



# IndiaFood

FOODS, BEVERAGES & INGREDIENTS DIGEST  
August / September 2009

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Monsoon is the lifeline of Indian agriculture. Rains during 4 months of June-September are crucial not only for *kharif* (sowing in the beginning of rainy season) crop, but also for *rabi* (winter) crop. Good monsoon ensures good groundwater level and high moisture content in soil. The latter is necessary for winter crop while the former is needed for irrigation as well as drinking water needs.

A failed monsoon derails Indian agriculture as well as rural economy of the country. The monsoon of 2009 has been the worst since 1972. Indian Meteorological Department had predicted a near-normal monsoon. Their forecasts have been proved wrong. A 23% deficit in rains has shaken the country and its economy.

**Table: Details of long range forecasts and actual rainfall.**

Region	Period	Issued on	Forecast	Actual
All India	June to September	17 April, 2009	96% ± 5% of LPA	77% of LPA
		24 June, 2009	93%± 4% of LPA	
All India	July	24 June, 2009	93%± 9% of LPA	96% of LPA
All India	August	24 June, 2009	101% ± 9%of LPA	73% of LPA
Northwest India	June to September	24 June, 2009	81% ± 8%of LPA	64% of LPA
Northeast India			92% ± 8%of LPA	73% of LPA
Central India			99% ± 8%of LPA	80% of LPA
South Peninsula			93% ± 8%of LPA	96% of LPA

LPA – Long Period Average

Normally, the monsoon comes to an end on 30 September. However, this year was different. In the first week of October, monsoon revived with almost a vengeance causing the worst floods in recent history in some of the southern states.

The late rains did extensive damage to standing *kharif* crops, which were otherwise reaching ripening. The only saving grace is that the late rains have eased drinking water worries and have substantially increased soil moisture leading to optimism for the *rabi* crop, sowing for which is in progress.

(Continued on next page)

Notwithstanding the severe drought, Indian economy seems to be doing well in overall terms. The growth forecast has been reduced marginally from 6.7 per cent to 6.3 per cent, which is surely a respectable figure in the present global scenario. Data coming in respect of various economic parameters indicate that the country is moving out of the slowdown phase. Industrial Production growth is back to double-digit rates. Share market has lost its sense of despair and is moving to new heights every week.

High growth in industrial and services sector creates demand for food products. Slower growth in agricultural sector means that the country's agriculture is unable to meet the demand from cities. India is already experiencing that in many commodities.

For the past few weeks, butter has been missing from most shop-shelves across the country. Amul, the market leader, has expressed its inability to feed the market. Other dairy companies do not have the capacity to fill the gap in the market. No wonder that Australian companies are readying their plans to enter India.

Hardening of milk prices across the country and the growing interest of global dairy companies in Indian market is in line with what we have always said. In June 2008, in the first edition of our report, "**Milk and Dairy Products in India – Production, Consumption and Exports**", we had forecast that India will turn a net importer of dairy products soon. At that time the country was exporting dairy products. So, our view shocked many. In the second edition of the report dated September 2009 we are pleased to note that things are already moving in that direction. No, this is not an attempt to push the report. However, if you want to get a macro-picture of Indian dairy industry, you will find the report useful.

We at Hindustan Studies & Services Ltd. are often accused by friends and well-wishers of not marketing ourselves very well. We belong to the old tradition where blowing one's own trumpet was considered to be in bad taste. So we never talk about the projects that we are doing or the new clients that we have serviced. But, please let me tell you about a new service that we have added to our portfolio - **Advanced Statistical Analysis** using SPSS or EXCEL. We have recently completed a project for a UK-based client. The work involved Logistic Regression, Multiple Linear Regression, Poisson Regression Model, Power Growth Curve, Gompertz Curve, Square curve fitting, Cube Curve Fitting and such other statistical analysis. Please contact us for any statistical / probability analysis that you might ever need.



Before I close, let me remind you that **Diwali** is being celebrated in India on 17 October. Diwali is the festival of lights. We at IndiaFood, wish you, your family and business the best on the occasion of this festival of lights. May your life be always full of joys, good health and prosperity! May your business always grow and prosper in a way that adds good value to the lives of everyone connected with it!

