

Required Report: Required - Public Distribution

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Report Highlights:

India's food retail sector has rebounded from the COVID-19 pandemic and is expected to expand massively in the next decade thanks to rising incomes, urbanization, and a shift in consumption habits, fueling demand for healthy, premium food products. While traditional retailers continue to dominate the market, the country's rapidly expanding e-commerce sector is distinguishing itself by offering high value imported food products and innovative services/convenience. Opportunities for U.S. exporters exist in consumer-oriented products, especially tree nuts, fruits, breakfast cereals, confectionaries, and processed foods.

Executive Summary:

India is one of the fastest growing economies in the world. At present, it is the sixth largest economy and is expected to become the third largest economy by 2030. It is the second most populated country and will surpass China by 2026. While its economy slowed down during the COVID-19 pandemic, it is expected to rebound strongly and grow by 7.5 percent in FY 2022-23, according to the World Bank. India’s economic growth will continue to be fueled by ongoing economic reforms, foreign investment, infrastructure spending, and the digitization of key segments of the economy, as per local sources.

Food processors, importers, wholesalers, retailers, and food service operators are contributing to the country’s rapidly expanding food retail sector. Apart from being a major food producer/exporter, India’s bulk, intermediate, consumer oriented, and agricultural related imports reached USD \$33.65 billion, while its exports totaled \$51.44 billion in 2021.

Imports of Consumer-Oriented Products:

India’s imports of consumer-oriented products, led by tree nuts, tea, spices, fresh fruits, processed fruit, distilled spirits, and dairy products, are amongst the fastest growing segments of imported agricultural products, reaching \$6.14 billion in 2021. A shift towards health-driven consumption and expanding grocery purchases from zoomers, millennials, affluent professionals, brand-oriented importers, retail outlets, and e-commerce platforms are fueling this import growth.

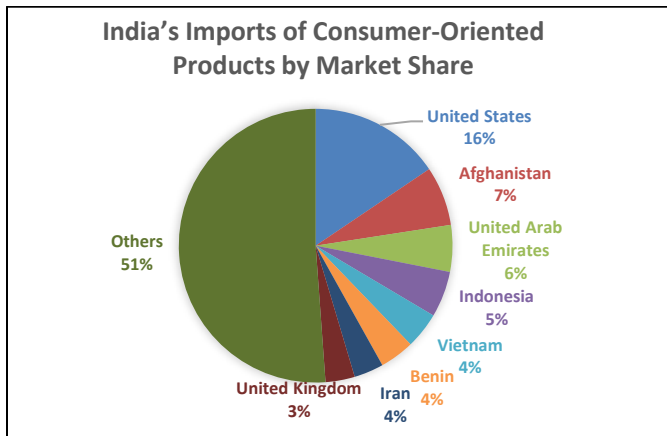


Figure 1. Indian Agricultural Imports from All Sources
Source: Trade Data Monitor

Food Retail Industry:

The Indian food retail market is the third largest in the world and is the largest segment of the country’s retail sector at 66 percent. The market is valued at \$570 billion and industry sources expect its sales to surpass \$850 billion by 2025. The market is growing rapidly thanks to rising incomes, urbanization, dual-income households, and greater demand for convenience. The sector is also experiencing an expansion in the organized retail sector with the emergence of supermarkets/hypermarkets, convenience stores, and online grocery platforms. However, traditional retailers or Kiranas (mom & pop stores) represents more than 85 percent of total grocery sales in the Indian market. The majority of grocery purchases continue to be made with traditional retailers due to their loyal/historical customer base and proximity. These retailers continue to be the preferred choice especially in tier two and tier three cities along with rural areas.

Food Retail Sector Key Updates:

The COVID-19 pandemic accelerated the digitization of traditional and modern retail stores, which facilitated the development of alternative supply chains and allowed retailers to reach consumers through multiple channels. Private labeling has emerged a valuable tool for modern retailers to highlight high value, imported food products to a mass audience at reasonable prices. Local processors, who import in large bulk quantities, are also benefiting from this development as the main manufacturers of these products. The growth in the digital payments in modern and traditional retail outlets has facilitated loyalty/discount programs that keep consumers engaged and on the lookout for new products and offers.

