

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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India

Food Service - Hotel Restaurant Institutional

2014

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Report Highlights:

India's food service sector continues expanding as the number of travelers increase and more consumers dine at restaurants. Traditional venues dominate the market, but four and five-star hotels and modern restaurants are benefiting from altered dining habits, urbanization, and raised aspirational levels. While imported food products face competition from domestic industry, high tariffs, and ongoing market access issues - niche opportunities for products not available in India are improving.

Post:

New Delhi

Market Summary:

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

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

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

Hotel, Restaurant, and Institutional (HRI) Service Sector Status:

India's HRI sector is benefiting from India's relatively strong economic growth, stable political scenario, foreign investment, rising incomes, high aspiration level, a young population, and changing consumer consumption patterns. While opportunities for foreign food exporters in the sector are improving, the market for imported food products continues to be relatively small due to high tariffs, ongoing import restrictions, and strong competition from domestic foods. Furthermore, India's fragmented and multi-layered food supply chain system continues to slow the growth of the modern food service sector. However, investment in supply chain infrastructure and logistics presents a significant opportunity as the retail and HRI sectors modernize, creating greater demand for safe and efficient product delivery from port or farm to fork. Despite the shortcomings of the supply chain, the value of the food service sector continues to increase.

Hotels:

India has a vast hotel sector, but only a small percentage of hotels are considered three stars and above. The overwhelming majority of hotels are small traditional outlets that provide inexpensive accommodations for travelers and source all of their food locally. There are over 600 hotels and resorts in India that constitute the "organized" or modern sector. Nevertheless, as foreign and domestic travel has increased in recent years, the number of modern hotels that carry at least small amounts of imported foods on their menus is on the rise. Hotels are able to obtain a special license that enables them to purchase food items (and other items such as equipment and furniture) duty-free subject to their foreign exchange earnings. Hotels tend to use the duty-free licenses to purchase the items with the highest import tariffs and may not use the licenses to purchase food.

Restaurants:

Traditionally, Indians have tended to eat at home and eat traditional Indian cuisine. Those who ate outside the home often ate street foods from the enormous number of street stalls and informal eateries that are common across India. Eating in a restaurant was reserved for special occasions. However, India appears to be in the early stages of a significant transformation in the restaurant sector. Indian consumers are eating out more frequently and younger Indians are shedding the biases of their elders against international franchises and foreign foods. With only an estimated 100,000 modern, organized restaurants (20 or more seats, wait staff, menus) in India, there is plenty of room for growth in the industry. It is estimated that Indians spend 8 to 10 percent of their food expenditures outside the home in restaurants, cafeterias and other food establishments.

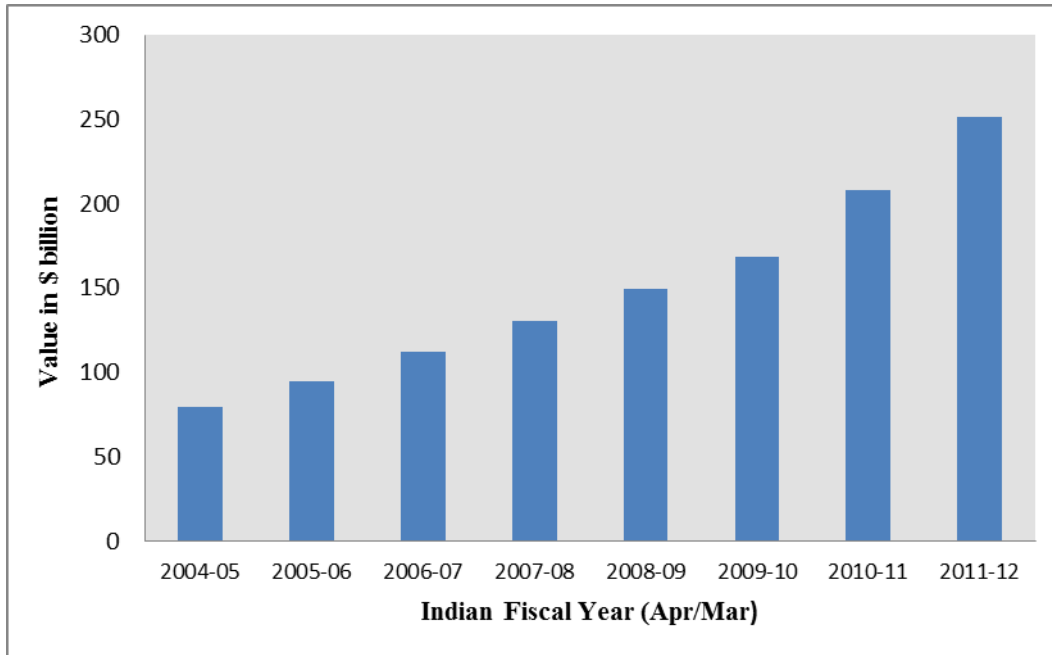
As per the 2013 India food service report published by the National Restaurant Association of India, the restaurant sector is valued at \$48 billion and is expected to grow to \$78 billion in the next five years. In terms of market segments, Quick Service Restaurants (QSR) and Casual Dine-in formats account for 74 percent of the total market, while Cafés make up 12 percent, and Fine Dining, Pub Bars Clubs & Lounges (PBCL) comprise the rest.

After struggling with supply chain issues for many years, major franchises have developed a handful of suppliers in India who can meet quality requirements, placing existing restaurants in a better position to expand and easing the way for new restaurants seeking to enter the market. While the number of casual dining, fast food restaurants and coffee shops is growing, high tariffs and other trade restrictions tend to limit the use of imported food products on restaurant menus. Imports are typically limited to specialty ingredients that are not available in India.

