



IndiaLive

LIVESTOCK, DAIRY, MEAT, POULTRY & AQUACULTURE DIGEST

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Food Industry Overview

- In the upcoming Census 2011 (2001-2011), the growth of population is expected to come down to 16 per cent from 21.5 per cent growth witnessed in Census 2001 (1991-2001). Notably, the growth of country's population had remained 25 per cent in census 1971 and 1981, 24 per cent in 1991 and 21.5 per cent in 2001. It has grown from 439 mio in Census 1961 to 1028 mio in census of 2001. In the Census 2011, the population is expected to be around the 1.2 bio mark.
- Sikkim Government has ambitious plans to make the State fully organic by 2015, and make it a hotspot for organic products.
- Chairman of Prime Minister's Economic Advisory Council, Dr C Rangarajan, expects Indian economy to grow at 9 per cent in 2011-12 considering that the country's savings rate had touched 34 per cent (of GDP) and the investment rate had exceeded the 36 per cent mark.
- Terming India's economic recovery as "robust", the World Bank projected Indian economy to grow by about 8.5-9 per cent in the current and next financial years. The estimates are almost in line with those made by the Prime Minister's Economic Advisory Council (PMEAC), which expects that the GDP would expand by 8.6 per cent this fiscal and 9 per cent in 2011-12.
- India's economy will revert to the pre-crisis growth level of 9 per cent in the next fiscal, buoyed by strong fundamentals, the Economic Survey 2010-11 predicted.
- India is expected to see 5.4% growth in farm sector in the current fiscal 2010-11 as indicated by substantial expansion in area and production of major crops in both kharif and rabi seasons.
- Reflecting strong growth sentiment among industry verticals, a CII business outlook survey has found that 74 per cent of the respondents expect the economy to grow by 8 per cent or more in 2010-11.
- India received foreign direct investment (FDI) worth USD 21 bio (Rs 961.04 bio) in the calendar year 2010, a decline of 22 per cent over the year ago period, a latest industry ministry data said. The country had attracted FDI valued at USD 27 bio (Rs 1309.80 bio) in 2009. According to experts, foreign investors are cautious due to the fragile global economic recovery.
- In an interesting first, Economic Survey 2010-11 measures the government's 'economic power' or the ability of the government to project itself in the international sphere. The index is composed of four variables: government revenues, foreign currency reserves, export of goods and services and human capital and has been developed by the Finance Ministry for 112 countries over a 10 year span 2000-2009. It shows India in good light at number five in 2009 (up from number 10 in 2000), behind the US, China, Japan and Germany . The four variables capture the government's ability to raise resources, its credit-worthiness and credibility in international financial markets, its influence on global economic activity and its representational strength or how much of the global economy, including its global manpower, it can claim to represent and includes a normative element.

(Food Industry Overview continued on next page)

Food Industry Overview (Continued)

- Food inflation in India is largely driven by supply side pressures and the central bank is not responsible for that, India's central bank governor said. Indian food inflation is among the highest in Asia despite good harvests and food prices have been in double digits for much of the last year, sparking street protests and keeping pressure on the government. The food price index rose 11.49 per cent and the fuel price index climbed 12.14 percent in the year to Feb. 12, government data showed.
- Aiming to control price rise in non-cereal food items, the government has announced a budget outlay of Rs. 22 bio to boost production of vegetables, pulses, oilseeds, millets and fodder. The government also decided to continue the existing two schemes -- one for Green Revolution in eastern states with an allocation of Rs. 4 bio and the other to promote pulses' output scheme with an outlay of Rs. 3 bio.
- With a view to reduce wastage of farm produce, Finance Minister has announced to set up 15 more mega food parks in the country and asked states to reform the Agriculture Produce Marketing Act (APMC) urgently to improve the supply chain. So far, 15 such parks have been sanctioned, he said, adding the 11th Five Year target was to set up a total of 30.
- India's imports of sensitive items, including foodgrains and milk products, has gone up by 10.8 per cent to Rs. 461.09 bio during the April-November of the current fiscal, from Rs. 416.21 bio a year-ago. Milk and dairy products' imports increased to Rs. 6.787 bio.
- India's agriculture output was expected to rise 3.8 per cent in 2011-12 on assumption of favourable weather conditions, Centre for Monitoring Indian Economy (CMIE) said in its monthly review.
- India's per capita income, often used to measure a country's standard of living, increased by 14.5 per cent during 2009-10 to Rs. 46,492, Parliament was informed.
- After a slow start in the initial months of the fiscal year, India's exports of agricultural and processed food products are set to increase significantly despite a decline in shipments of basmati rice, a key export item. According to the latest data from Agricultural and Processed Food Products Exports Development Authority (Apeda), during April-November 2010, total volume of exports increased by close to 10 per cent to Rs. 241.19 bio from Rs. 219.79 bio reported over the same period in the previous year.
- The Government has said that proposed Food Security Bill, which entitles nearly two-thirds of the population to subsidized food grains, was almost ready.
- Agricultural land in India has shrunk by nearly 2 per cent in the last two decades, a fact which does not augur well for the predominantly agrarian country.
- The Government is working on a plan to increase the area under fodder crop, which it hopes will help raise livestock yield. The initiative, to be jointly implemented by the Centre and the state governments, is aimed at bringing down prices of livestock products, especially dairy products, which have soared since the drought of 2008.