Quick Facts Calendar Year 2021

Imports of Consumer-Oriented Products: \$6.14 billion

List of Top Import Growth Products in India:

- Tree nuts (e.g. almonds, pistachios and walnuts)
- Fresh fruits (e.g. apples, pears, and grapes)
- Dairy products
- Food preparations
- Processed fruits
- Distilled spirits
- Condiments and sauces
- Cocoa and cocoa preparations

Food Industry by Channels (U.S. billion) 2021:

Food Exports	\$51.44 billion
Food Imports	\$33.65 billion
Retail	\$570 billion
Food Service	\$64 billion (2020)

Top Indian Food Retailers:

- Reliance Retail
- Avenue Supermarts Limited
- Future Group
- Tata-Tesco Group
- Landmark Group
- Spencer’s Retail
- Aditya Birla Retail Limited

Top Indian Food Online Retailers:

- Big Basket
- JioMart – Reliance Retail
- Amazon India
- Walmart- Flipkart
- StarQuick
- Blinkit

GDP/Population (2022 Projected)

- Population (billions): 1.40 billion
- GDP (billions USD): 3.25 trillion (nominal)
- GDP per capita (USD): \$2,313 (nominal)

Sources: Trade Date Monitor, Annual Survey of Industries

SWOT ANALYSIS:

Strengths	Weaknesses
<ul style="list-style-type: none"> • U.S. products held in high regard 	<ul style="list-style-type: none"> • Lack of awareness regarding the range and value of U.S. products
Opportunities	Threats
<ul style="list-style-type: none"> • Untapped growth potential in organized food retail sector • Growing premiumization of consumer food market 	<ul style="list-style-type: none"> • Tariff and non-tariff barriers • Strong competition from domestic and foreign suppliers • High freight costs for U.S. products

Section I. Market Summary

India remains an attractive destination for investment and ranks 63rd out of 190 countries in ease of doing business according to the [World Bank's Doing Business Report](#) (DBR). This is driven by the Government of India's (GOI) reforms to create a more business-friendly environment. However, despite advances in the business climate, the GOI continues to raise tariffs on imported food and agricultural commodities. As such, the environment for imports is subject to risk and exporters should conduct their full due diligence when exporting to India.

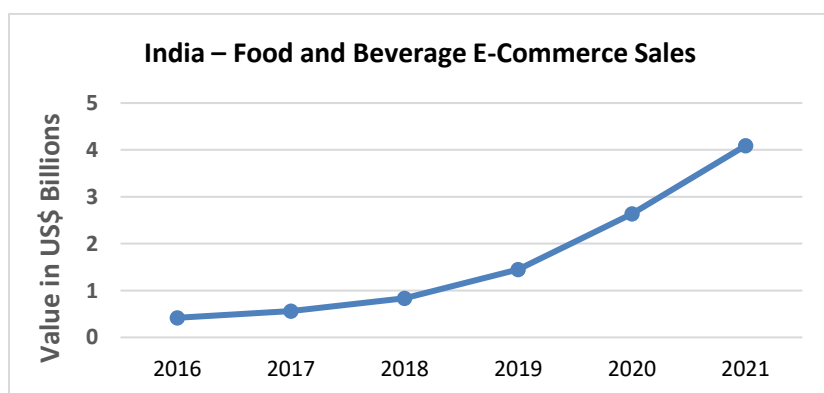
Table 1. India: Grocery Retail Outlets by Channel

	2016	2017	2018	2019	2020	2021	2022
Modern Grocery Retailers	16,990	17,686	18,756	19,561	19,548	20,119	22,112
Traditional Grocery Retailers	12,623,561	12,695,235	12,770,413	12,833,521	12,641,018	12,792,710	12,997,393
Total	12,640,551	12,712,921	12,789,169	12,853,082	12,660,566	12,812,829	13,019,505

Source: Euromonitor

E-Commerce: A Fast-Growing, Opportunity-Filled Market

The nationwide lockdown due to COVID-19, growing health awareness, evolving consumer preferences, and increased internet connectivity have resulted in the massive expansion of the country's online grocery sector. In 2021, online grocery sales reached nearly \$4.1 billion, an increase of 55 percent compared to the previous year. Tier two cities are a significant contributor to the rise in online sales thanks to the expansion of online retailers in these cities through new warehouses and supply chain systems.



Source: Euromonitor International

Due to the growing demand for convenience, online grocery retailers are increasingly attempting to distinguish themselves through faster delivery times with minimal or no delivery charges. In certain cities and regions, retailers are promising deliveries within 10-15 minutes after ordering or within the same day.

Traditional retailers are also utilizing digital technologies to streamline delivery and payment services. According to Euromonitor, online grocery sales in India are expected exceed \$21 billion in 2026.

