



# IndiaLive

LIVESTOCK, DAIRY, MEAT, POULTRY & AQUACULTURE DIGEST

December 2011 / January 2012



## Contents

- [p.1](#) Food Industry Overview
- [p.4](#) Dairy
- [p.7](#) Poultry
- [p.9](#) Aquaculture
- [p.10](#) Key Statistics of Indian Dairying
- [p.11](#) SWOT Analysis of Indian Dairy Industry
- [p.12](#) Dairy Industry in India at a Glance

*IndiaLive* is published every 2 months by:

**Hindustan Studies & Services Ltd.**

**Anil Chawla & Associates**

MF-104, Ajay Tower, E5/1 (Comm.)  
Arera Colony, Bhopal – 462 016, India

[info@hindustanstudies.com](mailto:info@hindustanstudies.com) [yogita@hindustanstudies.com](mailto:yogita@hindustanstudies.com)

<http://www.hindustanstudies.com>

<http://www.indialegalhelp.com>

*IndiaLive* is sent free by e-mail to all those who choose to receive it.

FOR PRIVATE USE ONLY

## *Food Industry Overview*

- The leading research firm Centre for Monitoring Indian Economy (CMIE) has scaled down its GDP forecast by a notch to 7.8 per cent for this fiscal from the earlier forecast of 7.9 per cent. Earlier, the Reserve Bank had also reduced its forecast for real GDP growth sharply from 8 to 7.6 per cent. The rating agency Crisil has also revised its growth estimate from 7.7-8 per cent to 7.6 per cent.
- Rating agency Icra has joined rest of the forecasters to peg down economic growth to 7.3-7.5 per cent from 7.5-7.7 per cent projected earlier, besides pegging Q2 GDP numbers at 7 per cent, following the overall contraction in growth indicators.
- Morgan Stanley says it sees India's GDP growth decelerating to 6.9 per cent in 2012 from an earlier estimate of 7.4 per cent.
- International financial conglomerate Citigroup has revised its 2011-12 growth forecast for the Indian economy downward to 7.1 per cent from the earlier estimate of 7.6 per cent on account of the global slowdown and domestic factors like a tight monetary policy.
- Attributing the decline in second quarter GDP to slowdown in investment, the Planning Commission said the economy would rebound during January-March but the growth rate this fiscal would be 7-7.5 per cent.
- India's economic growth in the current fiscal year ending March 2012 is expected to be around 7.5 per cent, as the growth in fourth quarter will be better than the 6.9 per cent growth logged in the second quarter, the chief economic adviser to the finance ministry said.
- International financial conglomerate Citigroup revised its 2011-12 growth forecast for the Indian economy downward to 7.1 per cent from the earlier estimate of 7.6 per cent on account of the global slowdown and domestic factors like a tight monetary policy.
- Crisil Research has lowered India's GDP growth forecast for 2011-12 to 7 per cent, from its earlier October estimate of 7.6 per cent.
- Per capita income in the country rose to over Rs. 54,000 in 2010-11 from Rs. 18,450 in 2001-02. "The per capita income at current prices has registered an annual average growth rate of about 12.8 per cent during the (2001-02 to 2010-11) period", Minister of State for Planning said.
- The finance ministry now expects the Centre's fiscal deficit to reach around 5.5 per cent to 5.8 per cent of the GDP this financial year, against a budget estimate of 4.6 per cent. The April-November period of 2011 saw the fiscal deficit reaching 85.6 per cent of the full year budget target, against 48.9 per cent last year, as the gap between its expenditure and receipts widened.

(Food Industry Overview continued on next page)

