



# IndiaFood

FOODS, BEVERAGES & INGREDIENTS DIGEST  
April / May 2010

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*IndiaFood* Executive Summary is published every 2 months by:

Publisher

**Hindustan Studies & Services Ltd.**

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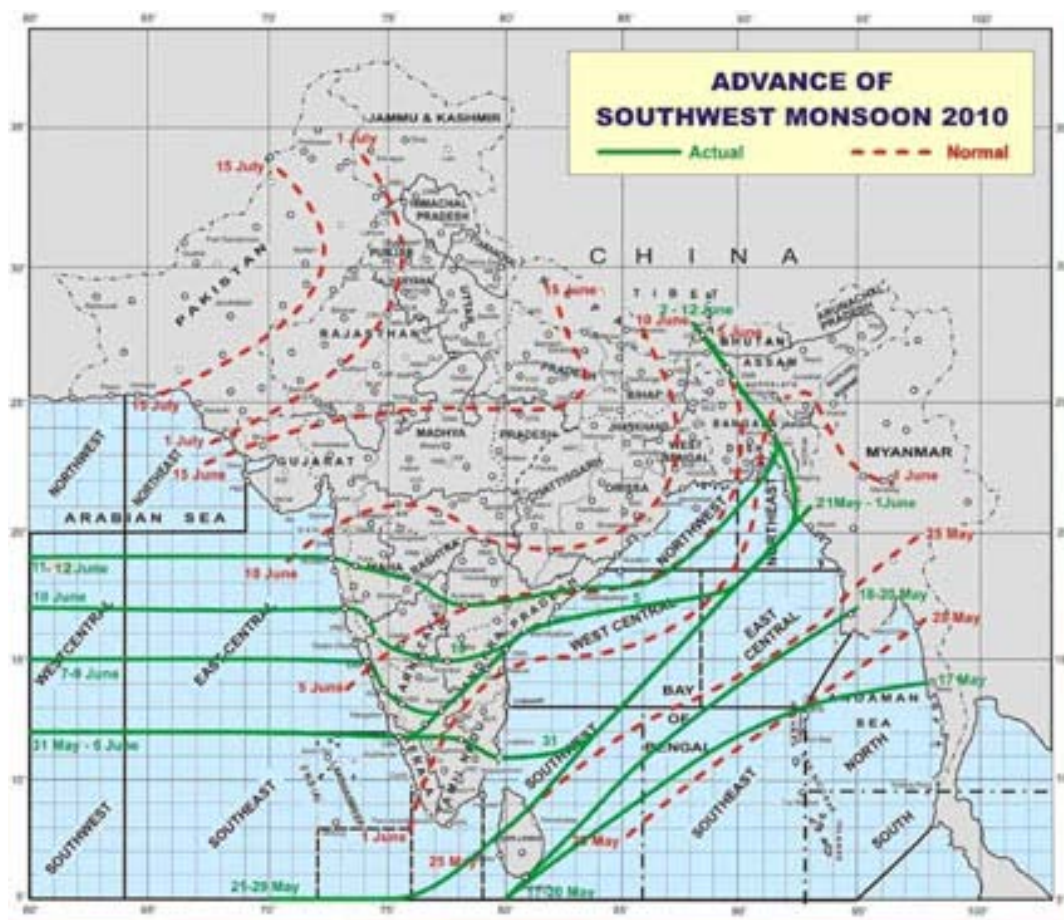
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Summer is always harsh in the plains of India. This year was particularly bad. Temperatures in most parts of the plains of North India crossed 45 Celsius. Year 2009 was said to be the warmest year since 1901. It seems that the year 2010 has been even warmer than 2009. Though official data is yet to be released, it is being said that the summer of 2010 is the hottest since 1801, the year temperature records started being maintained in India.

The number of deaths across India due to summer heat runs into hundreds. Every state is struggling to provide relief to people affected by the scorching sun. In the midst of the sweltering heat, the only hope comes from forecast of good monsoon. Indian Meteorological Department has predicted a normal monsoon. Quantitatively, it is predicted that monsoon season rainfall is likely to be 98% of the long period average with a model error of  $\pm 5\%$ . Along with the official forecast, hope comes to Indians suffering from heat due to the traditional belief that an unusually hot summer brings a good monsoon. So, everyone is bearing the heat hoping that the monsoon will bring cheer soon enough.



(Continued on next page)

Fortunately, the monsoon has started on time and the progress till the time of writing this has been almost normal. It was a bit delayed when the cyclone Phet in Arabian sea disturbed its advancement for a few days. It seems that the nature has decided to be kind to India. Phet changed course and moved to Pakistan before losing much of its devastating power. So, as things stand everyone in India is hopeful of a good monsoon.

The optimism is not confined to rains alone. Almost everyone is predicting high growth rate for GDP. Industry chamber CII has projected the Indian economy to expand by up to 8.5 per cent in the current fiscal against estimated 7.2 per cent in 2009-10. Other observers are also in the same range, with some projecting rate of growth as high as 9.2 per cent.

The reason for optimism also stems from the good crop of wheat that is finding its way into the *mandis* (agricultural commodity markets). Bumper wheat crop in the past two seasons has removed the need for India to import wheat. There are now pressures on the government to permit export of wheat. At the moment, the government does not want to open the doors fully. So, limited exports are being permitted on the basis of diplomatic agreements.

While wheat is bringing smiles across the country, there are reasons to be worried about pulses. As Indian economy grows, the demand for pulses is bound to rise. A research paper estimates the requirement of pulses to grow to 36.1 mio tons by 2026. The current production of 14-15 mio tons is almost stagnant. Efforts by government agencies have failed to raise yields. It is clear that from an Indian perspective, a crisis in pulses is in the making. Of course, viewed from the perspective of Canada, Myanmar and other countries selling pulses to India, this presents a huge opportunity.