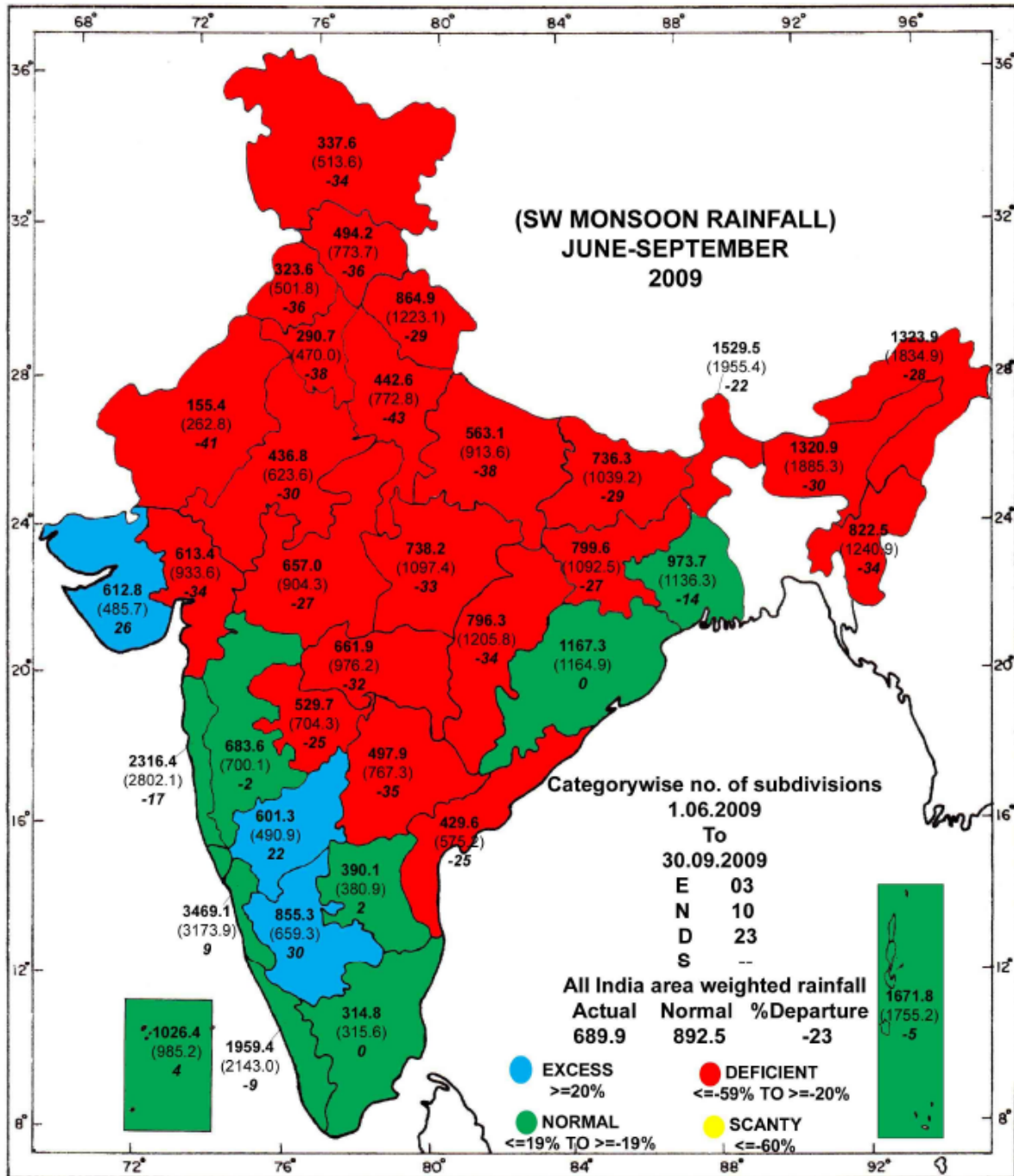
Anil Chawla

## *Food Industry Overview*

- The new Wholesale Price Index (WPI) series with a revised base of 2004-05, an updated product portfolio and increased data points will understate food inflation, as the weight accorded to primary articles will see a significant decrease from the current 22.02 per cent to around 10 per cent. The new series, expected to be out by October, will see a significant increase in the weightage for the manufactured products category to around 80 per cent from the current 63.75 per cent. Therefore, the point to point inflation rate derived from this index on a year-on year basis will be driven by wholesale prices of manufactured products rather than commodities like rice, cereals, pulses and wheat, which form a part of the essential consumption basket.
- Inflation based on consumer price index for agriculture labourers rose from 11.52 per cent in June to 12.90 per cent in July, while the one based on consumer price index for rural labourers went up from 11.26 per cent to 12.67 per cent last month. This is in sharp contrast to the wholesale price inflation which remained negative for 10 straight weeks, even though it rose slightly to (-)1.53 per cent during the week ended August 8.
- Despite global recession affecting India's foreign trade, agriculture exports from the country grew by more than 24 per cent in 2008-09, largely because of huge demand for fruits, vegetables and basmati rice (aromatic rice). According to figure released by Agricultural and Processed Food Products Export Development Authority (Apeda), exports rose to Rs. 394.61 bio during 2008-9 from Rs. 317.12 bio a year.
- Himalaya International, the Himachal-based agri export oriented unit will set up a food processing plant in Mehsana, Gujarat at a cost of Rs. 1.30 bio. The mega project will produce "all natural" mushrooms, frozen vegetables, appetizers, yogurt and mozzarella cheese for export market.
- In a judgment that stands to benefit contract manufacturers like food products, pharmaceutical and cosmetic majors, the Bombay High Court ruled that beverage major Coca-Cola could avail of tax credit on the service tax it pays for advertising and promotions.
- For the country as a whole, the rainfall for the season (June-September) was 77% of its long period average (LPA). Seasonal rainfall was 64% of its LPA over Northwest India, 80% of its LPA over Central India, 96% of its LPA over south Peninsula and 73 % of its LPA over Northeast (NE) India. Monthly rainfall was 53% of LPA in June, 96% of LPA in July, 73% of LPA in August and 79% of LPA in September. Out of 526 meteorological districts for which data are available, 215 districts (41%) of the meteorological districts received excess / normal rainfall and the remaining 311 districts (59%) received deficient/scanty rainfall during the season.
- As the prospects of a good agricultural output are turning grimmer due to drought, the government has said it will import those items that will be in short supply to meet the country's demand.
- Failed monsoon rains in India have created a critical situation for rural livelihood, drinking water and crops, the farm minister said. The government expects early sowing of winter-sown crops over a larger area this year to offset some of the crop loss, but the farm situation remains disturbing, Sharad Pawar told a conference of state farm ministers.
- Farm loan disbursements for the kharif (June-August sowing) season have fallen 30 per cent due to drought in a majority of the states.
- Indian monsoon is about 20 percent below strength just over a week before the end of the rainy season, putting the country on course for its worst drought since 1972.

(Food Industry Overview continued on next page)

Food Industry Overview (Continued)



(Food Industry Overview continued on next page)

### *Food Industry Overview (Continued)*

- India's economy grew 6.1 percent in the June quarter from a year earlier, roughly in line with forecasts as government stimulus helped spur demand, but a poor monsoon threatens to erode growth later in the year even as it drives prices higher.
- India will end the current financial year with a GDP growth rate of 6.3 per cent, despite a slowdown in the second and third quarters. However, the figure is lower than the 6.7 per cent achieved in 2008-09. The Planning Commission estimate comes a day after government data showed first-quarter GDP growth at 6.1 per cent.
- Prime Minister Manmohan Singh said too much pessimism on economic growth is uncalled for as global financial situation is returning to normal and the country could manage the drought very well.
- Despite all the reassurances from the government, the plantation sector continues to be perturbed and apprehensive about the long-term implications of the country's free trade agreement (FTA) with the Asean countries.
- Ministry of food processing has set a target of 150 per cent growth in processed food exports in the next five years on rising global demand of Indian food. This will be 5 per cent of the total share in global processed food market.
- India's exports fell by 28 per cent in July, for the tenth month in a row, due to the ongoing global downturn

### *Aquaculture*

- India has signed an agreement with Russia on a new administrative arrangement for shipping of fish and seafood products between the two countries. Following this, the proposed ban on Indian seafood exports to Russia has been withdrawn.
- Karnataka Fisheries Development Corporation is planning to set up around 50 retail fish outlets in the state in three years.
- A fall in global prices, increased rejections by the EU and persisting anti-dumping duty levied on Indian shrimp exports to the US have resulted in a sharp fall in aquaculture operations in the country. Shrimp aquaculture production fell 28 per cent during 2008-09 over the previous year, while scampi production plunged by over 50 per cent. The fall in production was also accompanied by a fall in area under aquaculture farming last year.
- ASEAN Seafood Federation, which is a regional grouping of seafood producers, processors and exporters from countries of the Association of South East Asian Nations (ASEAN), has invited Seafood Exporters Association of India (SEAI) to join the newly formed group. The group already claims to account for close to 50 per cent of the global seafood production.
- Central Institute of Fisheries Technology has taken steps to assist entrepreneurs to commercialize their business ideas using the R&D back-up of the organization.
- Hundreds of mechanised fishing boats and crafts laid siege to the shipping channel at the sea mouth off Fort Kochi, as part of the agitation organised by Fisheries Joint Action Council to demand exemption of fishing sector from purview of Indo-Asean Free Trade Agreement.
- With EU insisting on catch certificates for all fish materials imported into the union from January 2010, illegal trawling in India's exclusive economic zone ought to decrease.
- Eastern India's largest sea food processing plant with a capacity of 40 tons per day has come up at Jankia, 50 kilometer from Bhubaneshwar. The plant has been set up by Magnum Sea Foods Ltd at a cost of Rs. 200 mio.