## *Food Industry Overview (Continued)*

- India and Nepal have inked a revised double taxation avoidance agreement (DTAA) that will, among other things, facilitate sharing of banking information between two countries for better tax administration purposes.
- The Government has announced a new scheme under which a foreign individual, a foreign pension fund or even a foreign trust will be able to invest directly in the Indian equity market. These investors will be called 'Qualified Foreign Investors' (QFIs). The new scheme is expected to be operational from January 15. "This has been done in order to widen the class of investors, attract more foreign funds, reduce market volatility and deepen the Indian capital market", a Finance Ministry statement said. On August 9, 2011, the Government had allowed QFIs to invest directly in domestic mutual fund schemes. These investors can now invest up to USD10 bio in equity schemes, while for debt mutual fund schemes, there will be an additional limit of USD3 bio. There will be no limit for one investor or one scheme.
- Rising inflation, coupled with a new packaging legislation, will make price hikes of packaged foods inevitable, says an executive of ITC's foods division. On one hand the costs of inputs such as raw material, furnace oil and packaging material and even logistics have gone up, while on the other, the new packaging law that bans producers from reducing the quantity inside the packet, will leave them with no choice but to raise prices. This new Legal Metrology Act is likely to come into force from July.
- The Associated Chambers of Commerce and Industry of India (Assocham) has welcomed the notification by the Ministry of Consumer Affairs, Food and Public Distribution on 19 consumer product categories to be sold in standardized pack sizes from July 1. Companies dealing with fast moving consumer goods (FMCG) have often resorted to tinkering with pack sizes during a high raw-material inflationary scenario. Product categories where this regulation may have an adverse impact are biscuits, tea, soaps and detergents. Also, some companies may have to introduce new pack sizes in a few product categories.
- Food inflation fell to a nearly four-year low of 4.35 per cent during the week ended December 3. This is the lowest rate of food inflation since the week ended February 23, 2008, when it stood at 4.28 per cent. Food inflation fell sharply to a six-year low of 0.42 per cent in the week ended December 17 as prices of essential items like vegetables, onion, potato and wheat declined. However, other food products grew more expensive on an annual basis, led by protein-based items. Pulses became 14.07 per cent costlier during the week under review, while milk grew dearer by 11.30 per cent and eggs, meat and fish by 11.56 per cent. Moderating food price levels could mark an end to the current bout of double-digit food inflation that has lasted a record 38 straight months; the longest spell since India's Independence.
- Food inflation turned negative in the year to Dec. 24, at -3.36 per cent, while fuel inflation accelerated to 14.6 per cent, government data showed.
- The government has introduced the much anticipated National Food Security Bill in Parliament. The "landmark social legislation" will guarantee grain at extremely cheap rates to more than half of the population.

(Food Industry Overview continued on next page)

## *Food Industry Overview (Continued)*

- In first week of December, Reserve Bank of India announced a slew of measures to support the rupee and curb build up of speculative positions in the foreign exchange market. The measures include withdrawal of the facility to cancel and rebook forward contracts by resident and foreign institutional investors with immediate effect.
- India and Japan are on course to reach a target of Rs. 1350 bio (USD25 bio) bilateral trade by 2014.
- India's economy will likely grow faster next fiscal year than in 2011/12 because of an improved external environment and a shift in policy focus from containing inflation to growth, a top government adviser said. However, Chief Economic Adviser Kaushik Basu said that public finances were expected to remain under pressure in 2012/13.
- India's economy is likely to grow by an average of between 8 and 9 per cent a year for the next 20 years, a top adviser to the government said, dismissing concerns about the current slowdown.
- India's real GDP is expected to touch USD 2.5 trillion by 2021 as the country's macroeconomic fundamentals, like savings, investments and per capita income, are growing strong, a study has said. At present, the country's real GDP amounts to USD 1 trillion. Industry body PHDCCI -- in its study, 'Growth Prospects of Indian Economy: Vision 2021, Trillion Dollar Growth Opportunities' -- said India's real per capita income is estimated to double from the current level of USD 900 to USD 1,800 by 2021.
- "Foreign Direct Investment (FDI), up to 100 per cent , under the government approval route, would be permitted in single brand product retail trading", a press note by the Department of Industrial Policy and Promotion (DIPP) said. However, in respect of proposals involving FDI beyond 51 per cent, the mandatory sourcing of at least 30 per cent would have to be done from the domestic small and cottage industries which have a maximum investment in plant and machinery of USD 1 mio (about Rs. 50 mio).
- The Reserve Bank of India has agreed to notify foreign direct investment rules in limited liability partnerships, a form of business organization that is popular globally but has not taken off in India. The government had last year allowed foreign investors to pick up stakes in LLPs through the 100 per cent automatic FDI approval route but the proposal did not take effect as the RBI did not notify the rules under the Foreign Exchange Management Act.
- Trade between India and the ASEAN (Association of Southeast Asian Nations) countries is expected to grow to USD 70 bio in 2012, a senior external affairs ministry official said. The trade between India and the ASEAN countries following the Free Trade Agreement for trade in goods reached USD 50 bio in 2011.
- According to a report, titled 'World Livestock 2011', released by the Food and Agriculture Organisation (FAO), world meat consumption is projected to rise around 73 per cent and dairy consumption by 58 per cent by 2050 over the current levels. This will have to be met by large-scale and intensive animal-rearing operations and as of now, there are no technically or economically viable alternatives to achieve the desired levels of production. The existing systems give rise to concerns about their environmental impacts such as groundwater pollution and greenhouse emissions, as well as their 'potential to act as incubators of diseases', says the report.