India, with its huge population, is such a big consumer that a nominal increase or decrease in production or consumption changes the world dynamics in the commodity. India is the largest consumer of pulses as well as of many other commodities. During the past two years, India was the largest importer of sugar. But increase in production of sugar in India has altered the scenario. Soon, India may start exporting sugar.

In the midst of all the bright spots, there is a good news in this issue which is accompanied by a bad news – both about the same organization. Gujarat Cooperative Milk Marketing Federation Limited (GCMMF) that markets Amul brand of dairy products reported a sales turnover of Rs. 80.02 bio for the fiscal 2009-10. Dairy giant Amul is inching towards becoming a two-bio-dollar brand. The sad part is that Amul is facing one its worst crises since the ouster of its founder the legendary Verghese Kurien. Tussle for the chairmanship of GCMMF has emerged as the core issue. The Managing Director of GCMMF has resigned. Board room battles have a tendency to harm the company. We do hope and wish that the differences between the directors of GCMMF will be resolved soon and that Amul will continue to grow stronger in every week that passes by.

While we are at the job of wishing good luck, let us also wish good luck to a company that has been going places and making Indians proud. Tata Tea has changed its name to Tata Global Beverages to better reflect the group's international standing and the array of products it sells under different categories. It is also interesting to note that Tata Tea and Pepsico have signed an MoU for a joint venture in the non-carbonated ready-to-drink health and wellness market. Let us wish the Tata company as well as the yet to be formed joint venture company all the best.

Anil Chawla

## Food Industry Overview

- India can get back to 9 per cent growth by the end of the Eleventh Plan (2007-12) and do even better thereafter, the Prime Minister, Dr. Manmohan Singh, said.
- India's economy is expected to grow at 8.25 per cent in the financial year 2010/11 that began on April 1, Prime Minister Dr. Manmohan Singh said.
- In view of India's faster industrial growth and improved business confidence, UK-based Standard Chartered Bank (SCB) revised upwards its forecast for the country's economic growth to 8.1 per cent for the current fiscal. Earlier, SCB had estimated the country's GDP growth for 2010-11 at 7.5 per cent.
- India's gross domestic product is expected to grow by 7.1 per cent in FY 10 and by 9.2 per cent in FY 11, the Centre for Monitoring Indian Economy said in its report.
- Industry chamber CII has projected the Indian economy to expand by up to 8.5 per cent in the current fiscal from estimated 7.2 per cent in 2009-10.
- India is expected to grow by 8.75 per cent in 2010 and 8.5 per cent in 2011, driven by strong domestic demand, International Monetary Fund said in its 2010 World Economic Outlook Report.
- Having formally launched an e-market exchange for spot trading of agri-commodities in Gujarat, National Agriculture Produce Marketing Company of India now plans to roll out the exchange in seven other states.
- Thrilled by the initial success of the country's first private sector wholesale market for horticulture produce in Nashik, Premium Farm Fresh — the promoter of the market — is looking to expand its operations and add more locations in other states.
- The latest round (64th) of NSS Survey on Household consumption expenditure has revealed that the amount spent on food in urban areas is down to close to 40 per cent from 56 per cent in 1987-88. Among the rural households the number is down from nearly 64 per cent to 52 per cent. Rural consumers allocated more on vegetables, fruits and nuts which account for 8.04 per cent of the expenditure, compared with 6.84 per cent two decades ago. Urban allocation during the same period is down to 6.48 per cent from 7.76 per cent of two decades earlier.
- India's food preferences seem to be changing. While it is consuming less food grains these days, its love for nutritious and high-value commodities like milk, fruits, vegetables, meat, eggs and fish have grown manifold. The structural change in demand appears to have driven the dynamics of the food grain and non-food grain markets.
- Advertising Standards Council of India has made some additions to the code on advertising of food and beverages. The addendum to the code on advertising of food and beverages prohibits advertisements from depicting personal changes in intelligence, physical ability or exceptional recognition unless scientifically substantiated. The code further states that nutritional and health benefit claims in food and beverage advertisements are required to be substantiated scientifically, including food products nutritionally designed as a meal replacement. The food and beverage code also prohibits advertisements and promotions from portraying over consumption and visual presentation of food and beverage that is different from its actual material characteristics.
- The government's plans to fix up the public distribution system to strengthen food supply to the poor could weed out the better-off population from the welfare scheme and save nearly Rs. 80 bio a year for the exchequer.

(Food Industry Overview continued on next page)

### *Food Industry Overview (Continued)*

- Ministry of Food Processing Industries plans to promote 30 to 40 more Mega Food Parks in the country. In the last two years, 10 mega food parks have been set up. Five have been proposed in the current year's Budget.
- Foreign direct investment in food processing is likely to rise 27 per cent to Rs. 12 bio this fiscal in light of immense untapped potential in the sector, Union Food Processing Minister said. The government has allowed 100 per cent FDI in food processing.
- Food Safety and Standards Authority of India (FSSAI), an autonomous statutory body to ensure food safety, plans to regulate foods for special purposes as well as nutritional uses after an outpouring of complaints against misleading and false claims trumpeted by companies.
- Tata Strategic Management Group has reported that the potential market for health and wellness foods in India will reach Rs. 550 bio by 2015 – up from the current Rs. 101.5 bio.
- Planning Commission said it is working on an ambitious action plan to boost secondary agriculture, which includes value-addition to farm products, in the 12th Five Year Plan (2012-17). Secondary agriculture encompasses activities such as extracting medicines from herbs, vitamins from food grains, fiber boards from rice straw, oil from rice bran and so on.
- Companies such as Bajaj Food Products, Nikasu Frozen Foods, MTR Foods, Gits Foods, Deepkiran Foods, Foods & Inns, Agro Tech Foods, ADF Foods, Kohinoor Foods and LT Foods have seen their exports grow at a rate of anywhere between 15 per cent to 60 per cent over the last three years. The ministry of food processing the size of the industry at Rs. 1440 bio. But exports of processed foods stood at just Rs. 89.75 bio in 2007-08. It is estimated to be growing at 15 per cent over the past 2-3 years.