Institutional:

The institutional sector is geared in large part to serving public sector institutions such as the Indian railways and public offices. Corporate catering is a relatively new concept, but some large companies are providing meals to their employees at subsidized rates. Catering for parties and special events is a common and longstanding practice in India, but is dominated by traditional caterers providing local foods and cuisines. However, even traditional caterers are expanding their menus to include pasta bars and other non-Indian cuisines. Cost is a major factor in the institutional sector and the high cost of imported food products, after tariffs and other fees are applied, tends to limit opportunities for exporters in this sector.

Figure 1. India: Contribution of Food Service Sector to GDP (At Current Prices)

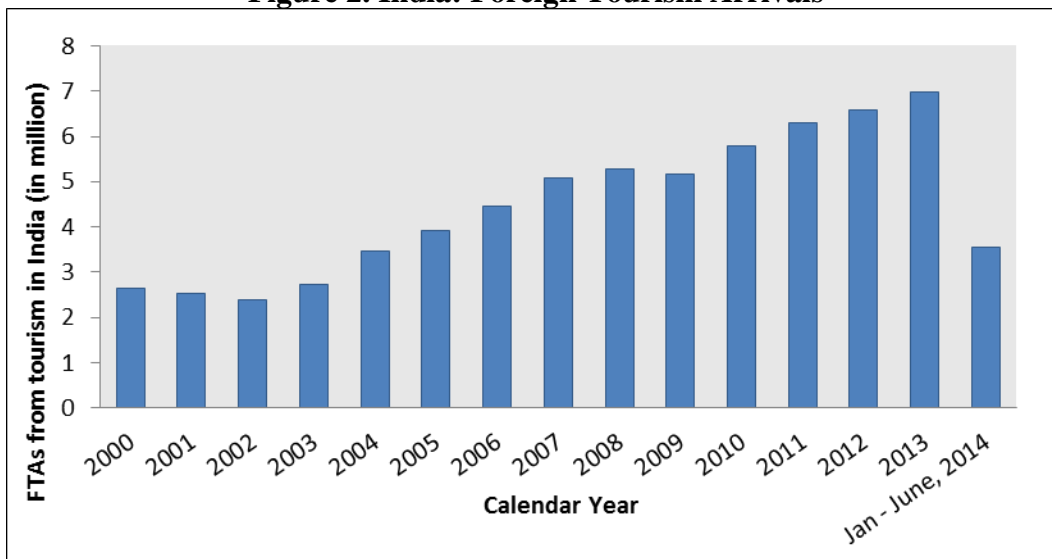


Source: Reserve Bank of India

Tourism on the Rise

Foreign tourist and business arrivals have nearly tripled over the past decade, rising to 6.97 million in 2013 (annual growth of 5.9 percent). The rapid growth of domestic air travel and an improvement in the quality and number of hotels has helped fuel the rise and increase the number of higher income travelers. India continues to market itself with the “Incredible India” promotion campaign (www.incredibleindia.org) and the “Atithi Devo Bhav” (Sanskrit for “the Guest is God”) program, which is designed to sensitize Indian stakeholders to the value of tourists and tourism.

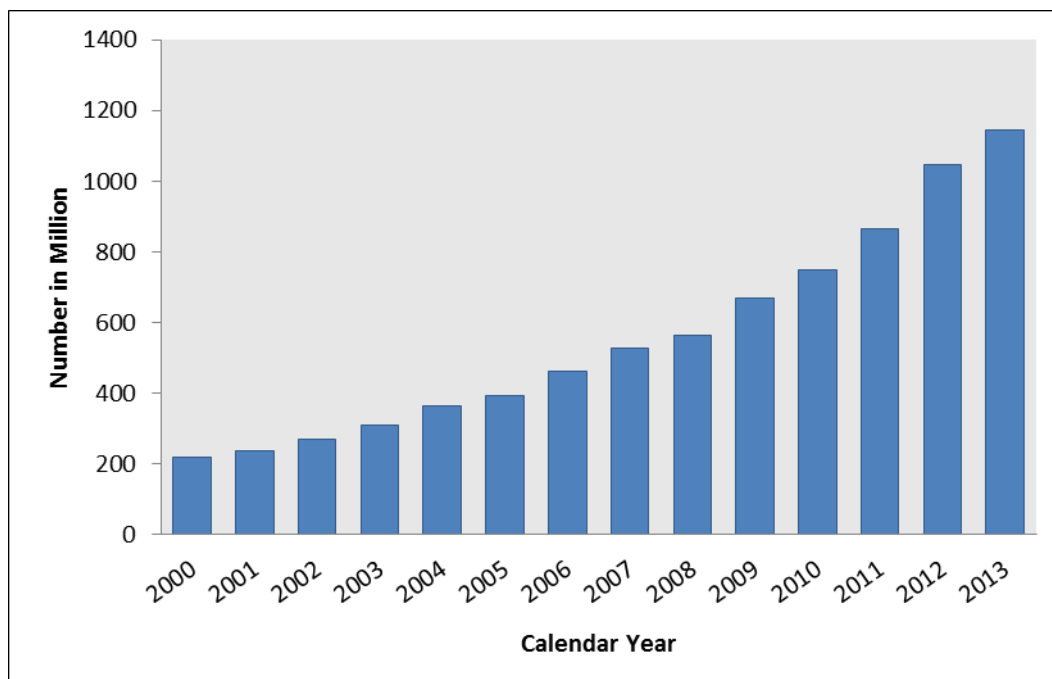
Figure 2. India: Foreign Tourism Arrivals



