



IndiaLive

LIVESTOCK, DAIRY, MEAT, POULTRY & AQUACULTURE DIGEST

October / November 2010

Special Issue with Overview of Indian Economy



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IndiaLive is published every 2 months by:

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Indian Economy Overview

The global economy is projected to recover from -0.6 per cent growth recorded in 2009 to 4.8 per cent in 2010. This overall outlook, however, masks large divergence in the pace and nature of the recovery, both across countries and between the two halves of 2010. According to the IMF, in the advanced economies, growth is expected to halve from 3.50 per cent in the first half of the year to 1.75 per cent in the second half. Emerging and developing economies too are expected to witness a moderation in the pace of growth from 8 per cent in the first half to 6.25 per cent in the second half.

Developing Asia has sustained the momentum after witnessing a robust recovery, and is expected to grow at 8.2 per cent in 2010, as against 5.4 per cent in 2009. Recovery in both domestic demand and exports has contributed to this performance. End of the benefit of low base, fading policy stimulus and weaker growth in advanced economies in the second half of the year will be the major downside risks to growth.

In India, robust recovery of the economy since the second half of 2009-10 continued in the first quarter of 2010-11, mainly on account of buoyancy in the services sector and better performance of the agriculture sector. Even though the pace of growth of industrial sector was volatile, it remained in double digits (except in June and August 2010), thereby supporting the overall growth momentum.

Real GDP growth was placed at 8.8 per cent during the first quarter of 2010-11, which is the highest quarterly growth recorded so far since the third quarter of 2007-08. Although part of the increase in growth during the first quarter of 2010-11 is due to a favorable base effect, it largely reflects consolidation of the recovery. Real GDP growth was broad based, with robust performance in all the major sectors

The outlook for continuation of the robust growth momentum derives support from the following factors: (a) impact of normal monsoon on *kharif* output which will be reflected in GDP growth of Q2 and Q3, (b) possibility of continuation of buoyancy in the industrial sector, notwithstanding the intermittent volatility, (c) sharp rise in excise duty collections which are indicative of strong economic activity, (d) sustained buoyancy in lead indicators of services activities, (e) strong growth in corporate sales, (f) improving business environment as suggested by the Industrial Outlook Survey of the Reserve Bank, (g) pick-up in private consumption expenditure and high growth in production of consumer durables, (h) strong growth in non-oil imports, (i) high capital expenditure plans of firms, (j) increase in credit demand from private sector and (k) higher flow of financing from non-banking sources.

Certain downside risks to growth however remain, which include: (a) weakening of external demand conditions, given the recently revised outlook for recovery in advanced economies, which will dampen export growth, (b) real appreciation of the exchange rate could also weaken external price competitiveness of Indian exports, (c) pressure from capital inflows on the nominal exchange rate to appreciate, (d) recent survey based evidence of some moderation in capacity utilization and (e) persistent inflationary pressures, especially in food items.

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Indian Economy Overview (Continued)

Notwithstanding these risks, overall assessment suggests that GDP growth is consolidating around the trend of 8-9 per cent per annum.

Equity Markets

During 2009-10, aided by strong domestic recovery along with resumption of Foreign Institutional Investor (FII) inflows and ample market liquidity, there was sharp increase in asset prices in India, particularly equity prices. Stock prices displayed a continuous upward momentum throughout the year, except for some occasional corrections caused by global financial market shocks stemming from Dubai World default and the Greek sovereign debt crisis.

Stock prices continued the bullish trend during July-September 2010 on the back of strong FII investments in equities. India, along with other emerging market economies experienced strong portfolio inflows as interest rate differential between these countries and advanced economies turned more lucrative. Strong macroeconomic fundamentals in Indian markets, buoyancy in industrial and services sector as also possibility of further increase in rural demand on expected better performance of the agricultural sector were some of the pull factors responsible for the FII inflows. As at end-September 2010, the Sensex and the Nifty both registered gains of 14.5 per cent and 14.9 per cent, respectively, over end-March 2010.

The activity in the primary segment of the domestic capital market continued to display signs of buoyancy during April-September 2010. The resources raised through public issues increased marginally during April-September 2010 as compared to the corresponding period last year

Indicator	BSE				NSE			
	2008-09	2009-10	2009-10 (Apr-Sept)	2010-11 (Apr-Sept)	2008-09	2009-10	2009-10 (Apr-Sept)	2010-11 (Apr-Sept)
1	2	3	4	5	6	7	8	9
1. BSE Sensex/S&PCNX Nifty								
(i) End-period	9709	17528	17127	20069	3021	5249	5084	6030
(ii) Average	12366	15585	14298	17866	3731	4658	4284	5361
2. Coefficient of Variation	24.2	11.9	12.5	4.9	23.2	11.3	11.6	4.9
3. Price-Earning Ratio (end-period)*	13.7	21.3	22.2	23.8	14.3	22.3	22.9	25.5
4. Price-Book Value Ratio	2.7	3.9	4.1	3.8	2.5	3.7	3.8	3.8
5. Market Capitalisation to GDP Ratio (per cent)@	55.4	98.9	91.6	102.7	52.0	96.4	85.9	100.3