### *Aquaculture*

- Despite global recession and a stronger rupee, marine exports crossed the USD 2-bio mark for the first time in the 2009-2010 fiscal. Indian seafood export volumes grew 10 per cent to 663,603 tons while realization grew 15 per cent to Rs. 99.2146 bio during 2009-10. Foreign exchange earnings were up 10 per cent at USD2.105 bio. Shrimp continued to dominate Indian seafood exports accounting for 42 per cent of dollar realizations. Frozen fish repositioned itself as the principal item in terms of quantity and second largest in value. Dominating the volumes, it accounted for 38 per cent of the total quantum of marine exports realizing 20 per cent of the total foreign exchange earnings. The EU continued to be the largest market accounting for 30 per cent of the foreign exchange realization. Accelerating exports to China made it the second largest buyer, accounting for 18 per cent of value realizations.
- Growell Feeds Private Limited recently inaugurated one of India's most modern fish feed manufacturing facilities near Singarayapalem in Andhra Pradesh's Krishna district. The plant, fully automated from ingredient-mixing to finished product, currently targets 60,000 tons a year with scale-up options to produce 'protein-rich extruded floating feed'.

(Aquaculture continued on next page)

### *Aquaculture (Continued)*

- As per the figures for 2009-10 released by the Marine Products Export Development Authority, while traditional markets like the USA, EU and Japan showed very low or negative growth rates, seafood exports saw the maximum growth in the South East Asian and West Asian markets. Exports to South East Asia witnessed the maximum growth of nearly 62 per cent at 144,065 tons. The growth rate in Rupee terms was 66 per cent while in USD terms it grew by 61 per cent. Shipment to Middle East saw a 27.04 per cent growth in terms of quantity during the year at 34,526 tons.
- Increasingly, frozen fish from Gujarat is becoming the mainstay on restaurant tables in countries of South- East Asia. The catch from Gujarat coast has now become more diversified and seafood processing and freezing capacities have been built up to cater to the new-found export demand. The spurt in demand from South-East Asian countries and increased catches-for-export from the Gujarat coast has transformed Pipavav into the biggest port for seafood export in the country.
- In a major blow to the country's marine export sector, the US Department of Commerce has decided to continue with the anti-dumping duty levied on shrimp exports from India. Following the expedited Sunset Review, which was mandatory after the initial decision to impose anti-dumping duty was first announced five years ago, the US Department of Commerce has found that "the revocation of the anti-dumping duty would lead to a continuation or recurrence of dumping."

### *Dairy, Meat & Poultry*

- National Sample Survey Organisation's just-released household consumer expenditure survey data for 2007-08 (July-June) show milk to account for 14.9 per cent of the average rural monthly spending on food. The figure stands higher, at 18.3 per cent, for urban India. Milk's 14.9 per cent share – which includes derived products such as ghee, butter, curd, baby-foods and ice-cream – in an average rural Indian family's food budget is next only to cereals (30.7 per cent) and ahead of vegetables (12 per cent), edible oil (8.2 per cent), egg, fish & meat (6.5 per cent), pulses (5.9 per cent), spices (4 per cent), fruits (3.4 per cent) and sugar (3.1 per cent).
- Are consumption of milk and meat inversely correlated? Well, it does seem so, if one were to go by the National Sample Survey Organisation's just-released household consumer expenditure data for 2007-08. The States having the highest per capita expenditure on milk and milk products happen to be, indeed, those that spend the least on egg, fish and meat.
- Ice cream makers are trying out innovations to beat competition heat in the Rs. 8 bio branded ice cream market, which is growing at 15 per cent annually. Havmor, a leading chain, is planning to launch "designer ice creams" exclusively for weddings – a first in India. Havmor also plans to add low-fat ice creams to its 'health portfolio' led by sugar-free products. Mother Dairy is focusing on attractive packaging as it wants to focus on youth. Vadilal says while exotic flavors will be a priority, the focus this season will be on manufacturing hygienic products through automation.
- Dairy giant Amul is inching towards becoming a two-bio-dollar brand. Gujarat Cooperative Milk Marketing Federation Limited (GCMMF) that markets Amul brand of dairy products reported a sales turnover of Rs. 80.02 bio for the fiscal 2009-10.
- Amul, is facing one its worst crises since the ouster of its founder the legendary Verghese Kurien. Tussle for the chairmanship of Gujarat Cooperative Milk Marketing Federation Limited (GCMMF), the apex marketing body, has emerged as the core issue.

