

**Required Report:** Required - Public Distribution

**Date:** December 23,2020

**Report Number:** IN2020-0194

**Report Name:** Fresh Deciduous Fruit Annual

**Country:** India

**Post:** New Delhi

**Report Category:** Fresh Deciduous Fruit

**Prepared By:** Ankit Chandra, Agricultural Specialist

**Approved By:** Mark Rosmann

**Report Highlights:**

India's market year (MY) 2020/21 apple and pear production are estimated at 2.3 million metric tons (MMT) and 305,000 metric tons (MT), respectively, as unfavorable weather conditions during the flowering stage have led to reduced yields from MY 2019/20. Apple and pear imports for 2020/21 are forecast at 0.24 MMT and 22,500 MT, respectively. Table grape production is expected to marginally increase to 2.3 MMT, while Indian table grape exports are expected to decline, largely to meet domestic demand. Fresh deciduous fruit demand remains stable, and the COVID-19 pandemic that influenced consumer behavioral changes will continue to drive fruit consumption through both online and physical retail.

**Commodity:**

Apples, Fresh

**Production, Supply and Demand (PSD) Statistics:**

<b>Table 1. India: Commodity, Apples, Fresh, PSD Table</b>						
(Area in Hectares, Quantity in Metric Tons and Trees in Thousands)						
<b>Apples, Fresh Table</b>	<b>2018/2019</b>		<b>2019/2020</b>		<b>2020/2021</b>	
<b>Market Begin Year</b>	<b>Jul-18</b>		<b>Jul-19</b>		<b>Jul-20</b>	
<b>India</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b>	326000	326000	326000	326000	0	326000
<b>Area Harvested</b>	278000	278000	278000	278000	0	275000
<b>Bearing Trees</b>	79900	79900	79900	79900	0	78000
<b>Non-Bearing Trees</b>	13800	13800	13800	13800	0	15700
<b>Total Trees</b>	93700	93700	93700	93700	0	93700
<b>Commercial Production</b>	2371000	2371000	2370000	2370000	0	2300000
<b>Non-Comm. Production</b>	0	0	0	0	0	0
<b>Production</b>	2371000	2371000	2370000	2370000	0	2300000
<b>Imports</b>	276800	276842	175000	194128	0	240000
<b>Total Supply</b>	2647800	2647842	2545000	2564128	0	2540000
<b>Domestic Consumption</b>	2384300	2384380	2295000	2300000	0	2352000
<b>Exports</b>	23500	23462	20000	22148	0	17000
<b>Withdrawal From Market</b>	240000	240000	230000	241980	0	171000
<b>Total Distribution</b>	2647800	2647842	2545000	2564128	0	2540000

**Source:** FAS-New Delhi Research and Industry Sources

**Note:** The distribution attribute “For Processing” is no longer included in the PSD, and the data has been included in the new “Domestic Consumption” (formerly Fresh Domestic Consumption) attribute.

**Production:**

Indian apple production is limited to the northern states of Jammu and Kashmir with a 70 percent market share, followed by Himachal Pradesh with 21.5-25 percent, and Uttarakhand with six percent share. The Northeastern hill states of Arunachal Pradesh, Nagaland, and Sikkim also produce small apple quantities.

FAS New Delhi (Post) forecasts marketing year (MY) 2020/21 (July-June) apple production at 2.3 million metric tons (MMT), three percent below the previous year due to winter drought (January-February) during the flowering period, hailstorms during the fruit-bearing period (April-May) and significant temperature variation. Furthermore, fungal disease (apple scab) outbreaks in Himachal Pradesh have also been reported, affecting apple quality.

The Government of India (GOI) is invested with initiatives to increase yield and rejuvenate orchards in Jammu and Kashmir and Himachal Pradesh. Most of the orchards are 30 to 35 years old and require tree rehabilitation, which primarily contain *Red Delicious*, *Royal Delicious* and *Rich Red* varieties. With a goal to boost production, the Government of Jammu and Kashmir has brought 240 hectares of land under its “High density apple plantation” scheme<sup>1</sup> in calendar year (CY) 2020.

