

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

### Retail Foods

#### 2014

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**Report Highlights:**

Although small, traditional outlets dominate the Indian food retail sector and account for 98 percent of sales, modern retail chains offering a consumer-friendly shopping experience are emerging and stores now exceed 3,200. Foreign direct investment rules for multi-brand retail are prohibitive for many international brands, but India remains a growing market for imported consumer-ready food products. Imports were \$3.2 billion in 2013 and show 20 percent growth, year-over-year, through September 2014.

**Post:**

New Delhi

**Executive Summary:****SECTION I. MARKET SUMMARY****General Economy and Policy Environment**

India has one of the world's fastest growing large economies and, by some estimates, is projected to become the world's third largest economy by 2025. In 2010, annual gross domestic product (GDP) growth reached 8.9 percent. In 2013, it slipped to 4.7 percent growth. As per the Indian Central Statistics Office, India's GDP grew 5.3 percent in the quarter ending September 2014, compared with 5.7 percent in the previous quarter (April to June). Nominal wages, which grew around 17 to 19 percent until 2012, saw no increase in 2014, and experts expect this to have an impact on medium-term demand trends. The Reserve Bank has taken measures to control inflation and the year-on-year Wholesale Price Index (WPI) was zero for November 2014, meaning that wholesale prices in November 2014 were the same as in November 2013. At 4.4 percent in November 2014, the Consumer Price Index (CPI) registered its lowest rate of inflation since January 2012.

Presently, the economy is challenged by depreciation of the rupee and a looming fiscal deficit. Additionally, household demand for goods and services is relatively weak while industrial capital utilization is low (i.e., firms have excess capacity due to demand contraction; especially in rural areas).

The Government of India has not taken recent steps to lower tariffs or to improve access for imported food and agricultural products. Nevertheless, led by commodities such as pulses and vegetable oil for which tariffs are low, India's bulk, intermediate, consumer-oriented, fishery and forestry imports jumped from \$10.4 billion in 2008 to \$22.1 billion in 2013. Imports of consumer-oriented foods, led by tree nuts and fresh and dried fruits essentially have doubled since 2008 to \$3.2 billion.

**Table 1. India: Imports of Ag., Fish, and Forestry Products from the World (U.S. Billion \$)**

<b>Category</b>	<b>2008</b>	<b>2013</b>	<b>2014 YTD (Jan-Sept)</b>
Bulk	2.891	4.891	3.792
Intermediate	4.198	11.234	9.25
Consumer-Oriented	1.694	3.228	2.965
Fishery & Seafood	0.058	0.048	0.039
Forestry	1.591	2.745	2.159
<b>Total</b>	<b>10.432</b>	<b>22.146</b>	<b>18.205</b>

Source: Indian Ministry of Commerce through Global Trade Atlas

**Snapshot: Indian Food Retail Sector**

- Estimates of the dollar value of India’s retail sector vary significantly. A survey of 10 private estimates indicates that the total (food and non-food) retail sector was valued at somewhere between \$320 billion and \$550 billion in 2011.
- Retail food sales are estimated at \$270 billion and are about 60 percent of total retail sales.
- Estimates indicate that modern grocery retailers managed to carve out an estimated one percent share of food retail sales in 2005 and that share increased to two percent (\$5.4 billion) in 2011 and remained the same in 2012.

**Table 1. India: Size of Food Retail**

<b>Sector</b>	<b>Estimated Size in 2013</b>
Total Retail (Food and Non- Food)	\$450 Billion
Organized Retail (Food and Non-Food)	\$27 Billion (6% of total retail sales)
Food Retail (Modern and Traditional)	\$270 Billion (60% of total retail sales)
Modern Food Retail	\$5.4 Billion (2% of total food retail sales)
The food retail market includes the retail sales of all food products, both packaged and unpackaged, as well as beverages (including retail sales of all alcoholic and non- alcoholic beverages)	

**Source:** FAS Mumbai analysis and trade estimates

### **Foreign Direct Investment Halted after Being Amended and Approved**

On May 27, 2014, the new Minister of State for Commerce and Industry stated in a press release that FDI in multi-brand retail is “not best opened up now” as medium and small-sized traders or small farmers have not been adequately empowered and may be affected, if the policy is not evaluated in a “calibrated manner.”

**Table 2. India: FDI in Retail Timeline**

<b>TIMELINE</b>	<b>SERIES OF EVENT</b>
July 1991	FDI up to 51 percent allowed in certain stores
January 1997	FDI up to 100 percent allowed in “cash and carry “format with automatic government approval
February 10, 2006	FDI up to 51 percent allowed in single brand retail with government approval
November 24, 2011	FDI up to 100 percent in multi-brand retail approved
December 7, 2011	FDI up to 100 percent in multi-brand retail put on hold
January 10, 2011	FDI up to 100 percent in single-brand retail approved
September 14, 2012	FDI up to 100 percent in multi-brand retail approved
September 20, 2012	FDI in single brand sourcing norms amended
December 05, 2012	FDI in multi-brand retail decision wins a confidence vote in Lok Sabha (lower house)
December 07, 2012	FDI in multi-brand retail decision wins a confidence vote in Rajya Sabha (upper house)

June 06, 2013	Clarification issued on queries of prospective investors on FDI Policy of multi-brand retail
August 01, 2013	Union Cabinet approves amendment in FDI policy for multi-brand retail trading
May 27, 2014	FDI in multi-brand retail to be evaluated in a calibrated manner as per the newly elected government

