

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Indore and Bhopal... Emerging Cities in the Heart of India

Report Categories:

Market Development Reports

Food Service - Hotel Restaurant Institutional

Retail Foods

Food Processing Ingredients

Promotion Opportunities

Trip Report

Market Promotion/Competition

Oilseeds and Products

Potatoes and Potato Products

Approved By:

Adam Branson

Prepared By:

Priya Jashnani

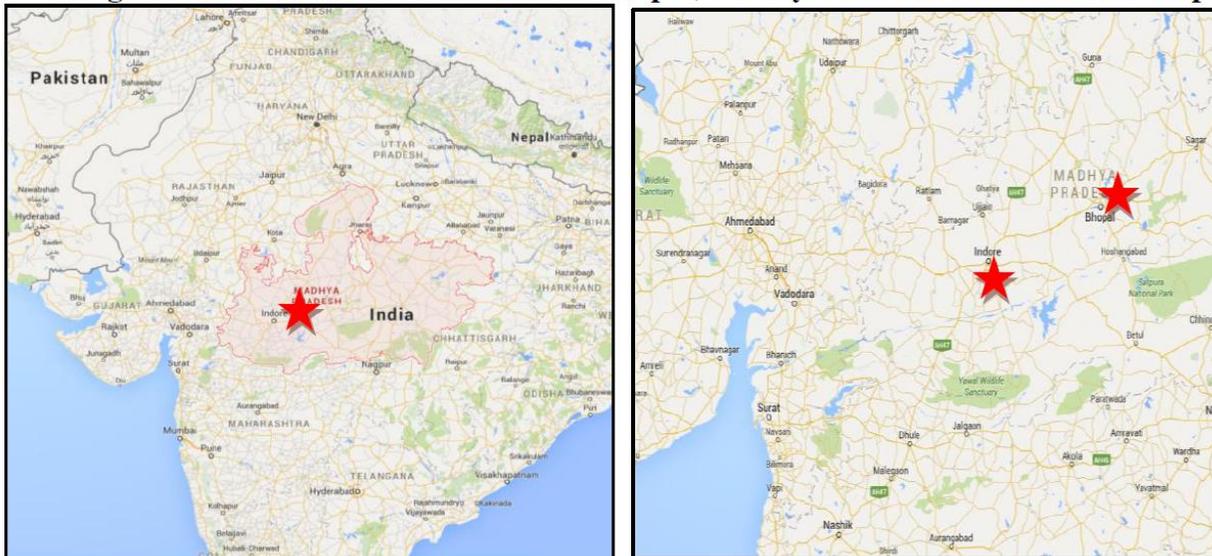
Report Highlights:

In January 2016, the Government of India included Indore and Bhopal in the Smart Cities Initiative – a sign that both are emerging and vital to Indian development. Household incomes are rising and both cities promise business opportunities for American companies across sectors. Supplying food, beverage, and ingredient products to the food service, food processing, retail, and E-commerce markets holds potential in these two cities at the heart of India.

General Information:

[Madhya Pradesh](#) (or, MP) is the largest state in central India and has a population of almost 73 million people (2011 census). The state's motto is "The Heart of Incredible India." The state is famous for its temples, nature reserves, national parks and cultural heritage, which combine to make the place a popular tourist destination. In 2010, there were 38 million tourist arrivals into MP. According to the 2011 census, [Indore](#) is the largest city in MP with an urban area population of nearly 2 million people. It is the commercial hub of the state. [Bhopal](#), just 124 miles (or, 200 km) away, is the political and administrative capital and has a population of 1.8 million people. Combined, the populations and the food service, food processing, retail and E-commerce businesses of the two cities present a sizeable opportunity and growing consumer base to be catered to with imported food, beverage, and ingredient products.

