

Required Report: Required - Public Distribution

Date: April 01, 2025

Report Number: IN2025-0022

Report Name: Food Processing Ingredients Annual

Country: India

Post: New Delhi

Report Category: Food Processing Ingredients

Prepared By: Radha Mani, Agricultural Specialist and Priyal Thakur, Agricultural Marketing Specialist

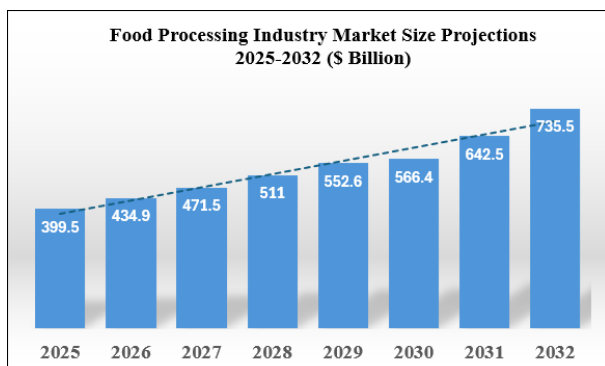
Approved By: Rhiannon Elms

Report Highlights:

India's food processing sector holds significant growth potential in tier II and III cities and rural areas. This report aims to guide U.S. companies who wish to export processed food ingredients to India, where rising demand for healthy snacking and consumer-oriented food products provides ample opportunity to introduce U.S. processed, fresh, and packaged food and beverages into the market. However, complexities remain due to high tariffs, erratic trade and regulatory restrictions, and strong competition from domestic and international suppliers.

Executive Summary

India's economy and population are growing rapidly, with an expected gross domestic product (GDP) of [\\$5.7 trillion](#) by 2028, and of which the food processing sector currently contributes eight percent. A [McKinsey Report](#) projects India's consumption growth at 16 percent of global demand by 2050. Erratic weather patterns, water scarcity and land degradation will place pressure on India's ability to exclusively produce its food basket, creating opportunities for U.S. exporters.



Source: [IMARC](#)

Food Retail Industry

The food and grocery retail business was valued at [\\$719.4 billion](#) in 2023, and is expected to grow at a compound annual growth rate (CAGR) of four percent.

Food Processing Industry

The market size of the sector is estimated to grow significantly to [\\$735.5 billion by 2032](#).

Food Service Industry

The market was valued at \$80 billion in 2024, and is projected to grow between [\\$144 and \\$152 billion](#) by 2030, with a CAGR of 10-11 percent. The sector is a significant economic driver that accounts for nearly two percent of GDP.

Quick Facts Calendar Year (CY) 2024

Imports of Consumer-Oriented Products
\$8.4 billion

Top Five Growth Products in India

1. Tree nuts (almonds, pistachios, pecans and walnuts)
2. Fresh fruits
3. Animal or vegetable, oils, & fat products
4. Pulses
5. Sugar and Sweeteners

Food Industry by Channels

Retail Food Industry - \$719 billion

Food Service-HRI - \$324 billion

Food Processing - \$400 billion

Food and Agriculture Exports - \$54 billion

GDP/Population

Population: 1.4 billion

GDP: \$4.2 trillion (nominal)

GDP per capita: \$2,940 (nominal)

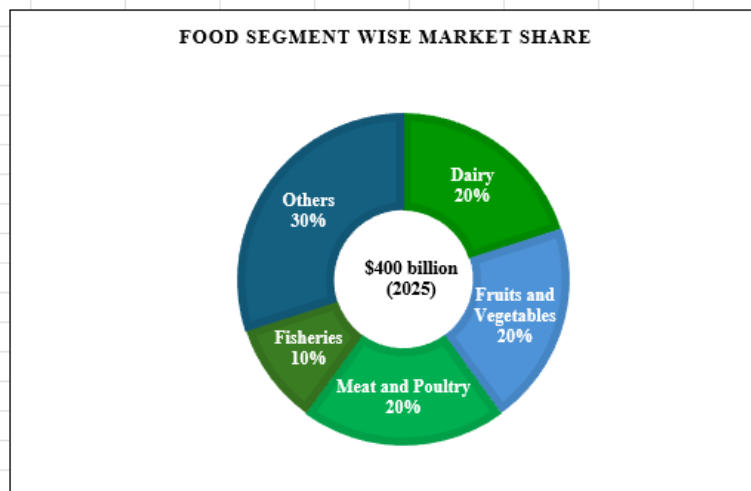
Sources: Trade Data Monitor, International Monetary Fund, Census India.