(Dairy, Meat & Poultry continued on next page)

### *Dairy, Meat & Poultry (Continued)*

- New Delhi-based frozen yogurt chain Cocoberry will start selling pre-packaged products through supermarkets and hypermarkets by the end of the year. At present, Cocoberry is sold through its branded outlets through three retail formats: shop-in-shops, takeaways and cafes.
- Buoyed by the success of 300 ice cream parlours that provide bespoke ice cream preparations, it plans to add a whopping 1,000 parlours more in the country by the end of this year. The dairy major had launched its first scooping parlour in Mumbai a year and a half ago. Amul is also to increase capacity of its existing plants to meet growing demands this summer.
- Nestle India is set to expand its manufacturing capacity and open two new plants by 2011-12. The new plants will manufacture chocolates, confectionaries and noodles and other products.
- Nestle will introduce more products from its global portfolio and will “Indianise” them besides targeting the rural market to maintain the growth momentum.
- Iffco, the world’s biggest fertilizer cooperative, is set to enter the dairy business with an over Rs. 10-bio venture by the year-end. The first unit to go on stream at Iffco’s Kisan AEZ at Nellore, will showcase a state-of-the-art world class processing plant for processed dairy produce including cheese. It is likely to be a joint venture with an undisclosed Delhi-based business house and an Israeli dairy major.
- Imports of milk and dairy products shot up nearly 600 per cent while foodgrains by 90 per cent between April and December in the previous fiscal in the wake of high food inflation.
- A year after its split with Britannia, the French dairy major is betting big on milk products. In the first five months of operations in India, the company has launched three products — chocolate smoothies (Choco Plus) in Hyderabad, plain yogurts (Danone Dahi) and a range of flavoured yogurts (strawberry, mango and vanilla), in Pune and Maharashtra. It has partnered with Dynamix, as the co-manufacturer for Danone products in India.
- Import of dairy items during April 2009-February 2010 surged by a massive 275.5 per cent to Rs. 2.8488 bio. The dairy products imports mainly comprise skimmed milk powder and butter oil.
- Domestic dairies have reiterated their demand for imposing a 25-per cent duty on export of oilmeals and de-oiled cake with a view to containing spiraling feed costs for milk producers.
- The roadblock over India’s meat exports to Egypt seems to have eased for the time being with the authorities agreeing to put in place more stringent norms by adhering to Egypt’s food safety rules.
- With poultry feed price stabilizing across and also demand dropping because of summer, egg prices across the country have declined in the last few weeks. Retail price of eggs in Delhi has dropped by around 18 per cent to Rs. 34-35 a dozen at present from Rs. 40 – 41 a dozen in the last two months. Wholesale egg price in Delhi have declined to Rs. 2.15 per piece on Friday from Rs. 2.83 per piece in January 2010.
- India has refused to remove restrictions on import of pork and poultry products imposed last year as a preventive measure against spread of bird flu despite mounting pressure from the EU and the US at the World Trade Organisation (WTO).
- Retail broiler prices after stagnating for last few months, are again on boil and have risen sharply during April-May. This has been attributed to intense heat conditions prevailing which results lower production of birds. Poultry industry sources said the wholesale live weight broiler prices in Delhi and surrounding areas have increased to Rs. 78 – 80 per kg from Rs. 65- 68 per kg prevailing just a month back. This has resulted in increase in retail prices of dressed broiler to Rs. 140 – 150 a kg from Rs. 120- 130 per kg.

## *Alcoholic Beverages*

- After scrapping the controversial decision of making liquor from food grains, Maharashtra Government is now planning to permit liquor production from cashew, jambhul (jamun) and chikoo (sapodilla) fruits.
- Maharashtra Government is considering promoting wine from Carissa carandas or Karonda. Karonda is a small berry-like fruit, native to India and abundantly available in Konkan (coastal Maharashtra).
- Whisky currently accounts for 55 per cent of all IMFL (Indian made foreign liquor) sales in the country. While mid and premium segment whisky contributes 90 per cent of the market share and the premium scotch market is growing at 25 per cent-30 per cent, a new luxury segment is evolving within Indian brands in the form of single malts.
- United Spirits, the world's second largest spirits maker by volume, is looking to expand into south-east Asia, Africa and the Middle East, a top official said.
- Vijay Mallya-led UB Group today said it has become the world's second-largest liquor maker after Diageo with sales of over 100 mio cases in the last 12 months and is certain to be the number one by next fiscal.
- United Breweries Limited (UBL), India's largest brewery firm, has received Rs. 1 bio from Heineken, a 37.5 per cent shareholder in UBL, to drop all cases against the global beer major. UBL had filed cases in the Bombay High Court to restrain Heineken from exercising management rights that were accorded to its erstwhile shareholder, UK-based Scottish & Newcastle (S&N), citing that the Dutch brewer was part of a rival firm APB India in the market.
- United Spirits Limited, India's largest spirits firm promoted by bioaire Vijay Mallya's UB Group, is looking at various options to continue its bulk supply of scotch from the stables of Whyte & Mackay, which USL acquired during mid-2007 in a USD1.7 bio deal. W&M had a three-year bulk supply agreement with world's largest spirits company Diageo at the time of the acquisition and is coming to an end during this year.
- United Breweries is planning to set up a litchi processing plant at Patahi in Bihar's Muzaffarpur district to make wine. The company has taken 100 acres of litchi gardens on lease at Kanti and Motipur blocks in Muzaffarpur. It has plans to take another 1,000 acres from the farmers.
- United Breweries Group plans to export large-scale Indian wine to Britain, starting with three brands later this year. The world's second-biggest spirits manufacturer plans to mimic the successful roll-out of its Indian lager Kingfisher by distributing the red and white wines through Indian restaurants before moving to supermarkets.
- Southern Agrifurane Industries Pvt Limited, the liquor arm of Chennai based MGM Group, has launched Richman's Matred XXX in the prestige rum segment and MGM No.1 Grape Brandy in the Kerala market. The company has also tied up with UK based Heavy Water Vodka for launch of their products in India. The company has recently acquired a distillery unit at Sri Lanka for establishing MGM liquor brands in that country.
- A9, a group of nine co-operatives from Portugal, will use Goa as a gateway to bring to India a wide range of Portuguese wines. The group represents FENADEGAS, the national federation of wine cellar cooperatives of Portugal.