**Consumption:**

India is among the largest global apple producers, yet domestic production is insufficient to meet growing domestic demand, which substantially increased during the COVID-19 pandemic. Apples are the most heavily consumed imported fruit in India, with consistent, year-round sales. However, the national lockdown from March to June 2020 negatively impacted apple imports due to major disruptions in port handling, logistics and supply chain distribution.

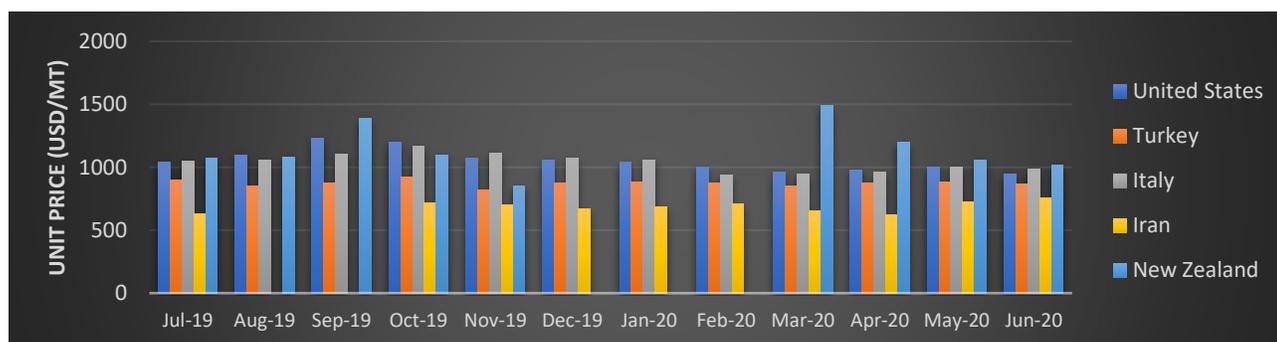
Post estimates MY 2020/21 apple consumption at 2.35 MMT, two percent above last year. Major factors fueling demand are India’s growing population (including a large population of vegetarians), an increase in disposable incomes, and a consumer base that is more health conscious. The COVID-19 pandemic resulted in a remarkable shift to e-retail. During the nationwide lockdown, online retailers were able to take advantage of consumer demand as smaller, traditional retailers were unable to purchase products from wholesaler markets that traditionally accounted for almost 80 percent of apple sales. As a result, traditional store and market retail accounted for almost 20 percent of sales.

India’s domestic apples provide a season-long competition to U.S. origin apples. In the last few years, improved post-harvest infrastructure in the key growing regions ensured ample market supply that was previously exhausted by January/February. However, most Indian apple varieties are mixed grade, which range from very good to poor quality. Affluent consumers are willing to pay a premium for quality, including imported varieties like Washington Gala and Honeycrisp apples.

**Price:**

The market year 2019/20 average unit price for imported U.S. fresh apples was USD \$1,052/MT, Turkey at \$872/MT, and Italy at \$1037/MT.

**Figure 1. India: Apples, Fresh, (HS Code 080810), Unit Price July 2019-June 2020**



Source: Trade Data Monitor

<sup>1</sup> Source: [Jammu and Kashmir Horticulture Department](#) and [Hindustan Times](#).

## Trade:

Market year 2019/20 imports declined by 30 percent to 0.19 MMT, due to significant rupee depreciation, retaliatory tariffs on U.S. origin apples, the COVID-19 pandemic, and the continued ban on Chinese apple imports. Post forecasts MY 2020/21 imports to increase approximately 24 percent to reach 0.24 MMT. Domestically produced apples are primarily consumed in Northern India. All other Indian regions face distribution challenges for domestic apples, and imported apples will account for future growth.