## *Dairy, Meat & Poultry*

- The first week of August has seen retail milk prices go up by Rs. 1-2 a litre in Delhi, Mumbai and Pune, with other cities, too, bracing for similar increases. In Mumbai, all major liquid milk brands – Mahananda, Aarey, Gokul, Amul, Mother Dairy, Warana, Krishna, Govardhan, Shivamrut and Govind – have announced Rs. 2 a litre hike. Full-cream milk, with six per cent fat and nine per cent solids-not-fat (SNF) content, will now cost Rs. 30 a litre, while prices of toned milk (3 per cent fat and 8.5 per cent SNF) have been raised from Rs. 22 to 24 a litre.
- In the wake of spiraling milk products and sugar prices, Punjab State Cooperative Milk Producers' Federation, popularly known as Milkfed, has decided to raise prices of sweets by a whopping 14 per cent from October 1.
- Domestic dairy industry is getting squeezed between soaring prices of cattle-feed ingredients and the 'dumping' of imported milk powder and butter oil, according to Gujarat Cooperative Milk Marketing Federation Ltd.
- From being a net surplus milk producer, Maharashtra has now begun to bring in milk from neighbouring states. This follows a 15-20 per cent shortfall in milk production in the state, leading the state's dairy development department to source milk from Karnataka and Madhya Pradesh.
- Low milk production has led the country's top butter producer Amul to cut its supplies by 25 per cent. The shortage is so acute in the 16,000-ton branded butter market that even marginal players like Britannia, Mother Dairy, and Verka are not able to fill in the void left by Amul.
- Due to acute shortage in supplies from Amul, West Bengal has barely received 10 per cent of its butter demands in the last one and a half months. Since Amul caters to almost 95 per cent of the demand of butter in the state, the shortfall is not met even by smaller dairies. According to industry sources, Amul supplies 250-300 ton butter in Kolkata every month. Supplies dwindled to 30 ton in August.
- Kolkata-based Rs. 6.50-bio Amrit Group announced its entry into the dairy market with the launch of three varieties of liquid milk.
- As the ban on import of dairy products is lifted, dairy majors of Australia are expected to hit Indian shores in the next three months. Although Australian dairy companies are looking at high and medium-end products, they are likely to pose serious competition for Indian dairy industry.
- A group of dairy farmers in Punjab has got together and imported bovine semen from World Wide Sires, a US firm that is one of the top cattle genetics marketing organization.
- The Rs. 7-bio FMCG major CavinKare has rolled out its new dairy brand 'Cavin's Milk' in Kerala.
- Britannia Industries Ltd has entered the UHT milk category with launch of two new milk variants – Regular and Slimz – in Kerala market.
- Recommending higher allocation for animal husbandry, dairy and fisheries, a Parliamentary panel has wondered as to why the sector got only 7.7 per cent of the allocated funds of the agriculture ministry last fiscal even though it accounted for 31 per cent of the total farm output.
- Protein-rich and low-fat branded eggs are slowly becoming staple breakfast choice of families, reflected in the product's 20 per cent sales growth. Despite its higher price tag, many firms which produce branded eggs have seen a rise in demand and feel there is still a huge untapped market for the product.
- The raging swine flu epidemic has spelt doom for pig breeders across the country with demand for pork falling a steep 50 per cent over the past two months. Prices have slid as much as Rs. 35 a kilo from Rs. 100 over the last couple of weeks, even as animal husbandry officials are crying hoarse that swine flu is not contractible eating pork.

## *Alcoholic Beverages*

- Danny Denzongpa-owned Yuksom Breweries has acquired Rhino Breweries in Assam in a move thwarting industry leader United Breweries' plans for a bigger play in North East markets. Yuksom, which has three breweries in Sikkim, Orissa and Assam, sells over three mio cases making it one of the few independent survivors in an industry carved up between UB and SABMiller.
- Sale of imported liquor like wine, champagne and whisky has come down by 70 per cent in Delhi after their prices went up sharply due to an increase in local levies by the Delhi government. The Delhi government raised taxes on imported liquor in June. It fixed the sales tax on imported liquor priced above Rs. 2,000 a bottle at 30 per cent, while those priced below began to attract 20 per cent. Earlier, the local tax on imported whisky, wines and beer was a flat Rs. 300, Rs. 150 and Rs. 30 per bottle, respectively.
- Vinbros, a Pondicherry based liquor company that sells the entire range of alcoholic beverages in South India as well as Europe and West Asia, is hopeful of foraying into the North American market before this year end.
- Sales of wine in India have shot up from a paltry 340,000 cases in 2001-02 to about 1.5 mio cases in year ending March '09 — a growth of nearly 25 per cent per annum. And since these numbers include volumes for "cheap" wines made from table grapes (Golconda, Goan wines), the actual increases for wines from wine grapes is even higher — their volumes grew six-fold, from 125,000 cases in 2002, to 775,000 cases last year.
- Below-average monsoon this year and subsequent shortfall in production of sugarcane in India will see prices of Indian Made Foreign Liquor (IMFL) increase by 10-15 per cent in the next financial year, say industry experts.
- Global beer behemoth Anheuser-Busch InBev is expanding its footprint in India by earmarking USD 10 mio (Rs 500 mio approx) to brew, market and distribute its brands in India.
- William Grant & Sons and Remy Cointreau, among the oldest family-driven names in the spirits business, have decided to set up direct presence in India as they explore the domestic market for top-end alcoholic beverages seriously.
- Asia Pacific Breweries Ltd is planning to launch two to three of its international brands of strong beer in India by December.
- Andhra Pradesh government's move to nip 'monopoly' market share has dealt a huge blow to global brewer SABMiller in India's largest beer market. SABMiller's market share has now crashed to 41 per cent from around 65 per cent it controlled last year, with Andhra Pradesh State Beverages Corporation deciding to broadbase the sourcing of beer. The move is widely perceived as a state backlash against the world's second largest brewer for dragging the government to court over a pricing dispute.
- Whyte & Mackay, the scotch whisky arm of Vijay Mallya's United Spirits (USL), is sewing up new bulk scotch supply contracts at 40-50 per cent higher rates, possibly replacing a large existing deal with Diageo valued at around USD 300 mio. Last month, USL called off talks for a strategic stake sale to Diageo after 18 months of discussions. Multiple sources said W&M's four-year contract to supply Diageo up to 50 per cent of its bulk scotch production is ending this fiscal. The company may instead supply to several smaller customers next year. The Diageo contract pre-dated the buyout of W&M by Mr. Mallya.