(Alcoholic Beverages continued on next page)

### *Alcoholic Beverages (Continued)*

- Nashik-based Sula Vineyards, a major wine producer and a leading wine importer, has now added another international wine brand from French company 'Rémy Cointreau' to its portfolio.
- Troubled wine-maker Indage Vintners, formerly Champagne Indage, has filed an application with a division bench of the Bombay High Court challenging an order of a single judge that directed the company to wind up operations. In its appeal, filed on March 30, Indage said it was not insolvent and its workers would suffer if the company was to be liquidated. The Bombay High Court extended stay on the liquidation of Indage Vintners, formerly Champagne India, till June 15.
- South African beer company, SABMiller, is set to come out of a temporary setback of its operations in India, after the Andhra Pradesh government allowed it to increase the prices of its brands recently.
- Beam Global Spirits and Wine, the fourth largest spirits company in the world, is planning to bring two of its high-end tequila brands – Hornitos and 3G – to India, the market for which is currently pegged at around 35,000 cases a year.
- Bacardi-Martini India launched its premium vodka brand Eristoff in Mumbai and is set for a pan-India roll out by this year.
- Radico Khaitan, manufacturers of 8 PM whisky, is all set to launch 'After Dark', a 100 per cent grain-based whisky manufactured at its Rampur distillery.

### *Non-alcoholic Beverages*

- Wipro Consumer Care & Lighting (WCCL) is nudging its glucose powder brand, Glucovita, into the juice powder category. From a plain-vanilla energy enhancer, WCCL's flavored extension seeks to pitch Glucovita into a larger market which has brands such as Rasna and Kraft's Tang.
- Tata Tea and Pepsico, have signed an MoU for a joint venture in the non-carbonated ready-to-drink health and wellness market. The new company will be exclusive for the Indian market. A definitive agreement for the joint venture could be expected in the coming month.
- Playing its health card, Coca-Cola is in the process of launching three fruit-based drinks this summer. The company is expected to launch two products under the Minute Maid brand, and a mango shake in the dairy segment under the Maaza brand by June this year. Coca-Cola is not present in the dairy segment elsewhere in the world. India would be its first test-ground for the segment when it launches the mango shake.
- Coca Cola India has been asked by a consumer court to pay Rs. 25,000 as compensation to a person who had found junk inside a soft drink bottle he had purchased.
- Coca-Cola India is running against time to launch its sports drink Powerade in the country before the Commonwealth Games in October.
- Indian market continues to be a key growth driver for beverage major Coca-Cola, as sales on its home turf of North America continue to remain poor. The cola major saw a unit-case volume growth of 29 per cent in India, the highest recorded in any region in the first quarter of calendar year 2010.
- Coca-Cola India plans to take its premium niche energy drink 'Burn' to other top cities of the country beyond Mumbai, Delhi and Bangalore in the next few months.

(Non-alcoholic Beverages continued on next page)

### *Non-alcoholic Beverages (Continued)*

- Bottled water major, Bisleri International, plans to launch water with fruity flavors this summer or in the coming festive season, a top company official said.
- German soft beverage maker Aqua Montana has struck three separate contract manufacturing deals with local bottlers to make and sell diet beverages and energy drinks in India.
- GlaxoSmithKline is working on commercial launch of its sports drink Lucozade which was test-marketed during the Mumbai Marathon in January this year.
- Groupe Danone is ready with its second joint venture in India after exiting its earlier one with Britannia almost a year ago. A new 50:50 venture has been forged between the Mumbai-based Narang Group and Groupe Danone. To begin with, the joint venture — Danone Narang Beverages — will launch flavoured functional vitamin water (claimed to be the first in the country) Qua+, which will be followed by a host of products in the health and wellness segment
- Soft drink makers are feeling the heat this summer. Higher value-added tax (VAT) rates and raw material costs have hit the margins even as sales failed to match the rising temperature. Delhi, one of the key summer markets, recently increased VAT on soft drinks from 12.5 per cent to 20 per cent. This has squeezed the margins of PepsiCo and Coca-Cola, which were already under pressure due to high sugar prices.
- Soft drinks concentrate major Rasna plans to enter the energy drinks market by November 2010. The company will introduce a host of variants in the powdered drinks category.
- Jain Agro Food Products, based at Maddur in Karnataka; Hyderabad-based Anu Coco Food Products; and Sakthi Coco Products of Pollachi in Tamil Nadu are among the companies that have aggressively scaled up their coconut water bottling capacity. They expect about 25 per cent jump in sales this summer as North India sweats in blistering heat. One of the large companies in the field, Jain Agro Food Products, plans to build a bottling plant deidacted to exports for Rs. 10 mio.
- Chennai-based Siva Group has announced acquisition of 50 per cent stake with two others in Islar, a Norwegian glacial natural mineral water company.

### *Tea*

- Kanan Devan Hills Plantations Company (KDHP) that owns and runs Tata Tea estates in Munnar (Kerala), is planning to go global by entering into joint venture with a tea company in Vietnam and acquiring management control of an Ethiopian tea estate. KDHP signed an agreement in last week of March with Lam Dong Tea Joint Stock Company (Ladotea) of Vietnam to set up a tea processing and manufacturing unit.
- By the month end, Siliguri will join five other tea auction centres to become the sixth centre using electronic platform for auctioning tea. With this, India will become the only country where tea auctions are held with the help of electronic platform.
- RPG group company Harrisons Malayalam Limited (HML) has built up capacity to convert more than half of its annual tea production into orthodox tea with the commissioning of new orthodox manufacturing facility at Wallardie tea factory in Vandiperiyar. HML is south India's largest cultivator of tea and a prominent exporter.