Source: Ministry of Tourism, India

Perhaps even more notable than the rise in foreign travelers has been the increase in domestic travel. The number of Indians traveling in India has increased dramatically since 1997, rising from less than 200 million to over a billion in 2014. The rise reflects a variety of factors such as increased car ownership, frequent, improved and less expensive domestic air travel, rising disposable incomes, improved accommodations, a strong rail network, high aspiration levels, increasing nuclear families, and exposure to travel and tourism abroad. A 2012 Federation of Hotel & Restaurant Associations of India (FHRAI) survey of Indian hotels determined that nearly 75 percent of hotel rooms are occupied by domestic guests, with foreign travelers accounting for the balance. Indians are also traveling abroad in greater numbers for tourism, business, and among foreign travelers, the United States accounts for approx. 16 percent of trips followed closely by the United Kingdom.

Figure 3. India: Number of Domestic Tourists in India



Source: Ministry of Tourism, India

Factors Affecting the HRI Sector:

The hotel, restaurant and travel sectors have grown notably in recent years. Foreign and Indian fast food and casual dining chains are increasing in number and existing chains are adding outlets. A significant weakening of the rupee over the past year and a half from Rs. 44 per dollar to in excess of Rs. 60 per dollar could prompt more Indians to travel within India and encourage more foreign travelers to visit India. At the same time, the weaker rupee and slower economic growth (from eight percent annual growth to around five percent) are leading to higher costs for consumers, thinner margins and weaker demand for travel and business services.

The following list outlines some of the positive factors that are expected to facilitate the growth of the sector over the longer term.

- Chefs working in the HRI sector are keen to introduce new cuisines and culinary practices,

- Restaurants and hotels are “Indianizing” their services and foods to better meet Indian preferences,
- The modern segment of the HRI sector is striving to match high standards of quality and service,
- International hotel chains are penetrating in the Indian market,
- Low-fare domestic airlines are providing greatly improved and more frequent travel service,
- Rising numbers of working women, increased urbanization and a very young population are all expected to lead to changes in eating patterns and practices,
- Strong growth in the casual dining and fast food sectors from both domestic and foreign chains are introducing new dining options and foods,
- Increased competition is keeping costs “in check” and ensuring that firms are delivering value for money in a price-sensitive market,
- Slowdown in global economy has led to increase in country and more domestic travelers are opting for leisure destinations within India,
- Stable political scenario is expected to act as a catalyst in increased number of business and leisure travelers.

Import Market

The market for imported foods has grown slowly. Developments over the past few years indicate a growing number of professional, brand-oriented importers and an increase in the number of modern retail outlets and hotels. This suggests stronger growth prospects, albeit from a small base. Unique labeling requirements, ongoing non-tariff trade restrictions, complex state and local taxes, a weaker rupee, and a slow-to-develop distribution infrastructure continue to complicate the import process.

Among modern hotels and restaurants, opportunities are typically for foods or ingredients that are not readily available in India. Even luxury hotels are very cost conscious and often seek to minimize food costs by using local ingredients. Among four and five-star hotels, imported products include wine, other alcoholic beverages, dairy products, meat, seafood, fruits, frozen French fries, sauces, seasonings, and condiments, drink mixes, and ingredients for foreign cuisines such as Italian, Thai, Japanese, Chinese, Mexican, and Spanish.

Within the restaurant sector, imported food and ingredients are typically limited to products that cannot be sourced in India. Among the growing number of Indian and foreign chain restaurants, high tariffs and other trade restrictions generally lead restaurants to look for local suppliers who can meet their needs. Some specialty items and ingredients that cannot be sourced in India are imported. There are a few high-end restaurants that are not affiliated with hotels in major cities that serve imported food products, as well.

Regional trading hubs such as Dubai and Singapore continue to be important suppliers to the Indian market. However, as the food import community shifts its focus from simply trading to professional brand management, distribution and marketing, importers are increasingly looking to represent foreign exporters in India. Key importers are located in cities such as Delhi, Mumbai, Chennai, Kolkata, Cochin and Goa, but tend to be concentrated in Mumbai and Delhi.

The import process continues to be complex and relatively costly. Consequently, hotels and restaurants typically source their products from local importers and distributors who have the expertise in clearing, storing, and transporting products. Most hotel chains purchase through centralized procurement offices

on annual contracts with local importers, ordering small quantities of food products as needed and minimizing food storage at hotels. Restaurants also rely on local distributors for their needs and some require importers to become an approved supplier.

Tariff and Non-Tariff Barriers

Given the multitude of tariff and non-tariff barriers (described below), food and beverage product exporters should work closely with local Indian importers and distributors to be certain that their products have market access and they should ensure that their products comply with India’s food labeling and inspection requirements.

While India lifted its effective ban on food imports in the early 2000s, tariffs on consumer- ready food imports remain high. Wine and spirits attract significantly higher tariffs and excise taxes. Additionally, there are several key trade restrictions that limit market access for U.S. food products. Imports of most animal and livestock-derived food products are effectively banned because of established Indian import requirements. This includes certain categories in the Harmonized Tariff Schedule under Chapters 2, 3, 4, 5, 16, and 21 (e.g., certain dairy products, poultry meat, certain seafood, ovine and caprine products, as well as pork products, and some pet foods). Further, imports of beef are banned due to religious concerns. And, imports of alcoholic beverages are constrained by local taxes and a complex licensing system for distribution and sales.

