USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 11/30/2004

GAIN Report Number: IN4126

India

Retail Food Sector Report

2004

Approved by:
Chad R. Russell
U.S. Embassy, New Delhi

Prepared by:
Santosh Kr. Singh

Report Highlights:
India has a nascent but rapidly transforming retail food industry. When combined with key demographic trends of a fast expanding and wealthier middle class; changing food consumption patterns; a realistic prospect of continued robust economic growth over the medium term; and an increasing emphasis on infrastructure investment, it bodes well for aggressive US suppliers interested in entering one of the world's potentially largest untapped markets for consumer-ready food products.

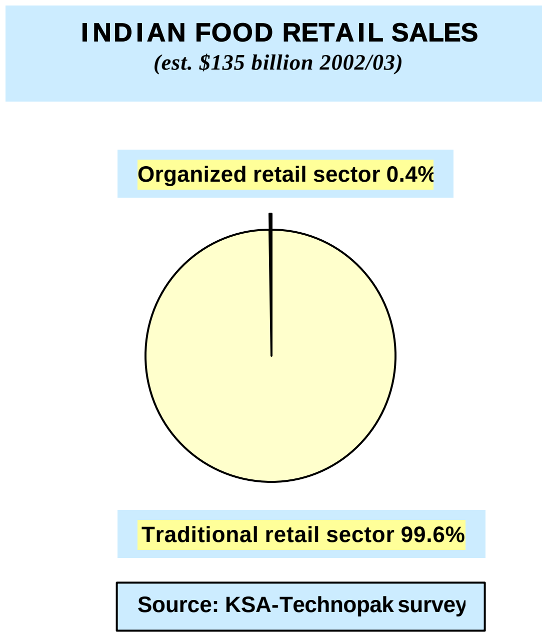
Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Table of Contents

I. MARKET SUMMARY

Status of Retail Sector

According to industry experts, food and beverage retailing in India has market sales of $135 billion, and is growing at about 4-5 percent per annum. Retailing is not yet a structurally organized industry, probably as a result of India's poverty; regional diversity (ethnicity, income levels, marketing system, purchasing behavior, etc.); fragmented, small agricultural production systems; domestic policies that limit interstate commerce; and inadequate infrastructure.



- Food products are sold by an estimated 6.5 million small grocery stores (mainly "Pop and Sons" stores) and wet market outlets throughout India.
- Organized food retailing, a decade-old industry in India, is limited to urban areas. This sector, consisting of government/cooperative and privately owned retail chain outlets, has been able to capture less than one percent of the total food retail sales.
- Market analysts report that sales of the organized sector have grown by about 30 percent per year over the last three years, and will continue to grow at the same rate over the short-to-medium term. Rising income levels, a growing middle class, an increasing young population, more working women, increasing media penetration, and the expanding exposure to western lifestyle fuel this growth. As more consumers demand an international shopping experience, increasing numbers are shifting from the 'traditional' to the 'organized' format of shopping.
- AT Kearney, the consulting firm, ranked India as the second most attractive retail market in its Global Retail Development Index 2004 report. There has been a steady transformation in food retailing with new hypermarkets, supermarkets, and convenience stores springing up in the major metropolitan cities. Over 200 retail malls in 25 cities are either under construction or in the active planning stage.
- The government prohibits foreign direct investment (FDI) in the retail industry, which has slowed the growth of the organized sector. Although the government has indicated that it will not liberalize the sector anytime soon, market sources believe that the government may allow FDI through joint ventures within the next 2-3 years.

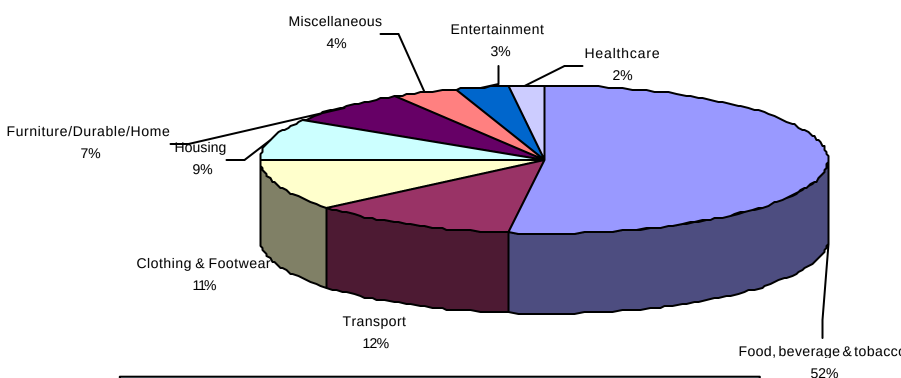
Initially, foreign companies may be allowed a minority stake, which may be raised later. Meanwhile, some foreign retailers are exploring the market through "cash & carry" operations (wholesaling) and franchising.

- While there are no supermarkets in the modern western sense, there are a few privately owned 'Indian Supermarkets' (basically larger grocery and convenience stores) located in and around major cities. These stores, with 3,000-6,000 square feet of floor space combined with self-service approach, somewhat resemble U.S. supermarkets from 40 years ago. There are even a few "chains," operating mainly in South India.
- Recently, larger discount hypermarkets (floor area of 25,000 – 75,000 square feet) are emerging in most major metropolitan cities, offering increased value to price-conscious consumers. Market analysts believe that hypermarkets will determine the future of organized food retailing over the short-to-medium term.
- Meanwhile, traditional grocers are also gradually redefining themselves by increasing floor space, and introducing the self-service format and value-added services like credit and home delivery.

Food Market & Consumer Purchasing Behavior

- Roughly 52 percent of Indians' consumption expenditure is on food: mostly for basic items like grains, pulses, vegetable oils, and sugar. Very little is spent on processed food products. However, recent consumer surveys indicate increased spending on high-value products such as milk, meat, eggs, and fruits and vegetables.

