

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 1/15/2009

GAIN Report Number: IN1005

India

Post: New Delhi

The Retail Food Sector - 2009

Report Categories:

Retail Food Sector

Approved By:

Holly Higgins

Prepared By:

Amit Aradhey

Report Highlights:

The organized food retail sector in India is still at a nascent stage. Almost 99 percent of total food retail sales take place in the unorganized sector comprised of small neighborhood stores. As several large Indian companies have started investing in the food retail sector, there has been significant growth over the last five years. Notwithstanding the global economic slowdown, large retailers see great potential for the future growth of this sector. With the growing middle class, increasing urbanization, increasing investment to transform the food retail sector, increasing awareness of international food products, and a growing number of restaurants and fast food chains, India is emerging as an expanding market for U.S. high value agricultural products. However, U.S. food products still face considerable regulatory challenges including incoherent phyto-sanitary rules, and onerous labeling requirements.

General Information:

Total Retail Sales	235.7	246.1	271.6	321.9	360.5	407	12.3
FGB Retail Sales	161.1	160.5	176	203.1	225	252	10.2
Share of FGB in Total Sales (%)	68.4	65.2	64.8	63.1	62.4	61.9	
Organized Retail Sales	7.8	8.9	10.8	13.2	18	25	26.2
Organized FGB Retail Sales	1.1	1.2	1.4	1.7	2.3	3.2	23.8
Share of Organized FGB in FGB (%)	0.69	0.76	0.81	0.84	1.02	1.26	

Data Source: ICRIER Research and /* Post Analysis

Compound Annual Growth Rate

The food retail sector is largely dominated by unorganized players (mom and pop stores /neighborhood stores (100-500 square feet floor area). The share of ‘organized’ food, grocery, and beverage (FGB) retail sector in the total FGB retail sector in small but has exhibited strong sales in last five years (Table 1). The share of ‘organized’ FGB retail sales in fiscal 2008/09 was estimated at nearly one percent of the total FGB retail sales in India; but there is strong potential for future growth and expansion. Most privately owned Indian supermarkets (which are basically large grocery stores and convenience stores) are located in and around major cities with 3,000-6,000 square feet of floor space. However, in recent years, larger discount stores/hypermarkets (with floor area of 25,000 –100,000 square feet) have come up across major metropolitan cities, offering a range of value-added products and services to price-conscious middle income consumers. Convenience stores at petrol/gas stations have also made a debut in larger cities.