### **Consumer Demographics:**

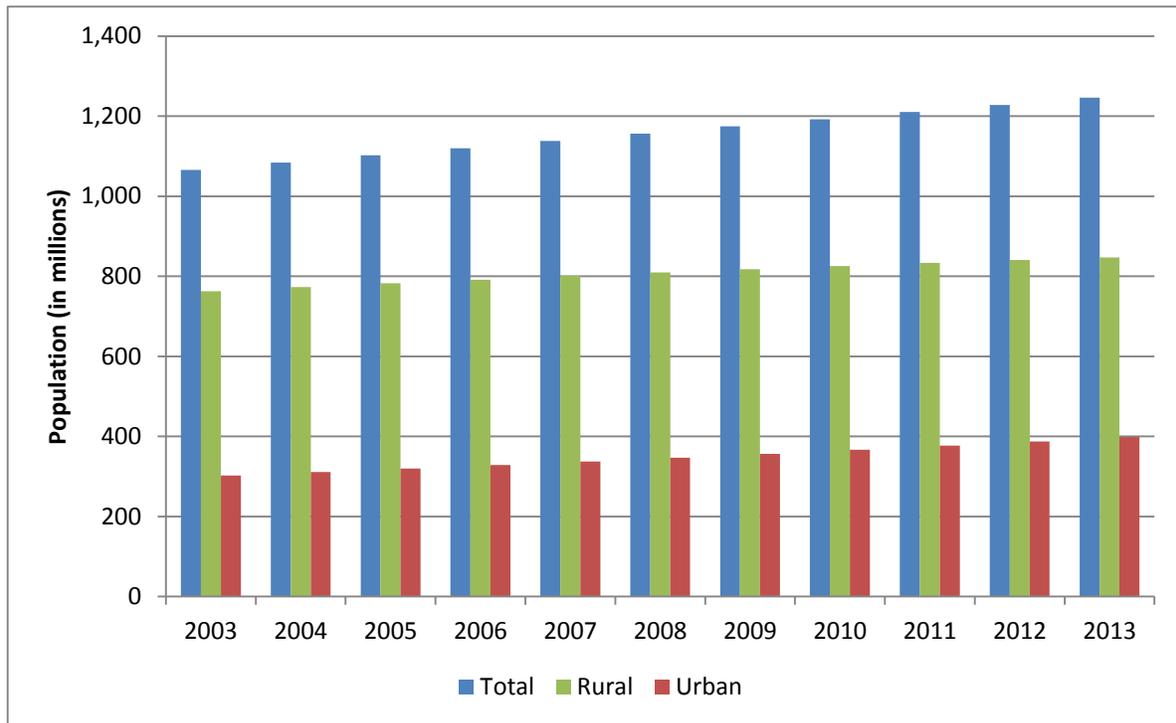
With a population of 1.25 billion, India is the world's second most populous country. India is one of the youngest countries in the world with a median age of 25. Nearly 60 percent of Indians are under the age of 30. However, declining birth rates suggest that the Indian population will age over the next 10 years with the greatest change occurring among those aged 30 and above; a group that comprises the highest earners. Nearly half of all Indians are married and families traditionally live in joint or extended families resulting in an average household size of 4.8 people in 2013. In urban areas, smaller nuclear families are becoming more common as mobility and employment opportunities increase.

Over 850 million Indians live in rural areas compared to 400 million who live in urban areas. While the urban population is growing at more than double the rate of rural areas as migrants move to cities in search of opportunity, it will likely be several decades before India's population will become majority urban. Agriculture accounts for an estimated 14 percent of Indian GDP, but over half of Indians are employed in agriculture, suggesting that urban areas will continue to gain population as surplus labor moves to cities. Nevertheless, rural areas are emerging as important markets for fast moving consumer goods. Aside from vegetable oil and pulses, opportunities for imported value-added or consumer-ready foods are limited in rural areas.

While consumption of processed foods such as domestically-produced chips, biscuits and vegetable oils penetrates the lower income categories, current opportunities for value-added imported foods are generally thought to be limited to higher income consumers. According to data provided by Euromonitor, average consumer expenditure (for all products) per household by the top 10 percent of Indian households rose to \$8,923 in 2013 from \$ 8,084 in 2010.

Trade sources frequently estimate India's market for luxury goods at 10 million people and data from Euromonitor indicates that during 2007-2012, the luxury goods markets in India recorded real growth of 270 percent. There are nearly 636,000 households with annual incomes in excess of \$150,000, up from 342,000 in 2007. The presence of luxury goods retailers remains limited in India and the limited numbers of luxury goods retailers which are present in India are primarily located in the country's major Tier 1 and Tier 2 cities; especially, Bangalore, Delhi and Mumbai.