*: Based on 30 scrips included in the BSE Sensex and 50 scrips included in the S&P CNX Nifty. @: As at end-period.
Source: Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

Key Stock Market Indicators

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Indian Economy Overview (Continued)

Balance of Payments

India's balance of payments position improved during 2009-10, with turnaround in exports in the latter part of the year and resumption in capital flows, notwithstanding the higher current account deficit that reflected stronger absorption of foreign capital. Key external sector soundness parameters in the form of current account deficit, external debt and foreign exchange reserves remained comfortable and supported the overall policy environment to spur a faster recovery in growth. The balance of payments developments during 2009-10 had contrasting ramifications for recovery in economic growth. The decline in exports of goods and services in response to weak global demand had a dampening impact on overall GDP. However, a higher current account deficit led to stronger absorption of foreign capital. This, in turn, implied higher investment activities financed by foreign capital, which partly contributed to the stronger recovery in growth. Major determinants of balance of payment transactions, such as external demand, international oil and commodity prices, pattern of capital flows and the exchange rate changed significantly during the course of the year. With the turnaround in exports and revival in capital flows, external sector concerns receded gradually.

In the first quarter of 2010-11, impact of the continuing asymmetry between robust growth in India and fragile recovery in the advanced economies continued. The trade deficit, on a BoP basis, was higher at USD 34.2 billion in the first quarter of 2010-11 as compared with USD 25.6 billion during corresponding period of 2009-10.

The first effect of global slowdown was felt on the foreign exchange reserves of India. Exports had slowed down without a corresponding reduction in imports. Capital flows had turned to a trickle putting further pressure on the balance of payment position. The first signs of revival were seen in the improvement of foreign exchange reserves. Indian economy has put behind it the fall in foreign exchange reserves during 2008-09. The reserves are increasing steadily and stood at USD 295.399 billion as on 22 October 2010.

Variation in Foreign Exchange Reserves	
Period	Variation
	USD Billion
Full Year	
2004-05	28.6
2005-06	10.1
2006-07	47.6
2007-08	110.5
2008-09	-57.7
2009-10	27.1
Financial Year (up to October 16)	
2008-09	-35.8
2009-10	32.9
2010-11	16.34
Source: Reserve Bank of India	

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Indian Economy Overview (Continued)

	(US\$ billion)							
	2008-09	2009-10	2009-10				2010-11	
	Apr-Mar PR	Apr-Mar P	Apr-Jun PR	Jul-Sep PR	Oct-Dec PR	Jan-Mar P	Apr-Jun P	
1	2	3	4	5	6	7	8	
1. Exports	189.0	182.2	39.2	43.5	47.1	52.4	53.7	
2. Imports	307.7	299.5	64.8	72.6	78.1	83.9	87.9	
3. Trade Balance (1-2)	-118.7	-117.3	-25.6	-29.1	-31.1	-31.5	-34.2	
4. Net Invisibles	89.9	78.9	21.2	20.4	18.9	18.5	20.5	
5. Current Account Balance (3+4)	-28.7	-38.4	-4.5	-8.8	-12.2	-13.0	-13.7	
6. Gross Capital Inflows	312.4	344.0	77.1	95.4	81.3	90.2	95.3	
7. Gross Capital Outflows	305.2	290.4	73.1	76.6	66.6	74.1	76.9	
8. Net Capital Account (6-7)	7.2	53.6	4.0	18.8	14.7	16.1	18.4	
9. Overall Balance (5+8)#	-20.1	13.4	0.1	9.4	1.8	2.1	3.7	
<i>Memo:</i>								
i. Export growth (%)	13.7	-3.6	-31.8	-18.9	19.3	36.2	37.2	
ii. Import growth (%)	19.4	-2.7	-21.7	-21.7	6.3	43.0	35.7	
iii. Net service exports growth (%)	27.7	-31.1	-3.1	-47.4	-40.8	-24.5	-3.0	
iv. Net Invisibles growth (%)	18.7	-12.2	-3.7	-23.3	-15.6	-2.6	-3.4	
v. Foreign Exchange Reserves (as at end Period)	252.0	279.1	265.1	281.3	283.5	279.1	275.7	
P: Preliminary. PR: Partially Revised. #: also includes errors & omissions.								