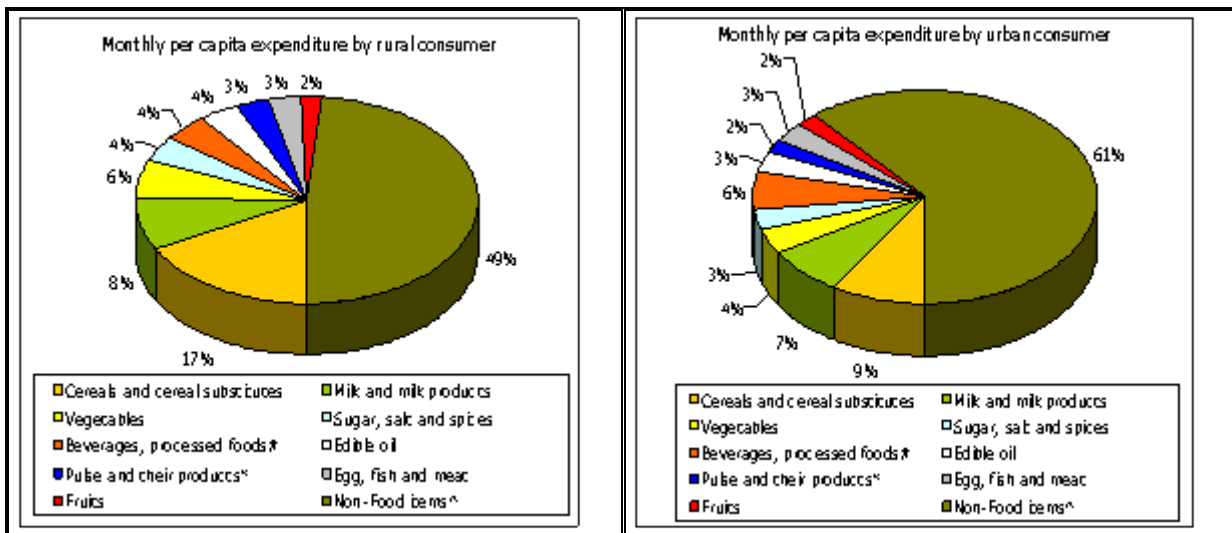
Consumer Demographics

India has a large and growing middle class (>300 million). It also has a large and growing young population- the median age of the population is about 24 years, and over 100 million Indians are in the 17-21 years age bracket. Assuming the Indian economy grows at a real compound rate of 7.3 percent per annum from 2005 to 2025 [4] ; Indian income levels would triple and the middle class population [5] would grow to an estimated 583 million people (128 million households) by 2025. Furthermore, middle-income growth will spread beyond top-tier to middle tier and smaller cities. Average real household disposable income will likely grow from Rs. 113,744 in 2005 to Rs. 318, 896 by 2025, a compound annual growth rate of 5.3 percent. As the Indian household income rises, so would overall spending and consumption, making India the fifth largest consumer market by 2025. The upcoming changes in the Indian consumer demographic will create opportunities and challenges for companies doing business in India.

Consumer Food Purchasing Behavior

According to the National Sample Survey Organization (NSSO) report on household consumer expenditure in India, “Out of every 100 rupee spent in 2006-07 by the average **rural Indian** on household consumption, 51 rupees was spent on food and 49 rupees on non-food items”. Compared to rural Indian consumption, the average **urban Indian** devoted 39 rupees on food, spending a smaller portion of household expenditure in every food category except ‘beverages, refreshments and processed food’ (Figure 1).

Figure 1: Share of Various Food Categories in the Consumer Food Basket



Source: The NSSO Report on Household Consumer Expenditure in India, 2006/07

Note: *-includes gram/chick pea

includes purchased cooked meals

^ includes fuel, light, education, medical, taxes, footwear etc.

With India being a developing country, Indian consumers spend a larger share of their income on food. Consumption of processed and ready-to-eat (RTE) or convenience foods is higher in urban areas because of relatively higher disposable incomes, the convenience of saving time or exposure to western style food and international cuisines. Rural consumers prefer basic (prepared at home) cereals and milk products and have limited access to fast foods or processed food. Demand for specialty and high value foods, including imported, such as chocolates, almonds and other dried nuts, cakes and pastries, exotic fruits, fruit juices, and Indian sweets peaks during the fall festive season, especially at Diwali - the festival of lights. This is also the best time to introduce new-to-market food products in India.

With the penetration of organized retail outlets in suburbs, and semi-urban areas, more and more Indians are exposed to organized retail shops. Given the fact that the rural population constitutes the largest segment of consumers (around 58-60 percent) some organized retailers are expanding to rural areas to tap the existing large consumer base.

A typical Indian household will make regular purchases of wheat flours, pulses, edible oils, ghee (clarified butter), spices and condiments, pickles, noodles, snack food, jams and jellies, ketchup and sauces, several times per month. Indian consumers traditionally purchase their daily fresh food (fruits, vegetables, milk, dairy products, meat and meat products) needs from neighborhood stores / “mom and pop” stores (or *karakas*) because of convenience, perceived freshness, and limited refrigeration and storage space at home. The growing population of consumer group like young professionals, working women, and households with dual-income generally prefer making weekly/monthly purchases of food (involving processed, ready-to-eat (RTE), and branded products) and grocery items from organized retail stores. Women do most of the shopping and take decisions related to the purchase of food items.

Consumers in the upper-middle income sections of the population usually have domestic staff responsible for purchases and food preparation. Most packaged food items are sold in small containers due to customers’ limited purchasing power.