## *Non-alcoholic Beverages*

- Hindustan Coca-Cola Beverages, the bottling subsidiary of Coca-Cola India, has acquired the bottling and distribution rights for its Kinley packaged water brand from franchisee bottlers in three states - Tamil Nadu, Karnataka and Maharashtra – ending a long-drawn dispute.
- Galla Foods Ltd, part of the Rs. 20-bio Amara Raja group, has entered the Rs. 15-bio fruit drink market by launching Galla Fruit Drink in two flavors – Classical Mango and Apple-Litchi.
- Booster Juice, Canadian smoothie and juice brand, will use the mall route for its growth in India. F.A.N. Brands Pvt Ltd, which is the master franchisee for the brand in India, owns six outlets of Booster Juice in India (five in Bangalore and one in Delhi). The company is targeting 100 Booster Juice outlets in five years.
- PepsiCo India may consider the launch of variants of Nimbooz, its packaged lemon juice drink.
- With an aim to scale up volume in the bottled water segment, beverages giant Pepsi plans to roll out its Aquafina brand in small pack of 300 ml priced at Rs. 5.
- Seeking to cash in on the growing fruit beverages market in India, Scandic Food launched its range of fruit beverages under its brand Sil on Friday. The Sil brand, best known for its range of jams was re-launched by Scandic Food earlier this year.

## *Tea*

- Packet tea companies are all set to raise prices for the second time in 2009 as auction prices for good CTC and dust teas have witnessed a price hike of Rs. 30-35 per kg from July this year.
- India exported 178.75 mio kg of tea during calendar 2007, earning Rs. 18.101 bio at a unit price of Rs. 101.26 per kg, the Tea Board said Tuesday giving a final volume figure that is 22 per cent higher than the estimates of 156.71 mio kg released earlier. The board's figures also show a sharp decline of 32.83 mio kg to 185.32 mio kg in overall exports during the financial year to March 31, 2008, over the previous year's figure, mainly because exports to Iraq fell by 34.87 mio kg over 2006-07.
- McLeod Russel (MRIL) is aggressively pursuing overseas acquisitions to achieve a 100 mio kg production within next five years. The company is actively looking at Kenya and is open to the idea of shelling out USD 10 mio for gardens which can produce 5 mio kg of tea annually. At present, MRIL is the largest integrated tea company in the world with a production of 80 mio kg of tea. Apart from Kenya, the company is also looking at Vietnam and Indonesia for acquiring tea estates.
- The pipeline stock of tea is likely to deplete for the second year in a row because production has been hit due to the truant monsoon. Industry experts are pegging the shortfall in pipeline stocks to expand to a record 70-75 mio kg this year as against 25 mio kg last year. This year, production shortage is expected to be around 20-25 mio kg, but domestic demand is increasing by 30-35 mio kg every year, this will add up to a pipeline shortage of 70-75 mio kg.
- The Tea Board has completed the process of registering traders in the UK and Germany to market Darjeeling tea but it has to wait for some more time till the tea gets its geographical exclusivity recognition in Europe.
- Ambootia Group, the second-largest Darjeeling tea producer in the country, has acquired Bush Tea for an undisclosed sum. The acquisition of Bush Tea will help the Ambootia Group take over the one acre blending facility of Bush Tea at Hyde Road.

(Tea continued on next page)

### *Tea (Continued)*

- Indian tea imports for re-export is slated to rise in the coming months as the country's tea producers are flooded with export enquiries from Iraq, Iran, Egypt, UK and Europe. These countries are keen to lift tea from India as prices here are comparatively lower than Lankan and Kenyan teas even amidst a global shortage.
- Export of tea may increase by 10 per cent in 2009-10 vis-à-vis last fiscal with a number of incentive schemes announced for the sector in the Foreign Trade Policy 2009- 14. The policy has extended export incentives under the Focus Product Scheme to tea sector. In the scheme, tea exporters will now be eligible for duty credit scrips, allowing them to import goods without paying duties. Duty scrips equivalent to 5 per cent of the free on board value will be extended to tea exporters.
- Every kg of tea sold in Indian auctions in the first half of calendar 2009 fetched Rs. 21.51 more than in the corresponding period in 2008, an analysis of the market reports from the different auction centers and the data available with the Tea Board shows.
- A global tea shortage may increase by 10 per cent next year as drought in Kenya, Sri Lanka and India, the top exporters, damage crops and propel prices to a record, the world's biggest tea plantation company said.
- A combination of investing in upgradation of manufacturing facilities combined with a preference for orthodox tea is paying rich dividends for RPG group company Harrisons Malayalam. The company invested Rs. 65 mio each in its units at Wallardi and Chundale, converting these to make orthodox tea as against the CTC (crush, tear, curl) variety.
- As part of its modernization initiatives, Harrisons Malayalam Ltd has opened a new orthodox tea manufacturing facility at its Chundale factory in Wayanad, Kerala. Claimed to be one of the most modern orthodox tea manufacturing facilities in the world, it can process CTC tea as well. Set up at a cost of Rs. 60 mio, it will automate the entire process of tea manufacturing to ensure proper withering of tea leaves. The pneumatic pressure system in the rollers will help generate remunerative grades.
- India's domestic tea industry is under threat over fears of large influx of cheap low quality tea into India, because of easing of import norms and also the recently signed free trade agreement with Asean, one of the largest tea producing region in the world. Traders and industry representatives fear that import of cheap, low quality tea into India will not only harm domestic market, but will also tarnish India's export market, when these low quality stuff is re-exported.
- Tea industry in India could hit a road block as a commonly used pesticide Endosulfan is likely to face a global ban after the Stockholm Convention in Geneva next month. Indian tea industry, which has not sounded alarm signals yet, is already scouting for alternatives. Exports might see a setback in the European market if traces of Endosulfan are found in the commodity.

### *Coffee*

- India exported 19 per cent less coffee during January-August this year at about 133,000 tons due to high prices, especially when the demand is low because of global economic crisis.
- Rising affluence and young population is expected to propel domestic consumption of high-value coffee to the extent that it could lead to a fall in Arabica exports, coffee industry experts say. Although Robusta accounts for nearly 66 per cent of India's annual coffee production, Indian Arabicas have enjoyed a high premium in the international market because of higher quality. The growing domestic demand for quality coffees could possibly make the country a net importer of the arabicas.