Image 1. India: Location of Indore and Bhopal, Madhya Pradesh on the Indian Map



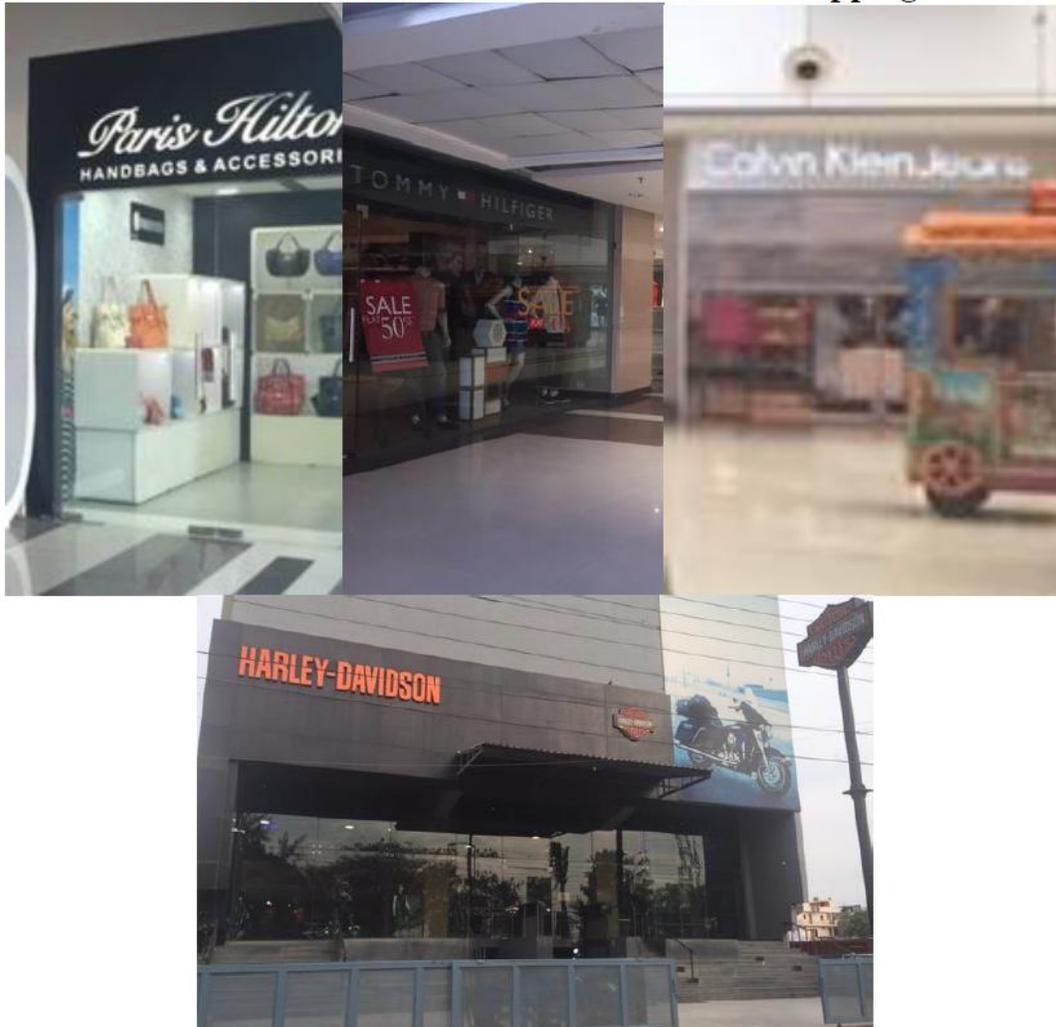
MP is emerging as an investment hub owing to the presence of domestic and multinational companies like John Deere, Tata Consultancy Services, Infosys, Bridgestone, Reliance, Cummins, Volvo, Novartis, P&G, Essar, Ruchi and more. This has led to a growing number of foreign expats working and living in the state as well as rising disposable incomes. The state also has a number of pharmaceutical, textile, and information technology (IT) firms. Indore is popular for its educational institutions; namely, the Indian Institute of Technology (IIT) and the Indian Institute of Management (IIM).

The state has a well-developed infrastructure and is connected by roads, airports and railways. Rail services go to all major cities and deliver to export markets via the Jawaharlal Nehru Port in Mumbai, Maharashtra and the Mundra Port in Gujarat. The Indore airport has direct flights to metropolitan and major second tier cities like Mumbai, Delhi, Ahmedabad, Hyderabad, Kolkata, Jaipur, Raipur, Nagpur, Bengaluru, Pune and Bhopal.