Organized Retail and Neighborhood Stores

There has already been a visible transformation in food retailing in urban areas with the entry of several major Indian business houses setting up new hypermarkets, supermarkets, and convenience stores in major metropolitan cities and urban centers across the country. The growth in the organized retail sector has been fueled by rising income levels, growing middle incomes, increasing young population, a larger number of working women, increasing media penetration, and expanding exposure to western lifestyles. With more and more urban consumers demanding an international shopping experience, there has been a gradual shift from the ‘traditional’ to the ‘organized’ format of shopping.

Individual or family-owned neighborhood stores have a very wide network within the country. The entry of the organized players has forced the traditional grocery shop owners to upgrade their operations. They are gradually reformatting their operations by increasing floor space, and by introducing self-service formats, price discounts and other value-added services. Given the personal and strong relationship with the local population, neighborhood stores will continue to flourish as they adopt some of the innovative practices of more organized retail.

Strengths of neighborhood stores	Strengths of organized retail stores
Convenient Location	One stop shop for an extended assortment of products (with various brands and private labels)
Additional services like home-delivery and credit on purchase	Feel good factor associated with clean, hygienic and air-conditioned environment
Owners have a personal contact with their customers	Due to economies of scale, increased capacity to offer discount schemes and conduct promotional campaigns
Do not have adequate refrigeration and storage space. Customers prefer buying perishable items as perishable inventories are replaced on a daily basis	Larger storage and refrigeration space

Import Food Market

The market for food imports has witnessed impressive growth since the 2001 liberalization, which removed of the quantitative restrictions on imports of most food products. Earlier, imported foods were accessible to either ex-patriates or to select groups with high disposable incomes and interest in international products. With the recent strong growth of the Indian economy, a large number of upper-middle income customers can easily afford quality imported foods. These segments of consumers have potential to drive the growth of imported foods in the Indian market. Additionally, around 50 percent of the Indian population is young (under the age of 25 years) and prefers buying or eating out quality convenience and processed foods.

Imported foods are mainly procured by high-end grocery stores or organized retail stores and grocery stores catering to primarily high end customers in the urban areas. The number of such stores is expected to increase further to at least two percent of total food retail stores in the country. The share of imported foods in high-end stores or organized retail outlet is not significant and generally varies from 2 to 10 percent. A variety of imported foods (given below) can be easily seen on shelves of the organized retail stores.

- Confectionary items
- Beverages (fruit juices, carbonated and alcoholic drinks)
- Jams, jellies and marmalades
- Dairy products and health foods
- Biscuits, cookies and wafers
- Processed fruits and vegetables
- Soups, syrups and seasonings
- Breakfast cereals
- Fresh and dried fruits / nuts (apples, grapes, pears, citrus, prunes, almonds, pistachios etc.)
- Cake mixes
- Pasta and noodles

The majority of retail stores source various food products through importers (based in Delhi, Mumbai, Kolkata, and Chennai) or through distributors. Some of the larger organized retailers also import food products directly. Dubai and Singapore are the regional trading hubs for sourcing assorted consignments of imported food products, due to ability of the consolidator/supplier to meet Indian importers requirements with low transaction costs. A share (perhaps as much as 30-35 percent) of imported food enters India through “gray” channels. Legitimate importers, who pay high import duties, face stiff competition from this “gray” market trade. However, increasing trade liberalization, including declining tariffs and adoption of a common value added taxation (VAT) system is likely to discourage “gray” trade over time.

Impediments to Imported Food Products

High tariffs on the majority of food items along with various non-tariff barriers continue to remain a bottleneck for import growth. Import tariffs on most consumer food products range from 26 percent to 75 percent (effective or applied). Some sensitive items like alcoholic beverages, poultry meat, raisins, rice, etc., attract much higher duties. Nonetheless, rising food prices and domestic shortages have triggered the lowering of duties on some essential food items such as edible oils, wheat, and sugar. Onerous labeling requirements and phyto-sanitary regulations, and ambiguous procedures for sampling and testing of food products at the port of entry continue to hamper the imported food market.