India's Balance of Payments

Foreign Exchange

During 2009-10, on the back of short-term capital inflows and positive growth outlook, rupee generally appreciated against the US dollar, though marked by intermittent depreciation pressures. An easy supply situation in the market on the back of revival in capital flows also led to moderation in forward premia. Importantly, even though capital inflows were not excessive in relation to the financing gap in the current account, the exchange rate appreciated, reflecting the flexibility of the exchange rate. With the onset of the Greek debt crisis and the associated flight from euro to dollar assets, the rupee depreciated against the US dollar and the forex market witnessed increased volatility.

The Indian rupee exhibited two-way movement against major international currencies during Q2 of 2010-11. It appreciated against the US Dollar, while depreciated against the Pound Sterling, Euro and Japanese Yen. During the quarter, the rupee exhibited depreciating trend against the US dollar up to the third week of July 2010 and thereafter remained largely range bound during August 2010. The Rupee has generally appreciated since the first week of September 2010 on the back of pick-up in capital inflows and strengthening of growth outlook.

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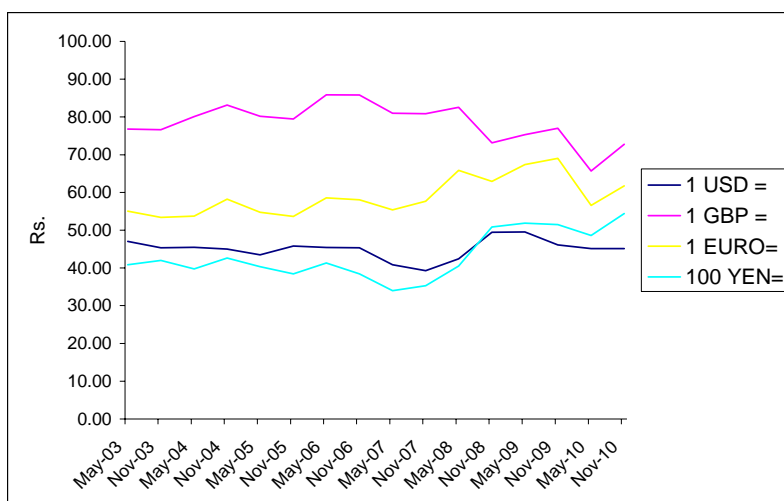
Indian Economy Overview (Continued)

Date	1 USD =	1 GBP =	1 EURO=	100 YEN=
15-Nov-10	45.14	72.74	61.74	54.43
14-May-10	45.10	65.69	56.57	48.59
16-Nov-09	46.09	77.03	68.99	51.46
15-May-09	49.55	75.30	67.38	51.87
14-Nov-08	49.46	73.17	62.96	50.87
15-May-08	42.40	82.57	65.84	40.51
15-Nov-07	39.28	80.87	57.68	35.30
15-May-07	40.87	80.99	55.39	33.98
15-Nov-06	45.34	85.82	58.05	38.45
15-May-06	45.39	85.88	58.55	41.34
16-Nov-05	45.82	79.43	53.66	38.41
16-May-05	43.49	80.22	54.75	40.37
16-Nov-04	45.01	83.15	58.21	42.65
14-May-04	45.44	80.05	53.72	39.71
14-Nov-03	45.35	76.63	53.43	41.97
19-May-03	47.06	76.78	55.06	40.84

Source: Reserve Bank of India

Above rates are Rs. per unit of foreign currency

Most of India's exports and imports are designated in USD. Hence, a weakening of the US Dollar or appreciation of rupee against USD will hit Indian exporters and help importers.



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Indian Economy Overview (Continued)

Business Confidence / Expectations

The forward looking surveys conducted by various agencies generally show significant y-o-y gains, though some of the surveys registered moderate decline in business expectations on a q-o-q basis.

Period/Index	NCAER Mastercard Business Confidence Index Sept. 2010	FICCI Q1:2010-11 Overall Business Confidence Index	Dun & Bradstreet Q4: 2010 Business Optimism Index	CII Oct-Dec. 2010-11 Business Confidence Index
1	2	3	4	5
Current level of the Index	162.1	71.9	163.5	66.2
Index as per previous survey	155.9	74.8	150.0	67.6
Index levels one year back	143.7	67.2	143.2	66.1
% change (q-on-q) sequential	4.0	-3.9	9.0	-2.1*
% change (y-on-y)	12.8	7.0	14.2	0.2**
* : Percentage change over the previous survey.				
** : Percentage change over October-March 2009-10 Survey.				

Business Expectation Surveys

All the four components of the business confidence index of the NCAER survey have shown remarkable improvement over the previous quarter, with the investment climate recording highest improvement compared with the previous round.

The Business Confidence Survey of the FICCI for the Q1:2010-11, suggests that 78 per cent of the companies felt that the overall economic conditions vis-à-vis last six months are 'moderately to substantially' better. Going ahead, around 72 per cent of the companies foresee an improvement in overall economic condition in the coming six months. The overall business confidence index, however, recorded a decline over the previous quarter on account of decline at three levels viz., economy, industry and firm.