Real estate costs are low and the State Government provides several subsidies and tax exemptions to businesses. Indore and Bhopal have been selected as two of the hundred Indian cities to be designated as a "smart city" under [Prime Minister Narendra Modi's](#) flagship [Smart Cities Initiative](#).

Indore is a test market, already, for several multinational brands. Several international retailers like Calvin Klein, Tommy Hilfiger, Hush Puppies, and others have established their presence in the city. International auto companies and distributorships like Harley Davidson exist in Indore, also.

Image 2. India: Selected International Retail Stores at a Shopping Mall in Indore



Per capita income data for both Indore and Bhopal is outdated. In 2004-2005 constant prices, when the Indian Census was published in 2011, the census data listed Indore as having a per capita income of \$1,175 (INR 52,501) and Bhopal as having a per capita income of \$1,056 (INR 47,214). More telling is that Indore's and Bhopal's per capita urban income levels were nearly 1.5 times and 1.3 times, respectively, the all India urban per capita income level. In 2007/08, according to the MP Department of Planning and Statistics, about 71 percent of Indore's population and 77 percent of Bhopal's population were above the line of "low standard of living" (i.e., above the poverty line). Recent MP government efforts to boost tourism, support infrastructure growth, and agricultural productivity in the cities have bolstered household incomes according to industry contacts.

Retail Snapshot:

Best retail product prospects: breakfast cereals; sauces and salad dressings; vinegars; confectionery items; pastas and noodles; popcorn; meats; poultry; cheeses; exotic fruits (avocados, kiwis); exotic vegetables (broccoli, lettuce, celery, onions); tree nuts (almonds and walnuts)

Indore is home to well-traveled Indian residents and a growing expat population. The retail sector in Indore is growing; albeit, slowly. Demand for imported food and beverages items is on the rise and is available at a few selected retail and gourmet stores. Sources report there are about 15,000 mom-and-pop grocery stores in Indore, a number of big retailers (see Table 1) and a handful of online grocery retailers (see E-Commerce section, below).

Table 1. India: Selected Retail and Gourmet Stores in Indore & Bhopal

Retailer	No. of Stores
Best Price Walmart (1 in Indore; 1 in Bhopal)	2
Big Bazaar (Indore)	1
Hypercity (Bhopal)	1
Reliance Fresh (Bhopal)	1
Metro Cash & Carry (Indore)	1
Daddy's Kitchen (Indore)	1
The Gourmet Store by Dr. Beans (Indore)	1

Reportedly, women from the upper middle class segment spend their afternoons with friends at shopping malls over a cup of tea/coffee or a beverage and small bite, while shopping for their kitchen requirements.

Retail food stores in the city carry a small range of imported foods and beverages. A wide range of imported food and beverage items can be found at gourmet food stores. Consumers seen shopping at the gourmet stores are those who are familiar with the brand/product and its recipes or use. A large retailer reports consumer footfall of 30,000 – 35,000 people per week at their store. Fruits and vegetables sales account for among the highest categories of expenditures with sales averaging \$2,273 (INR 150,000) per week.

A source reports that American origin sauces, condiments and confectionery products are the fastest selling items compared to French, Italian and United Kingdom products. Due to inconsistent supplies in the city, demand for these products is always high. Demand for organic foods is on the rise, too.

In order to keep up with challenges arising from an unorganized supply chain, one gourmet store experimented with opening an adjoining restaurant. This restaurant offers a menu based on a selection of foods prepared from the range of items available at their gourmet store. Desserts like salted caramel and peanut butter brownies and snacks like Mexican salsa and cream cheese pizza are popular menu choices. The restaurant reports that their business model has helped in creating awareness amongst consumers of the many recipes that can be prepared from these foods and has provided a sales boost. In addition, a new trend seen amongst ladies is their interest in gourmet cooking.

Image 3. India: Collage of International Food Products at a Retail Stores in Indore





Products are shipped by truck from Mumbai and Delhi. The warehousing and supply chain is generally organized; however, the city faces challenges of inconsistent product availability. Demand for imported food and beverage products is on the rise as foreign expats and local residents are willing to pay higher prices.