**Figure 1. India: Population 2003-2013**



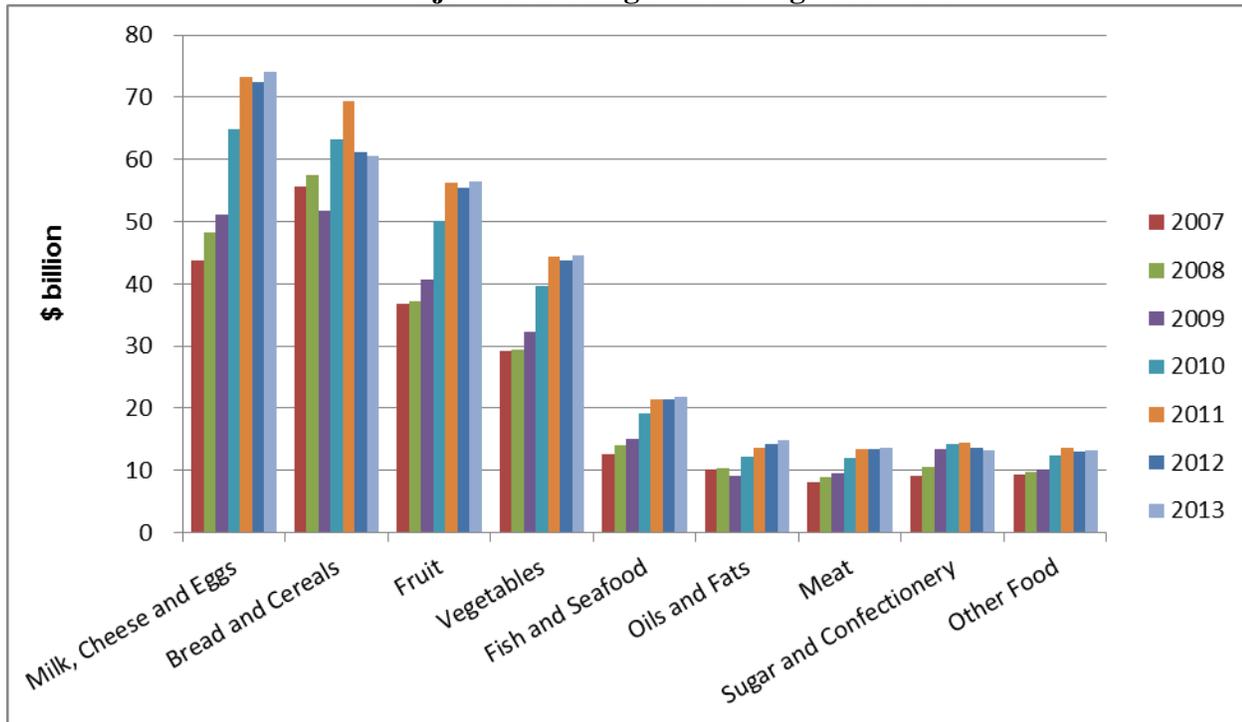
Source: Euromonitor

**Table 3. India: Consumer Expenditures on Major Food Categories During 2013**

Categories	2013	2007 – 2013
	(\$ billions)	Growth Percentage
Milk, Cheese and Eggs	74.10	69.2%
Bread and Cereals	60.60	9.0%
Fruit	56.50	53.5%
Vegetables	44.50	51.9%
Fish and Seafood	21.90	73.8%
Oils and Fats	14.90	47.5%
Meat	13.70	69.1%
Sugar and Confectionery	13.20	45.1%
Other Food	13.20	41.9%
<b>Total</b>	<b>312.6</b>	<b>45.6%</b>

Source: Euromonitor

**Figure 2. India: Growth in Indian Consumer Expenditures on Major Food Categories during 2008- 2013**



Source: Euromonitor

### Consumer Food Preferences

An estimated 20-30 percent of the Indian population is strictly vegetarian in accordance with the tenets of Hinduism. Those Hindus who eat meat tend to do so sparingly and beef consumption is taboo among Hindus, Jains, and Sikhs who comprise over 80 percent of India's population. Furthermore, non-vegetarian food is not consumed during special days or religious observances. India's large Muslim population (estimated at 160 million) does not consume pork and eats Halal animal products that are sourced from livestock that were slaughtered according to the tenets of Islam.

Indians tend to take pride in the many regional and varied foods that comprise Indian cuisine. In general, Indians have a strong preference for fresh products, traditional spices and ingredients, which has generally slowed the penetration of American and other foreign foods. However, the acceptance of packaged, convenience and ready-to-eat food products is increasing, especially among younger consumers and the urban middle class. Many Indians are quite willing to try new foods while eating out, but often return to traditional fare at home. Italian, Thai and Mexican foods are reportedly the fastest growing new cuisines in India and consumers are slowly diversifying their consumption patterns.

Typical imported food items that can be spotted in retail stores in major cities include dry fruits and tree nuts, cakes and cake mixes, pastries, chocolates and chocolate syrups, seasonings, biscuits, canned fruit juices, canned soups, pastas, noodles, popcorn, potato chips, canned fish and vegetables, ketchup, breakfast cereals, and fresh fruits such as apples, pears, grapes and kiwis.

Indian consumers still have very traditional habits when it comes to food shopping. They use a variety of small stores such as bakeries and butchers, as well as push cart vendors, but most dry goods and household items are purchased from kirana stores, which are typically family-owned outlets found on almost every street corner that usually offer home delivery.

### **Imported Food Market in India:**

The business of importing food is relatively new in India and consumer awareness of imported foods is limited. In 2013, India's imports of consumer oriented food products was valued at \$3.2 billion, up from \$1.7 billion in 2008. Nuts, dried fruit and fresh fruit account for more than half of consumer-ready imports, but imports of other products are growing at strong rates, albeit from a very small base. The United States (\$586 million) was the largest supplier of consumer oriented agricultural products followed by Cote d'Ivoire (\$197 million), Tanzania (\$183 million), China (\$165 million), Afghanistan (\$152 million), Nepal (\$139 million), and Sri Lanka (\$125 million). Data available through September 2014, indicates that imports had reached \$3 billion, with United States (\$412 million) remaining the largest supplier of consumer oriented agricultural products followed by Cote d'Ivoire (\$336 million), Tanzania (\$152 million), Benin (\$139 million), China (\$136 million), Nepal (\$125 million), Vietnam (\$114 million), Guinea-Bissau (\$112 million), Australia (\$104 million) and Sri Lanka (\$103 million).