## Dairy

- Price of skimmed milk powder (SMP), which was ruling at around Rs. 200 a kg in August 2011 dropped to Rs. 180 a kg in November 2011. SMP prices might drop further and stabilise at Rs. 155-160 a kg, Mr. Deb, Managing Director, Metro Dairy Ltd. said. Procurement price of raw milk is expected to drop with the anticipated rise in milk production. "The buffalo calving season falls typically between September-March, so the peak season for milk production is October-March. The increased supply of milk therefore brings down prices to some extent", Mr. Deb said. Buffalo milk containing 6.5 per cent fat and 8.5 per cent solids-not-fat, which was landing in northern dairies at around Rs. 30 a litre, dropped to about Rs. 28.5 as litre by end of November, Mr. Deb said and added that the procurement cost is likely to come down further.
- India's milk production is expected to rise by 4 per cent to 121.7 mio ton in 2011 on the back of rising domestic consumption, United Nation's body Food and Agriculture Organisation (FAO) said in a report. The country produced about 116 mio ton of milk in 2010, FAO data said.
- India continues to be the largest milk producing nation in the world in 2010-11, the National Dairy Development Board (NDDB) said. NDDB's Annual Report for 2010-11 said the country's estimated milk production for 2010-11 is 121 mio tons, close to 17 per cent of world milk production.
- According to a recent study by industry body, Associated Chambers of Commerce and Industry of India (ASSOCHAM), India — the world's largest milk producer -- accounts for around 20 per cent of global milk production, with most of it consumed domestically. The domestic dairy industry is expected to touch Rs. 5000 bio by 2015, with milk output pegged at 190 mio ton at the end of the period, the Assocham study said.
- Even though Andhra Pradesh is the second largest milk producing State in India, (after Uttar Pradesh) the dairy sector in the State still offers significant opportunities for entrepreneurs and farmers to set up units. While the State produced about 11.25 mio tons of milk last year, with an annual growth rate of 6.5 per cent, the State Government, bankers and existing players in this sector feel that there is still a significant gap between supply and demand. The State Government has unfurled a Rs. 62-bio State Milk Mission up to 2015. Banks, prominently Nabard, State Bank of Hyderabad and Andhra Bank, are gearing up to provide easier access to funding for prospective entrepreneurs.
- Swiss FMCG firm Nestle today announced the rebranding of its existing milk and yoghurt products as 'Nestle a+' in India as it looks to ride on the quality plank to drive sales in the country. With the re-branding, the company is looking to accelerate sales growth in the category as the dairy business is becoming a more significant part of Nestle's business.
- Gujarat Cooperative Milk Marketing Federation (GCMMF), which markets the Amul brand of milk, butter, cheese and ice cream, has shot off a legal notice to Nestle over trademark infringement of its dairy brand A+, four days after the multinational rolled out a new brand of milk and yogurt called Nestle a+. GCMMF is the country's biggest dairy firm with a turnover of Rs. 98 bio. The Gujarat-based dairy firm has been selling fortified cheese under the brand Amul A+ for over a year, and high-calcium milk under the label Amul Calci + for almost four years.
- Srinivasa Hatcheries, a BSE-listed company, will diversify into dairy industry and goat rearing in two phases.

(Dairy continued on next page)

