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GAIN Report

Global Agricultural Information Network

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Retail Foods Sector Update 2014

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Promotion Opportunities

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Report Highlights:

The number of modern food retail outlets in India increased from 3,200 to 3,600 over the past year. After a period of limited growth, the industry is showing signs of life. Still, stores continue to struggle with high debt levels, supply chain issues, and real estate costs. The complex requirements and uncertainty surrounding India's foreign direct investment policies for multi-brand retail may be prompting Indian chains to focus more intently on their operations as it seems that many foreign retailers are reluctant to enter the market. India's recently elected government indicated in a [press release](#) that it would evaluate foreign direct investment in multi brand retail in a "calibrated" manner.

Retail Sector Growth

Most industry analysis of the retail food sector focuses on estimates and projections of gross sales, but this report attempts to measure the size of the industry by conducting an annual census of the number of stores in the modern retail sector. The estimated number of modern grocery, super, and hypermarkets has increased to 3,230 stores from 2,888 in 2013. The number of cash and carry stores, which serve as wholesale outlets for business members, increased from 40 to 113 and the number of modern convenience stores increased 330 to 360. The new estimates suggest that the industry is showing signs of life after a few years of little or no growth in store numbers. Many industry observers have commented that a key industry focus was securing prime real estate locations with the hope that foreign firms would eventually invest, enter the sector, and occupy those spaces through partnerships or purchases. However, the uncertainty and complexity surrounding the government's policies with regard to foreign direct investment (FDI) in multi-brand retail appears to be leading Indian firms to take a more long-term view of their operations. The industry continues to work to address challenges such as high real estate costs, supply chain development, and debt which are affecting profitability throughout much of the industry.

Small neighborhood "kirana" (kirana stores are traditional shops and are not part of this census) and grocery stores continue to be the most popular channels for buying packaged food. However, hypermarkets are gaining in popularity with the number increasing to 464 outlets from 274 a year ago. Hypermarkets are opening in a number of medium-sized cities, known as second and even third tier cities. Real estate is less expensive in these areas and the stores are bringing one-stop shopping experiences that simply did not exist in these cities previously.

FDI policy ambiguity continues

On May 27, 2014, the new Minister of State for Commerce and Industry stated in a press release that FDI in multi-brand retail is "not best opened up now" as medium and small sized traders or small farmers have not been adequately empowered and may be affected, if the policy is not evaluated in a "calibrated manner." It is not clear how the current FDI policy will be affected by the recent change of government. Only two foreign retail chains have invested in the multi-brand retail sector thus far.

Additional Reporting on the Retail Sector

Government Clarifies Provisions for Multi-Brand Retail Investment - [IN3058](#)

India's Food Retail Sector Takes a Breather - [IN3059](#)

Retail Foods India 2013 – [IN3150](#)

The following timeline highlights the evolution of the FDI policies over the past 20 years.

Table 1: FDI in Retail Timeline

TIMELINE	SERIES OF EVENTS
Jul 1991	FDI up to 51 percent allowed in certain stores
Jan 1997	FDI up to 100 percent allowed in “cash and carry” format with automatic government approval
Feb 10, 2006	FDI up to 51 percent allowed in single brand retail with government approval
Nov 24, 2011	FDI up to 100 percent in multi- brand retail approved
Dec 7, 2011	FDI up to 100 percent in multi- brand retail put on hold
Jan 10, 2012	FDI up to 100 percent allowed in single brand retail
Sep 14, 2012	FDI up to 100 percent in multi brand retail approved
Sep 20, 2012	FDI in single brand retail sourcing norms amended
Dec 05, 2012	FDI in multi-brand retail decision wins a confidence vote in Lok Sabha (lower house)
Dec 07, 2012	FDI in multi-brand retail decision wins a confidence vote in Rajya Sabha (upper house)
June 06, 2013	Clarification issued on queries of prospective investors/stakeholders on FDI Policy for multi- brand retail trading
May 27, 2014	FDI in multi-brand retail to be evaluated in a calibrated manner as per the newly elected government

Table 2: Modern Retail Segmentation

Store Format	Store Size (sq ft.)	Number of outlets	
		Jun-2013	Jun-2014*
Grocery Store	500-3,000	1,931	1,891
Supermarket	10,000-30,000	644	867
Convenience Stores	1,000-1,500	330	360
Hypermarket	60,000-120,000	274	464
Gourmet Store	500-5,000	39	47
Total		3,218	3,629