(Coffee continued on next page)

### *Coffee (Continued)*

- Coffee exports in 2009 will drop to 180,000-190,000 tons in India due to the challenges faced in production, Coffee Board Chairman G V Krishna Rau said. "Coffee production faces huge challenges mainly on account of climatic changes, increasing cost of production and limitations in technology adoptions", said Rau. In 2008, coffee exports from India stood at 219,583 tons.
- The recession-hit coffee industry will show signs of a revival only from December this year when the new crop arrives in the market, said G V Krishna Rau, chairman, Coffee Board of India.
- Projecting at least 30 per cent dip in coffee exports this year, traders have opposed the new policy of capping the duty incentive on outbound shipment of the bean at 7 per cent from 7.5 per cent earlier.
- The three-day India International Coffee Festival 2009 beginning October 7 in Bangalore will focus on global trends and domestic opportunities. About 500 delegates from over 15 countries, comprising coffee growers, roasters, brewers, exporters and equipment manufacturers are expected to participate in the bi-annual event.
- India's coffee production was likely to reach above 300,000 tons mark by 2009-2010, a member of the Coffee Board of India said. In 2008-2009, the coffee production stood at 262,000 tons while it is expected to reach around 306,000 tons by 2009-2010.
- Café Coffee Day (CCD), the country's largest coffee retail chain, plans to open 12 outlets overseas, mainly in the Eastern Europe over the next three to six months. The company is also exploring markets in China and West Asia to expand its operations.
- Domestic retail coffee chain 'Coffee N U' is planning to launch 50 outlets across India by March 2010 coupled with computer gaming zone 'Oovaa'. The company plans to market its coffee and computer gaming product combination primarily in tier-II and tier-III cities to attract urban youth.
- Barista Coffee Company Ltd is brewing widespread expansion plans in India by adding 100 stores entailing an investment of Rs. 400 mio every year.
- Fresh & Honest Cafe Ltd, a part of the Italian coffee giant Lavazza, is planning to set up a facility in India for the production of coffee capsules.

### *Food Service & Retailing*

- Coffee Day Holdings, the Bangalore-based Rs. 8 bio coffee exporters and retailer, is eyeing a bigger share of the consumer's wallet by enhancing its offerings of meal options by launching 'HungerMood' a new enhanced range of offerings in an effort to be a complete food & beverage player.
- Pizza chain Domino's is planning to launch express counters and facilitate online ordering services in the country.
- KFC has opened its 50th restaurant in India, in Chennai's Anna Nagar.
- Manchester United Food and Beverage (Asia) announced its partnership with Great Moments Hospitality, under which it will set up ten food outlets in the north India by 2010. Under the partnership, the hospitality arm of the world's richest sports club will set up its first outlet in Delhi by the end of this year.
- American food brands have begun to look eastwards in search of franchisees. Six US food brands have evinced interest to form partnerships in Bengal to expand their presence in the Indian market.

(Food Service & Retailing continued on next page)

### *Food Service & Retailing (Continued)*

- Bharti Retail has introduced eight Wal-Mart private labels, including two of its largest—'Great Value' and 'George'—in its supermarket chain Easyday, hoping to attract more consumers with their international design and packaging and more importantly the value they represent. This is the first time that a Wal-Mart private label has been launched in stores not owned by the retailer.
- Lite Bite Foods, which has Dabur's Vice-Chairman Amit Burman as its strategic partner, plans to launch US-based quick service restaurant Pollo Campero in India by November.

### *Snacks*

- Kolkata-based Hindusthan Sweets has lined up a Rs. 200-mio sweetmeat facility in Kolkata, which would be completed by early next year. "A fully automated 50,000 square feet modern sweetmeat manufacturing facility coupled with a trained workforce following stringent international standards and compliances is the first step towards targeting the America and Europe which are still virgin markets for Indian sweetmeats", said Rabindra Kumar Paul, director, Hindusthan Sweets.
- Sharad Chauhan-led Parle Products, a dominant player in biscuits and confectionery, has filed a fresh case against Prakash Chauhan-owned Parle Agro, makers of Frooti and Appy, in the Bombay High Court. This time, Parle Products has objected to Parle Agro using the 'Parle' trademark for its foray into snack foods with its Hippo brand.
- Surya Food and Agro has launched the premium Italiano range of cookies.
- After wooing customers with its range of pizzas, Domino's Pizza India Ltd is introducing pasta in its menu.
- Cookie Man, the Australian cookie brand, currently clocks almost 27 per cent of its revenues in the country from the non-cookie range, comprising muffins, brownies, ice-creams, pastries, puffs and savoury snacks.
- Government of India has banned import of chocolates and chocolate products from China. The ban was imposed following reports that Chinese dairy products contained traces of melamine.
- Considering the demand for cocoa-based products in the market, Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd is planning to expand the production capacity of various products at its chocolate factory in Puttur of Dakshina Kannada district, Karnataka.
- Godrej Hershey has launched Hershey's Chocolate Syrup in India.
- About 40 companies that account for almost one-third of the organized biscuit market in the country will increase prices by 10 per cent across the board from next month to cope with soaring prices of key ingredients like sugar, milk and milk powder.
- Aiming to reserve 15-20 per cent of its portfolio for vegetarians, Britannia Industries Ltd has launched packaged egg-less fruit cake. Under the brand name of Britannia Veg Cakes, the cakes will be priced slightly higher than the egg cakes and will be launched in chocolate and other flavors soon.

## *Sugar*

- EID Parry completed its expansion plans during 2008-09 and has built up total sugarcane crushing capacity of 19,000 tons a day, along with 100 kilolitre distillery capacity and 85 MW of cogeneration capacity across its sugar mills in various locations. During 2008-09, the company exited its non-core operations including bathroom-ware and seed business to fully focus on sugar and related operations.
- Sugar prices rose to a record level, while the top cane-growing state said weak monsoon rains had damaged the crop more than previous estimates, raising prospects of huge imports by the country.
- The government allowed, on 31 July, duty-free import of raw sugar without export obligation for further eight months to augment availability of the sweetener in the domestic market. The Centre also gave permission to private trade to import refined sugar at zero-duty, which was so far restricted to public sector trading firms STC, MMTC and PEC. However, the 1 mio tons quantitative restriction remains on the import. Duty-free import of white sugar will be allowed till November 30, 2009.
- The Centre has extended the period of duty-free import of raw sugar till December 2010 to help mills contract on a long-term basis so that domestic demand is met.
- India is likely to import a record 4.5 mio tons of sugar in 2009-10, a jump of 80 per cent over the previous season, as the sugarcane crop contracted for a second straight year.
- Sugar mills in Karnataka have been asked to defer crushing for the new sugar season commencing October 2009 by one month. The direction, issued by the South Indian Sugar Mills Association (SISMA), comes after early commencement of crushing by a couple of mills in the state. Early crushing will lead to immature cane coming to the mills and a drop in both cane output and sugar recovery by the mills. In view of this, SISMA has asked mills in the state to start crushing for the next season from August 15 in south Karnataka and October 15 in north Karnataka.
- Foreign institutional investors have raised their holdings in top sugar companies like Bajaj Hindusthan, Balrampur Chini and Renuka Sugars to cash in on the sector's improved performance. The purchases were done in the quarter ended June 30. Analysts believe the trend will strengthen in the following quarters as these companies are expected continue their excellent performance.
- India cut down heavily on the quantity of sugarcane used for producing sugar in the 2008-09 season and diverted more than 100 mio tons of the crop for other purposes even as the production of the sweetener recorded a huge shortfall. According to the data maintained by the agriculture ministry, the country produced 271.3 mio tons of sugarcane in 2008-09 season. Of this, the industry estimates suggest about 155 mio tons was used for producing sugar down from over 260 mio tons in the previous year. Incidentally more than 116 mio tons of sugarcane diverted for jaggery production and other purposes could have produced more than 10 mio tons of sugar — an amount which is well in excess of 7 mio tons of sugar shortfall recorded during current season (October-September).
- Sensing a huge profit opportunity in rising sugar prices, which have touched a 28-year high, multinational trading firms are planning to import the sweetener in a big way. At least two such firms confirmed that they had signed contracts to import sugar for sale in the Indian market.