ADVANTAGE	CHALLENGES
A growing tourism sector.	Tariff and non- tariff restrictions.
Increasing urbanization and growing number of working women.	Specific labeling and clearing requirements and procedures.
Expanding young population and increasing growth of fast food chains and casual dining restaurants.	Developing food distribution infrastructure and a long and fragmented supply chain.
Growing popularity of American culture and foods. Many U.S. fast food franchisees are present in the market.	Strong competition from the local suppliers including multinational food companies.
Eating out culture is growing among upper and middle class Indians along with a greater willingness to try new cuisines.	Competition from countries with closer geographical proximity.
U.S. products generally have a good quality image among consumers.	U.S. exporters’ unwillingness to work with small volumes, consolidated shipments, and special labeling requirements.
Strengthening economic ties between India and the United States.	Consumers’ preference for traditional Indian food.
The global economic downturn resulted in price sensitive domestic travelers opting for trips within India leading to increased demand for hotels.	The Indian economy is challenged by year- long depreciation of rupee, stubborn inflation, and a looming fiscal deficit.

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SECTION II: Road Map for Market Entry

A. Entry Strategy:

- Survey existing and potential opportunities by reviewing FAS policy and market reports and consider engaging a market research firm to assist in analyzing market opportunities and challenges. (See: [IN4085](#))
- Determine if your product has market access in India.
- Identify an Indian importer/distributor who services the HRI sector.
- Examine all prospective candidates, and thoroughly research the more promising ones. Check the potential agent's reputation through potential clients and bankers.
- Recognize that agents with fewer principals and a smaller set-up may be more adaptable and committed.
- Avoid conflicts of interest where a potential agent handles similar product lines from competing suppliers.
- Consider whether participating in an Indian trade show would be an effective means of identifying a distributor.
- For products with a potentially longer shelf life and/or larger order volumes (e.g. from large hotel chains), U.S. exporters may identify and explore supplying through consolidators based in Dubai, Singapore and Europe.
- Make sure you understand India's varied food laws, particularly those pertaining to use of additives, labeling requirements, shelf life, and sanitary and phytosanitary regulations.

Ensuring payment is another important consideration when establishing a relationship with an importer. Until a successful working relationship is established, exporters may wish to consider vehicles such as an irrevocable letter of credit. Alternatively, Indian importers are accustomed to operating without credit and may be willing to pay cash prior to shipment. While FAS India receives few queries concerning delinquent Indian importers, our offices do not have the authority or expertise to mediate contractual disputes or serve as a collection agent when differences over payment arise. FAS India can recommend local legal services (See [IN4069](#)), but these situations can be avoided with proper preparation and sale terms. For firms that qualify, the Export Import Bank of the United States provides exporter insurance.

B. Market Structure

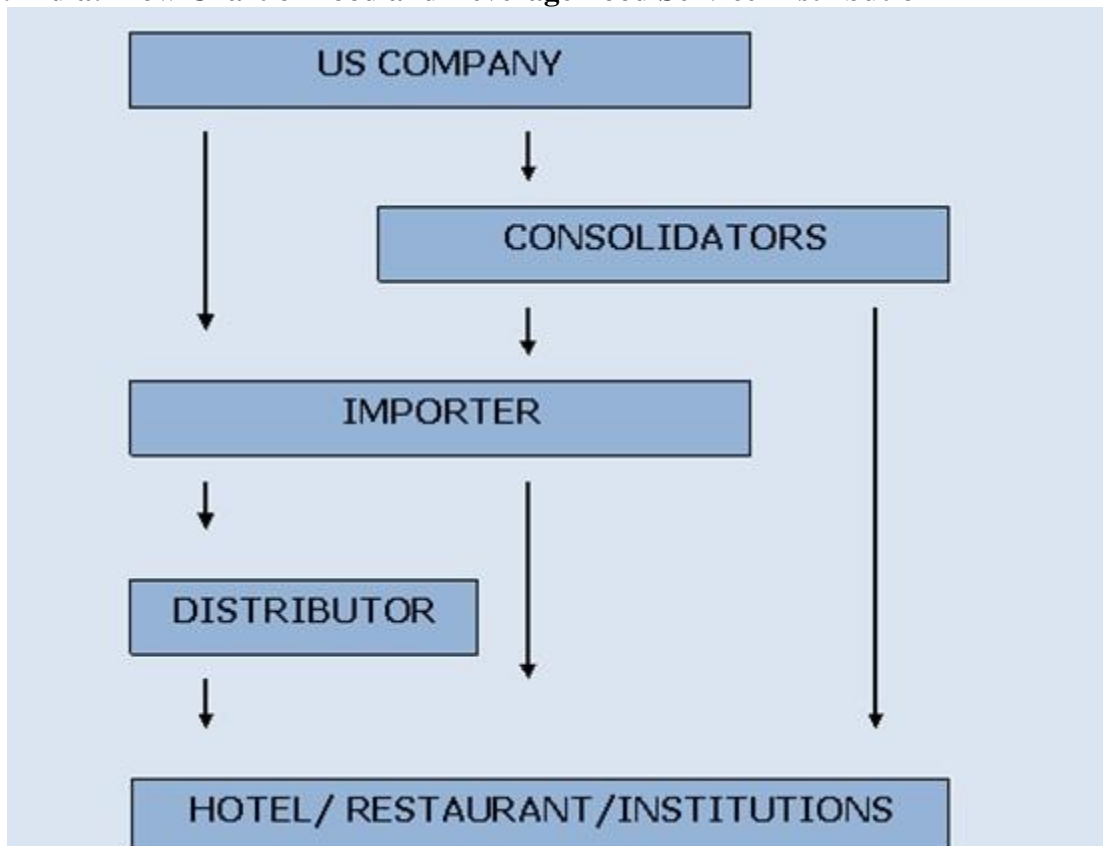
Hotels and restaurants, depending on their procurement systems, buy imported food and beverage products from alternate distribution chains based on the type of products and the volume of the consignment.