Source – Post Analysis

*Includes new chains added in 2014

Table 3: Estimated Number of Modern Retail Stores Year-on-Year comparison

Company	Store	Chain Format	Jun-13	Jun-14
Aditya Birla Retail	More	Grocery Store	509	490
Aditya Birla Retail	More Megastore	Hypermarket	14	14
Arambagh Hatcheries	Arambagh's Foodmart	Grocery Store	31	31
Avenue Supermarts Ltd.	D-Mart	Supermarket	63	76
Bharti Retail	easyday Stores	Grocery Store	220	210
Bharti Retail	easyday Market	Supermarket	22	4
Bharti Retail	easyday Hyper	Hypermarket	1	1
Brown Tree Retail	Brown Tree	Supermarket	13	16
Dairy Farm International	Foodworld Gourmet Store	Gourmet Store	1	1
Dairy Farm International	Foodworld Super Store	Hypermarket	2	1
Dairy Farm International	Foodworld Supermarket / Express Store	Supermarket	70	58
Dorabjee	Dorabjee	Hypermarket	-	3
Future Value Retail	Big Bazaar	Hypermarket	163	292
Future Value Retail	KB's Fairprice	Supermarket	135	135
Future Value Retail	Food Bazaar	Grocery Store	186	182
Future Value Retail	Big Apple	Grocery Store	65	38
Future Value Retail	Food Right	Hypermarket	3	3
Future Value Retail	Food Hall	Gourmet Store	3	6
Godrej Industries	Nature's Basket	Gourmet Store	27	32
Jubilant Group	Total Superstore	Hypermarket	5	6
K. Raheja Corp. Group	HyperCity	Hypermarket	12	15
Kovai Pazhamudir Nilayam	Kovai Pazhamudir Nilayam	Supermarket	40	46
Le Millennia Supermart	Needs Supermarket	Supermarket	24	24
Lulu Group International	Lulu Hypermarkets	Hypermarket	1	1
M.K. Retail Company	M.K.Retail	Supermarket	7	7
Magsons Group	Magsons	Supermarket	8	10
Max Hypermarkets India	Auchan	Hypermarket	13	13
MyDollarStore	MyDollarStore India	Grocery Store	24	24
N Stores Food Retail	N Stores	Grocery Store	3	25
Namdhari's Fresh	Namdhari's Fresh	Grocery Store	21	20
Nilgiri Dairy Farm	Nilgiris 1905	Supermarket	90	304
Nuts N Spices	Nuts N Spices	Grocery Store	21	22

Ratnadeep Super Market	Ratnadeep Supermarkets	Supermarket	13	22
REI Agro	6Ten Stores	Supermarket	120	120
Reliance Retail	Reliance Fresh	Grocery Store	592	589
Reliance Retail	Reliance Mart	Hypermarket	18	62
Reliance Retail	Reliance Super	Supermarket	17	-
RPG Retail	Spencer's Hyper	Hypermarket	27	40
RPG Retail	Spencer's	Grocery Store	135	128
Shri Kannan Departmental Stores	Shri Kannan Departmental Stores	Supermarket	22	22
SRS Limited	SRS Value Bazaar	Grocery Store	29	20
Sugar and Spice India	Le Marche	Gourmet Store	8	8
Tata Group (Trent)	Star Bazaar	Hypermarket	15	12
The Heritage Group	Heritage Mart	Grocery Store	-	4
The Heritage Group	Heritage Fresh	Grocery Store	67	71
Wadhawan Group (Smart Retail)	Smart Supermarket	Grocery Store	28	28
Sub-Total			2,888	3,236

Table 3 Continued

Company	Store	Chain Format	Number of Outlets	
			Jun 2013	Jun 2014
<i>New retail chains added to last year's list</i>				
Balaji Grand Bazar	Balaji Grand Bazar	Grocery Store	NA	4
Mmf Direct 2U Retail	Direct2U	Hypermarket	NA	1
Navjivan Super Shop	Navjivan Super Shop	Grocery Store	NA	5
Sapana	Sapana	Supermarket	NA	10
Vijetha Supermarket	Vijetha	Supermarket	NA	13
Table 3 Total			2,888	3,269