South India Trends

Based on recent FAS travel through the states of Tamil Nadu and Kerala, contacts report that South Indian consumers continue to be price sensitive and look for value and quality in their purchases. Retailers report that there has been a sharp rise in the demand for tree nuts and fresh fruits since the pandemic, which will continue to grow. In contrast to the past, consumers are now more willing to try new products, such as spices and condiments, thanks to greater international travel and the adaptation of foreign brands to local tastes in their product offerings. The demand for imported fruits in this region is based on seasonal availability, that is, consumers prefer to procure them during the absence of local produce.

Section II. Roadmap for Market Entry

A. Entry Strategy:

Key factors to consider before entering the market:

- **Can your product come into India and comply with the local laws**
 - ✓ Conduct due diligence when exporting to India and determine if your product has market access in Indian commerce.
 - ✓ Study India's varied laws, particularly those pertaining to foods and beverages.
 - ✓ Review FAS policy and market reports and consider engaging a market research firm to assist with opportunities and challenges.

- **Find the Right Partner**
 - ✓ Identify a reliable importer/distributor who services the food retail sector.
 - ✓ Avoid conflicts of interest.
 - ✓ Consider whether participating in an Indian trade show would be an effective means of identifying a key importer/distributor/partner.
 - ✓ Consider if collaborating/ participating in USDA-endorsed promotional activities would be an effective way to create and/or increase market awareness and penetration.

- **Secure Payment Terms**
 - ✓ Until a successful working relationship is established, exporters may wish to consider vehicles such as an irrevocable Letter of Credit, advance payment, payment at sight.

FAS-India's offices do not have the authority to mediate contractual disputes, or to serve as a collection agent when differences over payment or other commercial issues arise. For information about local legal services, please refer to GAIN report [IN6155](#).

B. Import Procedure and Regulations:

Laws regulating Indian imports of food and agricultural products are under the jurisdiction of multiple GOI authorities. For more information, exporters should refer to FAS-India's GAIN report [Food and Agricultural](#)

[Import Regulations and Standards - Country Report](#) and the GOI's [Food Import Clearance Manual](#).

C. Market Structure:

India's food retail sector is divided into two categories modern retail formats (hypermarkets, supermarkets, cash and carry stores, and e-retail) and traditional ones (kirana stores/mom and pop stores, mobile pushcarts/vans selling fresh produce). The sector operates through a multidimensional network comprised of importers, wholesalers, and distributors that supply goods to modern and traditional grocery retailers. Most imported food procurement decisions are based on consumer demand and the latest market trends. Retailers and importers also attend domestic and international trade expos to experience the latest offers from suppliers across the world.

Figure 2. India: Distribution Flow Chart for Retail Food and Beverage Products

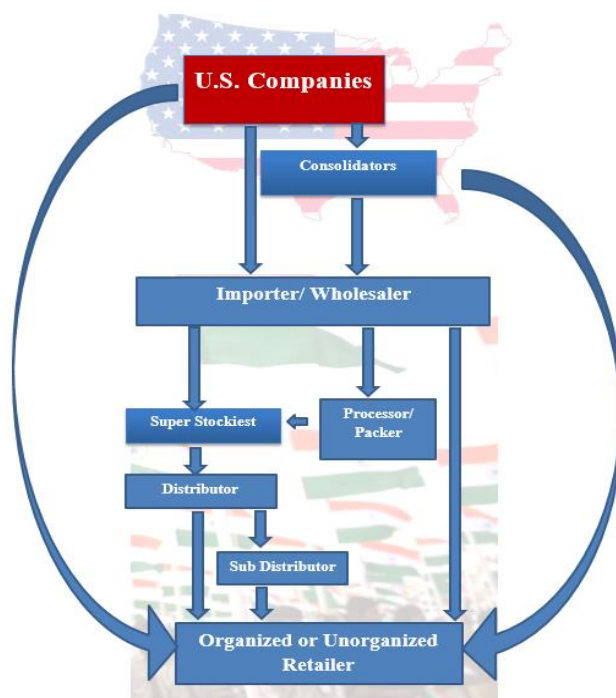


Table 2. India: Major Grocery Retail Chains

Company	Website
Reliance Retail: Reliance Fresh and Reliance SMART	https://relianceretail.com/
Avenue Supermarts Limited: DMart	http://www.dmartindia.com/
Star (Tata & TESCO Enterprise): Star Hyper, Star Market	https://starbazaarindia.com/
Future Retail: Big Bazaar, Food Bazaar, Nilgiris, Easy Day Stores, HeritageFresh, WHSmith, etc.	http://www.futureretail.in/
Spar Hypermarket	https://www.sparindia.com/

Spencer's Retail: Nature's Basket, Spencer's Retail	http://www.spencersretail.com/
More Retail Limited	https://www.moreretail.in/
Walmart India: Best Price Modern Wholesale (cash & carry), Flipkart	http://www.wal-martindia.in/