INDIAN CONSUMER SPENDING



Source: Central Statistical Organisation survey 2001/02

- Indians have a strong preference for fresh products and traditional spices and ingredients, which has hindered the market penetration of U.S. processed foods. However, with rising incomes, increasing urbanization, more working women, the arrival of some food multinational companies, and a proliferation of fast food outlets/coffee cafes, acceptance of packaged food products is increasing.
- Lacking home refrigeration and purchasing power, most Indians shop daily at small neighborhood specialty shops or roadside vendors (i.e., fruits and vegetables in one shop, dairy products in another, groceries in a third, and meats and fish in yet another).

- Availability of many items, particularly fruits and vegetables, is seasonal, and people are accustomed to adjusting their diet to the season.
- Women do most of the shopping and make most food purchasing decisions.
- Households able to afford Western imports usually have servants who buy, clean, and prepare the foods.
- Popular processed foods include ketchups and sauces; jams and jellies; table butter and ghee (melted butter); various *masalas,* curry powders (spice mixes) & pickles; wheat flour; noodles; snack foods (mostly spicy Indian types); health drinks; etc. Most processed foods are sold in small containers due to customers' limited purchasing power
- Demand for specialty items such as chocolates, almonds and other nuts, cakes and pastries, and sweetmeats (Indian sweets made mostly from milk, milk products, and dry fruits), peaks during the fall festive season, especially at Diwali, the festival of lights.
- Only over the past few years Indians, mostly in cities, have been exposed to supermarkets in the Western sense. Consumers from semi-urban, non-metropolitan, and rural localities, accounting for over 70 percent of the Indian population, have yet to experience modern retailing.
- Most people, even in cities, still associate supermarkets with "expensive" rather than "cost effective."

Import Market

India had a highly restrictive import market until all quantitative restrictions were removed in April 2001. Nonetheless, the government continues to discourage imports through relatively high tariffs and non-tariff barriers. Import tariffs on most consumer food products currently range from 30.6 to 52.24 percent, a marginal decline from the previous year. Sensitive items such as alcoholic beverages continue to attract much higher duties (143-592 percent). Non-tariff barriers include onerous labeling requirements for packaged goods, and compulsory detention and laboratory testing of samples of each item, all of which result in higher costs. Factors that further dampen prospects for imported food include poor infrastructure (roads and cold chain), an unorganized retailing sector, dated food laws, and non-transparent sanitary and phytosanitary regulations. Refrigerated warehousing and transportation facilities are limited and costly, which results in high losses. Consequently, the retail costs of imported food products are 3 to 4 times the FOB cost (see Appendix 1).

Nevertheless, the removal of quantitative restrictions in 2001 offers potential opportunities for US suppliers to access the historically 'untapped' Indian market. Rising income levels and growing aspirations of Indian consumers are making, and will continue to make, the market more vibrant. India has a large and growing middle class (200-300 million), although it cannot be compared with the "middle class" in the United States and other western countries. However, there is a segment of 20-50 million Indian consumers who can afford to regularly purchase imported food products. Market sources estimate that the spending of these consumers has been growing annually at 8-10 percent versus the overall growth of 5-6 percent for all consumer classes.

Imported food items have not yet penetrated the Indian retail market, and are largely limited to the organized retail sector and grocery stores catering to high-end consumers. The organized sector estimates that the share of imported product in its food and grocery inventory varies from 2 to 5 percent. Imported food items that can be spotted in large retail stores include dry fruits, fresh fruits, fruit juices, confectionary items, biscuits & cookies, chocolates, chocolate syrups, cake mixes, ketchup & sauces, specialty cheese, snack foods, canned fruits/vegetables, canned fish, canned corn, seasonings, etc.

Typically, most imported consumer food products, including US products, are transshipped through regional trading hubs such as Dubai and Singapore, due to their liberal trade policies and efficient handling. Major importers are located in Mumbai, Calcutta, Delhi, and Goa. A large share (30-40 percent) of imported food enters India through illegal channels (smuggling and leakages from duty-free outlets and ships at dock, etc.). The legitimate importers, who pay high import duties, face very stiff competition from this illegal 'gray market.' With the 2001 trade liberalization and declining tariffs, however, smuggling is likely to diminish over time.

Advantages and Challenges Facing US Products in India

Advantages	Challenges
• A rapidly growing middle class, of whom 20-50 million can regularly afford imported food products.	• Limited awareness about western products, due to historically closed market and a predominantly vegetarian culinary tradition.
• Increasing exposure to American products and lifestyle.	• Due to diverse agro-industrial base, Indian food companies (including many multinational companies) produce products at competitive prices.
• Consumer perception that US food products are safe and of high quality.	• High tariffs, out dated food laws, and new non-science based sanitary and phytosanitary restrictions.
• A steady transformation of the retail food sector in urban areas.	• Competition from countries with closer geographic proximity to India.
• Growing number of western-style fast food restaurant chains and coffee shops.	• Difficulties in accessing vast semi-urban and rural markets due to fragmented retail chain and poor infrastructure (roads, transportation network, cold chain, etc.)
• Growing food-processing industry looking for imported food ingredients.	• Competition from products imported through the 'gray market' (smuggling, etc.)
• Transformed US-India political relations.	• US exporters not very flexible in meeting Indian importers' requirements of smaller shipments, changing product specifications to conform to Indian food laws, etc.