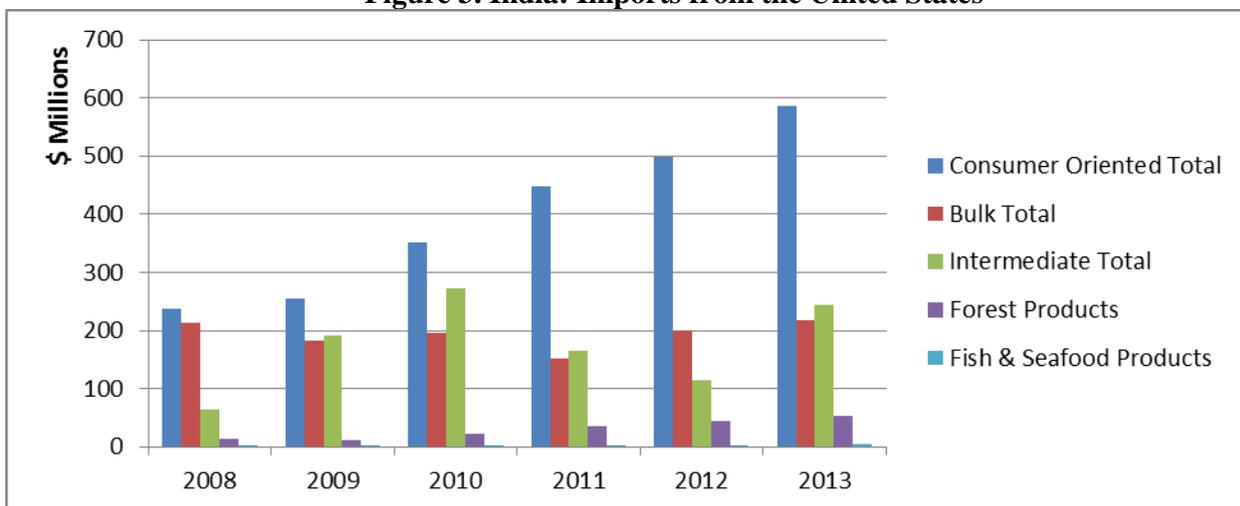
For many Indian consumers, even upper income consumers, the option to consume imported foods and foreign cuisines is a new experience. While consumers may be familiar with foreign foods in a restaurant setting or during international travel, many do not know how to prepare foreign foods at home. Consumer education is an important part of introducing new and imported foods to the market as trade sources have suggested that with Indian familiarity with fresh ingredients, it is a challenge to introduce frozen foods. Similarly, "Indianizing" products by altering a product's flavor or demonstrating how a foreign product can be fused with Indian foods are other ways of introducing new products. As India's modern retail sector develops, it will likely become an increasingly important vehicle for introducing imported food product to consumers before moving those products to the traditional retail sector. India now has several 24-hour food networks and cooking competition shows are becoming popular on television. So much so that retail management has indicated that it is familiar to have shoppers enter stores and look to repeat menus and recipes from shows aired the previous evening. Increased exposure to foreign foods and the opportunity to consume them is expected to lead to continued growth in the sector.

Imported nuts and fruits feed easily into India's traditional retail channels. An estimated 90 percent of imported fresh fruit is sold in roadside stands and open markets. Imported packaged and consumer-ready foods are found primarily in hotels; a small number of gourmet grocery stores that specialize in imported foods; in the imported foods sections of some larger store formats; and in thousands of small neighborhood stores that have some degree of specialization in imported foods. One of the more well-known imported food brands has products in over 22,000 stores across India, of which 19,000 are small traditional retail outlets. Hence, while the modern retail sector is expected to become an increasingly important means of selling imported foods, India's traditional retail system will remain an important way of reaching consumers for years to come.

The following imported food products from the United States and other countries can be easily seen on the shelves of the organized retail stores:

- Beverages (Fruit juices, concentrates, alcoholic beverages, and carbonated drinks)
- Confectionary Items
- Dry fruits and nuts
- Breakfast cereals
- Fresh fruits and vegetables
- Canned and frozen food
- Preserves, jam, jellies, and marmalades
- Health food products
- Pasta and noodles
- Soups, syrups, and seasonings
- Sauces and salad dressings

**Figure 3. India: Imports from the United States**



Source: Global Agriculture Trade System

### **Impediments to Imported Food Products:**

- **High Tariffs:** Tariffs are generally 30-50 percent on imported food products, which, when coupled with local excise and sales taxes, distributor margins, and transportation costs, retail prices can be double or triple the FOB price of an imported product.
- **Infrastructure:** Refrigerated warehousing and transportation facilities are limited and costly, but facilities are improving. In some cases, high electricity costs and/or erratic power supplies have constrained cold chain development. Whereas infrastructure projects were previously reserved for the public sector, private investors are now being encouraged to participate in developing roads, warehouses markets and transportation links. The recent decision to allow FDI in the retail sector may eventually lead to some improvement in infrastructure in states where stores are allowed to open.
- **Stringent Food Laws:** The Government of India has recently consolidated its food laws under a single regulatory authority, the Food Safety and Standard Authority of India (FSSAI). Exporters

from other countries have to follow an array of food laws covering use of additives, colors, labeling requirements, packaging, weights and measures, and shelf - life. See IN2150, IN2069, IN3094, IN3134 for more information.

- **Diverse Food Habits:** Indians have a number of food preferences that are derived from religious requirements such as Halal and vegetarianism. In addition, food habits and preferences can change dramatically from region to region, presenting a challenge for food marketers.

**Table 4. India: Advantages and Challenges Faced by U.S. Products in India**

<b>ADVANTAGES</b>	<b>CHALLENGES</b>
Growing middle income consumers, dual earning households, increasing exposure to western lifestyle, and international cuisine	Diversified food habits and preference for fresh and traditional products
Associated with good quality and status	Indian food companies can offer products at competitive prices
Gradual transformation of retail food sector in urban and rural areas	Difficulty in reaching untapped semi- urban and rural consumer base due to infrastructural challenges

## **SECTION II. ROAD MAP FOR MARKET ENTRY**

### **Entry Strategy**

The best way to begin exporting to India is to identify a firm that imports and distributes food and beverages. These firms are experts at navigating the import and distribution processes and are able to engage directly with India-based food retailers. Some retailers are importing directly but only products that they source in large volumes. With time, more retailers will likely import more products directly.

- 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 retailing sector.
- Be prepared to start small by shipping a few pallets or cases of a product and recognize that it could take several months or years before an importer is ready to order full containers.
- Be willing to meet India specific labeling requirements.
- 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.