Furthermore, the lack of adequate cold-chain infrastructure and transportation facilities hamper proper handling, storage and transportation of the imported foods in the vast number of retail stores spread across the country. A large number of importers depend upon third-party-logistics (TPL) companies to hire services for cold chain and transportation. Indian TPL companies are limited and often lack resources to fulfill clients’ expectations in terms of timely handling of consignments. Due to a dearth of players in the logistics sector, maintaining an imported product’s cold-chain integrity can be costly.

Marketing channels for the majority of imported foods also involve a lot of intermediaries, which push the final / retail cost of the product to higher levels. Therefore, due to the factors stated above, effective supply chain management becomes a challenge for retailers.

Advantages and Challenges Facing U.S. Food Products in India

Advantages	Challenges
Large and growing middle income consumers, increasing urbanization, large working young population	Divergent food habits and preference for fresh and traditional foods
Increasing exposure to international products and western lifestyle	Indian food companies (including many multinational companies) produce western style food products at competitive prices
A gradual transformation of the retail food sector in the urban and rural areas	Difficulties in accessing vast semi-urban and rural markets due to infrastructure bottlenecks
Consumer perception that U.S. food products are safe and of high quality	High tariffs, dated food laws, and unscientific sanitary and phyto-sanitary regulations
Improved U.S.-India political relations	Inability of U.S. exporters to meet Indian importers' requirements (mixed shipments, changing product specifications to conform to Indian food laws, etc)

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

- U.S. exporters should survey existing and potential markets for their products before initiating sales. Further, U.S. exporters are advised to review the relevant FAS market report(s) (see Section V). A visit to India to gain a first-hand feel of the Indian market, preferably coinciding with any major food shows, could be useful.
- The successful introduction of a new product to India depends on good local representation and an effective pricing strategy. The local representative should preferably be the importer or distributor. U.S. companies should avoid the temptation to establish a relationship with an agent or a 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 importer/agents with fewer clients 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 if the potential importer/agent handles similar product lines.
 - U.S. firms should evaluate all distributors' prospects, and thoroughly research the more promising ones. Check the potential importer/agent's reputation through local industry/trade associations, potential clients, bankers, and other foreign companies.
- U.S. exporters interested in the Indian market should understand that every state in India has a different cuisine and eating habits. One product may be preferable in one region and may not be accepted in the other. Therefore, a thorough understanding of the market is a must before targeting new products for the Indian market.
- Due to India's vast regional diversity it is common to appoint more than one representative to cover specified regional markets.
- Most Indian processed food importers prefer to:

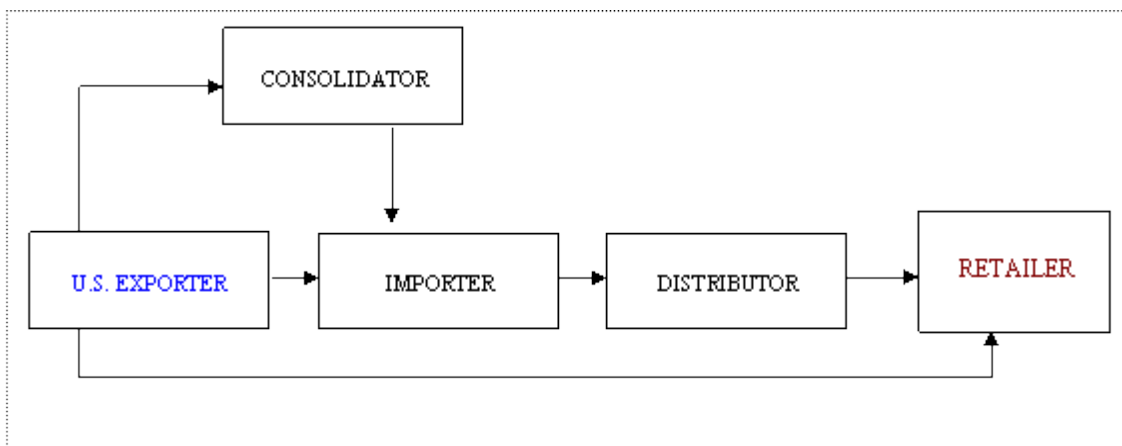
- Purchase mixed containers with smaller quantities of individual products.
- Seek exclusive agreements from exporters.
- Use the services of freight consolidators to handle their orders from various exporters.
- The key to success is to focus on a ‘reasonable’ entry pricing strategy that is specifically targeted to the desired consumer base. Indian consumers are price sensitive and demand for imported products, while growing, is not immune to this tendency.
- Potential exporters should be familiar with India’s varied food laws. Some products and ingredients that are approved in the U.S. or other countries are not necessarily approved in India.