Dairy

- Export of skimmed milk products, casein and any other milk product shall not be entitled for duty benefit, with respect to shipments made on or after January 25. The government has withdrawn duty benefits for milk products with immediate effect. Under DEPB scheme, the government refunds customs duty on imported raw material for manufacturing products meant for exports.
- Parag Milk Foods, India's largest private dairy operator, plans an initial public offering for Rs 4-5 bio in a year's time.
- Parag Milk Foods Pvt Ltd, which manufactures milk products under 'Go' and 'Gowardhan' brands, plans to double cow milk procurement from 1 mio litres a day to 2 mio litres in the next five years.
- Rizwan Dairy Farm has launched 'Hyderabad Milk', a new retail brand. With a capacity of 60,000 litres per day, the company will market the product in 200 ml, 500 ml and one litre sachets. "We will come up with other value-added products such as ice cream and badam milk soon", Mr. Baba Tajoddin, Managing Partner, said.
- Government of India has banned exports of all milk powders and Casein with immediate effect. The move comes ahead of the summer season, which generally witnesses a dip in milk production by animals particularly buffaloes. A notification said that the export ban applies to milk powders (including skimmed milk powder, whole milk powder, dairy whitener and infant milk foods), Casein and Casein products (Casein, caseinates and other casein derivatives; casein glues). Milk prices have risen by about 20 per cent in the retail market and by 12 per cent at the wholesale level in the last one year. India exported milk powder and casein worth Rs. 5 bio last fiscal.
- The government decision to ban export of milk powder and its derivative casein to rein in rising prices in the domestic market will result in a loss of around Rs 5 bio to exporters of milk products, an apex industry body has said. Total production of milk powder and casein in India is around 300,000 tons. Of this, only 40,000 tons (mainly casein) is exported.
- The government has allowed National Dairy Development Board (NDDB) to import 30,000 tons of milk powder and 15,000 tons of butter and butter oil at zero duty to augment the availability of liquid milk in the domestic market and control rising prices.
- Expressing concern over the rise in milk prices, the Economic Survey has warned that the rates may increase further and the country could even turn out to be a net importer if domestic production is not enhanced. The survey pointed out that domestic demand for milk is growing at about six mio tons per year, whereas annual incremental production over the last ten years has been about 3.5 mio tons per year. Considering that milk demand in 2021-22 is expected to be 180 mio tons and output is currently 112 mio tons, the survey said that the production must increase by 5.5 per cent annually over the next 12 years to bridge the gap. The survey noted that India's per capita milk availability, at 263 grams per day, in 2009-10 fell short of the world average of 279.4 grams per day.
- Prices of different types of milk have risen by Rs 4-9 in the national capital since 2009.