## Dairy (Continued)

- Dwarka Milk, one of the largest suppliers of milk in Maharashtra, has tied up with Central Bank to provide cattle loans for farmers. Dwarka will do the due diligence for the bank and issue comfort letter based on which the bank will extend the loan. The company has tied up with top 16 breeders from New Zealand and Australia for supply of cattle.
- In a new consumer-outreach initiative, leading ice-cream maker Vadilal Industries Ltd has chosen 12 hitherto unknown children to be its brand ambassadors. They will be the faces of the company's calendar for 2012.
- Amul is acquiring a national footprint as its dairies are creating farmer cooperatives in West Bengal, Bihar, Madhya Pradesh, Maharashtra and Rajasthan. This allows Amul to increase its total milk volume by 20 per cent and helps farmers in other states receive higher prices.
- Mother Dairy has made its foray into central Uttar Pradesh by launching its operations in Lucknow and Kanpur. Mother Dairy procures about 3.5 mio kg milk per day. Almost 70 per cent is procured from UP, Punjab, Rajasthan, Haryana and MP. To meet the requirement of Delhi and NCR, milk is also procured from Gujarat, AP and Maharashtra. To cut down the transportation cost, efforts are being made to increase milk procurement from northern states further.
- Karnataka, where daily procurement by the Karnataka Co-operative Milk Producers' Federation has crossed 4.5 mio kilolitre, has no plans to procure milk from other states. "There is a huge market in the state where we have a market share of over 80 per cent. The milk demand is annually increasing by 11 per cent", said Karnataka Co-operative Milk Producers' Federation general manager (marketing) D Srinath. "We are currently selling 3.5 lakh kilolitre milk daily to Kerala Milk Cooperative and in the process to sign an MOU with Tamil Nadu to sell 1.25 lakh kilolitre milk daily", he added.
- Tirumala Dairy, the second largest private dairy player in South India promoted by four rural entrepreneurs and backed by the global private equity giant Carlyle, is preparing to set up the country's largest integrated dairy plant involving an investment of Rs. 60 bio. Managing director B. Brahma Naidu said the integrated dairy project with over 20,000 buffalos and cows, milk processing centre, milk power and milk products unit along with a 2MW captive power project would take off during 2015-16. The proposed integrated dairy project will come up near Vinukonda in Guntur district of AP. The project, to generate organic milk through organic farms, will have a capacity of 1 mio litres of milk processing a day.
- State Bank of Hyderabad has entered into a memorandum of understanding with Tirumala Milk Products to provide loans to farmers for dairy activity. According to the agreement, SBH would give loans to farmers who are identified by Tirumala Milk Products Ltd to undertake dairy activity. The loans which are below Rs. 500,000- will also be eligible for a 25 per cent subsidy from the National Bank for Agriculture and Rural Development.
- According to Bihar's Chief Minister, milk production in the state has doubled in six years and the government wants it to go up four times in the next decade. Sudha Dairy is setting up a new plant at Biharsharif at a cost of Rs. 1.20 bio, which would have the capacity to produce about 0.4 mio litres of milk per day. Besides, a plant to produce 30 tons of milk powder per day is also being set up there. The government of Bihar is currently giving 50 per cent subsidy to farmers for purchasing and rearing cattle. Bihar is the only state which is giving about such a subsidy to farmers on purchasing cattle.

(Dairy continued on next page)

## Dairy (Continued)

- Karnataka Cooperative Milk Producers' Federation Ltd (KMF), the second largest co-operative dairy in the country, has launched Nandini GoodLife toned milk in 100 ml tetra packs at a price point of Rs. 4. The new product would be made available to consumers in Karnataka, Tamil Nadu, Andhra Pradesh and Kerala, KMF said in a statement. Packaging their toned milk in TFA packages allows KMF to increase the reach of the product with its lower pricing.
- Milk procurement by dairy cooperatives in the country showed marginal growth of one per cent over the last year with a milk collection of 9.6 mio tons in the current year, informed National Dairy Development Board (NDDB) in its annual report for 2010-11. However, marketing of liquid milk by dairy cooperatives rose by around 4 per cent over the previous year and stood at about 8.2 mio tons in 2010-11, the report stated.
- Milk producers are experiencing declining price realisations on account of rebound in production as well as a post-festive slump in demand. Since Diwali, landed prices of raw milk, containing 6.5 per cent fat and 8.5 per cent solids-not-fat (SNF), in most dairies in the North have fallen from around Rs. 30 to Rs. 24 a litre. Even cooperative unions such as Mehsana affiliated to the Gujarat Cooperative Milk Marketing Federation (GCMMF) are apparently paying farmers now only Rs. 420 for every kg of fat against Rs. 450 till two months ago. For standing full-cream milk with 6 per cent fat and 9 per cent SNF content, it translates into a reduction from Rs. 29.95 a litre to Rs. 27.95. According to industry sources, much of this has to do with the rebound in milk procurement, following a 'dry' 2010-11 that saw prices surge both at the producer and consumer end. GCMMF's member unions paid an average of Rs. 400 for a kg of milk fat in 2010-11 compared with Rs. 337, Rs. 298 and Rs. 284 in the preceding three fiscals. (23 Dec 2011)
- Rolling out the ambitious Rs. 173 bio National Dairy Plan (NDP), that will run for the next 15 years, the National Dairy Development Board (NDDB) is all set to launch the first phase, NDP-I, involving an investment of nearly Rs. 20 bio in the next five years. The first phase of NDP (October 2011-September 2017) is expected to commence in full force in the next couple of months across 14 States of India, possibly heralding a new White Revolution in the next decade. NDP-I aims at a multi-State, multi-pronged, and long-term strategy to increase milk production. Around 400 bulls or equivalent embryos or semen doses of high-fertility pure and jersey pure breeds are being imported into India for nearly Rs. 460 mio. Besides, NDDB will also strengthen the existing semen stations and set up new ones at a cost of Rs. 2.37 bio, Dr Amrita Patel, Chairperson, told reporters. NDP is being undertaken to meet the increasing demand of milk in India. Milk production increased five-fold from 22 mio tons (mt) in 1969-70 to 112 mt in 2009-10, with a domestic per capita availability now being 263 gm a day.
- Ice-creams and gelatos have competition on the menu list. A string of yoghurt chains are entering the country riding on the healthier, guilt-free dessert plank. Red Mango, a US-based yogurt and smoothie brand, has opened shop in Ambience Mall, Vasant Kunj in the Capital. It also announced plans to invest USD 3 mio-5 mio in the country in the next two years. Mr. Rahul Kumar, Managing Director and CEO, Red Mango, told reporters. Red Mango follows close on the heels of Kiwi Kiss, the Canadian yogurt chain which had forayed into India last year with stores in Bangalore and Chennai. Berrylite, the Singapore-headquartered yoghurt brand plans to invest as much as USD 200,000 in India, setting up a chain of outlets this summer. Meanwhile, Cocoberry, the country's first frozen yogurt chain, which opened in February 2009, is in expansion mode. Currently, running 35 outlets and eight cities, it is targeting to grow to 300 outlets and 45 cities over the span of next three years.