Strengths	Weaknesses
Expansion of e-commerce and retail channels broaden access for imported food products.	Trade barriers on imported food and beverages to protect domestic manufacturers.
Opportunities	Threats
Growth of digital marketing platforms enables wider market access.	Competition from domestic and international players.

Section I: Market Summary

India's urban centers and tier-II and III cities¹ provide prime opportunities for U.S. exporters as consumers value diverse, convenient, and high-quality food options. The target consumer base is vast and varied, including urban and rural consumers, young people, health-conscious individuals, and middle-class families with increasing purchasing power.

The food processing sector accounts for 32 percent of the overall food market and ranks fifth in production, consumption, export and expected growth. Key segments include dairy products, fruits, vegetables, meat and poultry, packaged foods, beverages, and food grains. The states of Maharashtra, Uttar Pradesh, Andhra Pradesh, Tamil Nadu, and Gujarat are the hub of the food processing sector, but eastern and northern regions hold untapped potential. However, infrastructure and processing capabilities are significantly lower to global standards, including inadequate cold chain and storage facilities that leads to significant post-harvest losses and erratic supply chains.



Source: Deloitte (India Food Processing, February 2024); [IMARC](#)

In fiscal year 2023-24, India's total agricultural food imports stood at \$32 billion of which processed food products constituted 17 percent. India imported 17 percent of its processed food products in fiscal year 2023-24 in comparison to 10 percent in 2022-23, reflecting an increasing demand for high-quality processed products that otherwise cannot be domestically provided for. While approximately 80 percent of current food processing ingredient demand is met with domestic supplies, rapid urbanization, increasing disposable incomes, changing consumption patterns, and a growing demand for convenience and quality foods among the middle and upper classes could further drive import growth in the sector in the years to come.

¹ According to Indian government, cities with a population in the range of 50,000 to 100,000 are classified as tier 2 cities, while those with a population of 20,000 to 50,000 are classified as tier 3 cities. (Source: [India Briefing](#))

ADVANTAGES	CHALLENGES
U.S.-origin food ingredients are well-known and considered high quality.	High tariffs and persistent phytosanitary requirements prohibit or restrict imports. Stringent food regulations for certain food ingredients and additives.
Changing lifestyles of growing urban households that opt for convenience foods.	Preferential trade agreements with competing countries supplying similar products.
Innovative marketing, modern retail outlets, and online grocery platforms increase consumer awareness and make products easily accessible.	Price-sensitive market.
Rising demand for processed foods in Tier II and III cities and in rural areas.	Geographical proximity of competing countries.

Section II: Roadmap for Market Entry

A. Entry Strategy

- **Can your product enter India and comply with local laws?**
 - ✓ Conduct due diligence before exporting and determine if your product has market access.
 - ✓ Review [FAS GAIN](#) policy and market reports, specific custom duties, and sanitary requirements.
 - ✓ Consider engaging with State and Regional Trade Groups to identify opportunities while crafting effective market entry and development strategies. This will help to better understand trade challenges and navigate the regulatory environment.
- **Find the Right Partner**
 - ✓ Find a reliable importer/distributor for retail, food service, or food processing sector.
 - ✓ Consider participating in an in-country trade show to identify key importers/distributors/partners.
 - ✓ Consider partnering with U.S. Cooperators for promotional activities, such as cooking demonstrations, health-focused talks, and culinary seminars at colleges to increase market awareness and penetration.
- **Secure Payment Terms**
 - ✓ U.S. suppliers or exporters may wish to consider vehicles such as an irrevocable Letter of Credit (L/C), advance payment, and or payment at sight.
 - ✓ FAS India offices do not have the authority to mediate contractual disputes or serve as a collection agent when differences over payment or other commercial issues arise.

B. Import Procedure

Laws regulating imports of food and agricultural products fall under the jurisdiction of multiple government authorities (see, [GAIN-INDIA | IN2024-0061 | Food and Agricultural Import Regulations and Standards \(FAIRS\) Country Report Annual– 2024](#), and the Food Safety Standards Authority of India (FSSAI) [Food Import Clearance Manual](#)).