(Tea continued on next page)

## *Tea (Continued)*

- After a gap of two decades, India is now poised to re-enter the Egyptian tea market in a big way. Now with the establishment of India Tea Promotion Centre in Cairo, consumption and promotion of Indian teas have been revived and the volume and value of Indian exports have been looking up.
- Bio Food Co, a division of the Tuticorin-based PSSK Group, has launched branded herbal teas for the domestic market. Hip Tea made from 'Cassia angustifolia' has a laxative and slimming effect and Genkii Tea from 'Gymnema sylvestre' leaves can help control diabetes. The beneficial impact of these medicinal plants is globally proven.
- BK Birla group-controlled Jay Shree Tea & Industries is close to acquiring tea estates in Uganda and Rwanda. This will be the company's first overseas acquisition in the tea space and would lift production from 23.5 mio kg to nearly 29 mio kg in 2010-11.
- Indian tea export to European countries has been impacted by an appreciating rupee during the first few months of the year. While tea from gardens in Assam has been able to hold prices, the impact has been felt in case of Darjeeling tea.
- Twinings has launched Royal Tea. It is described as a velvety smooth and full flavored blend of the finest Assam and South Indian teas. It is available in packs of 25 sachets.
- Tea exports from India, the world's largest grower, rose by 14 per cent to Rs. 27.21 bio in 2009-10 fiscal on high global prices and downfall in shipments from other exporting countries, according to the Tea Board. In terms of volume, overseas shipments increased to 200 mio kg from 190 mio kg in the review period.
- Shifting rivers in India's largest tea producing state and abnormally high rainfall this year is destroying hundreds of acres of tea gardens and could cut output in the world's second-largest tea grower. More than a tenth of the 18,000 hectares of plantations, or tea gardens, in India's northeast state of Assam could be washed away as the mighty Himalaya-born Brahmaputra and other smaller rivers flood the region.
- Zydus Wellness, the consumer arm of Rs. 29 bio Zydus Cadilla group, has entered into ready-to-drink ice tea segment. The sugar free ice tea will be targeting the upper class segment and health conscious people.

## *Coffee*

- Coffee exports from India, Asia's third-biggest producer, may slow in the next six months as a stronger currency makes shipments expensive amid an increase in supplies from Brazil. India's rupee climbed to its strongest level in 18 months on Tuesday, making exports expensive.
- India's coffee production for 2010-11 is likely to be less than normal due to late and inadequate pre-blossom showers in south India. The rainfall during February and March was lower than normal this year in coffee-growing areas of Karnataka, while it was fairly satisfactory in Kerala and Tamil Nadu. This may lead to a 24 per cent decline in this year's coffee output, estimated at 220,000 tons.
- India's coffee exports increased by 40 per cent year-on-year in the fourth quarter ended March 31 on the back of increased demand for the commodity in global market. The country exported 83,000 tons of coffee during January to March this year compared to 59,100 tons exported in the same period last year.
- In a move that is expected to benefit small growers, the Union Finance Minister announced a Rs. 3.63-bio debt relief package for the coffee sector.

(Coffee continued on next page)

## *Coffee (Continued)*

- Italian coffee chain Lavazza will extend the concept of serving coffee with alcohol -- liqueur coffee -- in more outlets. At present, Lavazza's 'liqueur coffee', which was introduced in India six months back, is available at only one Barista Lavazza outlet in the Capital. It now plans to take the number of outlets serving it to 25-30 by next year.
- Starbucks is eyeing a partner to enter the Indian market, the head of the world's largest coffee retailer said.
- McDonald's plans to bring its globally renowned McCafe, the chain of coffee shop within its outlets, into India by 2012.
- Five years after it set up its first outlet in India, UK-based coffee retail chain Costa Coffee is ramping up its presence in the Indian market with a planned strategy of one new store every two weeks. This will take the store count to 75 by the year end from the current 50.
- Organized coffee business in India is estimated to be at Rs. 10 bio, growing at 40 per cent and the business can currently take around 5000 outlets according to industry figures.
- Café Coffee Day may develop a private label coffee brand for the Future Group as part of a multiple partnership between the two groups. The two have already signed a formal agreement and a MOU for the partnership.

## *Food Service & Retailing*

- India has moved five places up on the list of most preferred markets for retailers due to heightened interest from international companies in emerging markets, according to a study which tracks the presence of top retailers worldwide. India moved to the 39th position in 2009 from number 44 in 2008. Nearly 22 per cent of retailers surveyed have presence in India.
- The commerce and industry ministry is likely to propose 100 per cent foreign direct investment in multi-brand retail, opening the doors to the likes of Wal-Mart and Tesco, but will suggest stiff local sourcing requirements and mandatory investments in backward linkages.
- The ministry of road transport and highways has relaxed the rules for opening wayside amenities along the national highways and expressways. The move could be of help to food and beverage retailers such as McDonald's, Nirula's and KFC. The minimum lease amount for bidding for a rest stop has been lowered to 1 per cent of the cost of land annually from 10 per cent now.
- US-based fast food brands operator Yum! Restaurants launched its Mexican specialty chain Taco Bell in India with the first restaurant in Bangalore and said it had plans to open up to 100 outlets by 2015.
- Bharti Retail, a wholly owned subsidiary of Bharti Enterprises, announced the launch of its third compact-hyper store 'easyday Market' in the National Capital Region.
- Walmart is planning to increase sourcing from India to strengthen its global business. Walmart, which has a 50:50 joint venture with Bharti Enterprises in the wholesale cash-and-carry segment in India, believes that the country has immense potential to become an export hub for its global operations.
- National Agricultural Cooperative Marketing Federation of India (Nafed), plans to enter West Asian and European markets with food products aimed primarily at the Indian Diaspora.