MARKET STRUCTURE

Market Channels for Imported and Domestic Foods

The Indian market is unique in terms of different sourcing channels and number of intermediaries involved between the importer and the retailer. An organized retailer may source an imported product directly through an exporter or through an Indian importer or a distributor or directly from exporter/manufacturer. Several retailers (especially those with imported products comprising less than 10 percent of their total food and grocery inventory) prefer to source imported food products through importers and distributors. These particular food retailers do not allocate resources toward direct imports as they lack economies of scale. However, some larger retailers who have specific sections of imported foods in their stores (or are entirely focused on imported foods) source products directly.

Figure II: Market Channels in the Food Retail Sector



Unorganized stores source most products from the local market and usually do not feature imported food products. However, several traditional outlets located in the up-market segments of metropolitan cities prefer to keep imported food products to cater to the demand of upper-middle income consumers. Some traditional stores source imported food products through the “gray” market due to higher margins, circumventing the high tariffs (20-30 percent compared to 4-15 percent

for local).

Organized sector (Hypermarkets, Supermarkets, Superstores, Convenience Stores)

Company Profiles

Retailer Name/ Outlet Type	Name of Stores	Ownership	No. of Outlets	Locations	Purchasing Agent
Pantaloon Retail (India) Ltd./Hypermarkets & supermarkets	Food Bazaar	Local (Future Group)	163	Bangalore, Pune, New Delhi, Ahmedabad, Hyderabad, Kolkata and other major metros, and larger cities.	Mainly distributors; directly from local manufacturers, and a few importers.
Spencer's Retail Limited/Hypermarkets, supermarkets & convenience stores	Spencer's	Local (RPG group)	380	Various cities in West Bengal, Punjab, Uttar Pradesh, New Delhi, West Bengal, Maharashtra, Gujarat, Tamil Nadu, Karnataka, Andhra Pradesh, and Kerala.	Mainly distributors; directly from local manufacturers and a few importers
Reliance Retail (Hypermarkets, Supermarkets and convenience Stores)	Reliance Fresh and others	Local (Reliance Industries Limited)	700+	Around 71 cities across India	Directly from local manufacturers, farmers, agents and importers, along with direct imports.
Aditya Birla Retail Private Limited / (Supermarkets and hypermarkets)	More	Local (Aditya Birla Group)	643	Punjab, Mumbai, Delhi, Gurgaon, Noida, Rajasthan, Kolkata, Ahmedabad, Baroda, and Surat	Directly from farmers, local manufacturers, agents, and mandies (agricultural markets)
Bharti Retail Private Limited / Supermarkets & convenience stores	Easy Day	Local, Bharti Group	31	Haryana (Kurukshetra, Jagadhari, Faridabad), Punjab (Ludhiana, Hoshiarpur), Delhi, and Ghaziabad	Directly from farmers, consolidators and agents / distributors.
Bharti Walmart [1] Private Limited / Cash and Carry	Best Price Modern Wholesale	JV between Bharti Enterprises and Walmart	1	Punjab (Amritsar)	Local suppliers and growers.
Heritage Foods India Limited / Dairy format stores & rural retail stores	Heritage	Local. (Heritage Group)	1800 stores in A.P. (rural retail stores) & others	Various cities in Andhra Pradesh, Karnataka, and Tamil Nadu	Directly from farmers, consolidators, and agents/distributors.
Metro Cash and Carry [2] India/ Hypermarket	Metro	Foreign (Metro AG Germany)	5	Bangalore, Hyderabad, Mumbai, and Kolkata	Mainly local manufacturers, and importers
My Dollar Store / Convenience stores	My Dollar Store	Local (Franchisee of My Dollar Store of the U.S. +in collaboration with the Future's Group)	13+	Mumbai, Noida, and New Delhi etc.	Mostly direct imports
Hypercity Retail India Limited/ Hypermarkets	Hypercity	Local (K. Raheja Group)	4	Mumbai, Jaipur	Distributors; directly from local manufacturers, and importers (including direct imports)
Wadhawan Food Retail Pvt. Ltd. / Mainly Convenience Stores	Spinach, Smart and Sabka Bazaar	Local (Wadhawan Group)	182	Delhi, Mumbai, Bangalore and other major cities	Distributors, directly from local manufacturers and agents
Nilgiri's /Supermarkets & convenience stores	Nilgiri's	Local (Nilgiri's Group)	88+	Major cities in the Southern states (Karnataka, Tamil Nadu, Kerala and Andhra Pradesh)	Mainly distributors; directly from few local manufacturers and agents
Namdhari Agro Fresh Pvt. Ltd./ Convenience Stores	Namdhari's	Local (Namdhari Group)	21	Bangalore, Delhi, and Ludhiana	Directly from local manufacturers, and