In market year 2019/20, U.S. apple imports accounted for 27 percent of India's total apple imports by volume, followed by Chile at 21 percent, and Italy at 17 percent. Turkey, Italy, Chile, and New Zealand all shipped large volumes to India to capitalize on the 20 percent customs duty, a competitive advantage against U.S. apples. In the last few years, Iranian apples have also seen a steady growth owing to their competitive pricing, are priced less than domestic apples in certain Indian markets due to lower quality. Additionally, Poland and Spain have experienced recent growth and are looking to increase their market presence in India.

**Table 2. India: Apples Fresh, Imports, 2017-2019**

Country	MY (June-May)		
	2017	2018	2019
World (Total)	6020	6653	7341
China	1301	3308	4832
Afghanistan	471	777	679
United States	1765	874	621
Egypt	474	127	360
Chile	602	636	302
Australia	590	96	191
Peru	627	654	187
Italy	64	51	120
Hong Kong	47	36	31
United Arab Emirates	0	81	19

Units in Metric Tons (MT)

Source: Ministry of Commerce and Industries, Government of India, and Trade Data Monitor

In market year 2019/20, India exported 22,148 MT of fresh apples primarily to Nepal and Bangladesh, which accounted for 57 and 40 percent of India's fresh apple exports, respectively. India's MY 2019/20 exports dropped due to ample domestic demand and decreased production. Post forecasts further reduced exports in MY 2020/21 at 17,000 MT due to decreased production (See *Production* section).

**Table 3. India: Apples Fresh, Exports from India to Partner Countries, 2017-2019**

Country	MY (July-June)		
	2017	2018	2019
World (Total)	14763	23462	22148
Nepal	9783	11582	12724
Bangladesh	4929	11597	8900
United Arab Emirates	1	2	153
Turkey	0	35	89
Saudi Arabia	0	0	75
Qatar	3	2	52
Oman	1	0	45
Kuwait	0	0	39
Singapore	0	0	21
Italy	0	0	21
Bahrain	0	0	16
Sri Lanka	0	0	11
Hong Kong	0	0	1

Unit in Metric Tons (MT)

Source: Ministry of Commerce and Industries, Government of India, and Trade Data Monitor

### Policy:

There are no fresh apple (HS Code 080810) import quantitative restrictions, but they do face a high, 50 percent basic customs duty (BCD). However, U.S. origin apples are subject to a 70 percent retaliatory tariff, a move that has significantly impacted realized trade potential. Non-tariff barriers include the August 2020 introduced requirement of a “Non-Genetically Modified/GM-free certificate”<sup>2</sup> by the Food Safety and Standards Authority of India (See [GAIN: IN2020-0108](#)). Importing apples into India require a phytosanitary certificate be presented to Indian Customs during clearance. The [Plant Quarantine Order 2003](#) conditions regulate the import of planting seeds and agricultural products (including fresh apples for consumption) from various countries into India.

**Table 4. India: Apples, Fresh, (HS Code 080810), Tariff**

HS CODE	ITEM DESCRIPTION	BASIC	IMPORT POLICY
080810	Apples, Fresh	50 percent	Freely Importable*

\*Based on conditions defined in the import permit

**Notes:** Open General License (OGL) – no quantitative restrictions. Social Welfare Surcharge (SWS) – zero percent on BCD-exempted goods under HS Code 0808100 (Apples, Fresh). The India-Afghanistan Preferential Trade Agreement allows a 50 percent tariff concession on the basic import duty for goods imported from Afghanistan.

<sup>2</sup> Source: [Hindu Business Line](#) and [FSSAI Notice](#).