(Food Service & Retailing continued on next page)

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

- McDonald's, whose menu is more than 50 per cent vegetarian, is taking the green dot seriously. The company has launched a campaign to emphasize its separate production lines and processes for its vegetarian and non-vegetarian offerings. India is the only country where the retail chain does not offer pork or beef-based products.
- Triveni Engineering & Industries Ltd has decided to shut its loss-making rural retail business. Its fully-owned retail arm, Triveni Retail Ventures Ltd, operates under the brand name, Triveni Khushali Bazaar, and incurred losses of over Rs. 190 mio up to March 2009.
- Jubilant Foodworks Ltd, formerly Dominos India, has said shift in demographic profile is creating a demand explosion in the pizza market. The company said it will introduce varied menu options to get a larger slice of the out-of-home food segment in India.
- SPAR India is planning to open 25 supermarkets in the country in the next three years.
- Spencer's Retail, the retail arm of the RPG Group, plans to add 0.2 mio sq ft of space in the current fiscal. The new addition will be in super and hyper categories. The RPG Group has 280 retail spaces across the country of which Spencer's Retail (226 units) occupies around 1 mio sq ft. Spencer's Retail hoped to post a turnover of Rs. 11.50 bio in 2010-11, up from Rs. 9.20 bio in 2009-10.
- French retailer Carrefour SA has said it would open its first wholesale store in New Delhi soon. The world's second largest retailer said it is also mulling a franchise model in India to start its retail operations.
- Wal-Mart Stores Inc will accelerate its rollout of wholesale stores in India, a crucial growth market that has long frustrated overseas operators with restrictive rules. The firm now expects to open 10-12 wholesale centers in India over two-to-three years, from an earlier target of five years.
- Nirula's, one of India's oldest restaurant chains with over 75 outlets across North India, plans to expand its footprint by entering 7-10 more cities.
- Barista Lavazza announced its association with Mattel Toys (India) Pvt Ltd for the launch of Barista Lavazza Café Scrabble 2010.
- Aditya Birla Retail, which runs More supermarkets and hypermarkets, has closed 30 stores, including two thirds of its stores in Gujarat. The company has decided that every store in the chain has to be profitable.
- Delhi-based value retail chain V-Mart plans to add 15 more stores to its network in FY 11. The seven-year old retail chain has 52 mid-size hypermarkets across 45 tier-II and tier-III cities.
- Devyani Internation of Ravi Jaipuria owned RJ Corp, which runs Pizza Hut, KFC and Costa Coffee chains, plans to open 12 bars called Foodie's Bar, across India over the next two years.
- Master chef Sanjeev Kapoor led Khana Khazana will open ten middle segment restaurants under its flagship brand, The Yellow Chilli, this year, including four in Bahrain.
- Future Group will launch a slew of digital commerce initiatives in the next few weeks to sell a wide range of products through the Internet, mobile phones, television and dedicated kiosks.
- Restaurant chain The Great Kabab Factory is scouting for partners in British and South Eastern markets to accelerate its overseas expansion. The chain, which currently operates six restaurants in West Asia besides 12 others in the country, plans another 10-12 in the international market by 2012.

## Snacks

- Having launched Treat Choco Decker about a month ago, biscuit major Britannia Industries is looking at growing its chocolate offerings to consumers.
- ITC has launched Sunfeast Marie Light Oats. The product is claimed to be enriched with two fibres – natural wheat fibre and soluble oats fibre.
- PepsiCo's salted snacks division Frito Lay is looking at increasing contract farming of potato in India by almost four-fold over the next three years. Currently, there are 15,000 farmers doing contract farming of potato for the company while it is sourcing the commodity from 40,000 farmers.
- Frito-Lay is contemplating export of indigenously-developed products Kurkure and Aliva to markets such as the US and UK. The company has just launched four new flavors for its Lays potato wafers. The flavors include Cheesy Mexicana, Mastana Mango, Tangy Twist and Hip Hop Honey Chilly.
- Parle Agro has launched two new flavors of its baked wheat snack Hippo – Indian Chatpatta and Arabian Salted.
- The *papad* and *warrian* cottage industry of Amritsar is losing its luster as a result of problems like imitation, labor shortage and high raw material cost. Manufacturers worry that if the trend continues, this traditional cluster will lose its identity as a *papad* and *warrian* industry hub.

## Culinary Items

- Considering the huge requirement for choco chips in the domestic market, Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd is planning to enhance its production capacity to 70 tons a month from the existing 15 tons a month.
- Wockhardt and Abbott have jointly decided to terminate the nutrition business agreement signed by them in July 2009, was the terse one line communication from drug-maker Wockhardt. Wockhardt's nutrition business comprised brands such as Protinex and Farex, which had come into its stable through the acquisition of Dumex India Pvt Ltd in 2006.
- Ruchi Soya Industries will sell protein drinks and snacks under its edible oil brand, Nutrela.
- Knorr has gone in for a new brand extension – soupy noodles. Enthused by the response in markets such as Karnataka, Andhra Pradesh, Kerala and Tamil Nadu, Hindustan Unilever will launch the product nationally over the next few days.
- Mumbai-based Rs. 1.05-bio ADF Foods is scouting for mid-sized ethnic food distribution companies in the UK, the US and Australia. The export-oriented FMCG company is re-entering the domestic market with a range of ready-to-eat, ready-to-cook foods and pickles under the brand name Soul.
- The Supreme Court has admitted a petition from Glaxo Smithkline over a 2004 TV advertisement by Heinz that claimed the nutrition drink Horlicks was inferior to Complian.
- Kolkata-based Rs. 10-bio Amrit Group, which recently ventured into value-added milk products, now plans to enter the processed and value-added ready-to-eat chicken category this fiscal.
- Sagar Ratna Hotels Pvt Ltd, which runs 'Sagar Ratna' chain of restaurants in northern India, with speciality in south Indian delicacies, is planning to extend its activities in ready-to-eat food segment.
- Del Monte has introduced two sauces, Zingo and Twango.
- Ludhiana-based honey manufacturer Kashmir Apiaries Group with a brand name of Little Bee will be opening over 100 standalone retail shops across India. Customers will be treated to over 13 mono-flora honey varieties like eucalyptus, sunflower, litchi and Kashmir.