					importers
Godrej Agrovet Limited/Convenience Stores, Specialty Stores	Nature's Basket	Local (Godrej Agrovet Group)	8	Mumbai	Directly from farmers, APMC mandies, and agents.
Big Apple Retail / Convenience Stores	Big Apple	Local (Express Retail Services Pvt. Ltd.)	65	Delhi	Directly from farmers, local manufacturers, and distributors.
N Stores /Convenience Stores	N Store	Local (N Stores Retail Pvt. Ltd.)	3	Bangalore	Directly from local manufacturers and agents.
Shoprite/ Hypermarket	Shoprite	Local (Subsidiary of Shoprite Group from South Africa)	1	Mumbai	Distributors; directly from local manufacturers, farmers, and importers, along with direct imports
Aaadhar	Aaadhar	Local (70% Future Group + 30% Godrej Agrovet Group)	65+	Maharashtra, Punjab, Haryana, and Gujarat	Directly from input suppliers and farmers

Notes: The above information has been sourced from the industry sources or through the company websites. Therefore, USDA does NOT in any way endorse or guarantee the accuracy of the information contained in the above table.

The organized retail sector in India which includes a mix of supermarkets, hypermarkets, discounted stores, malls, specialty stores, convenience stores and departmental stores are dominated by large players like Reliance, Tata, Aditya Birla, ITC, Future Group, RPG, Heritage, Metro Cash and Carry, Bharti, Bharti Wal-Mart (joint venture, cash and carry store). The organized retail sector started from the southern states of the country in 1991 due to a large population of widely travelled consumers and positive policies of the state governments. However, retailers have now spread their operations to other parts of the country as well. Many retail players have also targeted semi-urban or rural areas for setting their retail stores. A few closures and acquisitions were also seen in the retail sector in the past two years due to several financial and operational constraints. Retailers have taken this phase in developing organized retail operation as a learning experience and are restructuring their business models to ensure long-term sustenance and growth.

The organized retailers have various formats of retail stores (given below) usually classified by the category of store and floor area-

Format	Average Size (Sq. Ft.)
Hypermarkets	15,000 - 100,000
Supermarkets	5,000 – 15,000
Daily	2,000 – 5,000
Express	< 2,000
Discount / Convenience Stores	1,000 -2,000
Specialty / Department Stores	800

However, there is a large variance in the categorization of these stores by area as retailers have different definitions for various patterns of stores. An organized food retail store may exhibit up to 6,000 stock keeping units with margins ranging between four to 30 percent depending on the type of products and the sourcing channel.

