



IndiaLive

LIVESTOCK, DAIRY, MEAT, POULTRY & AQUACULTURE DIGEST

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Food Industry Overview

- Indian economy would grow to USD 1.72 trillion in 2011-12, moving closer towards the USD 2 trillion mark, according to an assessment by the Prime Minister's Economic Advisory Council. The country's gross domestic product (GDP) at the market and current prices was measured at USD 1.31 trillion in 2009-10 and is estimated to be USD 1.52 trillion in the current fiscal.
- India's economy is on track to grow 8.5 per cent in the current fiscal year to end-March, Finance Minister said. The economy grew 8.8 per cent in the quarter through June, its fastest pace since December 2007.
- Planning Commission has said growth in the agriculture sector this fiscal would be as high as 5-6 per cent, which would help the economy to surge by 8.5 per cent as projected by it earlier.
- India's GDP is expected to grow at 9.2 per cent in FY11 on the back of spurt in economic activities, Centre of Monitoring Indian Economy said.
- Foreign direct investment in the food processing sector witnessed a 175 per cent growth during 2009-10 to USD 279.33 mio. In 2008-09, the foreign inflows were USD 102.64 mio.
- India and Argentina have signed an agreement to develop technical and professional cooperation in the agricultural sector and foster the trade of plants and animal products between the two nations.
- India, looking to launch a second green revolution to boost its food security, has begun looking at distant South America where countries have been able to ramp up food production with new technology and farming methods. And to take lessons first-hand, Agriculture Minister Sharad Pawar will visit Argentina, Brazil and Mexico in September.
- Some African countries are offering land on lease for 99 years for free to overseas farmers and India should grab the opportunity, industry body Assocham said. Assocham has sent a proposal to the External Affairs Ministry to consider tapping the emerging agricultural opportunities in Africa.
- Zambia's ministry of foreign affairs said that Indian farmers were interested in investing in the 155,000-hectare Nansanga model farm bloc, where the government had built roads and dams to attract investors to grow export crops.
- The US has said it is exploring all options, including legal tools, to force India to open up its agriculture market, especially the dairy sector.
- India will soon implement the free trade agreement in goods with two more Asean countries -- Indonesia, Cambodia -- by slashing duties on hundreds of products including seafood. In turn the two countries will also slash import duties on hundreds of Indian goods.
- Indian organic industry is aiming to up its total turnover, including exports, from Rs. 6.75 bio to Rs. 40 bio by 2012, a senior ICCOA (International Competence Centre for Organic Agriculture) official said. The vision for the organic sector is to bring 2 mio of hectares (around 1.5 per cent of agricultural land) under certified organic farming by 2012 from 1.2 mio hectares.

(Food Industry Overview continued on next page)

