PHOTOS: PALSHRANJAN BHAUMICK

Fruitful growth

Imports of fresh fruits have increased manifold in the last decade

The domestic fresh fruit market has undergone a major transition in the last decade or so. Riding on the booming consumption story, the share of imported fruits too has seen an exponential growth. From a virtually minuscule quantity in 2001, India's imports have gone up to over 300,000 tonnes (as of 2015) of fresh fruits annually. In the import basket, apple leads the table with 66 per cent share, followed by orange/citrus (16.6 per cent), pear (7.3 per cent) and kiwi fruit (4.1 per cent). Imports, growing at 10-15 per cent, will continue to maintain momentum going ahead as well. At 0.3 kg, India's per capita consumption of imported fruits continues to be abysmally low, as against 7.5 kg in the US and 3.5 kg in China. Currently, Indian fruit imports constitute just 0.4 per cent of global imports and about 2.6 per cent of Asian fruit imports.

Over the last decade, the import basket has turned out to be much more diversified with fruits like, kwi table grapes, pears, plums, as also rare varieties like cherries, blueberries, black berries, red currants, avocado and dragon fruits showing their presence in a big way. China, the US, New Zealand, Australia, Chile, South Africa, France, Spain, Greece, Belgium and Thailand are the major suppliers of fresh fruits to India. The market in India has transformed significantly, with consumers getting more evolved and informed, and having a larger volume of disposal income – so much so that they are looking for not only varieties but also quality now. With consumers changing, the geographical spread of the market for fresh fruits too has undergone a change, with Tier II and III locations providing an encouraging traction.

While imports are still heavily skewed towards apples and citrus, demand for other exotic fruits also have been increasing at a brisk pace (though the consumption base is still low). Kiwi imports have been growing at about 40 per cent (y-o-y) for the last few years. In 2015, some 15,000 tonnes of kiwis were imported to India, whereas, this year, imports have been estimated at about 20,000 tonnes.

"Imports of kiwi fruit have shown a phenomenal growth in the last few years. Acceptance of this category has gone up primarily due to increased awareness about the fruit, which is quite rich in nutritious value. There are over 30 types of vitamins and minerals available in this fruit alone," says Ritesh Bhimani, market manager, Zespri India which represents New Zealand-based Zespri International Ltd, the world's largest marketer of kiwi fruit, selling them to more than 53 countries and managing 30 per cent of the global volume. It works with growers and post-harvest operators to source top-quality Zespri Kiwi fruit and supplies these through its distribution partners to wholesale markets and retail customers.

Last year, Zespri India imported 5,000 tonnes of kiwi fruit into India from New Zealand and this year, the company is looking to import around 8,000 tonnes. Five year ago, Zespri started its Indian journey with just 1,000 tonnes of kiwi fruit imports. Zespri has also started educating Indian farmers about best practices in kiwi fruit cultivation. Farmers in states like Himachal and Arunachal Pradesh are into this cultivation in a limited way now (about 2,000 tonnes of kiwi fruit; the quality continues to be a big challenge).

"The fresh fruit market has undergone a big change in the last decade," says Sunit Gupta, international business (fruits & vegetables), Reliance Retail Ltd. "Imports have gone up manifold, even as the market looks much more diversified. With the Indian economy showing significant growth and change in demographics, the demand for fruits has gone up. Importantly, the market has become quite broad-based. In fact, smaller towns and cities (consumers in these cities are also asking for imported fruits) are contributing heavily to this growth trajectory". Reliance Retail, through Reliance Fresh, is exploring the domestic fruits and vegetables segment in a big way and has chalked out a comprehensive plan to expand its retail business in the country.

According to the experts, the key driver for the development of the imported food segment in India is the modern Indian consumer. In simple language – Indians are eating more; they are shopping more; they are spending more and consequently demanding more. The growth in the category is happening not because of any supply push but because of an inherent demand pull that is coming from aware consumers.

The growing Indian economy, combined with the media and Internet revolution, has meant that more Indians are aware of global consumption patterns and trends. Their aspirations towards a better and healthier life are bringing about fundamental changes in food consumption patterns. The Indian consumer today is not only exposed to the world but is also ready to spend that extra buck for buying foods that are nutritious and of superior quality.

"Fresh consumption is on the rise and we see this every day at our stores," says Sumit Saran, head, international foods, Future group. "Consumers are buying more and consumers are demanding better. The imported fruit basket is currently skewed heavily towards apples. However, in the coming years I believe the share of other fruits like citrus, kiwis, pears, peaches, plums, and avocados will grow rapidly".

"The demand for fresh fruits has been growing rapidly and, to meet this demand, imports are taking place," suggests Tarun Arora, director, IG International. "The supply chain infrastructure in terms of logistics and cold chains has improved to facilitate this scenario. Besides, the emergence of modern retail has also played an important role in building up the right market place".

IG International is the largest importer of fresh fruits in the country, with an import basket of 60,000 tonnes in 2015. The ₹400-crore company, operating out of Mumbai, has made big stride in the last few years. It imports fresh fruits from over 20 countries, and then markets and distribute them through over 27 wholesale outlets across the country. IG International, which entered the imports business after the domestic market was opened for imports in 1999, has created an integrated supply chain wherein it has a temperature-controlled warehousing capacity of 25,000 pallets spread across Mumbai, Chennai, Bengaluru, Jaipur and Amravati.