**Commodities:**

Pears, Fresh

**Production, Supply and Demand Data Statistics:**

<b>Table 5. India: Commodity, Pears, Fresh, PSD Table</b>						
(Area in Hectares, Quantity in Metric Tons and Trees in Thousands)						
<b>Pears, Fresh Table</b>	<b>2018/2019</b>		<b>2019/2020</b>		<b>2020/2021</b>	
<b>Market Begin Year</b>	<b>Jul-18</b>		<b>Jul-19</b>		<b>Jul-20</b>	
<b>India</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b>	43000	43000	0	43000	0	43000
<b>Area Harvested</b>	42000	42000	0	42000	0	42000
<b>Bearing Trees</b>	12000	12000	0	12000	0	12000
<b>Non-Bearing Trees</b>	300	300	0	300	0	300
<b>Total Trees</b>	12300	12300	0	12300	0	12300
<b>Commercial Production</b>	340000	300000	340000	310000	0	305000
<b>Non-Comm. Production</b>	0	0	0	0	0	0
<b>Production</b>	340000	300000	340000	310000	0	305000
<b>Imports</b>	22700	21711	15000	17397	0	22500
<b>Total Supply</b>	362700	321711	355000	327397	0	327500
<b>Domestic Consumption</b>	328700	296711	355000	307397	0	310000
<b>Exports</b>	0	0	0	0	0	0
<b>Withdrawal From Market</b>	34000	25000	0	20000	0	17500
<b>Total Distribution</b>	362700	321711	355000	327397	0	327500

Source: FAS New Delhi Research and Industry Sources

Note: The pear distribution attribute "For Processing" is no longer included in the PSD, and the data has been included in the new attribute, "Domestic Consumption" (formerly Fresh Domestic Consumption).

**Production:**

India produces a limited volume of pears throughout Punjab, Himachal Pradesh, and Jammu and Kashmir, which are available from late summer to early winter. India cultivates over 20 pear cultivars, including *Williams*, *Bartlett*, *Nag* and *Comice* as its primary varieties. Indian pear production is cyclical in nature, with yields varying by as much as 20 percent depending on weather conditions at the time of blossom and harvest.

Post forecasts a three percent fall in domestic pear production for MY 2020/21 (July-June) to 305,000 MT, owing to unfavorable weather in the major pear-producing northern states during the March and April flowering months.

## Consumption:

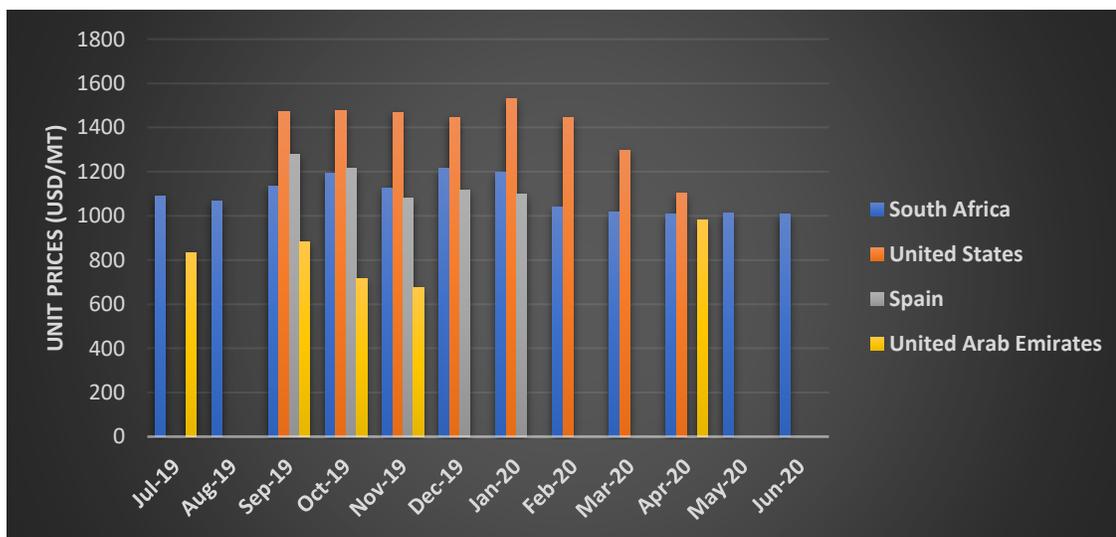
Post estimates MY 2020/21 consumption to marginally rise by one percent to 310,000 MT due to a growing urban middle class, increasing popularity of the gourmet food market among Indian consumers and demand penetration towards Tier-2 cities. Pear consumption gradually stabilized follow a significant drop during the COVID-19 lockdown which impacted small, traditional traders (80 percent of total market sales). Increasing presence of organized retailing has been pivotal in the expansion of imported food products category, and accounts for approximately 15-20 percent of the total organized retail space. Indian consumers primarily consume fresh pears, and processing remains small at about two percent of domestic production, due to high unit costs.

