

Indians are opting for more processed food and restaurant meals

Indians are increasingly turning away from cooking at home compared to a decade ago, opting instead for out-of-home consumption and processed foods. This trend is expected to intensify with the proliferation of quick commerce and food delivery apps, alongside rising incomes and evolving food preferences, according to government data and research reports.

Recent data from the Ministry of Statistics and Program Implementation (MoSPI) and ICICI Securities reveal that urban elite households now allocate nearly half of their food budget to packaged foods, restaurant meals, and food delivery services, up from 41.2 percent a decade ago.

Paras Jasrai, a senior analyst at India Ratings and Research, attributes this shift to the growing availability of food delivery and quick commerce apps, coupled with changing consumption patterns as households ascend the income ladder.

Middle-income households have also witnessed a significant uptick in spending on processed foods and beverages, with their share of the food budget rising from 16% to nearly 25% over the same period. Madan Sabnavis, Chief Economist at Bank of Baroda, anticipates further demand growth driven by rising middle-class incomes and an increasing number of working couples.

Innovations in products such as low-sugar and organic foods are likely to appeal to higher-income groups, further fueling growth. However, for the top 5% of urban dwellers, there has been a reduction in spending on staple foods, signaling a shift away from traditional cooking practices.

Urban households now prefer experiential and value-added foods, leading to a surge in demand for processed options even at home. This trend is mirrored in rural areas, where spending on processed foods and beverages has also risen.

Data from MoSPI highlights a substantial increase in spending on processed foods as urban household incomes rise, while expenditures on cereals, eggs, fish, meat, and edible oil remain relatively flat. However, there has been a marginal increase in spending on milk and milk products.

B Krishna Rao, Senior Category Head at Parle Products, notes that branded packaged foods are increasingly used as ingredients in home cooking, further driving demand for processed foods.

Spending on dry fruits has seen a notable increase, reflecting rising incomes and aspirations, while expenditures on sugar and salt have halved over the past decade, indicating shifting dietary preferences.

Overall, the trend towards decreased home cooking and increased consumption of processed foods underscores evolving lifestyles and preferences among Indian households, driven by factors such as convenience, changing demographics, and rising affluence.