Growth strategy

IG also owns a fleet of 70 refrigerated trucks. Apart from selling its products in bulk form through traditional retail, it also supplies to modern retails and traditional retails under its IG brands. The company has also put up two pack houses in Mumbai for this purpose. In order to explore the growing market, IG has put in place a comprehensive growth strategy for expanding the business in a big way in the coming years. The company is also in talks with PE players and also evaluating the option of going public to raise the growth fund.

Global fruit marketers and suppliers are also looking at India. Recently, South Africa's Capespan, which delivers fresh fruits from the orchards to international retail, wholesale and food service partners around the world, covering more than 60 countries, has acquired a 35 per cent stake in the Mumbai-based Yupaa group, a diversified fruit importer and distributor in the country. The ₹200-crore Yupaa is a pioneer in importing fresh fruit into India. Its distribution network is active in over 32 cities and fruit is sold to wholesalers and indirect dealers covering all 29 states.

Johan Dique, managing director, Capespan, believes that the investment in Yupaa will provide Capespan with a strategic foundation for future growth and to build new customer relationships within the significant and fast developing Indian fresh fruit market. "This investment fits well with our global strategy to expand our existing footprint through strategic partnerships in countries that provide strong growth opportunities. Yupaa's in-depth knowledge and experience of the local fruit markets and its extensive distribution and customer network will be crucial to

take the new business forward."

"With Capespan's well-established international procurement capability, as well as its spectrum of well-known brands, we will be able to enhance the imported volumes of top quality fruits into India whilst expanding our infrastructure and an ability to serve more customers," says Ambrish Karvat, chairman, Yupaa, which imports about 25,000 tonnes of fruits into India.

Experts are of the opinion that India is all set to emerge as one of the large importers of fresh fruit in the global trade, even as it ranks second in fruits and vegetables production in the world, after China. In fact, India has emerged as the largest importer of apples in Asia and the eighth largest in the world (Russia, Germany and the UK are the top three importers of apples). The supply mix (apples), which was China-led in 2011 (with a 38 per cent share), has switched over to the US (which contributes 54 per cent to India's apple imports). According to ITC Comtrade's Fresh Intelligence analyses, if the current trend (five year CAGR growth of about 6 per cent) is maintained, India's imports of apples will touch 340,000 tonnes by 2025, from the present 198,000-odd tonnes.

This surge in fruit imports is despite the fact that India imposes a 50 per cent duty on apples and 33 per cent for most other fruits, with a view to protect local producers. The import of fruit has a positive aspect, not only on the consumption but also on the supply side. The popularity of imported fruits has also led to an increase in the price of local produce. For example, before the market opened, the most premium Indian apples were available for less than ₹70 per kg. Today, they regularly sell for nearly $180 a kg. In fact, over the years, the price gap between imported and domestic apples has narrowed.

Growing competition

Indian fruit growers are also meeting imported competition by cultivating new varieties of their own. For example, National Research Centre for Grapes in Pune has developed the red globe grape after demand for the imported California variety picked up in the market. Also, bright yellow canary melons from Thailand are now being cultivated in the southern state of Andhra Pradesh.

"Better price realisation and growing competition has seen increasing the trend of investments in cultivation of fruits," says Purnima Khandelwal, CEO, INI Farms. "Not only has our production diversified but also our yield and quality has also improved due to adoption of better technologies and practices". The Mumbai-based vertically-integrated firm, INI entered the horticulture space in 2009 and received a series of funding from venture funds like Aavishkaar, Aspada and Unilazer. It has emerged as a major player across the entire value chain of banana and pomegranate. The company (which sells fresh fruit in over 20 countries as also in the domestic market under its brand 'Kimaye', through modern retail and unorganised channels in Mumbai, Bengaluru, Delhi, Jaipur and Hyderabad) has now also included pineapple in its portfolio.

INI currently has its presence across the value chain – from cultivation, procurement (aggregation) to post-harvest processing and packaging of fresh fruits, with over 600 acres of leased farm area in Maharashtra and Madhya Pradesh for cultivation of pomegranates. Moreover, the company, which sold over 10,000 tonnes of fresh fruit last year and looks for a sale of 20,000 tonnes this year, is also into contract farming of bananas and pomegranates in Karnataka, Andhra Pradesh, West Bengal and Gujarat.

India is also the second-largest producer of fruits in the world, after China. India ranks first in production of bananas (23 per cent), papayas (44 per cent) and mangoes (38 per cent), informs the National Horticulture Board. The vast production base offers India tremendous opportunities for export. During 2015-16, India exported fruits worth ₹3,524 crore. Mangoes, walnuts, grapes, bananas and pomegranates account for the larger portion of fruits exported from the country. The major destinations for Indian fruits and vegetables are the UAE, Bangladesh, Malaysia, Netherland, Sri Lanka, Nepal, the UK, Saudi Arabia, Pakistan and Qatar.

Though India's share in the global market is still only 1 per cent, there is increasing acceptance of horticulture produce from the country. This has occurred due to concurrent developments in the areas of state-of-the-art cold chain infrastructure and quality assurance measures. Apart from the large investment pumped in by the private sector, the public sector has also taken initiatives and, with APEDA's assistance, several centres for perishable cargoes and integrated post harvest handling facilities have been set up in the country. Capacity building, initiatives at the farmers, processors and exporters' levels has also contributed towards this effort.

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