use Food/ Drink Ind	3.74	5.87	57
130219	Vegetable Saps And Extracts, Nesoi	1.18	5.21	342
350220	Milk Albumin,Inc Concen of 2 or more Whey Proteins	0.54	4.38	710

Source: Directorate General of Foreign Trade, Ministry of Commerce, Government of India

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 a number of imported raw materials pose as an additional challenge for the U.S. exporters interested in Indian market.

Table 11: Competition in Major Product Categories

Product Category	Net Imports (In $ Million) CY 2012	Major Supply Sources	Strengths of Key Supply Countries	Advantages (A) and Disadvantages (D) of Local Suppliers
Animal or vegetable oils, fats and their cleavage products	10,966	Indonesia Argentina Malaysia USA	Major production hubs and competitive prices	Local production is inadequate and more than 40 percent of total edible oil consumption is dependent on imports.(A)
Pulses	2,259	Myanmar Canada Australia Russia	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	1,964	USA Côte d'Ivoire Tanzania Benin	Growing market demand, preference for specific quality, popular at certain holidays	Domestic production of some of the major fruits and nuts is insignificant (A)
Coffee, Tea, Mate And Spices	500	Vietnam Indonesia Nepal Sri Lanka	Price Competiveness and proximity	Most imports are for re-export. (D)
Sugars and sugar confectionery	465	Brazil Germany United States Netherlands	Price competitiveness	India is usually a net exporter of sugar (D)
Dairy produce; birds' eggs; natural honey; edible prod. Of animal origin	109	New Zealand France Germany Ireland	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)
Products of the milling industry, malt, starches, insulin, wheat gluten	41	Australia China France United Kingdom	Price Competitiveness, high quality	Growing domestic industry (A), Increasing awareness about health & quality food (A), Stringent food laws (D)

Source: Ministry of Commerce and Industry and FAS India analysis

Section IV: Best Product Prospects

Table 12: Best Product Prospects for the Food Processing Ingredients

Product Types	Import Value ($ Million) CY 2012	Import Volume (Metric Tons) CY 2012	5–yr. Import growth by value (in %)	Basic Import Tariff	Key Constraints	Market Attractiveness For USA
Nuts (mainly Almonds)*	529	173,270	13	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	210	57,473	29	30%	Strong competition from domestic and international suppliers	Strong quality and brand preference
Products of the milling industry, Malt, starches, insulin, wheat gluten	41	46,992	14	30%	Competition from domestic suppliers	Growing bakery and retail industry and increased popularity for processed foods
Pulses	2,260	3,814,101	9	0%	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	212	205,671	24	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	9	3,952	9	30%	Competition from domestic and foreign suppliers	Seasonal shortages and high prices, increasing interest in quality fruits and growth of organized retail
Pasta	12	89	0	30%	Competition from domestic manufacturers and foreign suppliers	Increasing popularity
Fruit Juices	39	19,296 Liters	20	30%	Competition from domestic manufactures and foreign suppliers from neighboring countries	Increasing health awareness and shortage of quality products
Sauces, preparations, mixed condiments & seasonings	12	4,974	0	30%	Competition from domestic organized and unorganized manufactures	Preference for imported brands and growing food processing sector

Beverages, Spirits and Vinegar	339	175,714,160 Liters	10	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

Imports of most animal and livestock-derived food products are effectively banned because of established Indian import requirements. This includes dairy products classified in Chapters 4 and 21 of the Harmonized Tariff Schedule, poultry meat, lamb and mutton, seafood, goat and pork products including pet foods. Imports of beef are banned due to religious concerns. Imports of alcoholic beverages are constrained by high import tariffs, local taxes and a complex licensing system for distribution and sales. Exporters should work closely with local Indian importers of alcoholic beverages.

Effective July 8, 2006, the Government of India's (GOI) Foreign Trade Policy (2004-2009) specified that all imports containing products of modern biotechnology must have prior approval from the Genetic Engineering Approval Committee (GEAC), Ministry of Environment and Forests. The policy also made a biotech declaration mandatory. No biotech food product or ingredient is officially permitted for commercial importation. The only exception is soybean oil derived from Roundup Ready Soybeans, which was approved for importation on June 22, 2007, by the GEAC. For more information on India's biotech import policy, please see IN3083 – 'Agricultural Biotechnology Annual 2013'.

Section V: Post Contact and Further Information

The following reports may be of interest to U.S. exporters interested in India. There, and related reports prepared by this office, can be accessed via the FAS Home Page: www.usda.fas.gov by clicking on "Attaché Reports" and searching by the report number. Reports given below will provide additional information to exporters interested in Indian market.

Report Number	Subject
IN2059	India's Food Retail Sector Growing
IN3059	India's Food Retail Sector Takes a Breather
IN3150	India Retail Foods Annual 2013
IN3027	E-retailing Grocery Market in India
IN3056	India's Quick Service Restaurant Sector Growing
IN2162	Wine Market Update 2012
IN3151	India: HRI Food Service Sector Annual 2013
IN3098	Livestock and Products Annual 2013
IN3083	Agricultural Biotechnology Annual 2013

IN3119	Dairy and Products Annual 2013
IN3152	Exporter Guide Annual 2013

For additional information please contact:

Agricultural Counselor
Foreign Agricultural Service
Embassy of the United States of America
Chanakyapuri, New Delhi - 110 021
Ph: 91-11-2419-8000, Fax: 91-11-2419-8530
E-Mail: agnewdelhi@fas.usda.gov

Senior Agricultural Attaché
Office of Agricultural Affairs
American Consulate General
C-49, G-Block, Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051
Phone: 91-22-2672-4863
E-mail: agmumbai@fas.usda.gov