II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

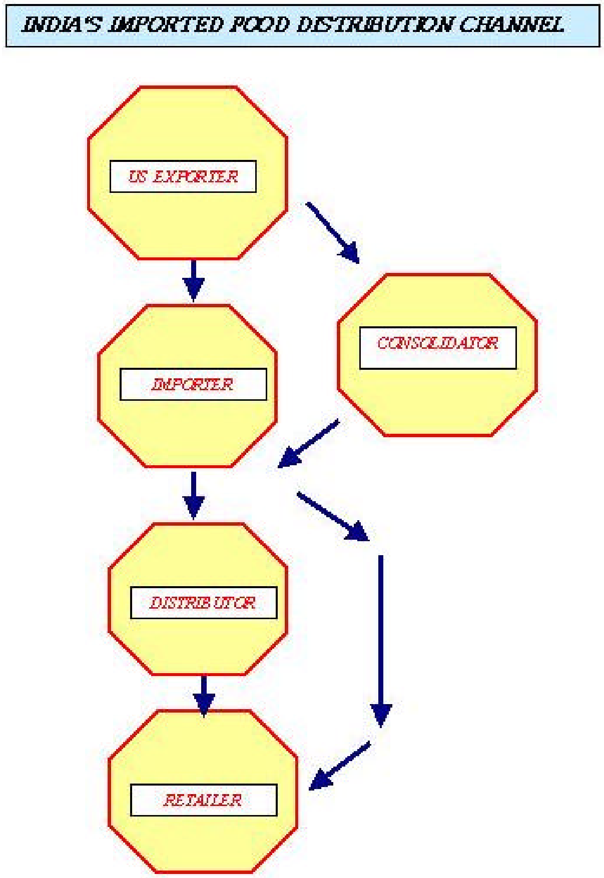
- In the 'untapped' Indian market, it is critical for US exporters to survey existing and potential markets for the product before initiating sales. US exporters are advised to review the FAS-New Delhi market reports (see section V). They should also visit India to gain a first-hand feel of the Indian market, preferably around one of the trade shows (see Promotion Opportunities Report). Exporters should contact FAS-New Delhi, who can assist them in setting up initial meetings with potential importers or representatives.
- Success in introducing your product in this market depends on good local representation and effective pricing strategy. The local representative should

preferably be the importer and distributor. US companies should avoid the temptation to establish a relationship with an agent/distributor merely because he/she is the most persistent suitor. Consider the following before selecting an agent:

- ✓ 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 evaluate 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.

- ❖ Due to the vast regional diversity in India, it is common to appoint more than one representative covering specified regional markets. FAS-New Delhi maintains listings of potential importers, and assists exporters in meeting members of the Indian trade.
- ❖ Most Indian importers prefer to:
  - ✓ Purchase mixed containers of smaller quantities of individual products.
  - ✓ Seek exclusive agreements from exporters.
  - ✓ Use services of freight consolidators to handle their orders from various exporters.
- ❖ The key to success for exporters is to focus on 'reasonable' entry pricing for their products, which is specifically targeted at the desired consumer base.

Market Structure



Organized Sector: Due to the relatively limited number of outlets and resultant low total sales, most organized retailers source their imported products through distributors. Established patterns are slowly giving way to more streamlined operations, such as importers sourcing mixed containers directly from the country of origin and larger retailers sourcing products directly through importers. Most distributors have a localized distribution area limited to a large metropolitan city and adjoining smaller cities. The "Indian Super Markets" typically deal with more than 400 distributors/suppliers, each handling three to four products.

Unorganized Sector: The large traditional market segment sources most of its product from local industry, with the overall share of imported food products almost negligible. Imported consumer food products are restricted to traditional outlets in the up-market segment of the larger cities that cater to higher and upper-middle income classes of consumers. The only difference here is that most retailers source from distributors. A significant share of imported food products in the traditional market comes through illegal channels. The share of imported food products currently handled by these retailers is increasing because of the products' higher sales margin (15-20% vs. 6-12% for local).

A: Organized Privately Owned Retail Sector: Super Markets/Hypermarkets/Store Chains

Company Profiles

Retailer Name/ Outlet Type	Ownership	No. of Outlets	Locations	Purchasing Agent
Food World/Supermarket & Convenience stores	Local Joint Venture with Hong Kong company (RPG group)	93	Major cities in South India, and city of Pune in Maharashtra	Mainly distributors; directly from few local manufacturers and importers
Giant/Hypermarket	Local Joint Venture with Hong Kong company (RPG group)	3	Mumbai, Hyderabad and Vizag	Mainly distributors; directly from few local manufacturers and importers
Food Bazaar/Hypermarket & Supermarket	Local (Pantaloon Group)	16	Mumbai, Bangalore, Gurgaon, Hyderabad and Kolkatta	Mainly distributors; directly from few local manufacturers and importers
Nilgiri's/Supermarket & Convenience stores	Local (Nilgiri's Franchisee Pvt. Ltd)	30	Major cities in Tamil Nadu, Andhra Pradesh, Pondicherry, and city of Pune in Maharashtra	Mainly distributors; directly from few importers
Trinethra/Supermarket & Convenience stores	Local (The Trinethra Group)	68	Major cities in Andhra Pradesh	Mainly distributors; directly from few local manufacturers and importers
Margin Free/Discount stores	Local Cooperative (Consumer Protection and Guidance Society)	350	Major cities in Kerala, Tamil Nadu and Karnataka	Local manufacturers and distributors
Subiksha/Discount stores	Local (Subiksha Trading Services Pvt. Ltd.)	72	Major cities in Tamil Nadu and Pondicherry	Local manufacturers and distributors
Adani Raoji/Supermarket & convenience store	Local (Family owned)	6	Ahmedabad	Mainly distributors; directly from few local manufacturers

Fabmall/Supermarket & Convenience stores	Local (Fabmall India Pvt Ltd)	10	Bangalore	Mainly distributors; directly from few local manufacturers
Sabka Bazaar/Discount stores	Local (Home Stores Pvt. Ltd)	25	Delhi and adjoining areas	Mainly distributors; directly from few local manufacturers
Vitan/Supermarket & Convenience stores	Local (Vitan DSI Ltd.)	13	Chennai/Bangalore	Mainly distributors; directly from few local manufacturers
Metro Cash & Carry*/ Hypermarket	Foreign (Metro AG, Germany)	2	Bangalore	Mainly local manufacturers and importers
* Metro Cash & Carry has government permission for wholesale operations only.				

Indians have been exposed to self-service supermarket shopping, where staff do not wait on the customer, mainly in the urban areas only since the early 1990's. Nilgiris, Food World, Margin Free and other firms pioneered modern food retailing in South India. In recent years, similar efforts are underway to bring organized food retailing to other regions of India. In addition, the concept of shopping malls is beginning to take shape in India's major cities. Shopping malls such as DLF City Center, The Metropolitan, Center Stage Mall (all in/around Delhi); Crossroads and R-Mall in Mumbai; and Spencer's in Chennai are revolutionizing the way the Indian middle class shop. During the last two years, retailers have set up larger discount outlets with floor areas of 25,000-50,000 square feet, which are being touted as 'Indian Hyper Markets.'