(Sugar continued on next page)

## *Sugar (Continued)*

- Chennai-based Dharani Sugars & Chemicals (DSCL) part of PGP group is bullish on expanding its 20 year old sugar business. It plans to advance the commissioning of its third plant in Tamil Nadu by two months in view of the prevailing shortage in the market.
- It will be an all-out war between sugar mills and gur and khandsari units in Uttar Pradesh this year. As production of sugarcane is expected to be at an all-time low due to a gradual shrinking of the crop area over the years coupled with drought-like conditions in the sugarcane growing belt, the battle is likely to get murkier between the two important components of the sugar industry, with each of them wanting to increase the drawal percentage of cane towards it.
- The spike in sugar prices seems to be resulting in a return to the licence-permit raj. In a throwback to an earlier era of raids and controls, several state governments are understood to have issued 'notices' to food and beverage companies such as Cadbury India, Coke, Nestle, Pepsi, Godrej Hershey's, Hindustan Unilever (HUL) and Coca-Cola among others.
- Biscuit and dairy product major Britannia Industries is planning to import sugar, both raw and refined, on account of the scarcity in the domestic market.
- Any industry or person using more than 10 quintals or 1,000 kg of sugar will be covered under the sugar stocks limit. The users will have to produce a certified copy from a chartered accountant on the average use or consumption of sugar by them. This notification applies to restaurants, halwa makers, sweet manufacturers, large hotels or any unit that consumes more than 10 quintals or 1,000 kg sugar a month as raw material for production or consumption or use. According to the Gazette notification, these units cannot keep, at any time, stocks that exceed more than 15 days of their requirement.
- Some of the country's largest food and beverages companies, such as Coca-Cola, PepsiCo, Britannia, Amul, Nestlé and Cadbury, are taking steps to avoid a shortage of sugar after a government ban on stocking the commodity beyond 15 days' requirement comes into effect from September 12.
- The government has prescribed a time limit of four weeks for bulk consumers to bring down their sugar stock to 15 days' requirement. The directions were issued by the ministry on August 22. Thus, the stock limits will take effect from September 19.
- The sugar consumption of India — the world's largest consumer of the sweetener — is estimated to have reached 23.3 mio tons in 2008-09 season (October-September) from 21.8 mio tons in the previous year, according to official data. As high as 65 per cent of the total sugar is consumed by bulk consumers like food processing units and the remaining is sold through the retail market where prices have reached Rs. 35-40 a kg from about Rs. 16-17 a kg a year ago.
- Bajaj Hindusthan Ltd says that its 0.7 mio tons of imported raw sugar have been contracted at an average 18.1 cents a pound or USD 399 a ton ex-Brazil. The landed cost of this sugar in India (Kandla port) comes to USD 466.6 or Rs. 22,863 a ton. To this, one has to add port handling and internal transport charges of Rs. 2,000 and conversion costs of Rs. 3,000 (average of in- and off-season). The ex-factory cost of the resultant white sugar would, thus, be nearly Rs. 28,000 a ton. On an average realisation of Rs. 32,000 a ton this translates into an earnings before interest, tax, depreciation and amortisation of Rs. 4,000 a ton.

## *Oils*

- India's oilmeal exports have seen a whopping 60 per cent year-on-year decline due to the impact of the global economic recession and non-availability of adequate meal. Exports during the four months ended June 30, 2009 were placed at 0.76 mio tons and that compared with 1.9 mio tons during the same period in the year-ago period.
- Rice bran oil manufacturers in the country, A P Solvex Limited from Punjab and Sethia Oils Limited of West Bengal, plan to set up jointly an oil extraction and refining plant in Indonesia with an investment of Rs. 300 mio.
- India's edible oil imports are expected to breach the 8-mio ton mark, up 27 per cent, from 6.3 mio tons in a year-ago period, said Solvent Extractors Association. Oil year runs from October to September.
- Import of edible oils during the third quarter (May/July 2009) of the oil year 2008-09 rose 39 per cent at 2.127 mio tons over 1.526 mio tons in the same period last year, according to Solvent Extractors' Association of India.
- Dalmia Continental Pvt Ltd. has launched Leonardo Gold, a deluxe, premium extra virgin olive oil. A 100 per cent Italian oil, it is supposed to have the perfect aroma and flavor.
- Olive oil consumption in India was around 1500 tons in 2006. It increased to 2300 tons in 2007, and owing to the promotional drive of the International Olive Council coupled with efforts from the Indian Olive Association the consumption is set to soar to 25,500 tons by 2010.
- The Government has extended the ban on the export of edible oils till September 2010, a move aimed at boosting domestic supply.
- Bunge India has re-launched its brand Dalda. The re-launch comes as part of the company's efforts to change the perception of the brand as purely vanaspati brand. The brand was re-launched with a new logo and given a new identity with a focus on edible oils with healthier proposition.
- The newly introduced excise duty seems to have spoiled the plans of big companies Marico, Shalimar, KLF etc to cut retail prices of coconut oil. The duty of 8.2 per cent has been slapped on coconut oil of 200 ml and below used mainly for cosmetic purposes.
- Saurashtra Oil Millers Association has forecast groundnut production of 1 mio tons for the fiscal 2009-10, which is almost 0.7 mio tons less compared to last year production in the state of Gujarat.
- Even as arrivals of soyabean have begun in markets, solvent extractors in the country fear that the kharif oilseeds crop could be 1.0-1.5 mio tons lower than last year.
- Groundnut shipments nosedived 94 per cent to the European Union (EU) in the first five months of the current financial year on strict quality norms adhered by exporters to uplift Indian commodity to global standards. During the five-month period ending August, total shipments of groundnut to the EU fell to 758 tons as compared with 12,051 tons in the corresponding period last year.
- India, the biggest vegetable oils buyer after China, may import record volumes for a second year after a drought in almost half the country damaged oilseed crops, a processors' group said. Purchases in the year starting November 1 may rise as much as 6 per cent to 8.5 mio tons, Ashok Sethia, president of the Solvent Extractors' Association of India.