- Imported fresh produce is generally bought from wholesalers and distributors.
- Imported meats, fish, seafood, and dairy products are obtained from dedicated importers and their exclusive distributors who have the cold chain infrastructure to handle such products.
- Most establishments procure non-perishable items through distributors or, in a few cases, from importers.
- A few larger hotel and restaurant chains import specialty items through consolidators based in Dubai, Singapore, or Europe.

Wines and liquors are generally procured through importers, mainly private bonded warehouse operators, as most hotels and restaurants import liquor duty-free against their foreign exchange earning license.

The following flow chart gives an overview of the distribution network for imported food for hotel and restaurant sector buyers.

Figure 4. India: Flow Chart of Food and Beverage Food Service Distribution



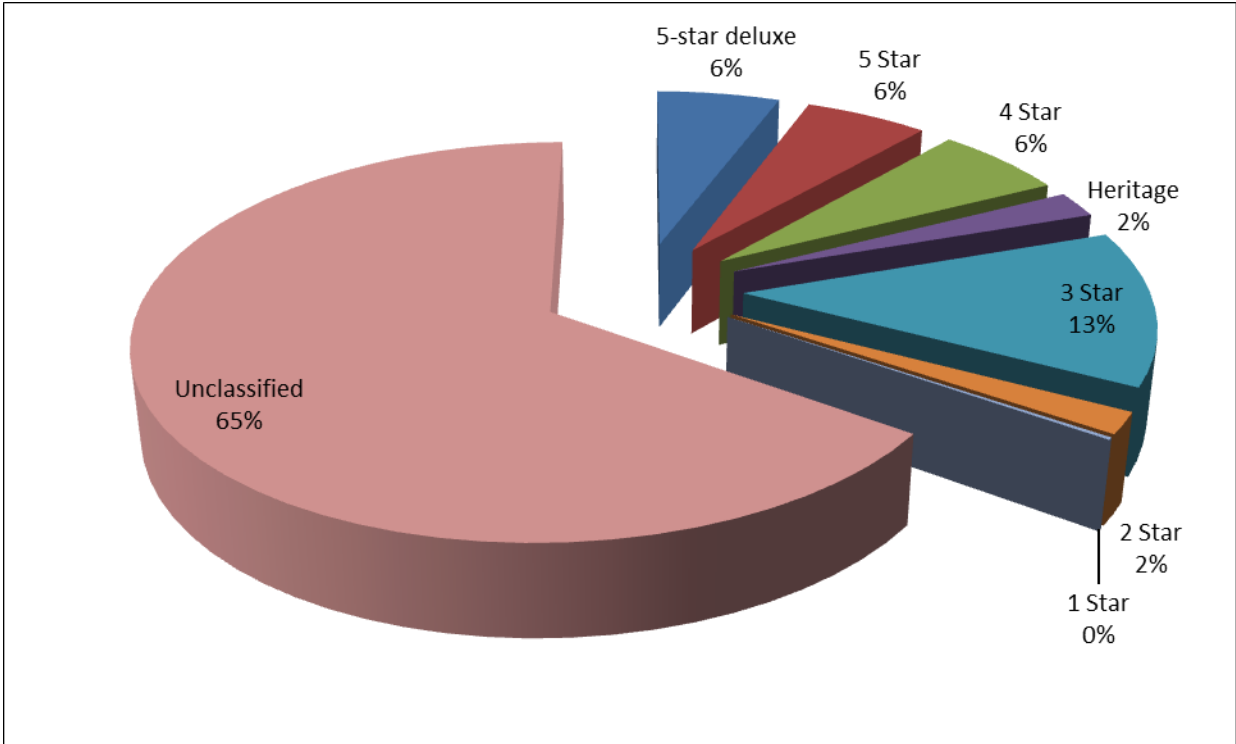
C. Sub – Sector Profiles

Hotels

There are over 600 hotels and resorts in India that constitute the “organized” or modern sector. Most of these hotels are in the larger cities and major tourist or business destinations. India has several world class domestic hotel chains and several international chains have also established a presence through franchising or partnerships with Indian firms. These branded hotels are mostly in the premium segment (5 star/5 star deluxe/heritage) and mid-range segments (4 star), which cater to business and leisure

travelers. With the rise in tourism and business travel, several international brands are exploring the possibility of entering or expanding even further in India.