Wanting to tap this opportunity, leading industrial groups such as Tata, Piramyd, Reliance and the Indian Tobacco Company are entering the organized food-retailing sector. In the next decade, firms will also branch out to smaller, second-tier cities and towns throughout India.

The retail sales turnover of even the leading players is comparably small by international standards. Sales turnover for Indian fiscal year 2003/04 (April/March) of larger groups like Food World is estimated at $74 million, Subiksha at $55 million, Nilgiri's at $36 million, Food Bazaar at $32 million, Trinethra at $22 million, and Giant at $35 million[1]. Most of the customers coming to these outlets are from upper-middle and middle-income households.

Most of these 'Indian Supermarkets' have a floor area ranging from 3,000 to 6,000 square feet, and convenience stores have a floor area of 800-1,500 square feet. They stock most national brands, regional and specialty brands, their own brand of packaged dry products, and some international brands. Many have a small bakery/confectionary section, and some have fresh produce and dairy products. Only a few sell small quantities of frozen foods, as cold storage availability is limited and electric power supply is erratic. A typical supermarket carries about 6,000 stock-keeping units, but most have no item-based inventory control. Their margins typically range from 14 to 16 percent. These relatively high margins are due largely to the ability to get somewhat better prices from suppliers on bulk purchases, and the

[1] Source – KSA-Technopak Ltd.

ability to generate income from selling advertising space and special in-store promotions to manufacturers.

Gas-station stores are relatively new to India, as petroleum companies like Hindustan Petroleum Corporation Limited, Indian Oil, and Bharat Petroleum have introduced branded outlets like Speedmart (around 60-65 in number), ConveniO's (around 150), and In&Out Stores (around 100). Most of these outlets have been contracted out by the oil companies to private individuals or companies who run them independently. These outlets sell impulse buys like chocolates, soft drinks, cakes and cookies, and potato chips; but they have made limited inroads in major metropolitan cities as their prices are high.

B: Traditional/Unorganized Market: Provisions Shops/Grocery Shops/Wet Markets

The traditional 'Mom & Pop' and 'wet market' stores in India are similar to those in other developing and less-developed countries. Of the roughly 6.5 million outlets, grocery stores account for 32 percent, general stores 14 percent, chemists 6 percent, and kiosks and wet markets the remaining share of the total. Most of these outlets offer only the basics: limited selection, lack of refrigeration, fixed prices, no technology, and little or no ambience. Floor space normally ranges from 100 to 300 square feet. However, with the introduction of the 'Indian supermarkets,' some of the stores have modernized by expanding floor size and adding ambience, such as more display space, walking aisles, refrigeration, etc. Most consumers prefer the traditional market to larger supermarkets because of proximity, personal attention, and lower prices. Domestic servants who do most of the grocery shopping for upper and upper-middle income households also prefer the traditional markets.

III: COMPETITION

The biggest competitor for foreign foods in the Indian retail food market is the local food industry. Potential US exporters should understand that India's diverse agro-industrial base already offers many products at competitive prices. The leading multinationals from the US and Europe have established food processing operations in India, and offer a range of western-style products at reasonable prices, though the quality may be inferior to imported products due to poor quality of the raw material supplies. Most local products are priced lower than imported products due to the latters' high import duties. While some consumers are aware of quality differences and insist on world standards, most must sacrifice quality for affordable prices. The presence of imported food products even in a typical western-style supermarket is just 2 to 5 percent of the total product offering.

There are no reliable data (see Appendix 3) on imports of consumer food products for retail sale in India[2]. Based on a qualitative assessment of the market and information from market sources, products from Australia, New Zealand, the European Union (EU), South Africa, the Middle East, and other Asian countries directly compete with like items from the United States. In addition to the freight cost advantages, market sources report that suppliers from these countries are more responsive to importers' demands for smaller shipment sizes, and are more willing to modify product specifications to meet Indian food laws, in contrast to

[2] - Most consumer food products are imported as mixed consignment from transshipments points like Dubai/Singapore and are not appropriately identified by their country of origin.
- Most of the transshipped mixed consignments are under-invoiced or falsely declared.
- Over 30-40% of the imported products are unaccounted they come through illegal channels.
- Official Indian statistics are not sufficiently detailed to provide break-up of consumer food items by product category for retail sales. Thereby, processed food items under chapters 20-22 include consumer food items imported for retail sales, HRI, and for further processing.

many US suppliers. Australia and New Zealand aggressively promote their products in the Indian market. Recently, countries like Thailand, South Africa, Chile, Brazil, and a few EU countries have also organized trade promotions in India. Market promotions by these countries are mainly through trade missions, trade servicing, in-store promotions, and participation in food shows.

IV: BEST PROSPECTS

A: Products Present in the Market That Have Good Sales Potential /1

Product Category	HS code	Projected Annual Import Growth in Next Five Years	Total Import Duty /2	Key Constraint	Market Attractiveness for USA
Almonds	0802110 & 08021200	5%	Rs. 35/kg for inshell & Rs. 65/kg for kernels	Competition from Afghanistan and Iran	Traditionally most popular dried fruit in India; increasing domestic use
Apples	08081000	10-15%	51.0%	Growing competition from Australia, China, New Zealand, etc.	Seasonal shortages; increasing interest in high quality fruits among Indian elite; and India's preference for Red Delicious variety
Grapes	08061000	5-10%	30.6%	Growing competition from Australia, Chile, South Africa, etc.	Seasonal shortages; increasing interest in high quality exotic fruits (such as Californian red globe grapes)
Pistachios	08025000	5%	30.6%	Competition from Iran and Afghanistan	Increasing use on high seasonal demand and growing health consciousness
Prunes	08132000	10-15%	25.5%	Competition from Iran	Increasing use due to demand for snack foods, and growing health consciousness
Sauces, spreads, salad dressings & condiments	21039001 21039001 21069009*	5-10%	30.6%	Competition from domestic suppliers	Increasing popularity of imported brands, growing fast food and food processing sectors.