(Dairy continued on next page)

Dairy (Continued)

- Dairy and livestock companies have hailed the budget as forward looking and growth oriented. However exporters of de-oiled rice bran cake, an important ingredient of cattle feed, have decried the move of the government to impose export duty of 10 per cent.
- Ice cream makers are not raising prices immediately after a Budget proposal which may bring the category under the excise duty net with a concessional levy of 1 per cent. However, leading player Gujarat Cooperative Milk Marketing Federation (GCMMF), which markets the Amul brand of milk products, said ice cream prices would go up in a month or so, after all costs are taken into account.
- India's butter exports are forecast at 10,000 ton in 2011, up from an estimated 4,000 ton in the previous year, according to USDA. Overseas sales of non-fat dry milk may be 15,000 ton, from 10,000 ton in 2010, it said.
- After probiotic ice-cream, Gujarat Co-operative Milk Marketing Federation (GCMMF) governed Amul has now launched an all natural probiotic vitamins fortified flavored yogurt under the brand name 'Flaavyo'. The launch of Amul Flaavyo yogurt makes the organisation the first player to introduce all natural probiotic vitamin fortified flavored yoghurt in India. Initially, Amul Flaavyo yogurt is being introduced in five flavors namely Mango, Strawberry, Pineapple, Vanilla and Misti Doi.
- Amul has kicked off its largest distribution exercise to take its chilled products like butter, cheese ice cream and paneer to small towns and districts with population of up to 5000 people. The Rs. 100 bio cooperative will appoint 200 super distributors this year for this 'hub and spoke' model, which will cover close to 3000 new towns and semi-urban cities.
- Milk prices will continue to rise over the medium term because of sustained demand-supply mismatch and increasing input costs, credit rating agency Crisil said in a report. The demand for milk and value-added dairy products in the domestic market has been growing at over 6 to 8 per cent per annum because of increasing income, rising aspirations, and consequent growth in per capita milk consumption. However, the report said growth in milk production will continue to lag at around 4 to 5 per cent per annum over the next five years, despite the Government's plan to double India's milk production by 2020.
- Pune-based Parag Milk Foods Pvt Ltd is set to expand into South India with its Rs 850-mio milk processing facility going on stream in Chittoor, Andhra Pradesh. The company will launch Go Kids brand of liquid milk in Chennai before rolling it out in other markets. The "Go" brand will also include a range of milk products including cheese and fruit flavoured yoghurt.

Meat

- To ensure strict quality standards for buffalo meat exports, agricultural and processed food products export development authority (Apeda) has decided to subject municipal slaughter houses to same quality certification standards as is being followed for private abattoirs in the country. According to latest data compiled by Apeda, exports of meat and meat products crossed Rs. 60 bio in 2009-10. In 2006-07, India exported meat and meat products to the tune of Rs. 32.79 bio, which increased to Rs. 53.33 bio in 2008-09.
- Prices of egg, mutton and fish are almost 25 per cent more now in comparison to the rates around this time last year.

Poultry

- Poultry is one of the fastest growing segments of the agricultural sector in India. It is witnessing growth rate has been rising at 8 to 10 per cent per annum. As a result, the country is now the world's fifth largest egg and broilers producer. However, there is a huge scope for the growth of poultry industry as the country's per capita consumption is only 2.4 kg per person per annum.

Aquaculture

- India continues to be among the top 10 producers of marine and inland capture fish, according to a FAO report. India experienced a growth rate of 7.1 per cent in aquaculture production during 1990-2008, from 1,017,000 tons to 3,479,000 ton, compared with 9.4 per cent growth experienced by China (No.1 on the list, with production exceeding 30 mio tons in 2008) and the 16.4 per cent growth in aquaculture seen in Vietnam
- Anti-dumping duty on shrimp exports to the US has been reduced by 40 per cent with the US department of commerce reducing the effective duty for India to 1.6 per cent from the earlier 2.67 per cent. The effect of the anti-dumping duty was dramatic on Indian exports. Indian shrimp exporting companies to US fell to less than 75 from 228 at the time of imposition of the punitive duties. Frozen shrimp exports constitute almost 50 per cent of the value of India's total seafood exports.
- Indian shrimp exports to the US will have to bear anti-dumping duty for another five years with United States International Trade Commission (USITC) extending the duty saying that cheaper imports from India and other countries are harming US farmers. India and several other countries lost an opportunity to get the duty removed with the final report of the sunset review extending it to another five years.
- India's fish production stood at 5.703 mio tons in the first nine months of the current fiscal. During the 2009-10 fiscal, the country produced 7.853 mio tons of fish, according to government data. West Bengal, Kerala, Andhra Pradesh, Tamil Nadu and Gujarat are the major fish producing states in the country.
- Higher demand and better prices have helped seafood exporters step up their business in the current fiscal. The exports are likely to achieve the target of USD 2.5 bio set for 2010-11.

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