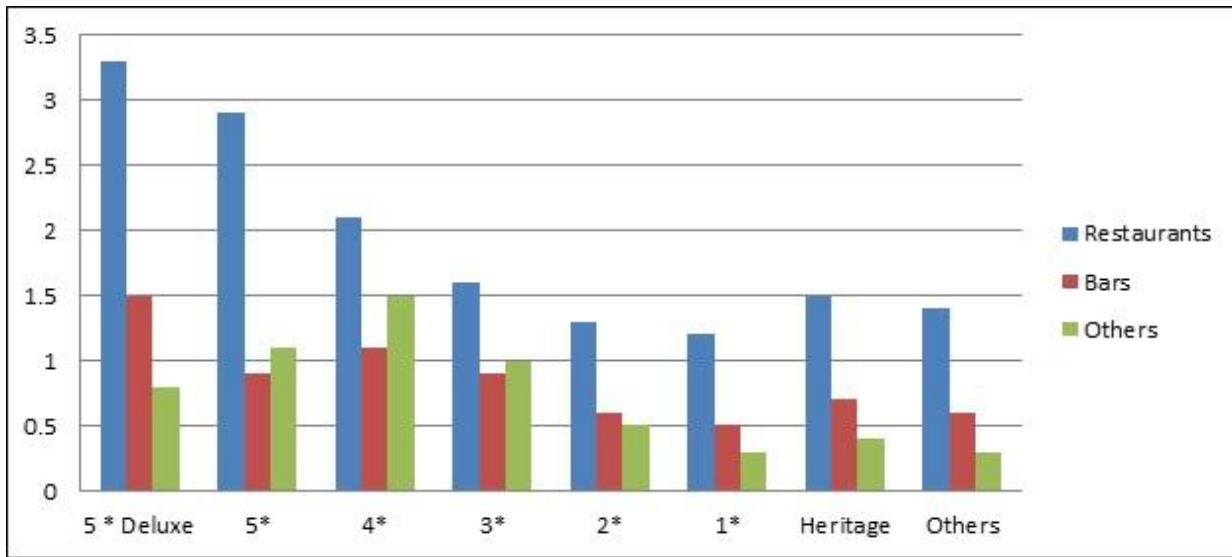
Figure 5. India: Profile of Organized Hotels



Source: The Federation of Hotels and Restaurants Association in India

Food and beverage sales account for about one-third of the revenue generated by hotels and five-star hotels typically have three to four restaurants per hotel. See Figures 6 and 7 below.

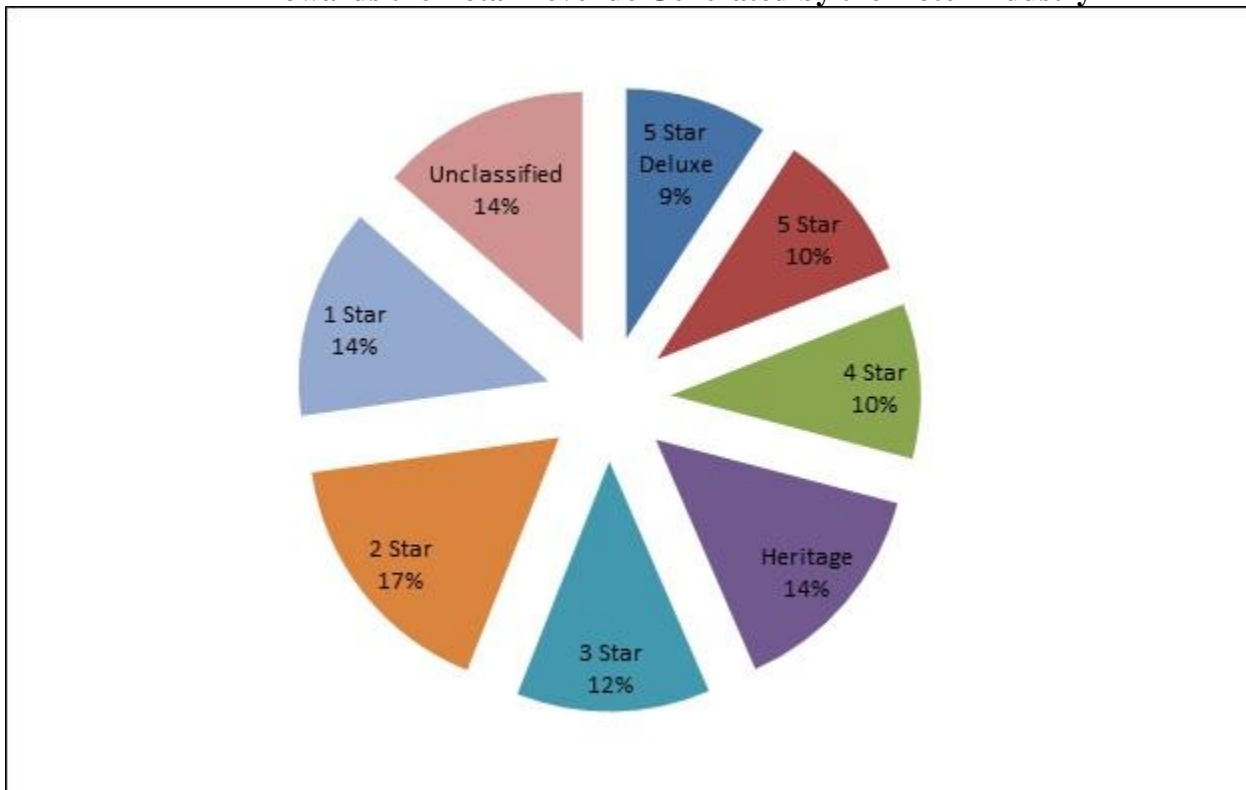
Figure 6. India: Average Number of F&B Outlets per Hotel (Star Category)



Source:

Federation of Hotels and Restaurants in India, survey report

Figure 7. India: Percentage Contribution of Food & Beverage Towards the Total Revenue Generated by the Hotel Industry



Source

: Federation of Hotels and Restaurants in India, 2012-13 survey report

Imported food and alcoholic beverage products destined for the hotel sector are primarily sold to the luxury hotel segment (three star and above). The share of imported food products can vary from 5-20 percent of a hotel's total food budget while imported alcoholic beverages account for an estimated 40-60 percent of the total liquor budget of any individual luxury hotel. The Indian wine industry estimates

that half of all wine imports enter India via the hotel sector's duty-free exemption. Over the past five years, India has been touted as a wine market with tremendous potential which has attracted interest from wine suppliers from around the world. While the development of the industry has proceeded more slowly than forecast, many wine exporters are competing to supply the relatively small hotel market, making it difficult to establish a relationship with existing importers who already carry a range of foreign wines.