/1: Post analysis based on information from market sources.
/2: Total import duty includes basic duty, countervailing duty, and education cess.
** - Product-wise breakdown not available*

B: Products Not Present in Significant Quantities But Which Have Good Sales Potential/1

Product Category	HS code	Projected Annual Import Growth in Next Five Years	Total Import Duty /2	Key Constraint	Market Attractiveness for USA
Chocolates, chocolate syrups & other cocoa products	18040000 18050000 18061000 18069001 18069009	5-10%	52.24%	Competition from domestic suppliers and the EU and South Asia	Increasing popularity of imported brands and shortage of quality domestic products
Biscuits, wafers, etc	19053001 19053003 19053009	5-10%	Up to 52.24%	Competition from domestic suppliers and the EU and South Asia	Increasing popularity of imported brands and shortage of quality & range of domestic products
Jams, jellies, and fruit juices	2079901 2079909 20091100 to 20099000	5%	30.6%	Competition from domestic suppliers and the EU and South Asia	Increasing popularity of imported brands. Increasing health awareness among consumers and shortage of quality domestic products
Potato products and other snack foods	20041001 20041009 20052000 21069009*	5-10%		Competition from domestic suppliers and the EU and South Asia	Increasing popularity of imported brands and shortage of quality & range of domestic products

/1: Post analysis based on information from market sources.
/2: Total import duty includes basic duty, countervailing duty, and education cess.
** - Product-wise breakdown not available*

C: Products Not Present Because They Face Significant Barriers

To protect local producers, the Indian government imposes higher tariffs and other non-tariff barriers (mostly sanitary and phytosanitary measures). Consequently, it is difficult to export to India basic commodities like grains, dairy products, meat products, and raisins, among many others. The government recently banned imports of pet food, which had emerged as a fast growing market, on sanitary grounds. Importing beef is banned due to religious reasons. Imports of alcoholic beverages are severely constrained by high import tariffs, local taxes, and by a complex licensing system for distribution and sales in the local markets.

V. POST CONTACTS AND FURTHER INFORMATION

If you have any additional queries regarding this report or need assistance exporting to India, please contact the Office of Agricultural Affairs, New Delhi, at following address:

Agricultural Counselor
Foreign Agricultural Service
Embassy of the United States of America
Chanakyapuri, New Delhi - 110 021
Ph: (91-11) 24198000, Fax: (91-11) 2419-8530
E-Mail: agnewdelhi@usda.gov

- The following reports may be of interest to U.S. exporters. These, and related reports prepared by this office, can be accessed via the FAS Home Page, (http://www.fas.usda.gov) by clicking on "Attaché Reports," and typing the report number.

Report Number	Report Title
IN4103	Exporter Guide Report
IN4077	FAIRS Annual Report
IN4023	Trade Policy Monitoring Report
IN4104	Promotion Opportunity Report
IN9082	Hotel Restaurant & Institutional Service Report
IN9083	Food Processing Sector Report

- The Country Commercial Guide prepared by the Commercial Section of the US Embassy will also be of interest to exporters. This can be accessed through www.stat-usa.gov.

APPENDIX 1: Breakdown of Cost of Imported Processed Food Product for Retail Sale

Item	*Rate*	*Mumbai Market*	*Delhi Market*
FOB Price US Port (New York)	$1/unit	1.00	1.00
Sea Freight/Insurance, Etc./1	6% of FOB Invoice Price	0.06	0.06
CIF Value India Port (Mumbai)		1.06	1.06
Basic Import Duty	30.6% of CIF Value	0.32	0.32
Countervailing Duty (CVD) /2	10.4% of Maximum Retail Price (MRP) Value#	0.38	0.38
Total Import Duty	Basic Duty+CVD	0.71	0.71
Clearing Charges/3	6 % of CIF Value	0.06	0.06
Landed Cost for the Importer at Mumbai		1.83	na*
Inland Transport Cost (Mumbai-Delhi)/4	4% of CIF Value	na	0.03
Landed Cost for the Importer at Delhi		na	1.86
Octroi Tax at Mumbai/5	6% on landed price	0.11	na
Importers Margin/6	18% of landed cost	0.33	0.34
Invoice Price of the Importer for the Distributor		2.27	2.20
Central Sales Tax	4% of invoice price to distributor	0.09	0.09
Distributor Cost Price		2.36	2.29
Local sales tax	15.3%(Mumbai); 10%(Delhi) on distributor cost	0.36	0.23
Distributor Margin	10% on distributor cost	0.24	0.23
Distributor Sale Price to Retailer		2.96	2.74
Retailer Margin	25% of retailer cost or 20% of MRP	0.74	0.69
Total Retail Price		**3.70**	**3.43**

Note: Calculation based on the assumption FOB value of $25,000 for a 20 ft. container; MRP of $ 3.70/unit declared by importer based on Mumbai costing; Individual line items may not add to total due to rounding.

* Not Applicable

/1: can vary from 5-7%

/2: CVD of 16% charged on 65% of the MRP value declared by the importer.

/3: can vary from 5-8%

/4: can vary from 3-5 %

/5: can vary from 5-7% depending on the nature of product

/6: can vary from 15-20%

/7: can vary from 10-12%

APPENDIX 2: Profiles of Government & Cooperative Retail Chains

Retailer Name / Outlet Type	Ownership	No. of Outlets	Locations	Purchasing Agent
Canteen Stores Department/Discount Stores for Defense Personnel	Local (Ministry of Defense)	34 Depots and 3,400 unit-run canteens	National	Directly from local manufacturer
Kendriya Bhandar/Discount Stores	Local (Ministry of Personnel)	119	National	Mostly from distributors; directly from few local manufacturers
Apna Bazar/Discount Stores	Local (Apna Bazar Coop. Ltd)	79	Mumbai/ Maharashtra	Mostly from distributors; directly from few local manufacturers
Sahkari Bhandar/Discount Stores	Local (CCCW&R Store Ltd)	16	Mumbai (Maharashtra)	Mostly from distributors; directly from few local manufacturers

Note: The government and the cooperative sector active in food retailing typically sell locally manufactured products. These stores sell products at discount prices, i.e., below the listed maximum retail prices and cater to select classes of consumers like:

- Canteen Store Department: exclusively for defense personnel
- Kendriya Bhandar: mostly government employees
- Cooperative Outlets: mostly cooperative members

These outlets have been set up with the mandate to provide goods and services to targeted consumers at reasonable prices. Products are packaged, both branded and unbranded, and the outlets generally do not offer fresh produce or frozen foods.