C. Distribution Channels

Major players include food processing companies with access to global supply chains, as well as a combination of clearing and forwarding agents, wholesalers, distributors, and importers who supply domestic food manufacturing companies. The top five food processing companies are: [ITC Limited](#)- premium grocery products; [Britannia Industries Limited](#) - cookies, dairy, and snacks; [Hindustan Unilever Limited](#) - tea, coffee, ice-cream, soups, sauces, ketchups, jams, and health drinks; [Parle Agro](#) - cookies, snacks, juices, beverages; and [Heritage Food Limited](#) - milk and milk products; food and beverage products.

D. Market Structure

India follows a market structure involving importers, consolidators, distributors, food processors, wholesalers, retailers, and foodservice establishments. Large importers buy in bulk and supply products through their distributors to major retailers or smaller outlets. The importer can supply the product imported directly to the local food processors or through his local agents/distributors. The products reach consumers through retailers and foodservice establishments.

E. Share of Major Segments in the Food Processing Industry

Refer chart on Food Segment-Wise Market Share in Section I.

F. Company Profiles

Refer Section C-Distribution Channels.

G. Sector Trends

According to industry sources, the packaged food and beverage industry is expected to reach [\\$46 billion by 2028](#). Consumers are now shifting focus from loose/non-branded to packaged/branded products. The [Household Consumption Expenditure Survey Data, \(2023-2024\)](#) shows beverages, and processed foods as the largest expenditure share in the food basket of both rural and urban households. Demand for non-Indian regional and ethnic food is expanding rapidly, as consumers are traveling internationally and developing tastes for high-value and healthier products, including organic, low-fat, high-protein, processed, probiotic, functional foods, immunity boosting, and healthy foods. Increased interest in immunity boosting formulations and growing fitness enthusiasm have created strong growth for energy bars, protein powder, and ready-to-drink protein. With a purchasing power increase in tier II and III cities, food processing companies are actively expanding businesses outside of traditional major metropolitan cities.

Section III: Competition

The United States is the largest exporter of consumer-oriented agricultural products to India, valued at \$8.4 billion in 2024. While U.S. products are well known for quality, consistency, and safety, India's domestic product holds the overwhelming majority of market share. Non-transparent or unpredictable regulatory and tariff policies are also a challenge for U.S. exports. Countries in southeast Asia and Europe have logistical and price advantages due to their proximity. While many

multinational food processing companies are present throughout the country, the majority use Indian grown ingredients for processing.

The United States faces competition in certain products with good growth potential from Iran and Afghanistan (pistachios), Chile (walnuts), Argentina and Brazil (soy oil), and Myanmar, Canada, Australia and African countries (pulses).

Section IV: Best Product Prospects

Health-conscious trends and the growing snack market are driving imports, with the U.S. playing a key role. Pecans imports grew 143 percent from 2023 to 2024, with rising awareness of its use in desserts and snacks. Similarly, walnuts and dried prunes imports increased by 77 percent and 65 percent respectively and are used in bakeries, traditional sweets, energy bars, and as gifts during the festive season. Domestic production is insufficient, leading to reliance on imports from the U.S. and Chile. Pistachios showed strong growth potential, with import volumes rising from 14,000 to 31,000 metric tons over the last five years. They were earlier used as garnish in food and are now utilized as value additions and on-the-go snacking for their superior quality and consistency.

Soy oil and pulses are other key products with good sales potential. Soy oil (both crude and refined oil) imports grew by \$37 million in 2024, as 55-60 percent of India's edible oil needs are met through imports. Domestic production of pulses is inadequate to meet the growing demand for protein. Currently, U.S.-origin pulses include lentils, and chickpeas and their export value grew by \$63 million in 2024.

U.S. Products Not Present in Significant Quantities but Good Sales Potential 2024

Dual-income households and busier lifestyles are increasing demand for convenient, ready to cook meals, snacks, and other convenience foods. Key growth areas include mayonnaise and salad dressings. Imports grew by 278 percent and 163 percent respectively, especially in metro cities where U.S. brands like Hellmann's, Kraft, and Heinz have a presence. Citrus and melon peel imports are up by 1,244 percent and valued at \$168,000 in 2024 as compared to \$12,000 in 2023. These ingredients are used as flavors in non-alcoholic drinks, jams, and marmalades. Additionally, premium chocolate is witnessing increasing demand, driven by rising appreciation for high quality products and a preference for premium gifting options. While local manufacturers are expanding their offering, international players continue to dominate the market.

Products Not Present Because They Face Significant Barriers 2024

A Plant Quarantine Order, 2003, requires Methyl Bromide fumigation for U.S.-origin hazelnuts before being shipped to India.