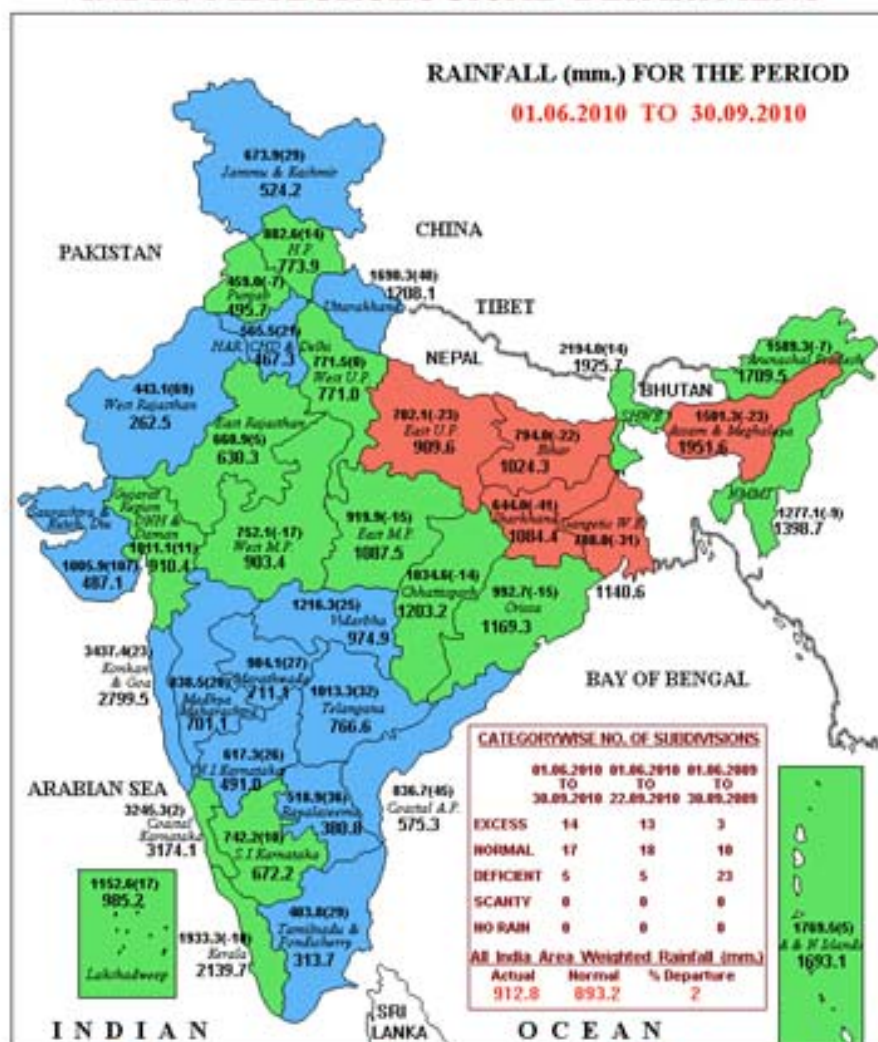
Food Industry Overview (Continued)

- Area under organic farming in India is likely to grow over ten-fold to ten mio hectares in the next five years on buoyant domestic market and increased farmers' interest to ensure sustained yield at lower costs. International Competence Centre for Organic Agriculture President said that Indian organic product market is currently pegged at Rs. 15 bio.
- The government has decided to cap the number of national commodity exchanges at eight to foster sustained growth of the commodity futures market. At present, four national exchanges – MCX, NCDEX, NMCE and ICEX – are operating at national level, while the remaining two – Ahmedabad Commodity Exchange (ACE) and the Universal Commodity Exchange (UCE) – are yet to be launched.
- The commodities futures market is poised to get an independent regulator. The government has decided to designate the Forward Markets Commission as the regulator for this market. This market is now bigger than its equities counterpart.
- Ice-cream, microwave ovens, mineral water and dish antenna are among 241 new items in the basket of commodities making up the official wholesale price index in a bid to reflect changes in India's price line and consumption pattern better. Commerce and Industry Minister unveiled the new index that is used as the main indicator of India's underlying inflation, as also the rate of change in the wholesale prices of commodities. 2004-05 will be the new base year.
- The Government will be signing Free Trade Agreements with the European Union, Japan and Malaysia in the next few months, a Commerce Ministry official said.
- Punjab's first mega food park, which will involve capital infusion of up to Rs. 1.50 bio, would be developed at Fazilka in Ferozepur district by a consortium led by agro unit International Fresh Farm Products.



Children playing in a flooded street in some town of India

भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+15% TO -15%) ■ DEFICIENT (-20% TO -55%)
■ SCANTY (-60% TO -95%) ■ NO RAIN (-100%) NO DATA

NOTES:

(a) Rainfall figures are based on operational data.
 (b) Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
 Percentage Departures of Rainfall are shown in Brackets.