The Unorganized Retail Sector

The small “mom and pop” / neighborhood / *kirana* stores (which can occupy a 50 square meter area or less) still account for a major share of the food and grocery sales in India. According to the industry sources, India is estimated to have more than

eight million neighborhood stores growing at the rate of five percent per annum and people shop here on a regular basis. Shopping at these stores provides benefits in terms of easy reach, personalized services, extension of credit etc. but these stores have limited assortment space.

SECTION III. COMPETITION

The biggest competition for imported foods in the Indian retail market is the local food industry which has an advantage of low-cost labor and easy availability of raw material at reasonable prices. Many international food-processing and food ingredient companies have set up their manufacturing base in India and are producing a wide range of processed foods and beverages. The processed food products manufactured locally are price competitive as high tariff rates are applicable on the majority of imported foods. There is no reliable data on imports of consumer food products for retail sale in India [8] .

The United States is a major supplier for apples, pears, grapes, some potato products, dried fruits like prunes, and nuts. However, several South East Asian, Middle-East, and European countries are major competitors in other processed food segments. Indian retailers highly value in-store promotions to highlight international food products.

SECTION IV. BEST PRODUCT PROSPECTS

Category I: Products Present in the Market That Have Good Sales Potential

Description	Total imports (2007/08) value (\$ million)	Total imports (2007/08) qty ('000)	5-yr Avg Annual Import Growth (percent)	Import Tariff Rate (2009)	Key Constraints Over Market Development	Market Attractiveness for USA
POTATOES AND POTATO PRODUCTS	6.44	5,995	17	Up to 36.13%	Competition from domestic suppliers and the EU and South Asia	Preference for imported brands and shortage of quality and range of domestic products
ALMONDS	198.76	50,210	30	Rs. 100 per kg (shelled)	Competition from Australia and Afghanistan	High seasonal demand; increasing use; health consciousness
PISTACHIOS	50.55	7,777	18	31%	Competition from Iran and Afghanistan	High seasonal demand; increasing use; health consciousness
GRAPES, FRESH	5.07	2,723	66	31%	Competition from domestic and foreign suppliers like Australia and Chile	Seasonal shortages and high prices; increasing interest in quality fruits among India's middle income consumers and growing organized retail
APPLES, FRESH	52.96	58,401	48	52%	Competition from domestic and foreign suppliers like China, Chile and New Zealand	Seasonal shortages and high prices; increasing interest in quality fruits among India's middle income consumers and growing organized retail
PEARS AND QUINCES, FRESH	5.66	8,183	51	31%	Competition from China and South Africa	Seasonal shortages and high prices; increasing interest in diverse fruits among India's middle income consumers and growing organized retail
SUGAR CONFECTIONERY	11.5	4,199	28	Up to 74.60%	Competition from domestic and foreign suppliers like China, Malaysia and other countries	Consumer preference for imported products/brands and shortage of quality domestic product
COCOA and CHOCOLATE PRODUCTS	20.3	5,793	35	56%	Competition from domestic suppliers and other suppliers, mainly China and South Asia	Consumer preference for imported products/brands and shortage of quality domestic product
PASTA	8.46	5,930	8	Up to	Competition from	Increasing popularity; growing

				36.136%	Italian and domestic suppliers	food processing sector
FRUIT JUICES	16.83	11,394	24	36.13% to 41.49%	Competition from nearby suppliers and domestic production	Increasing health awareness among middle income consumers and shortage of local quality products
SAUCES, PREPARATIONS MIXED CONDIMENTS and SEASONINGS	11.4	8,065	71	36.136% to 56.217%	Competition from domestic suppliers	Preference for imported brands, growing fast food and food processing sectors
BEVERAGES, SPIRITS and VINEGAR	144	91,221	31	Up to 154.5%	High import duty; competition from other suppliers	Growing consumption and lack of domestic products