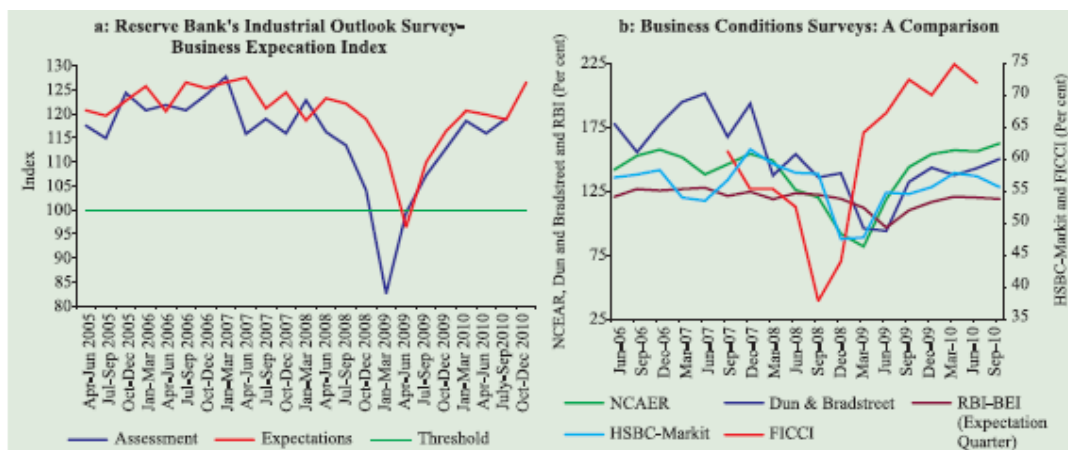
In the Dun and Bradstreet Business Optimism Index (BOI) five out of the six optimism indices viz., volume of sales, net profits, new orders, inventory levels and selling prices have registered an increase as compared to the previous quarter.

The CII Business Confidence Index (CII-BCI) for October-December 2010-11 registered a decline over the previous survey. In the present survey, 70 per cent of the respondents indicated that exports may increase.

The seasonally adjusted HSBC Markit Manufacturing Purchasing Managers' Index (PMI) increased at the slowest pace in last ten months in September 2010, mainly reflecting slower growth in output and new orders. Notwithstanding the recent fall, the index has remained in the above neutral territory (i.e., above 50) since April 2009. Even though the pace of growth in the HSBC Markit Services PMI showed a moderation in September 2010, it continued to point to a substantial expansion of services sector output.

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Indian Economy Overview (Continued)



Reserve Bank of India's Industrial Outlook Surveys – Business Expectations Index

To sum up the business confidence scenario, it can be said that despite the apprehensions, there is a high level of optimism in Indian businessmen, and the general feeling about Indian economy is positive.

Economic Growth Statistics

Indian economy exhibited acceleration in the momentum of recovery during 2009-10 and registered a growth of 7.4 per cent in the course of the year. With the pickup in private investment demand, particularly by the last quarter of 2009-10, the recovery gradually became self-sustaining.

Real GDP growth showed a turnaround from 6.7 per cent in 2008-09 to 7.4 per cent in 2009-10. In relation to the pre-global crisis high growth phase of 8.9 per cent recorded during 2003-08, however, it suggests the scope for further acceleration. A strong recovery in industrial sector combined with a resilient services sector muted the impact of a deficient South-West monsoon on overall output. The contribution of the industrial sector to the overall growth increased sharply from 9.5 per cent in 2008-09 to 28 per cent in 2009-10.

The services sector witnessed growth moderation from 9.3 per cent in 2008-09 to 8.3 per cent in 2009-10, essentially due to the fall in “Community, Social and Personal Services” on partial withdrawal of fiscal stimulus and the base effect attributed to large disbursements of arrears under the Sixth Pay Commission Award in 2008-09.

The robust recovery of the Indian economy since the second half of 2009-10 continued in the first quarter of 2010-11, mainly on account of buoyancy in the services sector and better performance of the agriculture sector. Even though the pace of growth of industrial sector was volatile, it remained in double digits (except in June and August 2010), thereby supporting the overall growth momentum.

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Indian Economy Overview (Continued)

The economic recovery, which became evident in the second half of 2009-10, has consolidated with further increase in real GDP growth in the first quarter of 2010-11. The outlook for continuation of the robust growth momentum derives support from the following factors: (a) the impact of the normal monsoon on kharif output which will be reflected in GDP growth of Q2 and Q3, (b) possibility of continuation of buoyancy in the industrial sector, notwithstanding the intermittent volatility, (c) sharp rise in excise duty collections which are indicative of strong economic activity, (d) sustained buoyancy in lead indicators of services activities, (e) strong growth in corporate sales, (f) improving business environment as suggested by the Industrial Outlook Survey of the Reserve Bank, (g) pick-up in private consumption expenditure and high growth in the production of consumer durables, (h) strong growth in non-oil imports, (i) high capital expenditure plans of firms, (j) increase in credit demand from the private sector and (k) higher flow of financing from non-banking sources.

