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India

Food Processing Ingredients Sector

Annual

2005

Approved by:

Chad R. Russell

U.S. Embassy, New Delhi

Prepared by:

A. Govindan

Report Highlights:

India's food-processing sector, although still in a nascent stage, has undergone important changes over the last six to seven years. The types, variety, quality, and presentation of products have all improved, mainly as a result of economic liberalization, which led to foreign direct investment (FDI) in this sector. Several multinational companies, including US companies like Pepsi, Coca Cola, ConAgra, Cargill, Heinz, and Kellogg's have invested in the Indian food-processing industry. The growth in the food-processing sector has generated increased interest in quality food ingredients in order to produce higher quality foods.

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I. MARKET SUMMARY

India's food-processing sector, though still developing, contributes 14 percent to the manufacturing GDP (5.5 percent of aggregate GDP), produces goods worth rs. 2.8 trillion (\$64 billion), and employs 13 million people¹. Much of India's food-processing industry is small-scale and involves very little value addition, although in recent years several multinational food-processing companies have started operations in India (see Section II. C). A plethora of internal restrictions, including (a) prohibition on foreign direct investment in retail, (b) prohibitions on contract farming, (c) barriers to interstate commerce based on revenue and food security concerns, (d) some of the highest taxes on processed foods in the world, and (e) inefficient infrastructure and marketing networks seriously constrain growth of the sector.

The almost year-round availability of fresh products across the country, combined with the consumers' preference for fresh products and freshly cooked foods has dampened demand for processed food products. The level of processing varies across segments – ranging from less than 2 percent of the production in the case of fruits and vegetables to over 90 percent in non-perishable products such as cereals and pulses. In the latter, however, processing involves very little value addition, and is mostly confined to grading, cleaning, milling, and packing; with negligible use of additives, preservatives, and flavors.

LEVEL OF PROCESSING IN PERISHABLE PRODUCTS

Product	Level of Processing (% of total production)		
	Organized Sector	Unorganized Sector 1/	Total
Fruits & vegetables	1.2	0.5	1.7
Milk	15.0	22.0	37.0
Meat	21.0	0	21.0
Poultry	6.0	0	6.0
Marine fisheries	1.7	9.0	10.7
Shrimp	0.4	1.0	1.4

Source: Rabobank Analysis

1/ "Unorganized" in fruits and vegetables includes unbranded pickles, sauces, and potato chips, but excludes processing by street vendors; "unorganized" in dairy includes processing by sweet food makers; "unorganized" in marine products includes processing by small fishermen.

According to the Ministry of Food-processing Industries (MFPI), the food-processing industry over the last decade has grown at an average annual rate of 7.1 percent. This higher rate is indicative of the relatively low base, the increasing marketable surpluses of agricultural products, changing consumer life styles and tastes, and the country's higher disposable income. The growth is projected at around 7.3 percent per annum over the next five years. Of the estimated total food sales of rupees 8.6 trillion (\$198 billion) in 2003/04, processed food consumption was valued at rs. 5.3 trillion (\$122 billion), with the share of value-added foods (juice, jams, pickles, cheese, butter, ghee, processed meat, confectionary and chocolate, alcoholic beverages, aerated beverages, malted beverages, food services, etc.) estimated at 37 percent.

¹ Food-processing Policy 2005, Ministry of Food-processing Industries, GOI; <http://mofpi.nic.in/fpipolicy.htm>

With a population of over 1 billion, which is growing annually at 1.7 percent, India is a large and growing market for food products. Food accounts for about 49 percent of the consumers' total expenditure. With the changing lifestyle of consumers and the rising disposable income of the growing middle class, there is increasing demand for convenient and hygienic foods. This is expected to increase demand for processed food products, giving a boost to the domestic food-processing industry, and providing opportunities for increased imports of processed foods and food ingredients. The Indian food-processing industry has started looking outward to acquire the latest food ingredients and technology. An indication of this is the presence of numerous multinational food flavor, ingredient, and machinery companies in India; these include IFF, Danisco, Chr. Hansen, AB MAURI, The Solae Company, and Fine Organics. Health consciousness is popularizing sugar-free low calorie diet foods and natural foods containing dietary ingredients.