Although India is a large pear producer, its domestic pear season (July to early October) complements the U.S. pear season (market availability from middle to late October). India primarily imports Green and Red Anjou Pears varieties from the United States (arriving in November and sold through late March), with Green Anjou the favored variety. Indian demand for red pears and nascent U.S. varieties like Green Bartlett and Packham is also increasing with potential to drive future growth.

## Price:

The market year 2019/20 median unit price for fresh pears from South Africa was USD \$1079/MT; while U.S. imported pears were priced at \$1371/MT.

**Figure 2. India: Pears, Fresh, (HS Code 080830), Price July 2019- June 2020**



Source: Trade Data Monitor

## Trade:

Post estimates MY 2020/21 pear imports to increase by 29 percent to 22,500 MT on account of steady consumption growth and forecasted lower domestic production.

Since the Chinese pear import ban in June 2017, South Africa has remained as the top pear exporter to India, with 72 percent market share in MY 2019/20; followed by the United States with 13 percent, and Spain with five percent. South African Packham pears are at a competitive advantage as they can be stored longer than other imported varieties, thereby extending their availability.

India's pear exports continue to remain negligible.

**Table 6. India: Pears Imports, 2017-2019**

Partner	MY (July-June)		
	2017	2018	2019
World (Total)	14558	21661	17392
South Africa	10134	16393	12593
United States	2077	2374	2345
Spain	387	378	903
United Arab Emirates	23	69	708
Argentina	87	222	221
Netherlands	209	804	214
Belgium	89	642	169
Chile	556	138	131
South Korea	0	26	72
Turkey	0	0	22
Italy	86	72	12
Portugal	0	4	2
New Zealand	0	0	0
Australia	908	503	0
Afghanistan	2	36	0

Unit in Metric Tons (MT)

Source: Ministry of Commerce and Industries, Government of India, and Trade Data Monitor

## Policy:

The applicable basic customs duty on fresh pears (HS Code 080830) is 30 percent with no quantitative restrictions. The [Plant Quarantine Order 2003](#) regulates planting seeds and agricultural product imports (including fresh pears for consumption) into India. On May 1, 2017, the Indian Ministry of Agriculture and Farmer Welfare issued a letter suspending Chinese pear imports effective June 1, 2017. The ban caused China to lose its 70 percent share of the Indian fresh pear import market.

On February 1, 2018, the Government of India's Union Budget of 2018 abolished the Education Cess (Tax) and the Secondary and Higher Education Cess. The budget introduced a Social Welfare Surcharge of 10 percent of the BCD on imported goods, including fresh pears (see GAIN [IN8018](#)).

**Table 7. India: Pears, Fresh, (HS Code 080830), Tariff**

HS CODE	ITEM DESCRIPTION	BASIC	IMPORT POLICY
080830	Pears, Fresh	30 percent	Freely Importable*

**Notes:** Open General License (OGL) – no quantitative restrictions. Social Welfare Surcharge (SWS) – 10 percent on BCD-goods under HS Code 0808300 (Pears, Fresh).