Certain downside risks to growth however remain, which include: (a) weakening of external demand conditions, given the recently revised outlook for recovery in advanced economies, which will dampen export growth, (b) real appreciation of the exchange rate could also weaken external price competitiveness of Indian exports, (c) pressure from capital inflows on the nominal exchange rate to appreciate, (d) recent survey based evidence of some moderation in capacity utilization and (e) persistent inflationary pressures, especially in food items.

The headline inflation, which moderated to 8.5 per cent in August 2010, before edging up to 8.6 per cent in September, continues to be a cause of policy concern and priority.

Growth Rates of Real GDP					
(Per cent)					
Sector	1990-91 to 1999-00 (Average 10 yrs.)	2000-01 to 2009-10 (Average 10 yrs.)	2007-08	2008-09	2009-10
1 Agriculture and Allied Activities	3.2 (28.4)	2.4 (19.3)	4.7 (16.4)	1.6 (15.7)	0.2 (14.6)
2 Industry	5.7 (20.1)	7.4 (20.0)	9.3 (20.7)	3.1 (20.0)	10.4 (20.5)
of which Manufacturing	5.6	8.1	10.3	3.2	10.8
3 Services	7.1 (51.5)	8.8 (60.7)	10.4 (62.9)	9.3 (64.4)	8.3 (64.9)
4 Real GDP at Factor Cost	5.7 (100)	7.3 (100)	9.2 (100)	6.7 (100)	7.4 (100)
5 Gross Domestic Saving Rate (% of GDP)	23.0	30.2	36.4	32.5	-
Gross Domestic Investment Rate (% of GDP)	24.4	30.9	37.7	34.9	35.0
Memo:			Amount in Rs. billion		
a) Real GDP at factor cost (2004-2005)			38,935	41,550	44,641
b) GDP at current market prices			49,479	55,744	62,312
Note : Figures in parentheses denote shares in real GDP.					
Source : Central Statistical Organisation & Reserve Bank of India.					

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Indian Economy Overview (Continued)

The sharp and broad-based recovery of Indian economy, which started in the second half of 2009-10 has continued through 2010-11, leading to further consolidation of growth around the trend. A normal monsoon, following a severely deficient monsoon last year, is expected to lift the agriculture sector growth to above the trend rate of growth in 2010-11.

Growth Projections

All available projections for GDP growth in 2010-11 generally project an optimistic picture. Both IMF and ADB revised their growth projections upward for India recently.

An overall assessment suggests that GDP growth is consolidating around the range of 8.3 to 9.7 per cent.

Projections of Real GDP for India by various Agencies – 2010-11				
Agency	Latest Projection		Earlier Projection	
	Real GDP Growth (Per Cent)	Month of Projection	Real GDP Growth (Per Cent)	Month of Projection
Economic Advisory Council to Prime Minister	8.5	Jul-10	8.2	Feb-10
Ministry of Finance	8.5	Feb-10	-	-
International Monetary Fund*	9.7	Oct-10	9.4	Jul-10
Asian Development Bank	8.5	Sep-10	8.2	Jul-10
National Council for Applied Economic Research (NCAER)	8.4	Oct-10	8.1	Jul-10
OECD!	8.3	May-10	7.3	Nov-09
Range	8.3-9.7		7.3-9.4	
Figures in Per Cent				
- : Not Available. * : Calendar Year. ! At market price, while others are at factor costs				

(Source for data on Indian economy – Reserve Bank of India, Government of India)

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Indian Economy Overview (Continued)

Monsoon 2010

In 2010, the seasonal rainfall from 1st June to 30th September was 102 per cent of its Long Period Average (LPA). Seasonal rainfall over Northwest India, Central India, Northeast India and South Peninsula was 112 per cent, 104 per cent, 82 per cent and 118 per cent of the LPA respectively.

The rainfall recorded over 5 subdivisions (East U.P., Bihar, Jharkhand, Gangetic West Bengal, Assam and Meghalaya) out of 36 subdivisions was deficient. 14 subdivisions (43 per cent of the total area of the country) recorded excess rainfall. The remaining 17 subdivisions (42 per cent of the total area of the country) recorded normal rainfall

Out of 597 meteorological districts for which data are available, 173 districts (29 per cent) of the meteorological districts received excess, 240 districts (40 per cent) received normal rainfall, 173 districts (29 per cent) received deficient rainfall and the remaining 11 districts (2 per cent) received deficient/scanty rainfall during the season.