At present, most inputs for the food-processing industry are sourced domestically, with the exception of some bulk commodities that are in short supply, such as pulses and vegetable oils, dried fruits and nuts, and small but increasing quantities of food additives and ingredients such as soy proteins, whey, and flavors and essence. India annually imports vegetable oils valued at over \$2.6 billion and pulses valued at \$560 million. Imports of food ingredients were valued at \$170 million in 2003/04, and include mostly spices and condiments, dairy products, cocoa products, fish and fish products, fruit juices, and other ingredients (yeasts, sauces, soft drink concentrates, flavoring materials, soy protein concentrates and isolates, etc.).

Unorganized, small players account for more than 70 percent of the industry's output in volume and 50 percent in value terms. Most of them operate locally, add little if any value to products, and use outdated technologies. The government's policy of reserving the food-processing sector for small-scale units, effective until 1991, discouraged large-scale domestic and foreign direct investment in the food-processing sector. However, following economic liberalization in 1991, the food-processing industry was opened, resulting in increased investment in this sector, both domestic and foreign. Over the last few years, several large companies, both Indian and foreign, have invested in the food-processing business in India, resulting in significant growth in this sector. Some of the major players in India's food-processing industry are listed in Section II.C of this report. There are hundreds of medium-sized regional companies, some of them aspiring to emerge as national players with their own established brands, who pose some competition to large firms.

ADVANTAGES AND CHALLENGES

Advantages	Challenges
➤ Increasing disposable income; changing life style of consumers	➤ High tariffs and increasing non-tariff barriers
➤ Growing health and hygiene awareness among the middle class	➤ Antiquated food laws and internal policies which restrict marketing
➤ Government's high priority on food-processing industry	➤ Inadequate infrastructure facilities, like cold storage and roads
➤ Plentiful availability of raw materials	➤ Increasing competition from local players
➤ Increasing presence of multinational companies	➤ Long and fragmented supply chain
➤ Modernizing retail sector in big cities	➤ Problems in tapping the vast rural market and unorganized retail sector
➤ Move towards a new "Food Safety and Standards" legislation by the government	➤ Consumer preference for fresh foods

II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

It is essential to survey existing and potential markets in India for products before initiating export sales. The Office of Agricultural Affairs in the American Embassy New Delhi (see Section V) and market research firms in India can assist new exporters. If the US companies do have products of promising sales potential in India, they can either set up a base in India or appoint distributors or agents. The Indian government encourages foreign investment in the food-processing sector. Hundred percent equity participation or joint ventures with Indian companies are possible. Tax benefits and incentives are available to companies setting up operations in Special Economic Zones (SEZ).

For US food ingredient suppliers, direct interaction, such as visits, with large Indian food companies would help create awareness about new products and their uses in the Indian context. However, as the majority of Indian food-processing units are small-and-medium sized, it would be difficult for US companies to reach their intended audience directly. In such cases, appointing agents and distributors is the best alternative. Consider the following before selecting an agent or distributor:

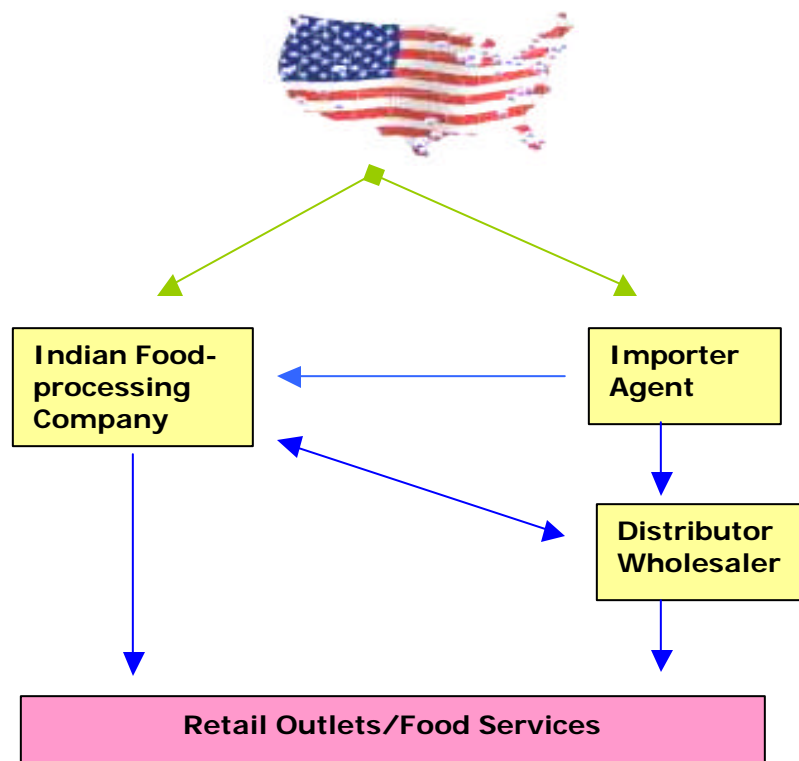
- Determine through surveys who their potential customers are, and where in India these customers are located.
- Recognize that agents with fewer principals and smaller set-ups often are more adaptable and committed than those with large infrastructure and big reputations.
- There may be a conflict of interest where the potential agent handles similar product lines, as many agents do.
- US firms should examine all distributor prospects, and thoroughly research the more promising ones. Check the potential agent's reputation through local industry/trade associations, potential clients, bankers, and other foreign companies/missions.