Most hotels purchase imported food and beverages from Indian firms that import and distribute food products. However, some of the larger chains procure via consolidators based in Dubai, Singapore, Europe, and Bangkok. Indian importers typically import mixed containers and offer a range of products. Hotels often deal with multiple importers in order to get the desired range of imported foods. Exporters seeking to access the Indian hotel market should identify an importer that specializes in distributing to hotels and be prepared to offer small quantities or products or mixed containers.

Restaurants

A large percentage of the restaurant sector in India is "unorganized" where small restaurants and street side stalls are common. There are approximately 100,000 restaurants in the "organized" or modern sector, which is defined as restaurants with more than twenty seats and a restaurant menu. Indians have traditionally preferred multi-cuisine restaurants where a family or group can order a range of different cuisines. A typical multi-cuisine restaurant might serve Chinese, various regional Indian dishes, and European-style foods. That trend is changing as restaurants serving a single cuisine are becoming increasingly popular. Growth in the "organized" or modern sector is expected to grow at 8-10 percent annually for next few years because of increasing urbanization and higher disposable incomes.

International fast food and local multi-unit restaurant groups are driving the expansion in the restaurant industry. South India is emerging as a key region for growth of multi-unit chains that supply reasonably-priced ethnic food with a quick-service concept. While stand-alone locations dominate, higher rents and increasing costs are forcing food operators to venture into new avenues to drive sales.

Most foreign and local chains are doing well in major cities, and are expanding into mid-sized Indian cities referred to as tier-two and tier-three cities. Many of these fast food chains have developed a range of Indian styled products to suit local preferences. Although these chains procure most of their products locally, several products such as French fries, specialty cheeses, some meats and seafood, flavors, condiments, and other ingredients are often imported. Over the past few years, the 'coffee shop' culture has spread via chains like Costa Coffee, Mocha, Barista, Starbucks, and Café Coffee Day in major cities, and seems poised for future growth. These chains are sourcing syrups, nuts, and some bakery ingredients from foreign origins. ([IN4045 - Update on India's Quick Service Restaurant Sector](#)).

Home Delivery/Takeaway

Home delivery and takeaways are expected to increase in popularity as consumers are looking for convenient options. Late working hours and social activities that run late into the night as well as chaotic traffic conditions is driving sales of home deliveries. Home delivery also works well for food operators. This type of outlet requires a smaller space, which translates into lower and cheaper rentals and consequently, lower capital investment (rental deposit, interiors, furniture). In addition, ongoing operational costs (staffing, utilities, etc.) are also lower. The two most important threats to 100 percent home delivery/takeaway are expected to be cost components, staff salaries and utility costs, which increased drastically over the last two years.

Pizza, however, has become a great favorite, especially among Indian children and teenagers, which has caused concern among their elders. The younger generation is facing more issues about obesity and illness compared to previous generations. Health-conscious and weight-watching consumers opt for home-made pizzas, which can be modified according to their desires.

Chained 100 percent home delivery/takeaway remained dominated by pizza foodservice brands, such as Domino's Pizza and Pizza Hut. Both these brands enjoy an established presence in urban and semi-urban areas. Most international players chose to expand through franchising as this helped brands to leverage on the local knowledge of the domestic operators; but some companies, especially those within pizza, are expanding or have plans to expand through the route of company-owned stores.

The growth of multinational corporations in commercial hubs such as Gurgaon, Bangalore, Mumbai and Kolkata, are leading to a higher number of expatriate office workers staying away from their hometowns and preferring home delivery instead of eat-in and cooking.

Street Stall/Kiosks

Street food in India has gained wide acceptance due to the convenience and affordability it offers. Street food in India is highly fragmented and localized to different regions. With the increase in real estate prices and high operating costs, companies are starting to prefer kiosks to stand-alone stores. Typical kiosk costs involve lower rentals and limited menu and staff. Consequently, their use of fuel, water and electricity is also lower than for other formats. Hence, even major players are launching kiosks and increasing their reach. Unlicensed independent street stalls/kiosks continued to constitute the bulk of sales through street stalls/kiosks in India in 2013. Most of the unlicensed operators provided meals at affordable prices to many consumers and hence, enjoyed huge popularity.

Permanent street stalls/kiosks are widely popular in the case of chained street stalls. These chained permanent street stalls are located in shopping centers and high streets; however, mobile kiosks and hawkers are popular for food offerings such as Indian savory snacks. The major challenge is in getting the supply chain and delivery mechanism right. The food has to be delivered to the kiosks at farm-fresh quality. Maintaining quality safety standards across all outlets is difficult. Running out of stock and spoilage due to improper storage are likely as there is not much scope for back-up storage for kiosks.

Café/Bars

Cafés/bars in India are driven by many factors, such as favorable demographics, rising income levels, the development of mid-sized cities and the advent of international chains. A growing willingness, especially among the youth, to consume food and drink outside the home and increasing disposable incomes are helping to fuel further growth. Cafés/bars are considered as perfect places to socialize and hangout; hence, sales of this category are mainly driven by the younger generation. The population segment aged 15 to 34 is the target demographic that visits cafés/bars frequently. Young people also prefer to drink on-site rather than take products away. For details on the growing café culture in India, refer [IN4037](#).