Indore-ians love their food. The food habits of the people are changing from traditional local food to international foods like Chinese and Italian. Often, the international foods carry an Indian flavor or have a spice boost. Consumers are willing to try new products but lack awareness on application or usage as well as insight on the nutrition benefits of these products.

The city, although growing at a nascent pace, will see growth in consumption and consumer expenditure on imported food and beverage products.

Hotel and Restaurants Snapshot:

Best HRI product prospects: poultry; meats; cheeses; olives; olive oil; pastas; sun-dried tomatoes; bread and specialty flours; exotic fruits and vegetables (broccoli, lettuce, spinach, celery); tree nuts (almonds and walnuts); bakery ingredients; spices & seasonings; salad dressings; sauces and spreads.

Bhopal is a popular tourist destination and a starting off point to major nearby wildlife and cultural destinations. The city houses two heritage hotel properties (out of a total of five in the state) that are usually fully booked by non-resident Indians (NRIs) and foreign visitors. Bhopal is the political and administrative capital of MP and, hence, is busy with people who come to engage with local officials

Although Bhopal consumers exhibit a traditional Indian palate, people are exploring international foods. A major hotel held its first 10-day long Mexican Food Festival. Though the hotel reported low sales for this festival when compared to a similar event, a Lucknowi Food Festival featuring North India cuisine, it was an important step to introduce non-local food to the area. Furthermore, the hotel believes the promotion built awareness among local residents and guests of international flavors and raised expectations that new foods and flavors can be introduced to the area.

Indore is a popular wedding location, also. Hotels report that their major business is from hosting

Indian weddings (which usually last many days and see hundreds or thousands of invited participants) as well as parties or gatherings for celebrities and local residents with high disposable incomes.

Table 2. India: Major 4-Star Hotels in Indore & Bhopal

Hotel Chain	No. of Properties
Sayaji Hotels (oldest and largest chain of hotels)	6
Radisson Blu	1
Fortune Landmark	1
Marriott Bhopal (Bhopal city)	1

Most of the hotels procure imported food products from retailers and gourmet stores to meet demands rather than from dedicated distributors. Restaurants and café lounges at these properties offer almost all cuisine styles. Indore is famous for its rich night life and relaxed pace where young and middle-aged consumers enjoy music and beverages like wines, beers and cocktails as well as international foods like shwarmas, wood-fired pizzas, and kebabs.

Shopping malls are on the rise in Indore. Most have a floor, usually the top floor, dedicated to casual dining restaurants and kiosks in a food court format. Or, the dining venues are strategically located at the front entrance of the mall. Young college students and the working population frequent food courts where they converse, snack, and escape the weather for hours. The food courts offer various cuisines of which Italian, Chinese and burger joints seem to be the most common.

Table 3. India: List of Selected Shopping Malls in Indore

Treasure Island Mall
Central Mall
C21 Mall
Orbit Mall
Malhar Mega Mall
City Center Mall

Major international quick service restaurants (QSR) like McDonalds, Kentucky Fried Chicken, Subway, Dominoes and Pizza Hut have established their presence in the city. Popular local QSR brands are Panchvati Gaurav, Vrindavan, Sagar Ratna, Mainland China, Little Italy, and Smokin Joe’s.

Image 4. India: Fast Food Chains at a Shopping Mall in Indore



Image 5. India: Fast Food Chains at a Shopping Mall in Bhopal



Food processing Snapshot:

Best food processing and ingredient product prospects: coloring agents; emulsifiers; flavorings; and ingredients.

Close proximity to urbanized first and second-tier markets and its strong infrastructure has given a boost to the food processing sector in MP. With 11 agro-climatic zones, 5 crop zones and 4 soil types, the state has abundant agri-production. It has 6 food parks, 4 food-focused industrial clusters and 5 agri-export zones in addition to 812 agro-based food processing companies. Important commodities include: maize, wheat, soybean, rice, lentils, pulses, fruits and vegetables, spices, milk and milk products, meat and poultry. Trade sources report that more than 65 percent of India’s domestic soy crop is grown in MP. Key food processing players in the state are PepsiCo, Coca Cola, Parle Agro, Hershey’s, Mondelez International (Cadbury), Adani Wilmar, Dabur, Daawat, Reliance Fresh, and Ruchi Group.