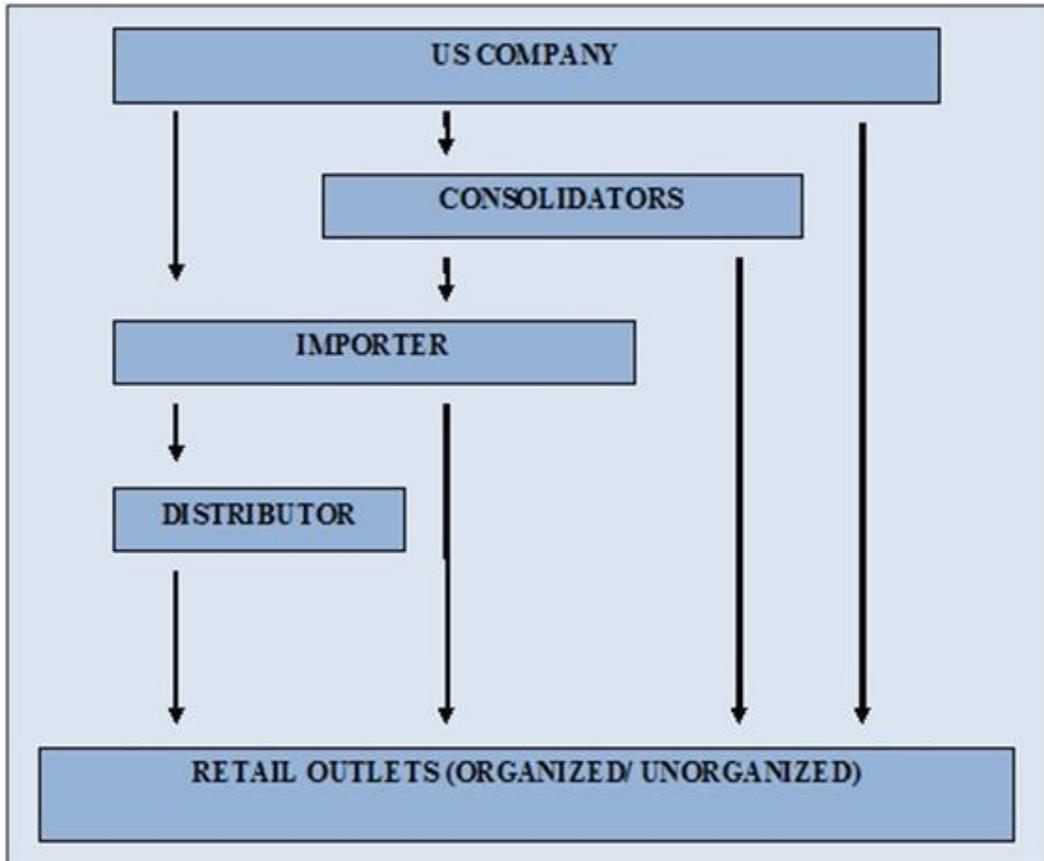
Participation in trade shows offers a good opportunity to get a sense of the Indian market and engage directly with potential importers or distributors. USDA currently endorses one annual trade show in India. The Mumbai-based show, Annapoorna – World of Food India, typically takes place in September. While this show is not geared specifically to food retail, it typically draws many of the major Indian importers and retailers. Indian importers also travel to major international shows such as SIAL, ANUGA and Gulfood.

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. USDA's Export Credit Guarantee Program (GSM-102) is not operational in India.

## **Market Structure**

The following chart gives an overview of the distribution network for imported food products:

### **Figure 4. India: Distribution Flow Chart for Retail Food and Beverage Products**



## Distribution Structure

Marketing channels for imported foods often involve several intermediaries. Indian firms typically import, with the help of a clearing and forwarding agent, and distribute food products to retailers. While a number of importers have their own warehouses, others may utilize clearing and forwarding agents to facilitate the storage, movement and distribution of goods given the high cost of building and maintaining warehouses and maintaining truck fleets. Importer/distributors with national distribution typically have sub-offices in regional cities or appoint other distributors to market their products in specific regions.

For domestically produced foods, clearing and forwarding agents transport merchandise from the factory or warehouse to — stockists or distributors. While the agents do not take title to the product, they receive 2 to 2.5 percent margins, then invoice the stockist, and receive payment on behalf of the manufacturer. The stockists have exclusive geographical territories and a sales force that calls on both the wholesalers and on large retailers in urban areas. They usually offer credit to their customers and receive margins in the range of 3 to 9 percent. The wholesalers provide the final link to those rural and smaller retailers who cannot purchase directly from the distributors. Sales to these retailers are typically in cash only and the wholesalers receive a margin of 2 to 3 percent. Margins for retailers vary from 5 - 30 percent, and the total cost of the distribution network represents between 10 and 20 percent of the final retail price. As a rule of thumb, retail prices of imported foods are typically 100 to 200 percent (or more) percent higher than FOB export prices after tariffs, excise, margins and transportation costs added on. Added costs for products requiring refrigeration or special handling are even higher.

With the rise of chain restaurants, modern companies specializing in the handling of food have also emerged. These firms are equipped to comply with rigorous temperature and quality specifications on behalf of their clients and offer modern warehousing and transportation facilities.

Retailers rarely import directly, relying on importers and distributors to handle the clearing and storage of products. However, a few of the larger modern retail chains have started to import certain products directly. Imported foods enter India from regional trading hubs such as Dubai, Singapore and Hong Kong as well directly from supplying countries. Major importers are located in Mumbai, Delhi, Bengaluru, Hyderabad, Kolkata and Chennai.

## **Infrastructure**

India has a growing number of logistics firms that are capable of meeting the demands of the growing retail sector. These firms are leading the way towards the development of a modern food infrastructure system, but there is still much to be done, especially in handling perishable and temperature sensitive products. The Indian food system has very limited experience in handling products that have specific temperature requirements and even if a product is delivered to a store in good condition, it is not uncommon for some small and traditional retailers to turn coolers off at night to save on electricity.