Aspiring US suppliers should also be aware of India's varied and dated food sector laws, particularly those pertaining to the use of additives and colors, labeling requirements, packaging, weights and measures, shelf-life, and sanitary and phytosanitary regulations. Details on India's food laws are available in our "Food and Agricultural Import Regulations and Standards Country Report 2004" ([IN4077](#)), which can be accessed from the FAS/USDA website: www.fas.usda.gov. Also refer to the GOI's Department of Health website relating to the Prevention of Food Adulteration Act and Rules at www.mohfw.nic.in/pfa.htm. The GOI is planning to enact a new Food Safety and Standards Act, which is intended to be comprehensive, and which aims to meet the dynamic requirements of international trade and the Indian food industry (see [IN5003](#)). This is a move in the right direction if formulated according to international standards and practices, and should help attract investment in the food-processing sector.

Advertising and trade promotion are quite developed in India. In addition to government-controlled television in various regional languages, there are several popular national, international, and regional privately-owned channels. Most urban households have televisions, and they are increasingly popular in rural areas. Delhi's annual food exposition (AAHAR) and smaller food shows around the country provide opportunities for US exporters to showcase their food products to potential clients.

B. MARKET STRUCTURE

US food ingredient suppliers can access the Indian market in three ways: (a) supply directly to local food processors; (b) supply through local agents/distributors to local food processors; or (c) start production/distribution centers in India. Some of the leading food ingredient producers like IFF, Danisco, and Doehler have a production base in India. As small players, scattered all over the country, dominate the Indian food-processing industry, appointing agents/distributors would be the best way for US exporters to reach them. However, some of the large Indian and multinational companies can be supplied directly. The chart below gives an overview of the usual distribution channel for imported food ingredients (and processed foods) from the United States.



India's food-processing industry can be broadly classified into the following categories:

- Fruits and vegetable based products
- Dairy products
- Cooking oils
- Meat and poultry
- Fisheries
- Non-alcoholic beverages
- Alcoholic beverages
- Confectionary
- Grain and grain-based products (milling & baking)

Processed fruits and vegetables: Less than 2 percent of all fruits and vegetables produced in India are processed. The main products, the industry size, and major players are shown in the following table:

Products	Industry Size (Million Rupees)		Key players in the organized segment
	Organized	Unorganized	
Jam	900	450	HLL, Marico, Mapro, Malas
Pickles	1,500	10,000	Priya Foods, Preveen, Desai Brothers, Cavin Kare, GD Foods
Sauce/ketchup	1,000	3,000	HLL, Nestle, Heinz, GD Foods, Bector Food Specialties
Pulp/concentrate	4,000	0	Foods and Inns, BEC, Claen Foods, Jain Irrigation, Usha International
Juices/fruit drinks	5,000	0	Pepsi, Dabur, Parle, Godrej, Mother Dairy
Squashes	1,000	2,000	HLL, Haldiram, Mapro
Ready-to-eat vegetables	1,000	0	ITC, MTR, Tasty Bite
Potato chips	2,500	3,000	Pepsi, Haldiram
Cooking paste	300	0	Dabur, HLL
Total	35,650		