## *Food Additives*

- Robust trend in bean prices triggered by a global shortage of cocoa has prompted some southern states to spread the cultivation to more areas. The area under cocoa cultivation in Tamil Nadu has been surging ahead in the last few years. Karnataka too is going in a big way to increase cocoa cultivation. Andhra Pradesh is currently leading in the land set aside for cocoa cultivation. The odd one out is Kerala where the land for cocoa farming has remained stagnant over the years though the state has the highest production.
- Anil Products Ltd, a manufacturer of starch-based products for textile, pharmaceutical and paper industries, is foraying into the food starch market with an investment of Rs. 500 mio. Targeting the farm-to-fork value-chain with a range of modified food starches, it would double its manufacturing capacity to 200 tons per day at its plant in Ahmedabad in the next one year.
- Guar futures prices are expected to remain higher in the short term due to a sharp decline in the acreage under guar in the major producing states, mainly Rajasthan, amid lower stocks. Total sown area in Rajasthan till July 21 is at 1.043 mio hectare over 1.439 mio hectare achieved in same period last year, according to government figures.
- Online commodity exchange NCDEX has drawn up plans to start spot trading in Guar seed and Castor seed in this Kharif season.

## *Spices & Flavors*

- With vanilla prices failing to achieve sustainable levels despite efforts to increase domestic consumption and exports, farmers are losing hope. Area under vanilla farming has dwindled by almost 30-40 per cent from the high of 5,500-5,800 hectares (ha) and is likely to fall further due to unviable prices. Spices Board maintains that vanilla farming is done in less than 5,000 ha, while sources at Vanilco, a farmers' organisation, say that the area under farming has come down to less than 1,000 ha with farmers abandoning or neglecting the vines.
- Spices exports declined 19 per cent in volume and 12 per cent in value during the first quarter of this fiscal compared with the same period a year ago. Exports of pepper, chilly, cumin, vanilla, mint products, spice oils and oleoresins declined both in terms of volume and value compared with the same period last year. The decline in export of chilli was mainly due to the withdrawal of Pakistan from the market.
- The plantation sector in Kerala, mainly the cardamom and cloves estates in Idukki and Kollam districts, has been facing an acute shortage of labour in recent years. Farm workers were brought from Tamil Nadu until recently. But, from last year, they are not coming despite the wages in Kerala being higher. The reasons given are availability of work in their villages under the National Rural Employment Guarantee Scheme; provision of rice at Rs. 2/kg and a food kit at Rs. 25 under the Tamil Nadu Government's various schemes; and good rains in recent years which have resulted in increased agricultural activities.
- Asian countries have ended the monopoly of the US and European nations as the largest buyers of Indian spices. The increase in consumption has come from the Asian countries such as Malaysia, China, Sri Lanka, Pakistan, Bangladesh etc. Saudi Arabia and UAE in West Asia have been good buyers of Indian spices traditionally. Both East Asia and West Asia together accounted for 66 per cent of the spice export volumes, with the latter having a share of 46 per cent in 2008-09.

(Spices & Flavors Continued on next page)



### *Spices & Flavors (Continued)*

- Price of mentha oil, which is used by pharmaceutical units and confectioneries, has risen 18 per cent in a fortnight (dated 12 Aug) with exporters accumulating stocks. In Chandausi spot market, mentha rose to Rs. 600 per kg from Rs. 505 on July 27, while MCX August futures moved up from Rs. 475 per kg to Rs. 560.
- Cashing in on the growing demand for value-added spices as a result of changing lifestyles across the globe, India exported more curry powder and curry paste in April-July 2009, despite recession prevailing in many countries. Having experienced no dent in demand for ready-to-use spices even at the time of recession, curry powder and curry paste exports from the country increased 13 per cent to 5,125 tons during the first four months of 2009-10 as against 4,525 tons in the corresponding period last year.
- Cardamom output may fall 15-20 per cent this season due to delayed monsoon. Plantations in Kerala were devoid of showers during June, resulting in a drought condition that hampered the crop output.
- Prices of nutmeg and mace almost doubled in the last 10-12 weeks as the market is facing a serious supply crunch due to low production this season. Price of shelled nutmeg increased to Rs. 180 a kg from Rs. 100 a kg in mid-June. The price of unshelled nutmeg edged up to Rs. 300 a kg from Rs. 170 a kg. (18 Sep)

### *Foodgrains*

- Area under paddy cultivation in Kerala has been on a steady decline over the years despite rice being the main foodgrain in the State. The total area under paddy in 1961-62 was 0.753 mio hectares, which went up to 0.876 mio hectares in 1975-76. Since then, there has been regular fall in the area, which reached 0.229 mio hectares in 2007-08.
- Private traders will import about 0.4 mio tons of pulses in the next three months to cater for domestic supply in view of shooting prices of the commodity according to the Pulses Importers Association.
- Over the last couple of seasons, Iran, along with neighbour Iraq, has emerged prime favourite with Indian basmati exporters for several reasons. One, Iranians buy large quantities of parboiled Pusa 1121. With its own farming in doldrums, Iran is increasingly dependent on the world market to supply it long grain aromatic rice.
- India may produce 30 per cent less rice this kharif season at close to 60 mio tons even if the monsoon revives this month partially offsetting the huge deficit in sowing areas of the crop, say rice millers. India produced 84.58 mio tons of rice in the 2008-09 kharif season. (12 Aug)
- Kharif paddy acreage continues to trail significantly behind last year's levels. According to the Agriculture Ministry's latest Crop Weather Watch Report, released here on Friday, farmers have so far planted 30.872 mio hectares under paddy, down 6.235 mio hectares from the 37.107 mio hectares covered during this time last year. (12 Sept)
- The Centre hiked up the minimum support price or floor price for paddy by Rs. 100/qtl and pulses by up to Rs. 240 a quintal. The hike in support for paddy for the current marketing year (2009-10) is up by 11.76 per cent to Rs. 950/qtl and Rs. 980/qtl for Common and Grade A varieties.
- India could be inching towards becoming a net rice importer by 2020, an Assocham study has warned. Rice Report of 2009, brought out by The Associated Chambers of Commerce and Industry of India (ASSOCHAM) warns that India might become a net importer of Rice by 2020 in case it fails to maintain 1.75 per cent per annum growth in its yield for next 10 years.

(Foodgrains Continued on next page)