The Indore food processing sector seems strong in soybean, spices, savory snacks, and frozen vegetables/potatoes. There are more than 250 potato processing units in Indore and its adjoining districts. Sources report the market for imported food ingredients is growing.

The establishment of food parks has been on the rise in MP. Sources suggest that the move towards food parks should address some of the challenges associated with an insufficient cold chain or storage and warehousing. Source report pan-India that between 20 to 30 percent of food is lost post-harvest due

to pest problems, poor packaging, multiple handlings and transportation in open vans.

MP has announced the opening of a Food Technology Institute in Indore covering an area of 50 acres that will focus on entrepreneur development, human resources development and employment generation. Another project funded by the state is a center for perishable cargo at the Indore and Bhopal airport.

E-Commerce Snapshot:

Best food and grocery e-commerce product prospects: fresh fruits and vegetables; gourmet foods and beverages, pet foods; cereals; pulses and flours; ready to eat/serve foods.

India is at a very nascent stage with E-commerce in the food sector. According to the Internet and Mobile Association of India (IAMAI) findings, there were 306 million mobile internet users in India as of December 2015 of which 219 million were from “urban” and “metro” areas. IAMAI defines small metros as those that have a population of more than 1 million people. Cities like Indore, Coimbatore, Jaipur, Lucknow, Ludhiana, Visakhapatnam, Patna, Guwahati, Kochi, Vadodara, Surat and Nagpur make for small metros. Just over eleven percent of Indore’s population has access to a desktop computer or laptop with internet and nearly 63 percent of the population has access to a mobile phone.

Major categories sold online in the food sector are fruits and vegetables; processed snack food products; and sauces and condiments. Sources report that housewives find it convenient to shop online and beat the city heat which sees high temperatures in the mid to low-80 degrees from July to February but that climb to over 100 degrees in April to June. Too, it seems that the shoppers are able to buy their household requirements at competitive prices with the discounts offered by online grocery portals. Most online retailers deliver products through their warehouses reaching consumers by motorcycle or scooter to avoid traffic.

Table 4. India: List of Selected Online Grocery Retailers in Indore

www.indore.gozopping.com
www.webkirana.com
www.shopitdaily.com
www.indoresupermarket.com
www.nayazamana.in
www.grossary.com

An Indore-based online grocery retailer launched in 2015 with a business-to-business (B2B) model. The retailer reports continual growth in their business since its inception and plans to expand to an additional 10 cities. The online grocery retailer encourages suppliers to register their products with their website. These brands are promoted then to approximately 3,000 registered retail stores. The registered stores place orders for their brick-and-mortar store requirements. The online grocery retailer collects payment for the orders from the retailers and pays the suppliers. The online grocery retailer reports that this model has been a success and is gaining momentum.

POST CONTACT AND FURTHER INFORMATION

For further information about Ahmedabad and other markets, please contact the following USDA offices in India.

Office of Agricultural Affairs

Embassy of the United States of America

Chanakyapuri, New Delhi - 110 021, India

Phone: +91-11-2419-8000, Fax: +91-11-2419-8530

E-Mail: agnewdelhi@fas.usda.gov

Web: www.fas.usda.gov

Twitter: @USDAIndia

Office of Agricultural Affairs

American Consulate General

C-49, G-Block, Bandra Kurla Complex, Bandra (E)

Mumbai - 400 051, India

Phone: +91-22-2672-4000

E-mail: agmumbai@fas.usda.gov

Web: www.fas.usda.gov

Twitter: @USDAIndia

Production, Supply and Demand Data Statistics :

Table 5. India: Imports of Agricultural Products into Indore (via SEZ Indore) from the World in Value