Source: Rabobank Analysis

Dairy Products: About 37 percent of India's milk production of 86 million tons is processed, 15 percent in the organized sector and 22 percent in the unorganized sector. A major share of the milk processed in the organized sector (mostly by dairy cooperatives) is in the form of packaged liquid milk. Other processed items include ethnic sweets, milk powder, ghee (melted, clarified butter), butter, cheese, and ice cream. In the unorganized sector, a major share is processed into milk-based sweets, and a smaller share for making yogurt, butter, and ghee. The main products, the industry size, and major players are shown in the following table:

Products	Industry Size (Billion Rupees)		Key Players in the Organized Sector
	Organized	Unorganized	
Packaged milk	98.0	0	Mother Dairy, Amul, various state cooperatives, Paras Dairy
Ethnic sweets	62.5	455	Mother Dairy, Amul, various state cooperatives, Haldiram, Bikanerwala
Yogurt	6.3	160	Mother Dairy, Amul, Nestle
Cheese	2.0	21	Amul, Vijaya, Britannia, Dynamaix Dairy
Ice Cream	8.0	0	HLL, Mother Dairy, Vadilal
Butter	5.2	60	Amul, Mother Dairy, Vijaya
Ghee	35.0	210	Amul, Vijaya, various state cooperatives, Paras
Milk powder	38.0	0	Amul, Nestle
Total	255	906	
	1,161		

Source: Rabobank Analysis

Cooking oil: Total annual sales of branded cooking oils in India are estimated at rs. 50 billion (\$1.1 billion), and have been growing annually at 7 to 8 percent over the past five years. Branded edible oils account for only 9 percent of the total edible oil market by volume

and 17 percent by value. Mustard, sunflower, and peanut oils together account for around 80 percent of branded edible oil consumption. The edible oil companies are focusing their marketing strategy on the emerging healthy eating habits of a growing number of Indian consumers. Branded players attempt to deliver better value for money through innovative packaging. Although there are hundreds of regional/local processors and brands, the national-level players are Godrej, Dhara, Marico, Liberty, and Ruchi. In recent years, a number of multinational companies including Cargill, Adani Wilmar, and Bunge have set up operations in India, either through port-based refineries, trading subsidiaries, or brand acquisitions.

Meat and poultry: Indian consumers prefer mostly fresh meat from the wet markets. Only a very small share of production is further processed into value added products, mostly for export. Major players include VH Group, Godrej, Sugunas, and Arambagh in the poultry processing sector, and Allana's, Hind Agro, Al Kabeer in the buffalo meat ("beefalo") processing sector. Cow slaughter is prohibited in most states due to religious sentiments.

Fisheries: As in the case of meat, most fish consumed comes from the wet markets. Processing is mostly for export, and includes conventional block-frozen and individual quick frozen products, minced fish items like sausage, cutlets, pastes, texturized foodstuffs, and dried fish. The frozen products usually undergo primary processing such as cleaning, deveining, descaling, peeling, etc.

Non-alcoholic beverages: India is the world's largest tea-producing country with an annual production of around 860,000 tons and is also one of the world's largest tea exporters. Tea processing includes withering, rolling, fermenting, drying, blending, packing, and branding. Instant tea production is limited. Major players are Tata Tea, HLL, Manjushree Plantations, Jay Shree, Goodricke, Harrison Malayalam, Eveready, and Warren.

With an annual production of around 300,000 tons, India is a small but competitive producer of coffee. Traditionally a tea-drinking country, average annual coffee consumption in India is only ten cups per person. The instant coffee segment is entirely branded and packaged, and caters mostly to the export market. Major players are Tata Coffee, HLL, Nestle, Barista, Qwiky's, Narasu, Leo, and ABCTC.

Pepsi and Coca Cola dominate the Indian soft drink industry.