Appendix 3: India’s Imports of Consumer-ready food products by top suppliers (in US$)

INDIA'S IMPORTS OF CONSUMER-READY FOOD PRODUCTS BY TOP SUPPLIERS (in US$)						
HTS CODE	**DESCRIPTION**	**APRIL 2002 - MARCH 2003**			**APRIL 2003 - MARCH 200**	
			TOTAL			**TOTA**
03037919	Other frozen fish		194114			14354
	Morocco	46137		Bangladesh	60347	
	Netherlands	1571		Oman	56213	
	Bangladesh	241		UAE	26981	
03061301	Shrimp (scampi) macrobactium frozen		620596			240271
	Indonesia	681169		Myanmar	700331	
	Bangladesh	272332		Germany	322361	
	UK	200350		France	165675	
	USA	620596		USA	701419	
03061303	Prawns frozen		676340			16540
	Indonesia	244913		Bangladesh	156904	
	UK	105729		Japan	8500	
	Belgium	99179				
03074101	Cuttle fish live frsh or chld		251394			41487
	Yemen Republic	165196		Oman	158778	
	Bangladesh	55719		Indonesia	80465	
	Italy	30479		Bangladesh	62601	
04022903	Milk for babies		264670			29102
	Denmark	206821		Denmark	236255	
	German F Rep	37738		Belgium	39441	
	Chinese Taipei	19773		Nepal	3419	
04029909	Others		473478			4614
	Denmark	369732		New Zealand	25106	
	German F Rep	37702		UAE	199	
	Belgium	22524		USA	20840	
	USA	25905				
04062000	Grated or powdered cheese of all kinds		515732			13109
	Australia	129985		Denmark	114041	
	New Zealand	111151		Netherland	8871	
	UK	83441		UK	7327	
	USA	133030		USA	34	
04063000	Processed cheese not grated/pwdered		502357			63881
	Poland	215800		Poland	238226	

	Italy	82790		Australia	109331	
	Australia	61173		Netherland	81095	
04069000	Other cheese		676148			77522
	UK	164111		Nepal	349671	
	New Zealand	138147		New Zealand	206034	
	Nepal	128980		Italy	69884	
	USA	63610		USA	2881	
04070009	Others		1071787			7454
	UK	692833				
	France	4784				
	German F Rep	955				
	USA	692833				
04090000	Natural honey		3669878			50074
	China P rep	1587412		Nepal	473636	
	Nepal	1112737		UAE	9007	
	German F Rep	132506		China P Rp	6685	
	USA	320921		USA	3896	
07032000	Garlic fresh or chld		12425308			491242
	China P Rep	11782597		China P Rep	4736526	
	Switzerland	230426		Switzerland	93446	
	Malaysia	189609		Hong Kong	43607	
	USA	34675				
07081000	Peas shld or unshld frsh or chld		4796009			126783
	Canada	3090071		Canada	1223104	
	France	1125149		Turkey	44725	
	Australia	404033				
07123001	Mushrooms (incld morels)		210010			5368
	China P Rep	182740		China P Rep	38772	
	Afghanistan	12959		Italy	4467	
	Italy	7675		Thailand	4275	
07129009	Others dried		396220			61262
	China P Rep	261039		China P Rp	363587	
	Malaysia	76584		France	163055	
	UK	76584		UK	56308	
				USA	15497	
08021100	Almonds frsh or drd inshell		43188117			5380246
	Australia	2751775		Afghanistan	2645790	
	Afghanistan	1169269		Australia	1429518	
	Chile	650366		Iran	336327	
	Iran	483838		USA	49052409	

	USA	37674761				
08021200	Shelled almonds frsh or dried		12338748			1394811
	Iran	6502738		Iran	7526857	
	Afghanistan	4568894		Afghanistan	5716579	
	Spain	236612		UAE	57106	
	USA	822641		USA	581520	
08025000	Pistachios frsh or dried		18031735			2940318
	Iran	15411267		Iran	22431494	
	Afghanistan	2167354		Afghanistan	4985591	
	UAE	180666		UAE	288254	
	USA	149695		USA	1653883	
08029003	Nuts areca		1256742			
	Bangladesh	1009819				
	Sri Lanka	210092				
	Indonesia	36831				
08041001	Dates fresh (exl wet dates)		8293236			542390
	Iran	7403028		Pakistan	2825778	
	UAE	666754		Iran	1800186	
	Oman	91458		Oman	672637	
	USA	28573				
08041002	Dry dates soft (khayzur or wet dates)		12854389			1872142
	Iran	10204609		Iran	17445060	
	Pakistan	666754		Pakistan	564454	
	UAE	666174		UAE	281587	
08041003	Dry dates hard (chhohara or kharek)		6783123			861872
	Pakistan	5450107		Pakistan	7526465	
	Oman	1078717		Oman	963910	
	Iran	185029		Iran	127008	
08042002	Figs dried		2254144			321291
	Afghanistan	2171310		Afghanistan	3004317	
	Iran	55582		Iran	185763	
	Pakistan	15557		Syria	13908	
08051000	Oranges frsh or dried		239484			24091
	Australia	155300		Australia	128731	
	South Africa	24150		South Africa	43239	
	Egypt A Rep	20053		Egypt A rep	11621	
	USA	25487		USA	45676	
08061000	Grapes fresh		357660			55460
	Australia	84943		Australia	110635	