### *Foodgrains (Continued)*

- The overall output of agricultural commodities in the ensuing rabi (winter) season is likely to surpass the total output in the ongoing kharif (autumn) season for the first time since the last drought in 2002-03. When the monsoon is normal, rabi crops, led largely by wheat, rapeseed and mustardseed, contribute 40 per cent, while kharif crops, led by rice and soybean, share 60 per cent of agriculture's 17 per cent contribution to the gross domestic product.
- Government of India has slashed the minimum export price on basmati shipments from USD 1,100 to USD 900 a ton. The notification imposes the additional condition that foreign commission up to 12.5 per cent is to be allowed for computation of MEP and any discount/commission in excess of 12.5 per cent will not be allowed for calculation of MEP.
- The blanket ban on export of non-basmati rice is having an adverse impact on the organic paddy farmers in Kerala, according to the Vadakkenchery Padasekhara Samithi, an organisation of organic farmers.
- Various states have imposed limit on stocks of pulses that a trader can build, to curb hoarding and check rise in prices, which have surged by up to 50 per cent in just four months.
- India's corn exports may drop sharply or even grind to a halt as the country's worst monsoon in nearly four decades threatens to decimate output, prompting New Delhi to scrap an export subsidy.
- Basmati exporters are trying to fend off fresh threats to their business with Iran. The threats are being fuelled by media reports in Iran that the rice varieties, especially the Pusa 1121 variety, was genetically modified, chemically treated and harmful to health.
- Recent rains have not only raised hopes of improved rabi harvest mainly of wheat, but could also help in salvaging the standing coarse cereal crop like maize. According to the Directorate of Maize Research the rains will aid in reaching last year's production of around 18.5 mio tons. (17 Sept)
- Indian exporters are currently contracting basmati rice at USD1,200 a ton, about 9 per cent higher than last year, following increased demand for superior varieties of the grain.
- Roller flour mills in the country are weighing the option of importing wheat as its prices have dropped sharply in the global market.
- Rajasthan may witness bumper bajra output this year as farmers sowed this crop, which needs less water for sustenance, in 50 per cent more areas this year after the major producing state witnessed deficient rains in the start of this season.
- Maize scientists plan to promote production of seeds of single-cross maize hybrids to boost the output of the nutritious and versatile coarse cereal for domestic consumption and exports. Several single-cross maize hybrids have been developed recently by the government agencies and are suitable for cultivation in different agro-climatic regions of the country. The technology for producing seeds of these hybrids can be easily taught to farmers.
- Considering cumulative rainfall from June to September, expected retention of moisture in soil between October and December, and recharge in the ground water level, the agriculture ministry expects no major dip in the coverage of food crops in the coming rabi season.

## *Fruits & Vegetables*

- Good crop in Pakistan has dented demand for Indian onion dragging the export of the farm from this country down by about 24 per cent in July. Worse still, the neighbouring nation is now exporting onion to Dubai and some other destinations which had imported heavily from India in the last fiscal.
- Export of coconut and coconut products is all set to shoot up following granting of export promotion council status to Coconut Development Board.
- Supply crunch in cashew producing nations has caused a decline in cashew exports during the first quarter of the current fiscal. Shipment has fallen in volume terms by 15 per cent and in value terms by 11.5 per cent, when compared to the performance of the same period of the last fiscal.
- Several farmers in Kerala have, of late, switched over to high-value tree fruits of Malaysian origin such as rambutan, durian and mangosteen which they find lucrative, once they start yielding after 4-10 years, without spending much on inputs.
- Export of cashew kernels continued to drop on weak demand due to the economic slowdown in the major consuming countries, mainly the US. Shipments during April-July fell to 36,084 tons from 42,426 tons during the same period last fiscal. There has been a drop of Rs. 1.617 bio in terms of value. The average unit value remained at Rs. 266.94 a kg.
- Maharashtra, the country's top banana producer, has begun exports of the fruit. Maharashtra State Agricultural Marketing Board has established three banana export facility centres at Savada in Jalgon, Vasamat in Hingoli and Indapur in Pune district.
- The production of almond in the country is likely to remain stagnant at 1,200 tons in 2009-10, while the world's output is forecast to dip by 13 per cent in the same period, a report said.
- India, which exported mangoes to the US in 2007 after a 17-year-long ban, will now export fresh litchi to US for the first time. Export may begin in the next summer season.
- Kerala is seeing a steady decline in the production of coconuts even as neighbouring States like Tamil Nadu are fast catching up with it both in terms of production and productivity. The production, which peaked at 6,326 mio nuts in 2005-06, declined to 6,054 mio nuts in the following year and again to 5,641 mio nuts in 2007-08, according to the latest data on agricultural production released by the Economics and Statistics Department of the State Government.
- Projecting a drastic fall in the exports of mandarin oranges from China, the Export Import Bank of India has expressed confidence that Sikkim, where mandarin oranges are abundant, can take steps to fill this void in the global market.
- Arecanut prices in India have been hit by escalating imports, which have pushed down demand for local varieties particularly the white arecanut. With lifting of restriction on import of arecanut, flow of arecanuts from countries like Indonesia has gone up. Gutka and pan manufacturers are mixing imported arecanuts with the superior domestic variety.
- An agriculture university in Gujarat has come up with a novel technique to convert the waste of the banana plant into various useful products, including an edible candy with nutritional values. Navsari Agriculture University (NAU) professors have developed edible candy high in fibre and nutrition and made out of central core of plant pseudostem. The other products include fibre for textile and paper industry and organic liquid fertilizer.

(Fruits & Vegetables continued on next page)

### *Fruits & Vegetables (Continued)*

- India's export of plantation products in value terms could rise this year because of a global shortage of plantation crops.
- Cashew exports continue to remain flat and lower as buyers have reduced their forward covering to six months from the usual practice of one year. With sellers refusing to lower their prices, trading during the important month of September has been low and quiet.
- Arecanut growers in the country can heave a sigh of relief as it has been placed in the negative list of commodities in the free trade agreement signed with Asean on August 13.
- Pineapple may become yet another good revenue earner for Kerala after plantation crops with the recent granting of geographical indication (GI) status to Vazhukulam pineapple.
- There's a global shortage of raisins (dried grapes) since the leading producer, Turkey, had unseasonal snow last year which meant there was no flowering, hence fall in grape production. The other major raisin producing country, Australia, has switched to wine grape production, thus creating a demand. However, India is not expected to benefit greatly. The three districts of Sangli, Solapur and Bijapur, the first two in Maharashtra and the last in Karnataka, are the main producers of the 80,000 tons or so of raisins produced in the country. Maharashtra's two districts suffer from a lack of irrigation and power, preventing them from taking advantage of the global demand, according to a grape grower and raisin maker from the region.
- India has emerged as the fourth largest importer of California almonds with inward shipments rising by nearly 20 per cent in FY09 compared to 2007-08. According to the Almond Board report, India has grown to become the fourth largest export market for California almonds after Spain, Germany and China. Shipments to India rose by 19.6 per cent to 39,462.5 tons in 2008-09 and that compared with 33,000 ton in 2007-08, the report said.
- Almond imports to India over the next two years will grow at an incredible pace, propelling the country as second largest importer of californian almonds from the fourth position, it currently occupies, as per Almond Board of California.

### *Biotech*

- The government's move to commercially launch the first Genetically Modified food crop – Brinjal would have to wait for few months. Genetic Engineering Approval Committee (GEAC) has now asked National Centre for Agricultural Economics and Policy Research, an Indian Council of Agricultural Research affiliate institute to conduct an exhaustive socio economic impact assessment.
- There seems to be a competition among ministries in India about setting up of an autonomous regulator for genetically modified products replacing the existing Genetic Engineering Approval Committee (GEAC) which is presently functioning under the Union ministry for environment and forests.
- The agriculture ministry has okayed Monsanto India's plan to do business in genetically modified material. The move would be a step forward for the company which wants to integrate its agro-chemical business in India with its US parent's seed business.

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