Source – Company websites, meetings with retailers, trade publications

Table 4: Modern Convenience Stores

Company	Store	2012	2013	2014
Bharat Petroleum	In & Out	320	320	320
Godfrey Philips India	Twenty Four Seven	4	10	40
Total		324	330	360

Source - Company websites

Table 5: Cash and Carry Stores

Company	Store	2012	2013	2014
Wal-Mart India	Best Price Modern Wholesale	12	20	20
Carrefour Group	Carrefour Wholesale Cash & Carry	2	4	5
Future Group (Aadhar Retailing)	Aadhar Wholesale	1	1	40
Metro AG	Metro	9	15	16
Reliance	Reliance Market	0	0	32
Total		24	40	113

Source – Company websites

Note: The above information has been sourced from industry sources or through company websites. Therefore, USDA does not guarantee the accuracy of the information contained in the above table.

Aditya Birla Retail

<http://www.morestore.com/index.html>

Aditya Birla Retail Limited is the retail arm of the Aditya Birla Group, a large corporation with interests in many sectors of the economy. The company established its food and grocery operations in 2007 with the acquisition of a supermarket chain based in southern India. Subsequently, Aditya Birla Retail Ltd. expanded its presence across the country under the “More” brand with supermarket and hypermarket formats. The chain operates 490 More supermarkets around India and 14 More megastores in Mysore, Vadodara, Aurangabad, Indore, Bengaluru, Mumbai, Hyderabad, New Delhi and Nashik.

Arambagh Hatcheries Limited

<http://www.arambagh.com/>

Arambagh Hatcheries Limited started as a poultry processor in the 1970s and began its food retail operations in 2000 with Arambagh’s Foodmart. The company operates small grocery stores with a typical area of 600-1,000 sq. ft. The chain has 31 stores, 24 in Kolkata and seven in other cities in West Bengal.

Avenue Supermarkets Ltd.

<http://www.dmartindia.com/about.html>

Avenue Super Marts Ltd (ASL) owns and operates hypermarkets and supermarkets by the store name D-Mart. D-Mart's expansion began in 2007, when stores were opened in Ahmedabad, Baroda, Pune,

Sangli and Solapur. Today D-Mart is established in 76 locations across Maharashtra, Gujarat, Andhra Pradesh and Karnataka.

Balaji Grand Bazar

<http://www.balajigrandbazar.in/>

The Hyderabad based supermarket chain was found in 1977. Balaji Grand Bazar currently operates four stores in the city.

Bharti Enterprises

<http://www.bharti-retail.in/>

Bharti Retail is a wholly owned subsidiary of Cedar Support Services Limited. The Company operates 210 Easyday neighborhood stores, 4 compact hypermarket stores called Easyday Market and one hypermarket. Stores are located in Punjab, Karnataka, Haryana, Rajasthan, Uttar Pradesh, Uttarakhand, Madhya Pradesh, Delhi and Jammu & Kashmir.

Brown Tree

<http://www.browntree.in>

Brown Tree Retail Pvt. Ltd was founded in July, 2009. Within three years, the health food supermarket chain has expanded to 16 stores catering to the markets in Chennai and Bangalore.

Carrefour Group

<http://www.carrefour.in>

Carrefour opened its first wholesale cash and carry store in December 2010 in New Delhi. It currently operates five stores in Delhi, Jaipur, Meerut and Agra.

Dairy Farm International

<http://www.foodworld.in/>

Foodworld is a part of the Dairy Farm International (DFI) Group. Previously known as Spencer's Daily, it began in May 1996 as a division of Spencer & Co, a part of the RPG Group. In August 1999 it became a separate company and currently operates 60 stores in Bengaluru, Hyderabad, Coimbatore and Chennai.

Direct2U

<http://www.direct2u.in/>

Mmf Direct 2U Retail private limited is a company based in Navi Mumbai. The company is trading under the name of Direct2U Supermarket since March 2012.