Thus during the 2010 monsoon season, rainfall activity over the country as a whole has been normal. In regional terms, the rainfall has been normal over northwest and central India, while it has been excess over the peninsular part of the country and deficient over the northeast.

Rainfall – South-West Monsoon (June-September)					
Year	Cumulative Rainfall	Spatial Distribution			
	Above(+)/Below (-) Normal (Per Cent)	(Number of Sub-Divisions)			
		Excess Rainfall	Normal Rainfall	Deficient Rainfall	Scanty/No Rain
2000	-8	5	23	8	0
2001	-8	1	30	5	0
2002	-19	1	14	19	2
2003	+2	7	26	3	0
2004	-13	0	23	13	0
2005	-1	9	23	4	0
2006	-1	6	20	10	0
2007	+5	13	17	6	0
2008	+2	2	30	4	0
2009	-23	3	10	23	0
2010	+2	14	17	5	0
Excess : +20 per cent or more. Normal : +19 per cent to -19 per cent.					
Deficient : -20 per cent to -59 per cent. Scanty : -60 per cent to -99 per cent.					
No Rain : -100 per cent.					

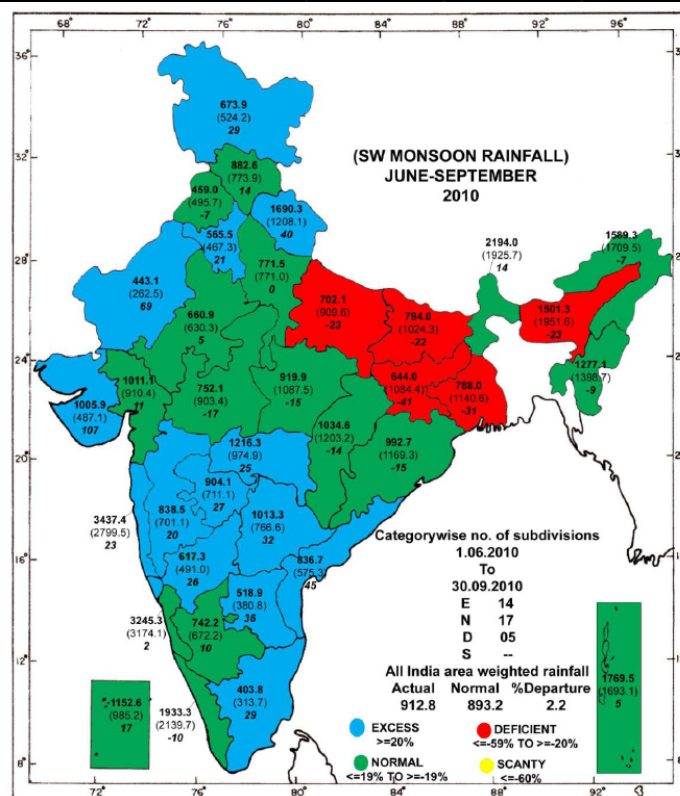
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Indian Economy Overview (Continued)

The monthly monsoon rainfall over the country as a whole during all the months, except June, was above the respective LPA. During June, the rainfall was 16 per cent below LPA. Monsoon rainfall over the country as a whole was 3 per cent above LPA in July, 6 per cent above LPA in August and 13 per cent above LPA during September.

The southwest monsoon rainfall (June to September) for the period 1 June to 30 September 2010 for the country as a whole and the four broad homogeneous regions are as follows:

Region	Actual	Long Period Average (LPA)	Actual % of LPA
	mm	mm	%
All-India	912.8	893.2	102
Northwest India	688.2	613.0	112
Central India	1,027.9	991.5	104
South Peninsula	853.6	722.9	118
Northeast India	1,175.8	1,436.2	82