Table 3. India: Major Online Food Retailers

Company	Website
Big Basket	https://www.bigbasket.com/
BlinkIt (<i>formerly</i>)	https://blinkit.com/
Amazon Pantry	https://www.amazon.com/gp/pantry/info
Amazon Fresh	https://www.amazon.com/alm/storefront?almBrandId=QW1hem9uIEZyZXNo
Jio Mart - Reliance	https://www.jiomart.com/
Flipkart Grocery	https://www.flipkart.com/grocery/pr?sid=73z&marketplace=GROCERY
Nature's Basket	https://naturesbasket.co.in/
Spencer's	https://www.spencers.in/
Easyday	https://www.easyday.in/
DMart Ready	https://www.dmart.in/
STAR Quik	https://www.starquik.com/
ZopNow	https://www.zopnow.com/
Zepto	https://www.zeptonow.com/

Section III. Competition

India's domestic industry is the primary competitor for U.S. retail foods and beverages. India, with its diverse and favorable climatic conditions, produces a variety of foods and food ingredients at prices below most imported products. In addition, many third-country competitors enjoy a seasonal as well as freight advantage over the United States due to their proximity to India and lower prices. Consolidators in neighboring markets in Dubai and Singapore offer quick delivery of smaller shipment volumes, that often include transshipped U.S.-origin ingredients. High import duties, labeling requirements, and restrictions on several imported packaged retail goods also pose significant challenges for U.S. products in India.

Table 4. India: Competition in Major Product Categories

Product Category	Total Imports (USD Million) CY 2021	Major Supply Sources	Strengths of Key Supply Countries/ Domestic Industry	Advantages (A) and Disadvantages (D) of Local Suppliers
Edible fruit and nuts; peel of citrus fruit or melons	3,655	USA Afganistán UAE Benin Iran	Preference for specific quality, freight advantage	Domestic production of some major fruits and nuts is insignificant (A)

Sugars & sugar confectionery	318	Brazil Germany Netherlands USA Bangladesh	Price competitiveness	India is a net exporter of sugar (D)
Miscellaneous edible preparations	241	USA China Myanmar Ireland UK	Price competitiveness, and freight advantage	Domestic processing industry willing to replicate several recipes using low-cost inputs (D)
Preparations of vegetables, fruit, nuts, or other parts of plants	125	China USA Thailand Israel Vietnam	Price competitiveness, and freight advantage	Domestic processing industry willing to replicate several recipes using low-cost inputs (D)
Animal or vegetable fats and oils	17,462	Malaysia Indonesia Argentina Ukraine Nepal	Major production hubs and competitive prices	Local production is inadequate, and more than 40 percent of total edible oil consumption is dependent on imports (A)

Source: Trade Data Monitor

Table 5. India: Imports of Consumer-Oriented Agricultural Products by Top 25 Suppliers

Partner (Unit \$1,000)	2018	2019	2020	2021	Jan-Apr 2021	Jan-Apr 2022
World	5,719,524	5,149,479	5,139,198	6,144,712	1,892,236	2,234,093
USA	993,604	977,663	979,805	955,669	347,443	355,266
Afghanistan	298,217	338,566	381,527	430,853	132,513	87,741
UAE	182,282	252,628	306,552	339,009	115,600	94,323
Indonesia	201,379	247,561	277,752	333,923	128,753	132,134
Vietnam	193,049	193,330	208,238	263,853	61,495	91,224
Benin	277,193	226,418	175,482	251,321	1,794	765
Iran	118,852	67,408	121,671	214,653	1,735	82,129
UK	213,334	189,861	143,481	212,275	64,997	82,363
Sri Lanka	161,584	164,498	135,057	203,621	69,834	71,959
Ghana	198,138	149,937	142,444	183,851	103,876	72,894
Guinea-Bissau	123,370	120,914	128,283	142,479	1,614	35,075
Chile	96,930	77,161	73,118	138,265	14,776	12,190
Nepal	130,327	114,226	122,991	130,559	40,559	47,561
Cote d'Ivoire	329,991	170,410	104,803	128,745	19,307	25,792
Thailand	74,774	88,073	83,486	126,765	40,563	74,044
Australia	117,630	81,639	65,641	118,418	10,389	10,234
Netherlands	96,021	91,443	86,131	112,393	31,161	43,857