Future Retail

<http://www.futureretail.co.in/>

Future Retail (India) Limited, is a large Indian retailer, which is part of the Future Group, and operates multiple food and non-food retail formats. In 2010, the company separated its discount store business, which includes the Big Bazaar hypermarket and the Food Bazaar supermarket businesses, into Future Value Retail Ltd., a wholly owned subsidiary. Future Value Retail operates various food store formats including KB's Fair Price (low frills neighborhood convenience stores), Food Bazaar (supermarket), Big Bazaar (Hypermarket) and specialty stores (Food Hall and Food Right). Future Group, through its

subsidiary Aadhaar Retailing Limited, launched its cash and carry business in India through Aadhaar Wholesale in Gujarat in 2011 and currently has forty stores.

Godrej Group

<http://www.naturesbasket.co.in>

Nature's Basket is a specialty food store, owned by a division of Godrej Industries. The chain has a supermarket store format operating small stores in premium residential neighborhoods. Nature's Basket currently has 32 outlets across Mumbai, Delhi, Pune, Gurgaon, Hyderabad and Bengaluru.

The Heritage Group

<http://heritagefoods.co.in/retail/>

Heritage Retail is a chain of retail stores promoted by Heritage Foods - the leading dairy brand in South India. The Group operates 75 grocery store format chains in Andhra Pradesh, Karnataka and Tamil Nadu.

In & Out Convenience Store

<http://www.inandoutstore.com/default.php>

Bharat Petroleum operates 6,000 gas stations across India and launched its convenience store retailing initiative in 2001 under the In & Out brand. Currently, there are 320 In & Out stores attached to gas stations.

Jubilant Group

<http://www.totalsuperstore.com/>

Total Superstore is a Bengaluru-based retail hypermarket chain that operates six hypermarkets in Bengaluru under the Total brand.

K. Raheja Corp. Group

<http://www.hypercityindia.com/>

Hypercity Retail is a subsidiary of the K. Raheja Corp and operates 15 hypermarkets in Amritsar, Bengaluru, Bhopal, Pune, Ahmedabad, Jaipur, Mumbai and Hyderabad. The first Hypercity store opened in May 2006.

Kovai Pazhamudir Nilayam

<http://www.kovaipazhamudir.com/>

Kovai Pazhamudir group is a leading retailer of fruits and vegetables in South India. Established in 1965 the regional supermarket chain has 46 branches spread over Tamil Nadu and Pondicherry.

Le Millennia (Needs) Supermarket

<http://needsmarket.in/>

Needs Supermarket was established in the Delhi metro area in 2000 and operates 24 stores in and around Delhi.

Lulu Hypermarket

<http://uae.luluhypermarket.com/index.html>

LuLu Hypermarket, the retail division of the Abu Dhabi based Indian-owned EMKE Group. The Group

opened its first hypermarket in Kochi, Kerala in March 2013.

Magsons

<http://magsons.in/>

Magsons was established in 1989 and is the largest organized retail chain in the Goa. The group operates ten retail stores.

Max Hypermarkets India

<http://www.auchanindia.com/>

Auchan Hypermarkets are operated under a license agreement between the Dubai-based Landmark Group's Max Hypermarkets India Pvt. Ltd. and French Retail chain Auchan. Auchan currently has 13 stores in Bengaluru, Mangalore, Hyderabad, Coimbatore, Delhi, Pune and Gurgaon. Formerly, Max Hypermarkets was operating under a license agreement with SPAR Hypermarkets.

Metro AG

<http://www.metro.co.in>

METRO Cash & Carry started operations in India in 2003 and operates sixteen stores in Bengaluru, Hyderabad, Kolkata, Mumbai, Indore, Vijaywada, Jalandhar, Zirakpur, Ludhiana and Delhi.

M.K. Retail

<http://www.mkretail.com/>

M.K. Retail Company was established in 1927 and operates seven supermarkets in Bengaluru.

MyDollarStore

<http://www.mydollarstoreindia.com/>

MyDollarStore India operates as a master franchisee in India for MyDollarStore Inc of USA. The store follows the retail model of fixed price selling. MyDollarStore made its foray into India in 2004 and is currently operating 24 stores across India.

Namdhari's Fresh

<http://www.namdharifresh.com/>

Namdhari's Fresh (a unit of Namdhari's Seeds) is a grocery store chain, started in 2000 in Bengaluru and now has 20 stores. The chain focuses on being a premium green grocer. The company offers high quality fruits and vegetables for retail purchase along with other food products.