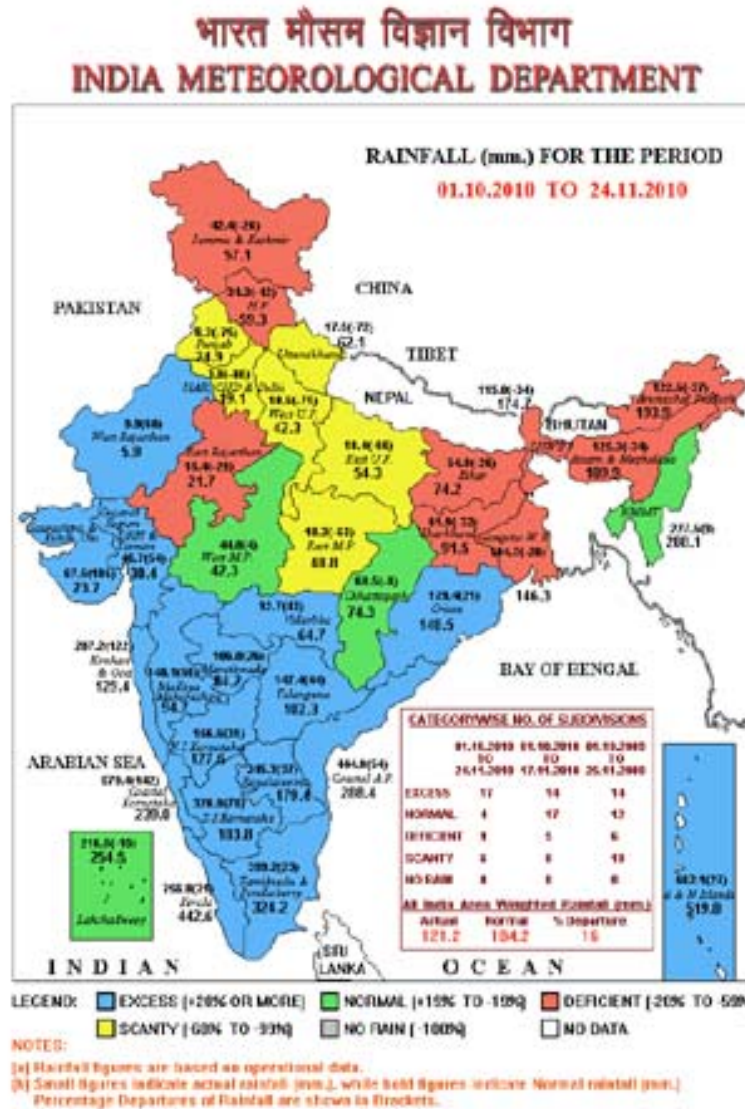


(Source for data on monsoon – Indian Meteorological Department)

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Indian Economy Overview (Continued)

After a good monsoon, icing on the cake has been provided across much of the country by rains during the months of October and November. The figure below shows the rains during the period from 1 October 2010 to 24 November 2010.



Post-monsoon rains do wonders for all rabi crops (sowing during November-December, harvesting during February-April).

Food Industry Overview

- The combination of a bumper harvest here and shortages created by bad weather in Brazil, Russia, Europe, China and Pakistan has ensured that India today possesses the world's cheapest sugar, cotton, corn, pepper, tea, soyabeans, and wheat.
- India has inked its first exchange of information treaty with the Caribbean tax haven Bermuda, a move that would enable the government to get banking, ownership and information on tax matters and other issues like money laundering and parking of black money outside India.
- India has matured from the largest export destination to emerge as the second-fastest growing investor in the US, after the United Arab Emirates. In FY09 and FY10, Indian companies made 536 outbound acquisitions globally, of which 105 were in the US. During the first quarter of FY11, ending June 2010, Indian companies completed 101 outbound acquisitions of which nearly one-fourth were in the US.
- India and Britain agreed to collaborate on development of scientific knowledge that will increase food security and alleviate poverty.
- India will have to contribute upto Rs.150 bio (about more than USD 3 bio) to the International Monetary Fund (IMF) following the decision of the Fund to double its quota. While doubling its quota the IMF Board has also decided to shift 6 per cent shares in voting rights to emerging economies as part of governance reforms. India and China are major beneficiaries of this decision with New Delhi's position climbing to 8th place above China in the IMF Board from its present 22nd position.
- Robust growth of over 27 per cent in exports during the first six months of FY'11 has fuelled hopes that India may cross the trade target of USD 200 bio for the entire fiscal.
- Snapping a declining trend in FDI inflows for three successive months, India received foreign direct investment in India worth USD 2.11 bio in September, an increase of about 40 per cent over that in the same month last year.
- Food inflation declined for the fifth week running, dropping to a 12-month low of 10.3 per cent for the week ended November 6, strengthening the prospects of a sharper decline in the overall inflation in the coming months.
- The government has said that it has not fixed any time limit for taking a decision on foreign direct investment in multi-brand retail. While multi-brand retail is closed for foreign investors, 51 per cent FDI is permitted in single brand retail. There are no restrictions on inflows in wholesale cash and carry format business.