(Dairy continued on next page)

## Dairy (Continued)

- According to a Technopak report, Indian packaged yogurt market is estimated at USD135 mio in 2011 growing at a compounded annual growth rate of 18-20 per cent. It is poised to touch USD 260-280 mio by 2015. This includes the frozen yoghurt business as well.
- Dairy major Amul is now eyeing the growing frozen yogurt market in the country. The Gujarat Cooperative Milk Marketing Federation (GCMMF) that markets brand Amul has launched frozen yogurt - a first-of-its-kind product offering from Amul's basket. Amul is set to give foreign brands a run for their money as it plans to launch the new product across 70,000 outlets across the country in the first week of February against nearly 40 outlets managed by the international brands. India's organized ice-cream market is estimated at Rs. 12 bio and Amul currently commands 40 per cent market share. With the launch of this new product under the brand name - Amul Flaavyo - Amul wants to revolutionize the ice-cream market while becoming the "first mover" in this new category among Indian companies. "We are expecting that the frozen yogurt highway would account for 5 per cent of total ice-cream sales", GCMMF's managing director R S Sodhi told reporters. The Amul frozen yoghurt is presently available at select Amul scooping parlours. Amul has a chain of 500 scooping parlours across the country. Initially, the dairy giant has introduced the product at its scooping parlours at Rs. 35 per scoop (against Rs. 100 per scoop charged by international brands).
- Hatsun Agro Product Ltd, the country's largest private sector dairy, has reported a 10 per cent increase in procurement over last year.
- After its success in the packaged foods segment, cigarette maker ITC's branded food division ITC Foods will soon sell milk, cheese and curd, a move that would help the company meet its target of tripling its turnover to Rs. 150 bio by 2016. Analysts estimate the branded dairy segment's size to be at Rs. 350 bio, and growing 20 per cent annually. The company, which makes biscuits and snacks, has started a pilot project at Munger in Bihar where it buys milk directly from cattle owners and processes it into products.
- Britannia Industries has merged the sales team of its dairy portfolio with that of the more established biscuits business to tap new towns and achieve greater bargaining clout with retailers. The integration of dairy with biscuit distribution would expand the reach of Britannia's dairy products manifold without the company actually making substantial investments.

## Poultry

- Coimbatore-based Suguna Poultry Farm Limited (SPFL), one of the largest producers of poultry broilers in the country, is planning to set up a ready-to-eat chicken products plant in Bangalore. The company will start work on the unit by end of January 2012 and commence production in the next one-and-a-half to two years. The proposed plant, which will entail an investment of Rs. 250 mio, will have an annual capacity to make 300 ton of ready-to-eat products like chicken popcorn, nuggets, fried chicken and biryani. The company is expanding its retail presence, primarily in south India. Right now, it has 85 Suguna Daily Fresh retail outlets, which offer fresh chilled chicken and ready-to-eat grilled chicken, and is planning to open 500 more franchisee-owned outlets in cities like Bangalore Chennai and in Kerala in the next financial year.

(Poultry continued on next page)