**Commodities:**

Grapes, Table, Fresh

**Production, Supply and Demand Data Statistics:**

**Table 8. India: Commodity, Grapes, Fresh, PSD Table**

(Area in Hectares, Quantity in Metric Tons and Trees in Thousands)

Grapes, Fresh Table	2018/2019		2019/2020		2020/2021	
	Jun 2018		Jun 2019		Jun 2020	
Market Begin Year	Jun 2018		Jun 2019		Jun 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	140000	140000	140000	141000	0	140000
Area Harvested	138000	138000	138000	126000	0	123000
Commercial Production	2800000	2900000	3000000	2280000	0	2300000
Non-Comm. Production	0	0	0	0	0	0
Production	2800000	2900000	3000000	2280000	0	2300000
Imports	6700	6653	6800	7341	0	8000
Total Supply	2806700	2906653	3006800	2287341	0	2308000
Fresh Dom. Consumption	2329300	2389198	2561800	2002749	0	2058000
Exports	247400	250351	135000	184592	0	150000
Withdrawal From Market	230000	267104	310000	100000	0	100000
Total Distribution	2806700	2906653	3006800	2287341	0	2308000

Source: FAS New Delhi Research and Industry Sources

## Production:

Table grapes are a commercially important fruit and are primarily grown in Maharashtra, Karnataka, Telangana, Andhra Pradesh, and Tamil Nadu. Maharashtra accounts for over 80 percent of total production by area and volume. Most vineyards are drip irrigated, while less than 10 percent use surface irrigation. India utilizes more than 20 varieties of grapes; Thompson seedless variety constitutes about 55 percent of the total cultivated area followed by *Bangalore Blue*, *Anab-e-Shahi* and *Dilkhush* (15 percent each). To remain market competitive, Indian growers prefer fewer bunches per plant to have a better fruit quality with sufficient sugar levels.

Post revises its MY 2019/20 (June-May) production estimate to 2.28 MMT, 21 percent below last season due to heavy unseasonal rains, late withdrawal of monsoon and *Cyclone Kyarr*. This was followed by reduced sunlight in the December and January months in Maharashtra, and delayed pruning. Many of India's vineyards were also infested by fungal diseases which affected grape quality. Post forecasts MY 2020/21 production at 2.3 MMT, similar to the previous MY on account of heavy rainfall in September/October that led to moderate crop damage.

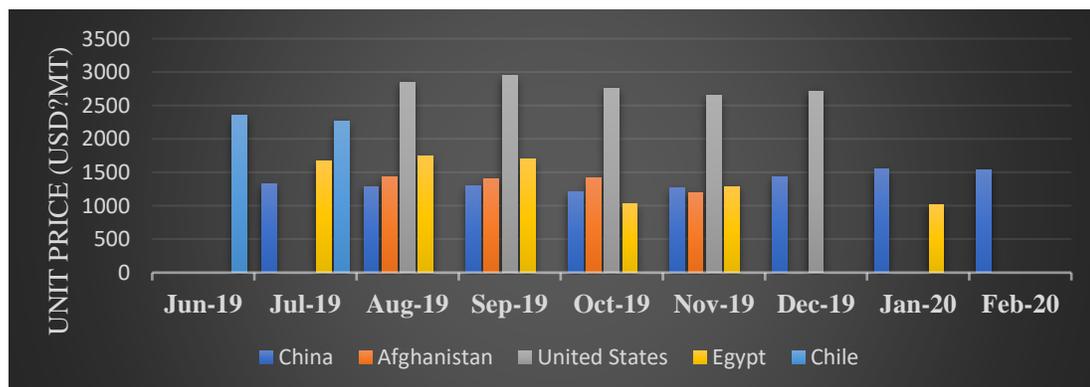
## Consumption:

India is a major consumer of grapes, and 98 percent are consumed fresh. Post forecasts consumption to rise by three percent to 2.05 MMT. Major factors driving increased consumption include urbanization, an expanding middle class, greater disposable income, rising health awareness for eating fresh fruit, and a shift in consumer perception in alcoholic beverages in favor of wine that is perceived as a "healthier" option. Overall investment in raisin grape production remains small compared to table grapes. However, the raisin industry sources approximately 15 percent of its product from table grapes. Grape processing for domestic use (e.g. juice, raisins) remains minimal because cold chain processing is focused on export markets.