Foreign food manufacturing facilities that export specific products such as dairy products, infant food, and nutraceuticals must register with India's food safety authority. From the implementation date of this requirement, all shipments from unregistered facilities are put on

hold at the ports until they are registered. For additional information, see [GAIN-INDIA|IN2025-0001|US Exporters of Nutraceutical and Certain Other Categories of Products Face Trade Challenges at the Indian Ports.](#)

Effective November 1, 2024, India enforced an integrated veterinary health certificate requirement for dairy and dairy products, restricting U.S. exports of items like lactose and whey protein covered under Chapter 17 and 35 respectively. Negotiations are ongoing between the governments to resolve these issues. Until then, these products cannot be exported. Lactose and whey protein are used as raw materials to manufacture infant formula and sports nutrition foods.

Section V: Key Contacts and Further Information

Government Data Sources

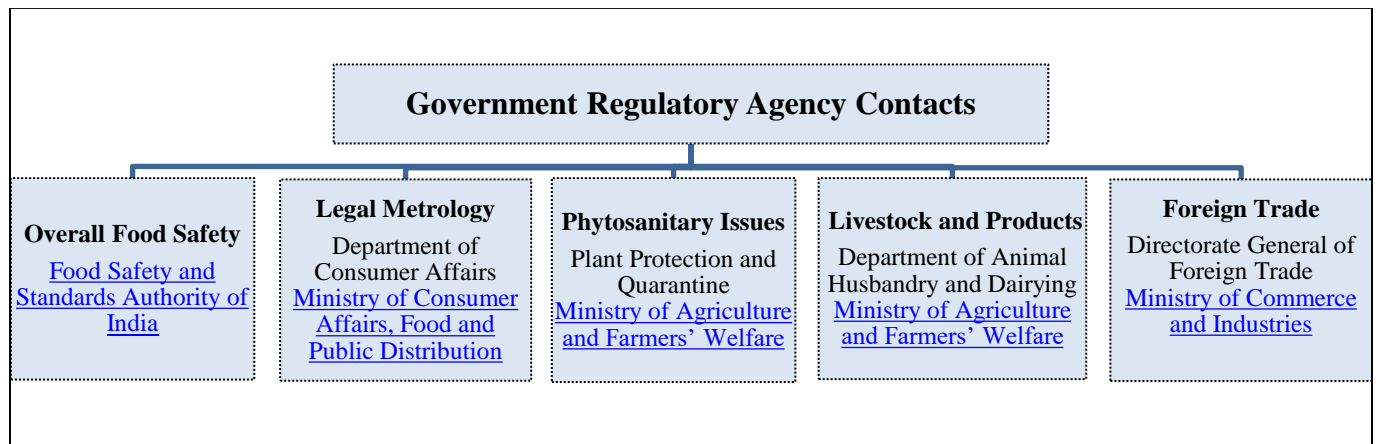
[Ministry of Food Processing Industries](#)

[Legal Metrology \(Weights and Measures\)](#)

[The Food Safety and Standards Authority of India \(Food Regulations\)](#)

[Ministry of Commerce and Industry \(Trade\)](#)

Ministry and Regulatory Agency Contacts for Food Import Policies



Trade Associations

[Federation of Indian Chambers of Commerce and Industry](#)

[Confederation of Indian Industry](#)

U.S. exporters who desire information about consultants conducting market research and handling inquiries into Indian agriculture, agribusiness, food retail, food/agricultural economics, and rural affairs may refer to [FAS India - Agricultural and Agribusiness Consultants in India.](#)

Foreign Agricultural Service

Embassy of the United States of America Chanakyapuri, New Delhi - 110 021, India Phone: +91-11-2419-8000 Email: agnewdelhi@fas.usda.gov Web: U.S. Embassy, New Delhi Twitter: @USDAIndia Instagram: @tasteofamericain	U.S. Consulate General C-49, G-Block, Bandra Kurla Complex, Bandra E, Mumbai - 400 051 Phone: +91-22-2672-4000 Email: agmumbai@fas.usda.gov Web: U.S. Consulate General Mumbai
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For additional information please visit:

- [FAS Homepage](#)
- [FAS India - Exporter Guide](#)
- [FAS India - Retail Foods](#)
- [FAS India -Food Service-Hotel Restaurant Institutional](#)

Attachments:

No Attachments