	Singapore	33255		Afghanistan	53425	
	Pakistan	22620		Chile	44538	
	USA	186801		USA	255306	
08062001	Raisins		3686138			1213348
	Afghanistan	3086267		Afghanistan	11178946	
	Pakistan	348530		Pakistan	461485	
	China P Rep	105491		Sweden	266056	
	USA	9116		USA	4807	
08062009	Sultanas & Other dried grapes		2063549			21814
	Pakistan	1150810		Afghanistan	152761	
	Afghanistan	800468		Iran	27263	
	Iran	72550		Uzbekistan	18192	
	USA	4329				
08081000	Apples frsh		10495401			1168270
	Australia	2969488		Australia	4303004	
	China P Rp	1813574		China P Rp	2035985	
	New Zealand	1557247		New Zealand	1804778	
	USA	3627058		USA	2472570	
8082000	Pears & quinces frsh		1072312			92298
	China P Rep	712868		China P Rep	484739	
	Australia	173404		South Africa	146161	
	South Africa	143542		Australia	67194	
	USA	22793		USA	189401	
08105000	Kiwi fruit		335379			41994
	Italy	189361		Italy	221812	
	New Zealand	92966		New Zealand	124226	
	Australia	25521		Australia	51257	
08131000	Apricots, dried		2571110			228802
	Afghanistan	2094097		Afghanistan	2168218	
	Pakistan	280465		Turkey	111996	
	Turkey	180480		Iran	7219	
08132000	Prunes dried		227594			8575
	Iran	112882		Iran	35020	
	Turkey	30505		Turkey	8287	
	Afghanistan	10301		Netherland	622	
	USA	68038		USA	41224	
15,091,000	Olive oil virgin		319222			15487
	Spain	184311		Spain	89243	
	Italy	106474		Italy	50565	
	German F Rep	11742		Saudi Arab	4684	

	USA	1578		USA	232	
15,099,000	Other Olive oil & its fractns (excld vrgn)		2268737			287846
	Italy	1089326		Spain	1526293	
	Spain	980296		Italy	1156020	
	Turkey	106386		Algeria	56134	
	USA	1340				
17,041,000	Chewing gum w/n sugra coated		255512			38657
	Korea Rep	53086		Japan	100186	
	UAE	43868		Korea Rp	69091	
	Japan	33426		China P Rep	60095	
	USA	4347		USA	715	
17,049,001	Sweetmeat		876922			
	Malaysia	187685				
	Australia	136014				
	China P Rep	116869				
	USA	3789				
17,049,009	Others exlding sweetmeat		777296			
	Australia	182743				
	Thailand	172412				
	Malaysia	91422				
	USA	8492				
18,040,000	Cocoa Butter fat & Oil		1890281			105513
	Indonesia	1111411		Singapore	737771	
	Singapore	708296		Indonesia	281682	
	Greece	34528		Bulgaria	17162	
	USA	2119		USA	4374	
18,050,000	Cocoa pwdr nt contng sugar/swtng matrl		3654812			349792
	Indonesia	2056144		Indonesia	1443122	
	Spain	841512		Malaysia	629604	
	Malaysia	453061		Singapore	469548	
				USA	85838	
18,061,000	Cocoa pwdr contng sugr/other swtng matrl		193270			5397
	Netherland	48711		South Africa	26076	
	Indonesia	43456		Turkey	6684	
	South Africa	36920		Malaysia	6034	
	USA	2258		USA	8872	
18,069,001	Chocolate confectionary		3426067			
	Singapore	942946				
	Netherland	672945				
	Brazil	334606				

	USA	56341				
18,069,009	Other food prep contng cocoa		1026635			107178
	UAE	192083		Malaysia	148941	
	UK	116813		UK	132037	
	Netherland	75115		UAE	128577	
	USA	55793		USA	96026	
19,011,001	Malted Milk (includng pwder)		460493			108240
	Netherland	423138		Netherland	1022857	
	Italy	26119		Switzerland	29979	
	Thailand	10872		New Zealand	17247	
				USA	7696	
19,019,009	All other prpn of flr meal strch/mlt extrct		926271			46112
	Netherland	819873		Netherland	373581	
	Canada	22575		Belgium	30054	
	Singapore	13808		Singapore	20881	
	USA	41670		USA	230	
19,021,100	uncokd psta ntstfd/otherwise prpd cnting eggs		237955			111237
	Nepal	203308		Nepal	986008	
	Italy	34219		Belgium	66239	
	USA	120		Italy	56903	
	Singapore	130				
19,021,900	Other uncooked notstfd/otherwse prpd psta		4777675			287805
	Nepal	4440528		Nepal	2639958	
	Italy	259463		Italy	154425	
	Philippines	34466		Germany	47384	
	USA	2047		USA	4024	
19,053,001	Communion wafers sealing wafers etc.		423655			11183
	Malaysia	208899		Turkey	49528	
	UK	97768		UAE	31990	
	Indonesia	34906		Nepal	16212	
	USA	72		USA	535	
19,053,003	Sweet buscuits		431967			84329
	Denmark	159639		Malaysia	241929	
	Nepal	134783		UK	154223	
	Netherland	64471		Nepal	146313	
	USA	1075		USA	9155	
19,053,009	Other waffles & wafers		553760			21867
	Nepal	149615		Indonesia	73486	
	UAE	68110		Nepal	40098	
	Korea Rp	54844		Malaysia	38568	

	USA	20307		USA	4900	
19,059,000	Others		895281			
	Netherland	293258				
	Denmark	135041				
	Oman	126729				
	USA	30443				
20,019,005	Tomato chutneys & paste		464703			
	China P Rep	450881				
	Turkey	13732				
	Australia	90				
20,019,009	Others		465878			
	Georgia	34582				
	Spain	29611				
	Saudi Arab	4536				
	USA	385988				
20,029,000	Other prpd/prsvd tomatoes		656655			195864
	China P Rep	445324		China P Rep	1810185	
	Nepal	123071		Turkey	33142	
	UK	42049		Italy	25094	
				USA	30841	
20,041,001	Chips fried		1104163			
	Netherland	650057				
	New Zealand	267926				
	Malaysia	33187				
	USA	35072				
20,041,009	Other prprtns (exl. Flakes & the like)_ frzn		551594			234759
	Netherland	341750		Netherland	793345	
	New Zealand	100025		New Zealand	473388	
	Canada	72785		Singapore	86693	
	USA	31653		USA	808662	
20,052,000	Potatoes prpd/prsvd not frzn		224937			20245
	Netherland	34072		UAE	2309	
	German F Rep	17307		Spain	2150	
	China P Rep	12990		Malaysia	1848	
	USA	152809		USA	196152	
20,079,901	Jams jellies mrmlds etc of mangoe		315276			4281
	Chinese Taipei	168839		Malaysia	34127	
	New Zealand	60855		Korea Rp	1921	
	France	35477		UK	1233	
	USA	578				