Alcoholic Beverages: Whisky, mostly low-priced, accounts for about 55 percent of the Indian spirit consumption, followed by rum, brandy, and vodka. Key players are UB, Shaw Wallace, Jagatjit Industries, Mohan Meakins, and International Distilleries. With the recent take-over of Shaw Wallace's liquor business by the UB Group, the latter has emerged as the world's second largest liquor producer. Major multinationals operating in India include Diageo, Seagram, and Baccardi Martini. UB, SABMiller, and Mohan Meakins are the major beer-producing companies. The wine market in India is nascent, having emerged as a distinct segment about a decade ago. Chateau Indage is the largest domestic player in wines, followed by Grover Wines and Sula Wines. Key international players who have a presence in India through distribution alliances include E&J Gallo, Hardy's, Canandaigua, and Fetzer.

Confectionary: The size of the Indian confectionary market is estimated at rs. 26.0 billion (\$600 million). Sugar confectionary accounts for 61 percent of this market, with the balance being chocolates, mints, and gums. The confectionary market has been growing at over 6 percent annually over the last five years. The gum-based confectionary segment has grown even faster at over 10 percent. The confectionary market is highly fragmented with several

local players such as Parle's, Nutrine, and Ravalgaon. Key foreign companies are Nestle, Cadbury's, Perfetti, Lotte, Wrigley, Candico, and Joyco.

Milling and baking: 75 percent of India's wheat production is milled into wheat flour (*atta*) to make *rotis* or *chapattis* (unleavened flat bread), mostly in small *chakkis* (small wheat grinding mills) in the unorganized sector. Branded *atta* is a relatively new segment, developed to provide consumers a more hygienic quality, as compared to *chakki atta*. Annual production of branded *atta* is about 1 million tons, and is growing at 7 to 9 percent annually. Major players are ITC, Pillsbury, HLL, Agro Tech Foods, and Shakti Bhog Foods.

Bakery products constitute the largest segment of grain-based processed foods. Small and medium unorganized local players, and a limited number of organized units dominate the industry. Major players are Britannia, HLL, ITC, Parle, Priya Gold, and Cremica.

The grain-based snack market, comprising extruded snacks and savorys, is estimated at around rs. 29 billion (\$667 million). Of this, the organized segment contributes only 15 percent of sales. Major players are Pepsi, Haldiram, SM Dyechem, Bikanerwala, etc.

Breakfast cereal production in the organized sector is very small, and is mainly confined to corn flakes. Major producers are Kellogg's and Mohan Meakins. Pepsi is reportedly interested in investing in the breakfast segment over the next five years.

C. COMPANY PROFILES

Indian food processors may be divided into the following main categories:

- Large Indian companies that have their production base in India or neighboring countries (for tax-saving purposes)
- Multinational and joint-venture companies that have their production base in India
- Medium/small domestic food-processing companies with a local presence
- Small local players in the unorganized sector

The following table shows some of the major food-processing companies in India and their products. This list is neither exhaustive nor ranked according to the order of importance. The end use channels for most of them are retail and hotel, restaurant and institutional (HRI) markets. Sales figures for these companies are not available.

INDIAN COMPANIES

Company Name		Products
	Godrej Foods Ltd.	Vegetable oils, fruit juices, tomato paste, soy beverages
	Dabur India Ltd.	Fruit juices, cooking paste, honey
	Mother Dairy Dhara	Dairy products, ice cream, canned vegetables, fruit juices, cooking oils
	Amul	Dairy products, ice cream, chocolate
	ITC	Branded wheat flour, biscuits, ready-to-eat food, confectionary
	Hindustan Lever (HLL)	Ice cream, branded wheat flour, bread, sauces, jams, jellies
	VH Group	Poultry products
	Britannia Industries	Biscuits, bread, packaged food
	Parle Products	Biscuits, candies, toffees
	Nutriline Confectionary Company	Confectionary, chewing gum
	Weikfield Products Company	Custard powder, baking powder, jelly crystals, drinking chocolate, sauces, soups
	Rasna (Pioma Industries)	Instant drink, health drink, soft drink concentrates, flavors
	Haldiram's	Snack foods
	UB Group	Beer, alcoholic beverages
	Marico Industries	Vegetable oils, jams
	MTR Foods	Ready-to-eat foods, soups, spices, ice cream mixes, pickles
	Punjab Markfed	Canned food, rice, vegetable oils
	Vista Processed Foods	Frozen chicken and vegetables
	Dynamix Dairy Industries	Cheese, whey, other dairy products