Turkey	30,729	55,555	78,840	106,228	45,544	71,303
Italy	56,342	110,541	67,594	101,695	41,414	63,470
Singapore	211,024	209,016	82,412	99,886	32,763	35,597
Iraq	67,995	55,888	74,589	90,121	50,428	38,068
Tanzania	232,314	26,967	249,502	87,237	71,237	145,779
Bangladesh	40,409	49,164	49,122	83,016	34,545	32,463
China	63,336	79,589	78,872	82,899	5,474	28,756
New Zealand	68,514	53,105	63,359	80,679	11,321	14,357
All Others	1,142,179	957,914	858,324	1,126,295	313,098	484,743

Source: Trade Data Monitor

Section IV. Best Product Prospects

Market observers believe there is huge potential for imported foods, especially as consumers have become more health-conscious due to COVID-19 and procure more premium products. So far, the pandemic has contributed to the growth of vegan, gluten-free, sugar-free, and organic foods along with ready-to-eat and ready-to-cook products because of higher at-home consumption.

Imported products in high demand include tree nuts (almonds, walnuts, pistachios, hazelnuts, chestnuts) HS 0802; leguminous vegetables, dried shelled/pulses (HS 0713); fresh fruits such as apples, pears, and quinces (HS 0808); beverages, spirits, and vinegar (HS 22). Other products such as cocoa and cocoa preparations (HS 18), fruit juices (HS 2009), fruit pulps (HS 2202), seasonings, condiments, and sauces (2103) although not imported in large quantities from the United States, have good potential.

Table 6. India: Products Present in the Market Which Have Good Sales Potential

Product Types	Import Value (USD Million) CY 2021	Import Volume (Metric Tons) CY 2021	Basic Import Tariff	Key Constraints	Market Attractiveness for USA
Tree Nuts (mainly almonds and walnuts)	2,535	1,217,709	Almonds Shelled (INR 120/Kg) Almonds In-Shell (INR 42/Kg) Walnuts Shelled (100%) Walnuts In-Shell (120%) Pistachios Shelled and In-Shell (10%)	Competition from other suppliers, high tariff	Greater health awareness, aspiring middle class, and growing retail industry
Chocolate and Cocoa Products	274	78,753	30%	Strong competition from domestic and international suppliers	Strong brand and quality preference

Fresh Fruits	617	720,655	25-105%	Competition from domestic and foreign suppliers like Chile and New Zealand	Seasonal shortages and high prices, increasing interest in quality fruits, and growth of organized retail
Fruit and Vegetable Juices	45	31,927 liters	35-50%	Competition from domestic manufactures and foreign suppliers from neighboring countries	Increasing health awareness and shortage of quality products
Beverages, Spirits and Vinegar	808	805,648,322 liters	30-150%	High import duty and competition from domestic suppliers	Growing consumption and lack of domestic production

Source: Trade Data Monitor and Central Board of Indirect Taxes and Customs, India

Products Not Present Because of Significant Barriers

Currently, there are several trade restrictions that limit market access for U.S. food products. With the exception of poultry meat, poultry products, and pork, imports of most animal and livestock derived food products are banned due to established Indian import requirements. This includes certain sub-categories in the Harmonized Tariff Schedule under Chapters 2, 3, 4, 5, 16 and 21.

Effective July 8, 2006, the Government of India's (GOI) Foreign Trade Policy (2004-2009) specified that all imports containing products of modern biotechnology must have prior approval from the Genetic Engineering Approval Committee (GEAC), Ministry of Environment, Forest and Climate Change. The policy also made a biotech declaration mandatory. The only GE food products currently authorized for import into India are soybean oil and canola oil derived from select events. For more information on India's biotech import policy, please refer to USDA FAS India GAIN report [India: Agricultural Biotechnology Annual](#).

Table 7. India: Top Consumer-Oriented Product Imports

Table 7.A: Top Consumer-Oriented Products Imported from the World			Table 7.B: Top Consumer-Oriented Products Imported from the United States		
Description	United States Dollars (In Million)		Description	United States Dollars (In Million)	
	2020	2021		2020	2021
Cashew Nuts, Fresh or	1,081	1,125	Almonds, Fresh or	797	747

Dried, In Shell			Dried, In Shell		
Almonds, Fresh or Dried, In Shell	874	862	Apples, Fresh	40	25
Apples, Fresh	200	378	Walnuts, Fresh or Dried, In Shell	20	30
Dates, Fresh or Dried	226	240	Almonds, Fresh or Dried, Shelled	7	25
Pepper of Genus Piper, Neither Crushed nor Ground	85	171	Food Preparations Nesoi	17	20
Others	2,674	3,369	Others	99	109
Total	5,139	6,145	Total	980	956

Source: Trade Data Monitor

Section V: Post Contacts and Further Information

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Attachments:

No Attachments