Dairy

- India is currently losing nearly two per cent of the total milk production, amounting to a whopping over Rs. 26.61 bio due to rise in heat stress among cattle and buffaloes because of the global warming, said RC Upadhaya, Principal Scientist, Animal Physiology at National Dairy Research Institute.
- Japanese probiotic food major, Yakult-Danone India Pvt Ltd, now plans to launch its health drink in Chennai and Hyderabad. The Yakult probiotic drink is already available in Delhi, NCR, Chandigarh, Jaipur, Pune, Mumbai and Bangalore. The company plans to launch it in Kolkata by the end of the next year and then take it tier-II and III cities. Probiotic food market in India is pegged at Rs. 1 bio by market researchers.
- Andhra Pradesh Dairy Development Co-op Federation Ltd, which markets its products under its flagship 'Vijaya' brand, has announced its entry into packaged water business.
- Nestle India has reported a 20 per cent increase in its net profits to Rs. 2.185 bio, against Rs. 1.828 bio in the corresponding period a year ago. Net sales were up 25.7 per cent to touch Rs. 16.373 bio compared with Rs. 13.022 bio reported for the corresponding period a year ago.
- Godrej Agrovet Ltd, the agri-business arm of leading conglomerate Godrej Ltd, has planned to enter the dairy farming business. It is in talks with at least two leading Israeli dairy farm technology providers. "Godrej is looking to set up a model dairy farm, with about 200 cows. The company may not be looking at commercial production of milk, but is interested in becoming a technology source for providing high-yielding cows and world-class technology. The model farm will act as its research and development centre", said an official who was in talks with Godrej.
- India's largest fertilizer company, Iffco, has announced a collaborative venture with two entities in New Zealand, to set up a mega dairy project in India. The memorandum of understanding between Iffco and New Zealand's Fonterra Cooperative Group and a commercial entity, Global Dairy Health, envisages the establishment of a dairy farm with 3,000-5,000 cattle in the initial stages.
- Israel's industry conglomerate Elbit has announced plans, through its arm, Elbit India, to establish India's largest dairy farm in Andhra Pradesh.

Meat & Poultry

- Presently in India, 95-97 chicken out of 100 are sold live. This means, they are butchered in front of the customer at retail outlets in cities, towns and villages. However, all this could change in a few years as various factors could lead to increased consumption of processed chicken. "The live birds' sale sector makes up 97 per cent. Only institutional buyers opt for processed chicken either in chilled or frozen form", says Mr. B. Soundararajan, Managing Director of the Coimbatore based Suguna Poultry Farm Ltd. "Things are heading towards a situation where consumers will have to opt for the purchase of processed chicken only. The Chennai Corporation has stopped giving licences to new outlets where chicken will be sold alive. In Delhi, slaughtering has been banned though its implementation is yet to be speeded up", said Mr. Shivakumar, Managing Director of VKS Farms Pvt. Ltd, also based in Coimbatore. According to Mr. Soundararajan, sales of processed chicken have been rising by 30-40 per cent annually.

(Meat & Poultry continued on next page)

Meat & Poultry (Continued)

- Despite sharp increase in production costs, the poultry industry is poised for a 10-12 per cent growth in layers and 15 per cent growth in broilers on prospects of higher consumption. Revenue-wise too, the Rs. 550-bio industry might register a growth of 15 per cent this financial year.
- Assam Government is giving emphasis on scientific rearing of pigs as pig farming is emerging a profitable business in the North-East.
- EnSigns Health Care Pvt Ltd and The NutraSweet Co USA have recently launched 'Sweetos', a cattle feed sweetener. Sweetos has been developed with neotame, a high intensity sweetener. Amino acids based sweetener Neotame is 8,000 to 13,000 times sweeter than sugar and is a patented product of the NutraSweet Co USA. Ensigns is one of the leading manufacturer of Sweetos, low calorie sweeteners for the food industry. Together the two companies have launched this sweetener to be added to cattle feed.
- Farmers of Krishna district (Andhra Pradesh) have come together to set up a private company to promote awareness about emu products in the public and to sell them. Emu rearing had increased substantially in the district in recent years and farmers felt the need for the setting up emu processing units and sales outlets.
- Bharat Biotech, a Hyderabad-based biotech firm, on Monday launched HNVAC, India's first indigenously developed H1N1 swine flu vaccine to prevent the spread of H1N1 influenza. It is the only developing world flu vaccine to be manufactured in cell culture technology, a highly sterile and controlled manufacturing process.
- The poultry industry in India, considered to be a business that belonged to the old economy, has begun to use tools offered by information technology and biotechnology. Though it is not a completely new phenomenon, the industry now boasts of a material analyzer that could analyze moisture, protein, fibre and fat content in a few seconds.
- Mysore-based Zeus Biotech Ltd claims to have the first feed-specific enzyme for feed manufacturers. "Usually, they use industrial grade enzymes. But we have developed feed-specific enzyme. This can be used in poultry, piggery and aqua sectors to the specific requirements", Mr. Jose Jinesh, Director (Marketing and Exports), said.

Aquaculture

- UN Food and Agriculture Organization (FAO) has proposed new guidelines for aquaculture certification. According to the first-ever global guidelines adopted by the sub-committee on Aquaculture of the Committee on Fisheries, part of the FAO, the non-binding guidelines cover animal health, food safety, the environment and socio-economic issues relating to aquaculture workers.
- A revival in the US consumption of seafood has helped the country's seafood export to rise in the first half of the current fiscal. Seafood exports to the US market have increased by 38 per cent in volume, 76 per cent in rupee value terms and 85 per cent in dollar terms.

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