MULTINATIONAL/JOINT VENTURE COMPANIES

Company Name		Products
	Pepsi	Soft drinks, potato chips, snack food, fruit juices
	Cargill	Vegetable oils
	Heinz	Ketchup, health drinks
	Kellogg's	Breakfast cereals, biscuits
	Bunge	Vegetable oil, margarine
	Nestle	Coffee, chocolates, confectionary, instant noodles, milk products, beverages, health drinks
	Cadbury	Chocolates, health drinks
	Coca Cola	Soft Drinks, beverages
	Agro Tech Foods (ConAgra's)	Branded vegetable oils, branded wheat flour, snack food, popcorn
	Pillsbury	Wheat flour, cake mixes
	GlaxoSmith Kline	Health drinks
	Perfetti	Chewing gum, candy
	Wrigley	Chewing gum
	Lotte India Corporation Ltd. (Parry's)	Confectionary
	McCain Foods	French fries
	Adani Wilmar Ltd.	Cooking oils, bakery shortenings
	The Solace Company	Soy nuggets
	Effem India (Mars)	Pet food

D. SECTOR TRENDS

Production:

- The food-processing industry in India has undergone big changes over the last six to seven years, in terms of types, variety, quality, and presentation of products, which is mainly a result of the liberalization that led to foreign direct investment (FDI) in the processed food sectors.
- Most food-processing sectors have been brought under the liberal, transparent, and investor-friendly FDI policy, which allows 100 percent FDI.
- However, the small-scale farming system in India, marketing problems, lack of grading and standards, poor distribution channels, and onerous government policies continue to pose problems for the processing industry to source the right type of raw materials and to discourage more investment in the sector.
- Nevertheless, the proportion of FDI in the food-processing sector to total FDI into India is low, constituting about 4 percent of total FDI inflow from 1991 to 2004.
- Several multinational companies, including US-based companies like Pepsi, Coca Cola, ConAgra, Cargill, Heinz, Kellogg's, IFF, and Mars (pet food only) have entered the Indian food-processing industry with significant investments.
- Indian food and beverage companies are expanding their operations to neighboring countries like Bangladesh, Nepal, Sri Lanka, Commonwealth of Independent States countries, and the Middle East.
- Takeovers and mergers are beginning to occur in the Indian food-processing sector, leading to consolidation.
- The food-processing industry is beginning to focus on, and invest in, advertising and awareness campaigns about products and brands.
- Companies have added extras to their existing brands, including stylish packaging.
- The growth in the food-processing sector has generated increased interest in high quality food ingredients in order to produce high quality foods.
- The ready-to-eat food sector is growing at a high rate due to the changing lifestyles of the middle-class consumers (both partners working, etc.).
- Some previously unknown regional brands are gaining national acceptance because of consistent quality and product safety, thereby providing some competition to established companies.
- The GOI is in the process of enacting a Food Safety and Standards Bill, which if properly done and implemented, would provide increased transparency, better food safety management systems, and science-based standards.

Consumption:

The following factors influence the type and quality of inputs in processed foods:

- A large and an exceedingly wealthier middle class is creating growing demand for a wider variety of high quality processed foods.
- The changing age profile (sixty-five million people expected to enter 20-34 year age group by 2010) and increasing exposure to western-type products and lifestyles.
- The market entry of several multinational food-processing companies and ingredient suppliers.
- The increasing number of fast food chains.
- The recent trend toward a healthier lifestyle has generated a niche market for diet, healthy, low-calorie, and non-fat food products.
- The increasing urbanization and growing number of working women.
- A slow but steady transformation of the retail food sector in cities.

III. COMPETITION

India's domestic industry is the primary competitor for US food-processing and ingredients suppliers in India. India, with diverse agro-climatic conditions, has a production advantage in many agricultural goods, with the potential to cultivate a large range of agricultural raw materials required by the food-processing industry. India is a major producer of spices, spice oils, essential oils, condiments, and fruit pulps. Significant variations in food habits and culinary traditions across the country translate into a competitive advantage for small and medium local players, who are familiar with local food habits and markets. Some Indian food-processing companies have increased market share by decreasing product prices. High import duties on processed food and food ingredients make imports relatively costly. Existing domestic food laws restrict the use of several ingredients, flavors, colors, and additives, thus posing an additional challenge to US exporters interested in the Indian market.