Chained cafés are likely to expand their numbers of outlets and also extend their reach to medium- and small-sized cities. These expansion plans would allow café chains to leverage on the growing influence of the coffee culture in India. Chained cafés, especially those in cities, are expected to provide value for money food items on their menus to induce new consumers into trying their products. Premium outlets are expected to spring up in major cities to tap into consumers who are wishing to upgrade.

Rising disposable incomes, a greater population of younger people, growth of consumers in smaller towns and widening exposure to a drinking and pub culture has propelled the growth of bars and pubs, as well. This growth was driven by an increasing number of Indian consumers partaking in alcoholic drinks. Bars and pubs make a major proportion of their money from drinks. Brew pubs featuring craft products are a new concept that is appearing in different parts of the country and slowly gaining popularity among beer drinkers.

Institutional

The institutional food service sector includes catering services for the armed services, railways, ships, airlines, hospitals, schools, government meal programs, prisons, and government and corporate offices. The leading hotel chains and a few corporate caterers provide catering services to the airlines and for higher-end corporate and private events. Cost is a major consideration and catering companies procure most of their food and beverage requirements from domestic sources. To the extent that caterers utilize imported foods, they commonly source from local firms that import and distribute foreign foods.

SECTION III: COMPETITION

The biggest competition for U.S. food and beverage products in India’s HRI market is from the domestic food industry. India’s diverse agro-industrial base offers many products at competitive prices. Leading multinational food companies and global brands have food processing operations in India that offer a range of western-style products at reasonable prices. Most local products are priced lower than comparable imported ones due to high import duties and marketing costs. While many high-end hotel and restaurant buyers are aware of the quality differences and insist on world class standards, most are also very price conscious.

There are no reliable statistics for specific information on imports of food and beverage products destined for the HRI sector. Based on a qualitative assessment of the market and information obtained from market sources, products from Australia, New Zealand, the European Union, the Middle East, and other Asian countries directly compete with items from the United States. In addition to the freight cost advantages, suppliers from these regions are often willing to supply mixed consignments of a wider range of smaller individual product lots, and willing to modify product specifications to meet Indian food laws.

SECTION IV: BEST PRODUCT PROSPECTS FOR HRI SERVICE SECTOR

Category A: Products Present in the Indian Market that Have Good Sales Potential

Description	Total Imports CY 2013 - Value (\$ millions)	Total Imports CY 2013 - Quantity (tons)	5-yr. Import growth by value (in %)	Base tariff	Key Constraints Over Market Development	Market Attractiveness for US
Nuts (mainly Almonds)*	762	210,969	21	In shell Almonds (Rs. 35/Kg) Pistachios (10%)	Competition from other suppliers exists but is not substantial	High demand and growing retail industry
Sugars and	661	1,315,052	55	up to 100%	Competition from	Consumer

sugar Confectionery					domestic and other foreign suppliers	preference for imported products/ brands
Distilled Spirits	223	29,982,688 Liters	18	150%	High import duty, complex state laws, and competition from other suppliers	Increasing consumption and growing middle income population
Apples Fresh	218	194,335	27	50%	Competition from domestic and other foreign suppliers	Seasonal shortages and high prices, diverse fruits among India's middle income population and growing retail industry
Fruit Juices	36	21,614 Liters	18	30%	Competition from domestic manufactures and foreign suppliers from neighboring countries	Increasing health awareness and shortage of quality products
Wine	25	3,945,898 Liters	9	150%	High import duty, complex state laws, and competition from other suppliers	Increasing consumption and growing middle income population
Sauces, Preparations Mixes, Condiments, and Seasonings	12	5,438	-1	30%	Strong competition from domestic brands	Consumer preference for imported products/ brands and growing fast food culture
Pasta	10	8,053	-2	30%	Competition from domestic manufacturers and foreign suppliers	Increasing popularity
Cheeses	8	1,259	10	30%	US currently doesn't have market access	Rising demand in hotel sector
Prepared / Preserved Meats	3	679	6	30%	US currently doesn't have market access	Rising demand in hotel sector

Products Not Present Because They Face Significant Barriers

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

Effective July 8, 2006, the Government of India's (GOI) Foreign Trade Policy (2004-2009) specified that all imports containing products of modern biotechnology must have prior approval from the

Genetic Engineering Approval Committee (GEAC), Ministry of Environment and Forests. The policy also made a biotech declaration mandatory. No biotech food product or ingredient is officially permitted for commercial importation. The only exception is soybean oil derived from glyphosate-tolerant soybeans, which was approved for importation on June 22, 2007, by the GEAC. For more information on India's biotech import policy, please see [IN4059](#) – 'Agricultural Biotechnology Annual 2014'.

SECTION V: POST CONTACT AND FURTHER INFORMATION

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

Report Number	Subject
IN4120	Retail Foods 2014
IN4117	Exporter Guide Annual 2014
IN4119	Food Processing Ingredients 2014
IN4048	Retail foods Sector Update 2014
IN4104	Mumbai Food and Beverage Hospitality Snapshot
IN4079	Rise of Online Grocery Retail
IN4045	Update on India's Quick Service Restaurant Sector
IN4095	Wine Production and Trade Update 2014
IN4080	Livestock and Products Annual 2014
IN4059	Agricultural Biotechnology Annual 2014
IN4089	Dairy and Products Annual 2014
IN4085	Agricultural and Agribusiness Consultants 2014

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