## *Poultry (Continued)*

- Coimbatore-based Rs. 40 bio Suguna Poultry Farm Ltd launched a cold storage facility at Tiruchi operated by the super stockiest -Wamika Fresh Foods.. The facility has been built on a 450 sq ft area, with a capacity to store 25 tons of meat at any point in time.
- Venkateshwara Hatcheries, the leading poultry firm based out of Pune, has opened two Venky's Xpress joints that sell only ready-to-eat egg and chicken products. It has announced huge investments to set up a chain of 100 such outlets across the country in the next few months. It tied up with a UK-based firm to advice on the product and how to enhance it.
- Putting behind violent protests against its entry in the mid-1990s, American restaurant chain Kentucky Fried Chicken, better known as KFC, has thrived on the growing fascination for fast food among the Indian middle class to chart a major expansion plan in the country through small-town penetration and innovative products. Like its other American peers the chain has also started tweaking its classical chicken recipes and introducing new ones like fiery grilled chicken and vegetarian dishes to suit Indian food habits. KFC expects to ramp up its restaurants in India to 500 by 2015.
- Notwithstanding reports of four outbreaks of bird flu, India registered 10 per cent growth in broiler production this year to 2.9 mio tons, says a report. The United States Department of Agriculture (USDA) has projected that the growth trend would continue in 2012, when the production of broilers will reach 3.2 mio tons in India. Consumption of poultry and egg will continue to grow as well and is expected to double by 2015, the report said. The report estimates India's per capita consumption of poultry meat at around 3 kg per annum with chicken as the preferred non-vegetarian option. India's per capita consumption of eggs is estimated at about 51 per annum.
- The Bangalore-based Project Directorate on Animal Disease Monitoring and Surveillance (PDADMAS) has developed a Web-based interactive software to predict livestock diseases two months in advance in the country. PDADMAS functions under the Indian Council of Agricultural Research (ICAR) and has been forecasting animal diseases.
- Bird flu was detected for the first time in Odisha as the central laboratory confirmed the virus in two dead fowls in Khurda district, official sources said.
- Culling operations were today under way in tribal-dominated Mayurbhanj, the second district in Odisha where bird flu has been detected.
- Premier Australian fast-food chain Country Chicken launched its first outlet in India in Coimbatore in mid-January and it is expected to become fully operational in the middle of next month. With 300 such outlets planned across India by 2015 - 80 per cent in tier II and III cities - including franchisees, the company would invest nearly Rs. 2 bio for expansion over three years, Country Chicken (India) CEO Mr. Ramakrishna told reporters. Star Quick Service Restaurant (SQSR) (P) Ltd, the partner for Country Chicken in India, will provide the processed products to outlets in India.

## Aquaculture

- As per the provisional figures provided by Marine Exports Product Development Authority (MPEDA), Marine products export from the country registered significant growth in rupee and foreign exchange earnings during the first half of the current fiscal. While the quantum of exports grew by 0.12 per cent to 312,904 tons, rupee earnings were up by 19.91 per cent to Rs. 66.7957 bio, equivalent to USD 1,496.34 mio (growth of 23.01 per cent). Shrimp exports continued to be the most significant component in marine products exports. Frozen fish export was another segment that showed considerable growth. Value realisation from squid and cuttlefish exports was up, while the quantum declined. Increased production of vannamei species was the main reason for the spurt in shrimp exports. India has consolidated its position as a major supplier of frozen shrimp to Japanese market during this period.
- During first half of 2011-12, frozen shrimp continued to be the major export item accounting for 58.41 per cent of the total dollar earnings. Shrimp exports during the period increased by 19.34 per cent in quantity, 32.90 per cent in rupee value and 36.74 per cent in dollar realization. There was a marked increase in unit value realization also, which grew 14.58 per cent. Export of shrimp to the US registered over 50 per cent growth during the period, while exports to Japan also made significant headway. Export of vannamei Shrimp during the period also increased substantially by 495 per cent in quantity, 692 per cent in rupee earnings and 721 per cent foreign exchange realisations.
- During first six months of current fiscal, frozen fish accounted for 28 per cent in quantity and 11.87 per cent of the dollar earnings. Frozen fish exports increased by 5.95 per cent in quantity, 14.14 per cent in rupee earnings and 16.81 per cent of the dollar earnings. While the export of frozen squid and cuttlefish exports decreased in quantity, there was a relative increase in value earnings. Frozen cuttlefish exports declined by 6.18 per cent in quantity while rupee realisation increased by 15.25 per cent and dollar earnings were up by 18.49 per cent. Unit value realization of cuttlefish was up by 26.30 per cent. Frozen squid exports showed a decline by 2.36 per cent in quantity, while rupee realization was up 28.20 per cent dollar and dollar earnings were up 31.37 per cent. Unit value realization also moved up significantly by 34.54 per cent.
- The European Union continued to be the largest market with a share of 23.82 per cent followed by the US, South-East Asia, Japan, China and West Asia. What was noteworthy was the fact that the US has regained the second slot among export destinations. South-East Asia usurping the third place was also significant, mainly at the cost of Japan.
- Seafood exports during the current financial year are likely to reach USD 4 bio largely due to increased trade in shrimps. Indian production of vanammei shrimps, also known as white shrimps, is likely to touch 30,000 ton in the current year, officials of Seafood Exporters Association of India said.
- India is the second largest fish producer in the world after China and accounts for nearly six per cent of global fish production. Growing at a compound annual growth rate (CAGR) of about 7 per cent, India's marine and fish industry is likely to reach Rs. 678 bio by 2015 from the current level of nearly Rs. 530 bio, apex industry body Assocham reports.
- A global shortage of vannamei shrimp may prove advantageous for India as it awaits the second harvest from the farms. Seafood exporters are expecting higher prices for vannamei in the coming weeks from China and the Southeast Asia.