Nilgiris Dairy Farm

<http://www.nilgiris1905.com/>

Nilgiris is one of the oldest supermarket chains in India with origins dating back to 1905. Nilgiris has grown from being a dairy farm specializing in butter to a leading supermarket chain with 304 stores spread across India's southern states.

Nuts N Spices

<http://nutsnspices.in/>

The Chennai-based supermarket chain Nuts N Spices is a specialty food retailer, which came into operation in 1999 and currently operates 22 stores around southern India.

N Stores Food Retail

<http://www.nstores.net/>

N Stores is a regional supermarket chain. There are currently twenty five stores operating in Bengaluru. The stores are supported by a large packing and baking facility within the region.

Ratnadeep Super Market

<http://www.ratnadeepsupermarket.com/>

Ratnadeep Super Market (P) Ltd. is a supermarket chain located in Andhra Pradesh that began in 1987. The chain currently operates twenty two stores in Hyderabad.

REI Agro

<http://www.6ten.co.in/>

REI Agro, a major basmati rice exporter entered the retail business and launched its 6Ten chain of retail outlets in 2006. The company operates 120 6Ten stores in several cities, including New Delhi and its suburbs of Noida, Ghaziabad and Faridabad.

Reliance Retail Limited

http://www.ril.com/html/business/business_retail.html

Reliance Retail, Ltd. is a subsidiary Reliance Industries. Founded in 2006 and based in Mumbai, it is the second largest retailer in India and operates over six hundred food stores in three formats.

RPG Retail

<http://www.spencersretail.com/>

Established in 1996, Spencer's has become a popular destination for shoppers in India with 40 hypermarkets and 128 supermarkets in 35 cities.

Sapana Supermarket

Established in 2000, the Aurangabad based supermarket is currently spread across ten locations in the city.

Vijetha Supermarket

<http://www.vijethagrocer.com/>

Vijetha Supermarkets is based across Hyderabad & Vizag with thirteen stores.

Shri Kannan Departmental Stores

<http://www.shrikannan.com/>

Shri Kannan Departmental Store (P) Ltd is a Coimbatore retail chain. It started its operations in 1985 in Erode has established a very strong regional presence with 22 stores within the state of Tamil Nadu.

SRS Value Bazaar

<http://www.srsparivar.com/value-bazaar/vb1.htm>

SRS Value Bazaar is grocery store chain part of SRS Limited, a Faridabad based group. Currently there are 20 stores operational across the National Capital Region (NCR).

Sugar and Spice India (Le Marche)

<http://www.marcheretail.com/index.html>

Marché Retail Pvt. Ltd has been in the food business for the past 20 years. From a small beginning specializing in bakery, delicatessen and chocolates, the company has grown to a retail store chain for gourmet foods in India. There are eight outlets in the Delhi metro area.

Tata Group (Trent)

<https://www.starbazaarindia.com/>

Tata Enterprises' Trent Hypermarket Ltd is a retail operations company that operates the hypermarket format – Star Bazaar. Currently there are 12 hypermarkets operating across seven cities in India.

Twenty Four Seven Retail store

<http://www.modi.com/about-24x7.html>

Launched in June 2005, Twenty Four Seven stores are round-the-clock convenience stores. Currently the chain has forty outlets in New Delhi. Twenty Four Seven has launched its first co-branded convenience store in collaboration with Indian Oil.

Wadhawan Group (Smart Retail)

<http://smartretail.co.in/>

Smart is a chain of neighborhood food and grocery retail stores. Smart supermarket is owned by Wadhawan Food Retail Private Limited (WFRL), a division of the Wadhawan group that has interests in financial services, hospitality, real estate, retail and education. Smart supermarket, previously known as S*Mart was acquired by WFRL in September 2007 and renamed Smart with a new logo. The chain currently has 28 stores operating all over Bengaluru.

Walmart India

<http://www.wal-martindia.in/>

Wal-Mart India Private Ltd., the wholly owned subsidiary of the Wal-Mart Stores, USA operates wholesale cash & carry format in India to serve small retailers, manufacturers, institutions and farmers. The Company operates 20 cash and carry stores under the Best Price Modern Wholesale brand. The first store opened in May 2009.