## Price:

Imported grapes arrive to India from July to December, when domestic produce is not available. In market year 2019/20, the U.S origin grapes gained the highest price premium, but China led in total grape export volumes in the same period.

**Figure 3. India: Grapes, Fresh, (HS Code 080610), Price June 2019-February 2020**



Source: Trade Data Monitor

## Trade:

India is a major exporter of fresh table grapes. Post estimates MY 2020/21 table grape exports at 0.15 MMT, a 19 percent decrease from 0.18 MMT in MY 2019/20. This is attributed to lower production, reduced product quality resulting from unseasonal rainfall, depleting export demand and shipping and supply chain constraints faced during the COVID-19 lockdown.

Over 50 percent of Indian grapes are exported to the European Union (EU) and the United Kingdom. The top three destinations in MY 2019/20 included the Netherlands at 29 percent market share, Bangladesh at 17 percent, and Russia at 12 percent. Industry sources indicate South Africa's increased production and free trade agreement with the EU will continue to give it an edge over Indian table grape exports.

**Table 9. India: Table Grape Exports, MY 2018/19-MY 2019/20**

Country	MY (June-May)		
	2017	2018	2019
World (Total)	210393	250351	184592
Netherlands	53920	76213	53139
Bangladesh	44271	34048	32289
Russia	26785	31979	22683
United Kingdom	16034	20282	13662
United Arab Emirates	11181	14544	12274
Saudi Arabia	8117	10297	10164
Germany	14778	15714	7306
Nepal	6397	7441	5959
Oman	3628	4918	3431
Thailand	4540	4254	2998
Hong Kong	1869	4173	2619
Malaysia	839	2667	2370
China	607	2792	2136
Canada	617	2576	1417
Qatar	1490	2455	1366
Denmark	1621	2387	1307
Sri Lanka	2002	1079	1135

Unit in Metric Tons (MT)

Source: Ministry of Commerce and Industries, Government of India, and Trade Data Monitor

Post forecasts imports to increase nine percent to 8,000 MT in MY 2020/21 as domestic supplies decrease. In market year 2019/20, China was the dominant supplier to India with a 66 percent market share followed by Afghanistan (nine percent) and the United States (eight percent).

**Table 10. India: Table Grape Imports, MY 2018/19- MY 2019/20**

Country	MY (Jun-May)		
	2017	2018	2019
World (Total)	6020	6653	7341
China	1301	3308	4832
Afghanistan	471	777	679
United States	1765	874	621
Egypt	474	127	360
Chile	602	636	302
Australia	590	96	191
Peru	627	654	187
Italy	64	51	120
Hong Kong	47	36	31
United Arab Emirates	0	81	19
Bangladesh	0	10	0
Iran	0	4	0

Unit in Metric Tons (MT)

Source: Ministry of Commerce and Industries, Government of India, and Trade Data Monitor

### Policy:

There are no quantitative restrictions on fresh grape (HS Code 080610) imports and are assessed a 30 percent basic tariff. Grape imports into India require a phytosanitary certificate be presented to Indian Customs during clearance. The [Plant Quarantine Order 2003](#) conditions regulate the import of planting seeds and agricultural products (including fresh grapes for consumption) into India.

**Table 11. India: Table Grapes (HS Code 080610), Tariff**

HS CODE	ITEM DESCRIPTION	BASIC	IMPORT POLICY
080610	Grapes, Fresh	30 percent	Freely Importable

**Notes:** Social Welfare Surcharge (SWS) – 10 percent on BCD- applicable on goods under HS Code 080610 (Grapes, Fresh). The India-Afghanistan Preferential Trade Agreement allows a 50 percent tariff concession on the basic import duty for goods imported from Afghanistan. The India-Chile Preferential Trade Agreement allows a 20 percent tariff concession on the basic import duty on grapes imported from Chile.

### Attachments:

No Attachments