(Aquaculture continued on next page)

## Aquaculture (Continued)

- Year 2011 has been good for the Indian seafood export industry aided by a falling rupee and surging unit value realizations. While total value realisations increased almost 25 per cent, the volume of exports was up tersely at 2-3 per cent. This was accompanied by increased demand from overseas markets such as South-East Asia and China.

## Key Statistics of Indian Dairying

Sr. No. Vision	1990	1995	2000	2005	2010	2020
1 Estimate of milk Prod. (M.T.)	51.4	66.2	78.3	91	110	180/160*
2 Per capita Availability (gm/Day)	173	197	217	241	261	350*
3 Live Stock Population in million Nos.	275	285				
4 Growth rate of Live Stock %	0.94		-0.01	-0.33		
5 No. of Milch Animals (000)			1,00,960	1,05,311	109849	119317*
Cross Bred (000)			8,355	11231	15096	25490*
Indigenous (000)			49,875	46856	44020	38691*
Buff (000)			42,730	47224	52191	63169*
6 Value of out put from L. stock(Milk only) at current prices (crores)			129531	180231	2,40,601	700000*
at 1999-2000 price (crores)			129531	160824	1,73,864	
7 No. of Dairy plants Regd. Under MMPO Including Coop. with capacity in (MLPD)				791	832/100	1250/200*
8 Human population in billions	0.84	0.96	1.01	1.14	1.17	1.33*
9 Value of out put of Dairy Industry in crores					4,00,000	1000000*
10 House hold milk demand (Million tons)	48.8	62	83.8	150 Proj	253	271*
11 Projected demand supply	2.6	4.2	-5.5	-59	-143	-91/-111

\* - Projection; Source: IAI Vision 2020, NDRI, Karnal, Haryana

## *SWOT Analysis of Indian Dairy Industry*

### Strengths

- » Largest pool of dairy cattle in the world
- » Our culture makes us passionate about keeping cows
- » Availability of skill for animal rearing in most parts of the country
- » Indian breeds of cows represent the world's largest A2 milk producing herd.
- » Keeping animal is a household practice
- » India is the largest producer of milk in the world
- » 70 % of milk production is done by small and marginal farmers in the country and is largest employment provider in the non farm sector
- » Indigenous breeds of cows show better immunity than crossbred cows.

### Weakness

- » Coexistence of a large portion of useless cattle population with low productivity
- » Too much fragmented production of milk
- » Farmers have a poor knowledge on costing of milk as most of the costs are imputed costs
- » Land cost for growing fodder is never calculated as it is done on gochar land
- » Labor is becoming costlier
- » Traces of insecticides, pesticides and antibiotics are common in milk.
- » Poor knowledge about nutrition and balanced ration for animal
- » Poor personal hygiene of farmers and his family and ignorance of clean milk production also lead to poor quality of milk
- » It is not considered as a full time employment and is being carried out by woman or elderly person at home.
- » Current practices are not environment friendly
- » Poor infrastructure for milk collection, chilling and transportation
- » Poor infrastructure in networking of information

### Opportunities

- » Huge demand of milk and milk products in unorganized retail
- » High purchasing power of the customer
- » Large dairies are feeling the need to invest in backward integration
- » Large corporates are looking for developing large herd farms
- » More awareness about benefits of cows milk and panchgavya
- » Large opportunities in carbon credits and development of non conventional environment friendly sources of energy through dairying
- » Large part of population(about 25%) are lacto vegetarians, who consider milk as the only source of animal protein

(SWOT Analysis continued on next page)

## *SWOT Analysis of Indian Dairy Industry (Continued)*

### Threats

- » High rate of Urbanization
- » No distribution and pricing policy on milk
- » No incentive on entering into this sector unlike other food processing and meat sector
- » No fodder policy and it is not clear under which ministry does fodder fall.
- » No firm plan on breeding/Ai/Progeny testing and protection
- » No control on unproductive animals growth both for bulls and cows
- » No incentive on Clean Milk Production
- » Very poor animal insurance policy
- » Import and export policies on animals, semen, embryos and dairy products are not conducive of small and marginal farmers.