Foreign competition to the United States is mostly from countries in closer geographic proximity to India, such as Australia and New Zealand. Suppliers from other countries often supply inferior goods at cheaper prices in comparison to those available from the United States. European suppliers are major competitors in the food ingredient sector. Several foreign firms, including some from the United States, have started operations in India.

MAJOR FOOD INGREDIENT SUPPLIERS

Company Name	Country
IFF	United States
DANISCO	Denmark
Chr. Hansen	Denmark
AB MAURI	United Kingdom
Fine Organics	United States
MSC CO. Ltd.	Korea
Davars M.P. Organics	India
The Solae Company	United States
Doehler	Germany
AVT McCormick Ingredients Ltd.	India/US joint venture
Synthite	India
Plant Lipids	India

MAJOR SUPPLIERS OF SELECTED PRODUCT CATEGORIES

Product Category	Major Supply Sources		Strength of Key Supply Countries	Advantages (A) & Disadvantages (D) for US Suppliers
Vegetable Oils Imports: US\$: 2.6 billion	Indonesia Malaysia Argentina	49% 24% 18%	Low prices	Local production is significant but inadequate (A)
Pulses Imports US\$: 563 million	Myanmar Canada Australia	41% 21% 8%	Low prices	Local production is significant; competitive in some categories (D)
Spices & Condiments Imports US\$ 95 million	Indonesia Sri Lanka Nepal	25% 16% 15%	Low prices, freight advantage	India is a major producer (D)
Almonds Imports: US\$: 68 million	USA Afghanistan Iran	73% 12% 12%	Low price, high quality	Domestic production insignificant (A)
Dairy Products Imports: US\$: 29 million	Australia U.K. Belgium	17% 8% 7%	Low price	High production, seasonal shortages (A)
Food ingredients Imports: US\$: 14 million	USA Brazil Nepal	52% 8% 4%	Quality, reliability	Large domestic production (D)
Cocoa & products Imports: US\$: 13 million	Malaysia Singapore Indonesia	30% 17% 15%	Low price	Domestic production is small (A)
Fish & fish products Imports: US\$: \$11 million	Bangladesh Myanmar USA	48% 9% 9%	Border trade	Large exporter of shrimp (D)
Fruit juices Imports: US\$: 8 million	Nepal Brazil Philippines	42% 12% 5%	Border trade	Poor quality (A)

Data relates to IFY 2003/04 (Apr-Mar)

Source: Ministry of Commerce, GOI

IV. BEST PRODUCT PROSPECTS

Product Category	Imports 2003/04 \$ Million 1/	Expected Avg. Annual Import Growth	Import Tariff Rate	Key Constraints	Market Attractiveness for USA
Cocoa & products	13.0	10%	52.2%	Competition from other suppliers and domestic suppliers	Import liberalization and consumer preference for imported products
Almonds	68.0	5%	Rs.35/kg	Competition from Iran and Afghanistan	High seasonal demand; increasing use; health consciousness
Pistachios	29.0	5%	30.6%		
Prunes	0.1	10%	25.5%		
Fruit juices	8.0	10%	30.6%	Competition from nearby suppliers and domestic production	Increasing health awareness among middle class and shortage of quality products locally
Miscellaneous food ingredients (yeasts, sauces, mixed condiments and seasonings, soft drink concentrates, flavoring materials, etc.)	14.0	10%	30.6	Competition from domestic suppliers	Increasing popularity; growing food-processing and fast food sectors

1/ Source: Ministry of Commerce, GOI

V. KEY CONTACTS AND FURTHER INFORMATION

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

Report Number	Subject
IN4077	Food & Agricultural Import Regulations and Standards Report
IN4103	India: Exporter Guide 2004
IN4126	India: Retail Food Sector

Recently the Ministry of Food-processing Industries has put on its website a detailed "Vision Document" on the Indian Food-processing Industry, prepared by Rabo India (a private bank). This report can be accessed from: <http://mofpi.nic.in/visdoc/visndoc.htm>

For additional information and guidance please contact:

Agricultural Counselor
Foreign Agricultural Service
Embassy of the United States of America
Chanakyapuri
New Delhi – 110 021
Phone: 91-11-24198297
Fax: 91-11-24198530
E-mail: agnewdelhi@usda.gov