India has 3.34 million kilometers (2 million miles) of roads and roads in some areas have improved considerably over the past 10 years. Nevertheless, road travel can be slow and difficult. India also has over 65,000 km (40,389 miles) of railroads that carry over 30 million passengers and 2.8 million tons of freight per day. India has coastline of 7,600 kilometers and is serviced by 13 major ports in Kandla, Mumbai, Mundra, Cochin, Mormugao, and New Mangalore on the west coast, and Chennai, Tuticorin, Vishakhapatnam, Paradeep, Ennore and Kolkata on the east coast. Container handling facilities are available at most major ports and in several major cities. Mumbai, followed by Chennai, is India's largest container port and the port where most containerized food enters India. Air shipments typically land at the Mumbai or Delhi airports. Freezer and refrigeration facilities at the Mumbai airport are limited and present a challenge for importers seeking to clear high value food products with short shelf life.

## **Emergence of Modern Retail**

India's food retail industry is dominated by thousands of small "kirana" stores which account for 98 percent of food sales. During the mid-1990s, there were an estimated 200 modern grocery stores operating in India. These were typically chains in south Indian cities (mainly Bengaluru) that were not much larger than kirana stores. These stores were distinguished by their emphasis on a more modern self-service shopping environment that offered a range of products. A few cities also had cooperative stores that were owned by consumer societies. However, the Indian market was dominated by small kirana stores and government-run food distribution outlets supplying essential commodities. The emergence of larger chains and stores began around 2005 and the sector has since grown to over 3,200 modern retail outlets across India. While many retailers are expanding and opening new stores, profitability continues to be an issue for many as factors such as high real estate costs, high capital borrowing costs, shrinkage, high debt levels, training of qualified staff and a costly supply chain add significantly to operating costs. For more information on the retail store formats and factors facing the

development of the industry, see [IN3059](#).

**Table 5. India: Modern Retail Segmentation**

Store Format	Store Size (sq ft.)	Number of outlets	
		Jun-2013	Jun-2014*
Grocery Store	500-3,000	1,931	1,891
Supermarket	10,000-30,000	644	867
Convenience Stores	1,000-1,500	330	360
Hypermarket	60,000-120,000	274	464
Gourmet Store	500-5,000	39	47
<b>Total</b>		<b>3,218</b>	<b>3,629</b>

Source – Post Analysis

\*Includes new chains added in 2014

**Table 6. India: Estimated Number of Modern Retail Stores Year-on-Year comparison**

Company	Store	Chain Format	Jun-13	Jun-14
Aditya Birla Retail	More	Grocery Store	509	490
Aditya Birla Retail	More Megastore	Hypermarket	14	14
Arambagh Hatcheries	Arambagh's Foodmart	Grocery Store	31	31
Avenue Supermarts Ltd.	D-Mart	Supermarket	63	76
Bharti Retail	easyday Stores	Grocery Store	220	210
Bharti Retail	easyday Market	Supermarket	22	4
Bharti Retail	easyday Hyper	Hypermarket	1	1
Brown Tree Retail	Brown Tree	Supermarket	13	16
Dairy Farm International	Foodworld Gourmet Store	Gourmet Store	1	1
Dairy Farm International	Foodworld Super Store	Hypermarket	2	1
Dairy Farm International	Foodworld Supermarket / Express Store	Supermarket	70	58
Dorabjee	Dorabjee	Hypermarket	-	3
Future Value Retail	Big Bazaar	Hypermarket	163	292
Future Value Retail	KB's Fairprice	Supermarket	135	135
Future Value Retail	Food Bazaar	Grocery Store	186	182
Future Value Retail	Big Apple	Grocery Store	65	38
Future Value Retail	Food Right	Hypermarket	3	3
Future Value Retail	Food Hall	Gourmet Store	3	6
Godrej Industries	Nature's Basket	Gourmet Store	27	32
Jubilant Group	Total Superstore	Hypermarket	5	6
K. Raheja Corp. Group	HyperCity	Hypermarket	12	15
Kovai Pazhamudir Nilayam	Kovai Pazhamudir Nilayam	Supermarket	40	46
Le Millennia Supermart	Needs Supermarket	Supermarket	24	24

Lulu Group International	Lulu Hypermarkets	Hypermarket	1	1
M.K. Retail Company	M.K.Retail	Supermarket	7	7
Magsons Group	Magsons	Supermarket	8	10
Max Hypermarkets India	Auchan	Hypermarket	13	13
MyDollarStore	MyDollarStore India	Grocery Store	24	24
N Stores Food Retail	N Stores	Grocery Store	3	25
Namdhari's Fresh	Namdhari's Fresh	Grocery Store	21	20
Nilgiri Dairy Farm	Nilgiris 1905	Supermarket	90	304
Nuts N Spices	Nuts N Spices	Grocery Store	21	22
Ratnadeep Super Market	Ratnadeep Supermarkets	Supermarket	13	22
REI Agro	6Ten Stores	Supermarket	120	120
Reliance Retail	Reliance Fresh	Grocery Store	592	589
Reliance Retail	Reliance Mart	Hypermarket	18	62
Reliance Retail	Reliance Super	Supermarket	17	-
RPG Retail	Spencer's Hyper	Hypermarket	27	40
RPG Retail	Spencer's	Grocery Store	135	128
Shri Kannan Departmental Stores	Shri Kannan Departmental Stores	Supermarket	22	22
SRS Limited	SRS Value Bazaar	Grocery Store	29	20
Sugar and Spice India	Le Marche	Gourmet Store	8	8
Tata Group (Trent)	Star Bazaar	Hypermarket	15	12
The Heritage Group	Heritage Mart	Grocery Store	-	4
The Heritage Group	Heritage Fresh	Grocery Store	67	71
Wadhawan Group (Smart Retail)	Smart Supermarket	Grocery Store	28	28
<b>Sub-Total</b>			<b>2,888</b>	<b>3,236</b>