20,079,909	Jams jellies mrmlds etc of other fruits		402991			60976
	Chinese Taipei	97161		Taiwan	155056	
	Malaysia	67732		France	143556	
	UK	52900		Denmark	56607	
	USA	639		USA	1185	
20,091,100	Orange juice frzn		993168			106048
	Brazil	521193		Brazil	873036	
	Nepal	432551		Belgium	66634	
	Thailand	23116		Nepal	47998	
				USA	273	
20,091,900	Orng juice not frzn		1953867			77187
	Nepal	999596		Nepal	283698	
	Brazil	422191		Philippines	234383	
	Oman	172238		Thailand	55853	
	USA	15746		USA	11458	
20,094,000	Pineapple juice		739466			32280
	Nepal	593005		Nepal	168620	
	Philippines	113392		Philippines	109289	
	Thailand	16154		UAE	16181	
20,095,000	Tomato juice		280698			4662
	Nepal	248307		Nepal	44977	
	Malaysia	20457		Germany	1001	
	UK	7013		Australia	433	
20,096,000	Grape juice (incl grape must)		270140			214
	Spain	151285		Australia	2145	
	Nepal	93560				
	Oman	12264				
20,097,000	Apple juice		634473			34812
	Nepal	304620		China P Rp	261207	
	China P Rep	274673		Nepal	35156	
	Australia	43134		Australia	23474	
20,098,001	Mango juice		1151756			33385
	Nepal	885990		Nepal	164725	
	Malaysia	177243		Bangladesh	72281	
	Bangladesh	24843		Netherland	33897	
	USA	3782		USA	42693	
20,098,009	Other fruit juices		1381547			212954
	Nepal	704944		Nepal	1041075	
	Bangladesh	138563		Malaysia	280928	

	Australia	103545		South Africa	102092		
	USA	38991		USA	188693		
20,099,000	Mixtrs of juices unfrmnted nt conting spirit		1819022			214939	
	Nepal	937198		Nepal	1588556		
	Netherland	354098		Bhutan	138775		
	Bhutan	295207		Netherland	60459		
	USA	10178		USA	54853		
21,011,101	Instant coffee		537868			66881	
	Thailand	258262		Brazil	401737		
	Malaysia	207463		Malaysia	237427		
	German F Rep	48706		Germany	12955		
				USA	841		
21,012,001	Instant Tea		191378			16955	
	Sri Lanka	99358		Indonesia	79634		
	German F Rep	61778		Germany	42735		
	UK	9279		Singapore	18361		
				USA	2427		
21,021,000	Active yeasts		626557			86060	
	Brazil	296721		Brazil	478271		
	France	121566		Switzerland	176937		
	Switzerland	121420		Germany	124582		
	USA	3365		USA	2566		
21,022,000	Inactv yeast, other single-cell dea mic-org		289544			24835	
	Brazil	94003		Brazil	200847		
	Malaysia	55391		Switzerland	26660		
	German F Rep	54518		Taiwan	7972		
	USA	17883		USA	4598		
21,039,001	Curry paste		210927			21885	
	Singapore	28856		UK	103220		
	Malaysia	27626		Thailand	36825		
	Thailand	22177		Japan	28018		
	USA	75747		USA	7977		
21,039,009	Other mixd condiments & mixed seasongn		392769			71016	
	China P Rp	54600		China P Rep	248109		
	Japan	35405		Canada	54094		
	Thailand	30787		Italy	50161		
	USA	104233		USA	137596		
1,069,009	Other food prepartions		4082561			657391	
	Netherland	102960		Nepal	608104		
	German F Rep	81884		Netherland	424340		

	Singapore	62149		Malaysia	253711	
	USA	3334616		USA	4463190	
22,011,000	Mineral water s& areated waters		515736			63149
	Bhutan	320651		Bhutan	367881	
	France	185396		France	226590	
	German F Rep	5976		China P Rep	9221	
	USA	96				
22,029,000	Other sweetned flavrd waters		3118199			326460
	Bhutan	1408429		Nepal	1552946	
	Nepal	1324818		Bhutan	749858	
	Austria	87520		Austria	258076	
	USA	11953		USA	31226	
22,030,000	Beer made from malt		2095737			53389
	Nepal	1823335		Singapore	278734	
	Slovenia	132025		Netherland	122144	
	Singapore	65081		Nepal	48776	
	USA	1523		USA	4091	
22,041,000	Sparkling wine		207536			9510
	France	82633		Germany	66506	
	UK	81337		UK	15131	
	German F Rep	17687		France	4630	
	USA	10068				
22,042,909	Other wine inclngd grape must		250091			36873
	France	99025		France	164997	
	Australia	40697		Australia	57782	
	UK	35130		UK	44013	
	USA	4542				
22,071,009	Other spirit		388241			3223
	UK	367247		UK	28605	
	USA	20994		France	3058	
				Australia	196	
				USA	182	
22,083,000	Whiskies		3085539			678646
	UK	2528296		UK	5842426	
	France	78182		France	282207	
	German F Rep	52913		UAE	190890	
	USA	370887		USA	196180	
22,089,000	Other		2235289			453443
	UK	2026743		UK	4149290	
	Nigeria	49115		France	162624	

	France	32261		Mexico	80506	
	USA	29992		USA	28285	
22,090,001	Brewed vinegar		1721366			49013
	Belgium	669554		France	262528	
	France	358157		Spain	107391	
	German F Rep	162208		Belgium	81807	
	USA	82904				
22,090,002	Synthetic vinegar		805092			24450
	Belgium	378126		France	121056	
	France	105739		Belgium	83322	
	Netherland	93267		Netherland	39867	
	USA	28195				
23,091,000	Dog or cat food put up for retail sale		608546			95500
	Australia	133920		France	347049	
	France	131348		Hungary	87367	
	UK	105608		UK	70091	
	USA	155734		USA	349677	