Source: IAI Vision 2020, NDRI, Karnal, Haryana

## *Dairy Industry in India at a Glance*

- » Indian agriculture supports 17.5% of world population with 2.3% of global land and 4.2% of water
- » Milk production in India has come a long way over the years from a low volume of 17mn tons in 1951 to around 116 million tonnes in 2010 and is the largest producer of milk in the world.
- » Livestock sector contribute 5.59% in national GDP and 36.6% of Agricultural GDP.
- » In 1964-65 rice production was 39.3 MT which increased to 100 MT
- » In corresponding period, milk production increased from 17 MT to 105 MT
- » The livestock sector provides regular employment to 8.5% of the total workforce
- » Largest livestock population: 57 % of world buffalo and 16 % of cattle
- » About 70% of milk is produced by marginal farmers having 1-4 animals
- » The productivity of Indian milch animal is 987 kg./ year (world average is 2200 kg.)
- » Regional contribution to milk production can be seen as North (38%), South (20%), East (11%) and West (31%)
- » In 2007 around 28 crores\* liters of milk was produced from 9 crore milch animals on per day basis. (1 Crore = 10 million)
- » The marketable surplus was around 50 % and out of the organized sector processed around 5 crore liter of milk per day with equal handling by cooperatives and private dairies which is around 30 % of available surplus and which needs to be doubled up till 2020 so as to match the demands. (1 Crore = 10 million)
- » India has grown by around 3 million MT per annum till 2007 and requires growing at 5 million MT per day so as to meet the ambitious target of around 170 million MT by 2020.
- » There are around 835 organized sector dairies in India being registered under MMPO with total installed capacity of around 10 crore liters of milk per day.
- » There has been a negative growth of 6.5 % in indigenous cow's population in last five years.
- » There has been a positive growth of 10 % and 35 % respectively in the population of in buffaloes and hybrid cows.
- » The current value of milk output from livestock at current prices is around Rs 240000.00 crores and the value of dairy products market is around 400000.00 crores.

Source: IAI Vision 2020, NDRI, Karnal, Haryana

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

*Third Edition – Planned to be released in March 2012*

- Statistics from reliable official sources
- Country-wise export data for each dairy product for more than 3 past years
- Contact details of all major dairy companies
- Holistic view taking all factors into account
- Projections for next five years

### **Table of Contents**

Introduction; Overview of Indian Economy; Livestock Scenario; Milk Production; Structure of Indian Dairy Industry; Consumption of milk & milk products; Dairy Products – Production & Consumption; Prices; Dairy Exports Overview; Dairy Exports – Country-wise statistics; Future of Indian Dairy Exports; WTO Influence; Global Dairy Companies in India; New products; Summary of Projections

### **Who will find this report useful?**

- Dairy companies
- Traders with interest in dairy products
- FMCG companies selling cheese / butter / dairy whiteners / condensed milk / cream / yogurt
- Traders / manufacturers / users of casein
- Traders / manufacturers / users of lactose
- Traders / manufacturers / users of whey products

Price – EUR 900

Published by  
Hindustan Studies & Services Ltd. ( [www.hindustanstudies.com](http://www.hindustanstudies.com) )

---

# IndiaLive

Is brought to you by:

---

## *Hindustan Studies & Services Limited*

Hindustan Studies & Service Ltd., incorporated in 1992, is a research and consultancy company providing services to clients across the globe.

We understand India, Indian business, Indian markets and Indian ethos.

Our primary business is Strategic Business Research. During the past one and a half decades, we have done significant work in the field of meat and dairy markets of India and other Asian countries. We also work in other fields.

Simplicity, clarity and aversion to jargon are our hallmarks. We never lose holistic strategic perspective of client's business and needs.

Website – [www.hindustanstudies.com](http://www.hindustanstudies.com)

Contact Person: Mr. Anil Chawla (Mobile +91-94250-09280 / +91-97130-09280)

E-mail: [info@hindustanstudies.com](mailto:info@hindustanstudies.com)

---

## *Anil Chawla & Associates*

*Business Lawyers and Strategic Advisors*

Anil Chawla & Associates specializes in Business Law. We provide strategic advice and support.

**Legal Support:** We have a research-based approach to all legal issues. Finding creative solutions to your problems using our knowledge and experience within the boundaries of law is our forte.

**Relationships:** Any business rests on relationships. We aim to be your trusted aide in building, negotiating and formalizing relationships as well as in resolving any difficulties or disputes that may arise.

**Documentation:** We understand documents. We take pride in crafting all types of documents including agreements, notices, petitions, statements, forms etc. with the utmost care, diligence and patience. We can help you create them as well as store them.

Website – [www.indialegalhelp.com](http://www.indialegalhelp.com)

Contact Person: Ms. Yogita Pant (Mobile +91-94065-28010)

E-mail: [info@indialegalhelp.com](mailto:info@indialegalhelp.com)