**Table 6 Continued**

Company	Store	Chain Format	Number of Outlets	
			Jun 2013	Jun 2014
<i>New retail chains added to last year's list</i>				
Balaji Grand Bazar	Balaji Grand Bazar	Grocery Store	NA	4
Mmf Direct 2U Retail	Direct2U	Hypermarket	NA	1
Navjivan Super Shop	Navjivan Super Shop	Grocery Store	NA	5
Sapana	Sapana	Supermarket	NA	10
Vijetha Supermarket	Vijetha	Supermarket	NA	13
<b>Table 3 Total</b>			<b>2,888</b>	<b>3,269</b>

Source – Company websites, meetings with retailers, trade publications

**Table 7. India: Modern Convenience Stores**

Company	Store	2012	2013	2014
Bharat Petroleum	In & Out	320	320	320
Godfrey Philips India	Twenty Four Seven	4	10	40
<b>Total</b>		<b>324</b>	<b>330</b>	<b>360</b>

Source - Company websites

**Table 8. India: Cash and Carry Stores**

Company	Store	2012	2013	2014
Wal-Mart India	Best Price Modern Wholesale	12	20	20
Carrefour Group	Carrefour Wholesale Cash & Carry	2	4	5
Future Group (Aadhar Retailing)	Aadhar Wholesale	1	1	40
Metro AG	Metro	9	15	16
Reliance	Reliance Market	0	0	32
<b>Total</b>		<b>24</b>	<b>40</b>	<b>113</b>

Source – Company websites

Note: The above information has been sourced from industry sources or through company websites. Therefore, USDA does not guarantee the accuracy of the information contained in the above table.

**Internet Retailing:** Several internet grocery retailers have launched over the past few years and India's first e-retailer dedicated to imported foods recently opened. Some brick and mortar stores have also begun selling food on line or announced plans to do so. Shopping at traditional kirana stores can be unpleasant due to the lack of parking, air conditioning and occasionally less than hygienic conditions outside the stores. As a result, many well-to-do consumers are accustomed to having their groceries delivered from their local kirana store or having their household help do the shopping. The ability to order on line could enable modern retailers to better compete with the services that kirana stores provide. For more information on the e-retailing grocery market, please refer to [IN4079](#).

**Private Label:** These products are a relatively new in India, but a number of large format retailers have launched their own private label brands. Retailers have a greater control over the supply chain with their own private labels, minimizing stock-outs. Among the many categories under private labels, staple foods such as packaged rice, cereals and pulses, flour, sugar, breakfast cereals and packaged tea are the most popular categories and find greater acceptance among consumers. For certain specialty items, retailers could turn to foreign private label manufacturers.

### SECTION III. COMPETITION

Imported food products in the Indian retail market face a high level of competition from domestic products. India is a significant agricultural producer and a net exporter of food products. Domestic production has the added advantage of low-cost labor, easy access to raw materials and the protection of high tariffs, which provides an edge over imported food products. Many foreign multinational opt to invest and manufacture in India rather than import food products. Consequently, a growing number of international brands are now made and marketed in India. Products from the United States also face competition from products coming from various other countries, which enjoy geographical proximity with India.

In 2013, India’s total imports for consumer oriented products were valued at \$3.2 billion with dry fruits (almonds, pistachios) and fresh fruits (apples, oranges) among the dominant categories. Packaged food categories such as sugar based confectionery, juices, non-alcoholic beverages, bakery items and wine also registered positive growth during 2013 (see table below). The total share of consumer oriented imports from the United States was 18 percent valued at \$586 million, due in large part to exports of almonds and fresh fruit.

**Table 9. India: Products Present in the Market with Competition from Other Countries**

Description	Major Supply Sources (Percentage Share by Value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Almonds Imports: 103,997 tons	<ul style="list-style-type: none"> <li>• USA – 74%</li> <li>• Australia - 19%</li> <li>• Iran - 3%</li> </ul>	Seasonal availability.	Products not sufficiently available on local market.

\$541 million	<ul style="list-style-type: none"> <li>Afghanistan – 3%</li> </ul>		
Pistachios Imports: 6,841 tons \$45 million	<ul style="list-style-type: none"> <li>Iran -56%</li> <li>USA – 25%</li> <li>Afghanistan – 15%</li> <li>Turkey – 2%</li> </ul>	Historical trade relationship. U.S.brands locally packed from imported ingredients.	Products not sufficiently available on local market.
Grapes Fresh Imports: 4,078 tons \$9.5 million	<ul style="list-style-type: none"> <li>USA – 59%</li> <li>Peru – 13%</li> <li>Chile – 10%</li> <li>Australia – 9%</li> </ul>	Seasonal availability.	Seasonal domestic production, priced competitively.
Apples Fresh Imports: 194,335 tons \$218 million	<ul style="list-style-type: none"> <li>USA – 32%</li> <li>China – 44%</li> <li>Chile -8%</li> <li>New Zealand – 9%</li> </ul>	Price, Seasonal availability.	Products not sufficiently available on local market.
Pears And Quinces, Fresh Imports: 5,197 tons \$4.5 million	<ul style="list-style-type: none"> <li>China – 46%</li> <li>South Africa – 27%</li> <li>USA – 26%</li> <li>Italy – 0.3%</li> </ul>	Price competitive, Seasonal availability.	Products not sufficiently available on local market.
Sugars and sugar Confectionary Imports:1,315,052 tons \$661 million	<ul style="list-style-type: none"> <li>Brazil – 86%</li> <li>Germany – 3%</li> <li>USA - 2%</li> <li>Netherlands - 2%</li> </ul>	Rising demand for sugar and sugar confections.	Developed confectionary industry, Products not sufficiently available on local market.
Fruit and Vegetable Juices Imports: 21,614 liters \$36 million	<ul style="list-style-type: none"> <li>China – 23%</li> <li>USA- 20%</li> <li>UAE – 9%</li> <li>Brazil – 8%</li> </ul>	New juices are attractive, e.g. cranberry juice.	Locally manufactured juices include well known international brands.
Sauces, Preparations Mixes, Condiments, and Seasonings Imports: 5,438 tons \$12 million	<ul style="list-style-type: none"> <li>USA – 28%</li> <li>Singapore – 10%</li> <li>Thailand – 9%</li> <li>UAE – 8%</li> </ul>	Rising preference for Asian style cuisines  Singapore supplies high quality price competitive Asian sauces  China is a major supplier of Asian sauces such soy sauce, oyster sauce, and plum sauce.  The USA is a major supplier of western sauces such as salad dressing, spaghetti sauce, mixed condiments, and barbeque sauce.	Local products dominate the snacks market with widespread national distribution. Locally produced sauces have a strong presence in the market