Source: Director General of Commercial Intelligence and Statistics (DGCIS), Ministry of Commerce, GOI

Category II: Products Not Present in Significant Quantities with Good Sales Potential

Description	Total imports (2007/08) value (\$ million)	Total imports (2007/08) qty ('000)	5-yr Avg Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
PRUNES	0.21	232	18%	26%	Competition from Iran	Increasing demand as exotic and a healthy snack
BISCUITS, WAFERS & OTHER SWEET SNACKS	9.18	4,682	28%	UPTO 74.602%	Competition from domestic suppliers and the EU and South Asia	Preference for imported brands and shortage of quality domestic products
JAMS & JELLY	1.55	617	16%	36%	Competition from domestic suppliers and the EU and South Asia	Preference for imported brands and shortage of quality domestic products
PET FOOD (DOGS & CATS)	3.86	2,433	46%	21%	Competition from domestic suppliers and the EU and South Asia	Preference for imported brands, shortage of quality domestic products and stringent import protocol.

Source: Director General of Commercial Intelligence and Statistics (DGCIS), Ministry of Commerce, GOI

Category III: Products Not Present Because They Face Significant Barriers

Import of beef is banned in India due to religious concerns. In addition, the Government of India effectively prohibits the imports of poultry, pork, sheep, and goat meat and meat products from the United States. Imports of alcoholic beverages are also severely constrained by high import tariffs, local taxes, and by a complex licensing system of distribution and sales in the local markets.

SECTION V: POST CONTACT AND FURTHER INFORMATION

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

Report Number	Subject
IN9113	Food and Agricultural Import Regulations and Standards Report
IN7090	Export Certificate FAIRS Report
IN7033	Food Safety and Standards Act
IN7114	HRI Food Service Sector
IN8030	Food Processing Ingredients Sector
IN8075	Product Brief: Snack Food Market In India

IN8150	Product Brief: Indian Fresh Fruit Market
IN8144	Product Brief: The Indian Wine Market
IN8066	Product Brief: Hides and Skins

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 <http://www.buyusa.gov/india/en/ccg.html>.

Information on India's imports of selected food and agricultural products for a particular Indian fiscal year (April/March) by countries can be accessed at: <http://dgft.delhi.nic.in/>.

For additional information and guidance please contact:

Minister Counselor for Agricultural Affairs
Foreign Agricultural Service
Embassy of the United States of America
Chanakyapuri
New Delhi – 110 021
Phone: 91-11-24198000
Fax: 91-11-24198530
E-mail: agnewdelhi@usda.gov

^[1] According to weekly RBI supplement

^[2] The Ministry of Commerce and Industry in 2006 allowed FDI up to 51 percent (with prior government approval) for single brand retail trade. The guidelines for FDI in retail trade of single brand products can be accessed at: http://siadipp.nic.in/policy/changes/pn3_2006.pdf.

^[3] Nielson Global Consumer Confidence Index, October, 2009

^[4] The 'Bird of Gold': The rise of India's Consumer Market, May 2007, McKinsey Global Institute Study.

^[5] The middle-income segment, represented by "seekers" with real annual household disposable incomes of \$4,380 to \$10,940 (or \$23,530 to \$58,820 at purchasing power parity or PPP) and "strivers" at \$10,940 to \$21,890 (or 58,820 to \$117,650 at PPP).

^[6] Bharti Wal-Mart Pvt. Ltd. has launched a cash and carry store in Amritsar city of Punjab in May 2009.

^[7] Metro Cash & Carry and Wal-Mart have government permission for wholesale / cash & carry operations only.

^[8] Most consumer food products are imported in mixed consignments 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 as they come through illegal channels. Consequently, official import statistics do not reflect the market accurately. 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.

^[1] Bharti Wal-Mart Pvt. Ltd. has launched a cash and carry store in Amritsar city of Punjab in May 2009.

^[2] Metro Cash & Carry and Wal-Mart have government permission for wholesale / cash & carry operations only.