Cumulative rainfall in various parts of India during the four months of monsoon

Dairy

- Maharashtra Government is planning to expand the production capacity of Aarey dairy (in Mumbai) by 0.75 mio litres daily.
- India's milk production grew by 3.3 per cent to 112 mio tons in the last fiscal. Per person availability of milk in the country was 258 grams per day in 2008-9 in comparison to 252 gms a day in 2007-08, Minister of Food Processing Industries informed the Lok Sabha.
- Milk prices have increased by up to Rs. 7 per litre in the four metros during last three years due to rising production costs, Parliament was informed. Wholesale price index (WPI) of milk has increased by 19.03 per cent in last one year. Prices of milk have been increased due to increase in cost of production.
- The controversy surrounding the acceptance of BM Vyas' resignation seems to have finally come to an end with the board of Gujarat Co-operative Milk Marketing Federation unanimously approving the resignation of Mr. Vyas, Managing Director.
- Unlike predecessor Verghese Kurien, father of the White Revolution in India, Parthi Bhatol refused to succumb to pressure and quit as chairman of the Rs. 8,005-crore Gujarat Cooperative Milk Marketing Federation, which markets and owns the Amul brand. Bhatol, 64, single-handedly thwarted a no-confidence motion against him by 10 out of 13 members of the highly-politicised GCMMF board. He continues as chairman of India's largest food marketing organisation.
- Gujarat Cooperative Milk Marketing Federation (GCMMF), which owns and markets the Amul brand of milk and milk products, announced a record sales turnover of Rs. 80.05 bio. Last year, the turnover was Rs. 67.11 bio. GCMMF has registered a growth of 19.3 per cent. Of its various products, the Federation saw sales growth of 46 per cent in Masti Dahi; ice-cream sales rose by 22 per cent; Amul Cheese sales increased by 20 per cent and fresh cream registered a growth of 39 per cent. GCMMF's Ultra high temperature (UHT) milk also grew strongly at 14 per cent, along with beverage and chocolate sales, which grew by 25 per cent and 30 per cent, respectively. The Federation achieved sales growth in pouch milk by more than 21 per cent and in value terms by 32 per cent from existing markets only. GCMMF has achieved number one status in pouch milk sales in Delhi this year.
- The aggressive retail expansion drive launched by GCMMF has lost momentum. Amul could add only 700-800 retail parlours in fiscal 2009-10, which was a marked slowdown from the previous year's addition of 2,000 outlets. As a result, the total number of operational Amul Preferred Outlets (APO) is only 5,000, which is exactly half the original target of having 10,000 retail outlets.
- Domestic dairies, particularly those in the commodity / ingredients business, are staring at huge losses following a monsoon-led rebound in milk supplies and crash in product prices. Dairies across the country are currently estimated to be procuring at least 5 mio litres per day more milk compared to last year at this point of time.
- Nestle India has slashed the price at which it buys milk from farmers in Punjab in a summer of record supply. Nestle is the biggest buyer of milk in Punjab. Nestle India processes over 0.9 mio litre milk per day at its Punjab unit, followed by Milkfed at 0.8 mio litre per day, Glaxo SmithKline at 0.3 mio litre per day and Wockhardt at 0.25 mio litre per day.

(Dairy continued on next page)

Dairy (Continued)