Wine Imports: 3,945,898 liters \$25 million	<ul style="list-style-type: none"> <li>• France – 42%</li> <li>• Australia – 11%</li> <li>• Italy – 10%</li> <li>• United Kingdom - 7%</li> </ul>	Growing demand in hospitality sector, High import duty and competition from domestic suppliers New concepts in wine are attractive.	Domestic manufactured wines dominate the market. India has one major brand that is aggressive brand driven business which proactively protects its market shares.
Source: Global Trade Atlas, market observations and trade comments			

**SECTION IV. BEST PRODUCT PROSPECTS:**

**Category A: Products present in market and have good sales potential**

Description	Total Imports	Total Imports CY	5-yr. Import	Base tariff	Key Constraints	Market Attractiveness for
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	CY 2013 - Value (\$ millions)	2013 - Quantity (metric tons)	growth by value (in %)		Over Market Development	US
Almonds	498	98,420	20	Rs. 35/kg (in-Shelled)	Competition from Afghanistan and Australia	High seasonal demand, health consciousness
Pistachios	26	3,609	8	10%	Competition from Iran and Afghanistan	High seasonal demand, health consciousness
Grapes Fresh or Dried	41	16,305	16	30%	Competition from domestic and foreign suppliers	Seasonal shortages and high prices, diverse fruits among India's middle income population and growing retail industry
Apples Fresh	219	194,335	27	50%	Competition from domestic and other foreign suppliers	Seasonal shortages and high prices, diverse fruits among India's middle income population and growing retail industry
Pears And Quinces, Fresh	5	5,197	-8	30%	Competition from other foreign suppliers like China and South Africa	Seasonal shortages and high prices, diverse fruits among India's middle income population and growing retail industry
Sugars and sugar Confectionery	661	1,315,052	55	up to 100%	Competition from domestic and other foreign suppliers	Consumer preference for imported products/ brands
Cocoa and Cocoa Preparations	154	44,471	21	up to 30%	Competition from domestic and other foreign suppliers	Consumer preference for imported products and brands
Fruit Juices	36	21,614 Liters	18	up to 30%	Competition from domestic brands and neighboring countries	Increasing health awareness and shortage of domestic products
Sauces, Preparations Mixes, Condiments, and Seasonings	12	5,438	-1	30%	Competition from domestic brands	Consumer preference for imported products and brands and growing fast food culture
Beverages, Spirits, and Vinegar	393	193,869,370 Liters	13	up to 150%	High import duty, complex state laws, and competition from other	Increasing consumption and growing middle income population

					suppliers	
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## Category B: Products not present Due to Significant Trade Barriers

There are several key trade restrictions that limit market access for U.S. food products. Imports of most animal and livestock-derived food products are effectively banned because of established Indian import requirements. This includes certain categories in the Harmonized Tariff Schedule under Chapters 2, 3, 4, 5, 16, and 21 (e.g., certain dairy products, poultry meat, certain seafood, ovine and caprine products, as well as pork products, and some pet foods). Further, imports of beef are banned due to religious concerns. And, imports of alcoholic beverages are constrained by local taxes and a complex licensing system for distribution and sales.

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 glyphosate-tolerant soybeans, which was approved for importation on June 22, 2007, by the GEAC. For more information on India's biotech import policy, please see [IN4059](#) – 'Agricultural Biotechnology Annual 2014'.

## SECTION IV. POST CONTACT AND FURTHER INFORMATION

The following reports may be of interest to U.S. exporters interested in India. These, and related reports, can be accessed via the FAS Home Page: [www.fas.usda.gov](http://www.fas.usda.gov) by clicking on "Data & Analysis" and then selecting GAIN reports and choosing the "search reports" function to refine the desired criteria (e.g., category and date range).

Report Number	Subject
IN4118	Food Service- HRI 2014
IN4119	Food Processing Ingredients 2014
IN4117	Exporter Guide Annual 2014
TBD	Food and Agricultural Import Regulations and Standards – Narrative
<a href="#">IN4048</a>	Retail foods Sector Update 2014
<a href="#">IN4104</a>	Mumbai Food and Beverage Hospitality Snapshot
<a href="#">IN4079</a>	Rise of Online Grocery Retail
<a href="#">IN4045</a>	Update on India's Quick Service Restaurant Sector
<a href="#">IN4095</a>	Wine Production and Trade Update 2014
<a href="#">IN4080</a>	Livestock and Products Annual 2014
<a href="#">IN4059</a>	Agricultural Biotechnology Annual 2014
<a href="#">IN4089</a>	Dairy and Products Annual 2014
<a href="#">IN4085</a>	Agricultural and Agribusiness Consultants 2014
<a href="#">IN3058</a>	Government Clarifies Provisions for Multi-Brand Retail Investment
<a href="#">IN3059</a>	India's Food Retail Sector Takes a Breather

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