HTS	Commodity	United States Dollars			%Δ 15/14
		2013	2014	2015	
2905	Acyclic Alcohols & Halogenat, Sulfonatd Etc Derivs	6,996,635	11,414,278	10,754,975	-5.78
1201	Soybeans, Whether Or Not Broken	461,924	1,479,474	6,795,473	359.32
2923	Quaternary Ammonium Salts Etc; Lecithins Etc.	23,918	2,939,718	3,167,755	7.76
3824	Binders For Found Molds; Chemical Prod Etc Nesoi	376,772	2,835,614	2,293,496	-19.12
0904	Pepper, Genus Piper; Genus Capsicum Or Pimenta	-	325,158	1,482,268	355.86
0910	Ginger, Saffron, Tumeric, Thyme, Bay Leaves Etc.	357,515	403,644	511,581	26.74
3507	Enzymes; Prepared Enzymes Nesoi	1,931,617	1,055,415	423,277	-59.89
0905	Vanilla Beans	-	-	375,587	n/a
0909	Seeds Anise Badian Fenml Coriandr Etc; Junpr Berrs	264,434	338,170	340,947	0.82
2915	Sat Acyclic Nonocarbox Acid & Anhyd, Halogon Etc	34,995	87,351	258,046	195.41
1702	Sugars Nesoi, Incl Chem Pure Lactose Etc; Caramel	559,823	65,017	199,126	206.27
3503	Gelatin & Deriv; Isinglass; Glues, Animal Or Nesoi	-	680,231	77,115	-88.66
0908	Nutmeg, Mace And Cardamoms	32,616	147,242	70,632	-52.03
1701	Cane Or Beet Sugar & Chem Pure Sucrose, Solid Form	6,297	24,371	70,104	187.65
0906	Cinnamon And Cinnamon-Tree Flowers	-	-	65,953	n/a
	Others	679,503	646,095	141,405	
	Total	11,726,052	22,441,778	27,027,738	20.43

Table 6. India: Imports of Agricultural Products into Indore (via SEZ Indore) from the United States in Value

HTS	Commodity	United States Dollars		%Δ 15/14
		2014	2015	
330210	Mixtures Odoriferous Substance Use Food/ Drink Ind	3,096	5,793	87.15

Source: Indian Ministry of Commerce

Table 7. India: Imports of Agricultural Products into Indore (via ICS Pithampur Indore) from the World in Value

HTS	Commodity	United States Dollars			%Δ 15/14
		2013	2014	2015	
3809	Finishing Agents Etc For Textiles, Paper Etc Nesoi	1,250,957	2,637,831	2,070,559	-21.51
1201	Soybeans, Whether Or Not Broken	-	-	710,108	n/a
3504	Peptones, Other Proteins & Deriv Etc; Hide Powder	712,773	608,798	537,082	-11.78
5201	Cotton, Not Carded Or Combed	-	488,509	412,729	-15.51
3824	Binders For Found Molds; Chemical Prod Etc Nesoi	293,964	1,634,579	284,618	-82.59
1805	Cocoa Powder, Not Sweetened	121,902	146,181	173,885	18.95
2309	Preparations Used In Animal Feeding	234,004	178,650	170,982	-4.29
5301	Flax, Raw Etc But Not Spun; Flax Tow And Waste	31,131	33,400	163,140	388.45
2915	Sat Acyclic Nonocarbox Acid & Anhyd, Halogon Etc	7,147	36,343	149,728	311.98
4411	Fiberboard Of Wood Or Other Ligneous Materials	-	-	119,098	n/a
2106	Food Preparations Nesoi	415,823	133,222	110,729	-16.88
3503	Gelatin & Deriv; Isinglass; Glues, Animal Or Nesoi	-	-	91,338	n/a
2905	Acyclic Alcohols & Halogenat, Sulfonatd Etc Derivs	111,577	124,614	83,943	-32.64
4421	Articles Of Wood, Nesoi	4,198	56,920	82,363	44.7
4415	Packings Etc, Wood; Pallets, Collars Etc, Of Wood	-	80,304	69,733	-13.16
	Others	1,683,101	3,208,629	168,467	
	Total	4,866,576	9,367,981	5,398,504	-42.37

Table 8. India: Imports of Agricultural Products into Indore (via Ics Pithampur Indore) from the United States in Value

HTS	Commodity	United States Dollars			%Δ 15/14
		2013	2014	2015	
120190	Soyabeans, Nesoi	-	-	710,108	-
210690	Food Preparations Nesoi	415,823	104,262	-	-100.0

Source: Indian Ministry of Customs