- National Dairy Development Board (NDDB) will hold a buffer stock of surplus imported milk powder and milk fat to carry over into the next lean season. A decision to this effect was taken in view of recent reports from some states that the milk availability situation had improved and surplus milk was available in the organized market due to a good monsoon.
- National Dairy Research Institute (NDRI) has succeeded once again in producing a cloned buffalo calf — the world's second. Earlier NDRI had produced the world's first cloned buffalo calf on 6th February, 2009.
- The world's largest farmers cooperative Iffco is negotiating with two global players for setting up an integrated dairy in its upcoming food-processing SEZ at Nellore. The proposed dairy envisages an investment of Rs. 10 bio.
- Nestle India plans to enter the mass segment of infant milk-based nutrition through low-priced products.
- Hatsun Agro will focus on growing its dairy-ingredients business in the domestic market. Dairy ingredients, including milk powder, milk fats, dairy whitener and butter accounted for about Rs. 3 bio of its total turnover of about Rs. 11.4 bio in 2009-10. Sale of branded milk brought in Rs. 7.62 bio and ice cream Rs. 750 mio. Hatsun's exports, primarily consisting of dairy ingredients, were down to Rs. 460 mio against Rs. 1.90 bio in the previous year.
- Baskin-Robbins wants to penetrate deeper and denser into India. It's targeting to grow 30 per cent this year. While it wants to expand the number of outlets in cities it is already present, covering pockets where it is not there, the chain is also planning an aggressive roll out in a large number of Tier II and III cities.
- Coca-Cola India has entered into the dairy drink market in the country. Maaza Milky Delite, a new branded mango-milk drink, has been launched by the company in some parts of the country as part of a phased country-wide marketing programme.
- The Rs. 5-bio Parag Milk Foods is planning to enhance its distribution by launching its own stores to sell its range of dairy products. It has decided to float a separate company for its retail operations, which will be through a franchise network much along the lines of what dairy major Amul has done in the past.
- Parag Milk Foods is planning a South Indian foray with its milk brand, Gowardhan. Before the end of this month, Gowardhan will be available in Karnataka and Tamil Nadu.
- Yakult Danone, which launched its probiotic drink in India three years ago, is considering bringing its other probiotic foods such as Yakult Light or yogurt into the country. The 50-50 joint venture between global foods major Groupe Danone and Yakult Honsha of Japan was formed in 2005 to manufacture and sell probiotic products in the Indian market.
- Kwality Dairy, which has clients like Mother Dairy, Nestle and HUL has launched Dairy Best Ghee.
- A year after the ambitious 'Dhoodh ganga' project funded by the National Bank for Agriculture and Rural Development (NABARD) was sanctioned to Himachal Pradesh, the state is all set for a white revolution over the next three years. Once the project is completed, milk production in the state is expected to go up to 35 mio litre annually.

Meat & Poultry

- Poultry farmers across India are seeing a golden goose, after the defence ministry said the country's 3 mio-strong armed forces can look forward to an extra egg in their daily ration. Delighted poultry companies have already begun drawing up big expansion plans in a race to corner this Rs. 2.50-bio opportunity as the Forces get set to consume nearly 5 per cent of the total eggs sold daily in the country. India produces around 140 mio eggs daily. The per capita egg consumption in India is 43 eggs a year, which is much lower than the world average of 124 eggs.

Aquaculture

- Significant buying of shrimps by Japan has helped Indian seafood sector register a good growth during the first quarter of 2010-11. After trailing during the first two months of 2010-11, exports were up by 5.6 per cent in volume and 7.6 per cent in rupee terms during the April-June 2010-11 period. Dollar realization was higher by 19.5 per cent for the period at USD 451 mio as against USD 377.64 mio during the first quarter of last fiscal.
- Karnataka Fisheries Development Corporation (KFDC) is planning the expansion of its retail fish outlets in the State. KFDC aims to develop around 50 air-conditioned retail fish outlets in various parts of the State in the near future.
- Maharashtra government is planning to invest about Rs. 700 mio in upgrading the infrastructure at the 184 fishing jetties and small ports along the coast.
- With the objective of obtaining greater credibility and confidence for Indian seafood products in the international markets, the Marine Products Export Development Authority (MPEDA) has launched its export quality logo. Nila Seafoods of Tuticorin has become the first Indian manufacturer-exporter to be awarded the MPEDA quality logo.
- The marine sector is now included in the zero duty list of the Export Promotion Capital Goods (EPCG) scheme. The latest foreign trade policy review has extended this benefit to this sector as capital goods import is very essential for the up-gradation of the processing units in order to meet the quality standards set by the European Union and the US. The sector has to export five times of the waived import duty within a period of eight years.
- Matsyafed will open 30 hi-tech Matsya fish marts in various parts of the State of Kerala within two months.
- National Fisheries Development Board, Hyderabad, is offering hefty subsidies, as high as 40 per cent, for innovative fisheries units and projects such as sea bass culture and vennami culture.

Milk & Dairy Products in India – Production, Consumption & Exports

Thoroughly Revised Second Edition – September 2009

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- Contact details of all major dairy companies
- Holistic view taking all factors into account
- Projections for next five years

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Who will find this report useful?

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- Traders / manufacturers / users of lactose
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