## *Sugar*

- Sugar output in the first six months of the 2009-10 season ending September is estimated at 16.7 mio tons, nearly 22 per cent more than the output in the same period last season, according to an industry body.
- Sugar production in Maharashtra, the largest producer in the country, is likely to go up by 45 per cent to 6.67 mio tons in the 2009-10 season over the last season.
- Uttar Pradesh, the country's second largest sugar producing state, has breached last year's sugar production of 4.064 mio tons and produced 5 mio tons of sugar till March 31.
- The government has further extended the Customs duty exemption on raw sugar imports by bulk consumers. The new deadline is April 1, 2011.
- India, the world's largest sugar consumer, has imported over 3 mio tons of the sweetener in the first six months of the 2009-10 sugar season, ending in September.
- The three-mio-tons upward revision in current season's sugar output projection by India, the world's biggest consumer, has aided a fall in global prices. India has also revised next season's forecast from 20 to 23 mio tons, putting an end to speculation about further imports.
- India, the biggest sugar buyer, may become a net exporter next year as output is likely to exceed demand for the first time in three years, pressuring prices. India became a net buyer of the commodity since 2008 after sugar cane growers switched to planting wheat and oilseeds.
- According to USDA, India's annual sugar consumption is seen rising to 24.5 mio tons next year backed by improved domestic supply and a growing population. After two years of low output, India's sugar production is likely to rise by 28 per cent to 22.7 mio tons in the 2010-11 season starting October on account of expected higher cane supplies.
- Sugar mills and cane farmers in Karnataka have worked out a revenue-sharing formula, which if adopted, would be the first of its kind in the country. According to the formula, cane farmers will get 60 per cent of the revenue realized by the mills which is net of taxes and duties. The average price realization for sugar will be arrived at based on the sale price of sugar and profits from the sale of the by-products.
- The government has hiked the fair and remunerative price of sugarcane by seven per cent at Rs. 139.12 per quintal for the 2010-11 season.
- The USD 3.4-bio Chennai-based Murugappa Group company, EID-Parry, has entered into an agreement with GMR Holdings to acquire a majority stake in GMR Industries, the agri-business entity of the Bangalore-headquartered GMR Group. The transaction, estimated to be around Rs. 1.10 bio, would help EID Parry be the fourth-largest sugar player in India. The latest acquisition is expected to boost EID Parry's sugar business by about 50 per cent.
- Silkroad Sugar Pvt Ltd, the joint venture between E.I.D. Parry and Cargill International, is set to start production at its sugar refinery in May.
- India's largest sugar refiner Shree Renuka Sugars (SRS) is renegotiating the price of its proposed Rs. 15.30 bio acquisition of Brazilian sugar and ethanol maker Equipav. It is reported that SRS is seeking a significant paring down of the debt on Equipav's books.
- The government has relaxed stockholding limit on bulk sugar consumers, such as ice-cream and beverage makers, by allowing them to keep the sweetener for 15 days instead of the current 10 days. The decision comes amid improved production outlook for the current 2009-10 crop year (October-September) and a sharp fall in sugar prices—of about 30 per cent—in the last four months.

## *Oils*

- Oilmeal exports hit a five-year low last financial year after a variety of factors made crushing of oilseeds unviable for most mills, especially during the second half of the year. Total oilmeal shipments registered a 41 per cent decline to 3.22 mio tons in 2009-10 (April-March), as against 5.42 mio tons in the previous year. In value terms, exports plunged by 38 per cent to Rs. 51.76 bio versus Rs. 83.41bio.
- Total oilseed production of India for 2010-11 is likely to increase by 10 per cent to 34.9 mio tons over the last year, the US Department of Agriculture has said.
- Allied Carbon Solutions of Japan, a biofuel company with a multinational presence, has launched a contract farming programme for jatropha cultivation in South India. The company's Indian subsidiary, ACS Alternative Fuels Pvt. Ltd will set up a jatropha oil mill in Aruppukottai, Tamil Nadu, with a capacity to produce about 10 tons of crude jatropha oil daily.
- Emami Group plans to ramp up its edible oil business under the brand name "Healthy and Tasty" in a big way. It is looking to set up two more factories in the country apart from scaling up the production capacity of its existing refinery at Haldia in West Bengal.
- Agro Tech Foods Ltd, an affiliate of ConAgra Foods, has launched a new edible oil - 'Sundrop Freshlite'. The new oil is a scientific blend of canola oil and sunflower oil which has the recommended ratio of Omega 6 and Omega 3 to provide nutrition and help maintain a healthy and active lifestyle.

## *Food Additives*

- Indian cocoa prices have jumped by more than 20 per cent to 25 per cent in just three months because of falling imports of cocoa beans and chocolate preparations and strong domestic demand. According to a data provided by the Kochi-based Directorate of Cashew and Cocoa Development, imports in the current financial year have fallen by 8-10 per cent as compared to the previous financial year. India imported 19,000 tons of cocoa products in 2007-08 including beans, paste, butter and chocolate preparations. The total value of imports was estimated to be around Rs. 1.89 bio, which dropped to Rs. 1.845 bio in 2008-09. India's cocoa consumption is growing at around 15 per cent annually and is expected to touch 30,000 tons in the next five years.
- Officials at the Directorate of Cashew and Cocoa Development said, with the government increasing the subsidy for cocoa farming by almost Rs. 10,000 per hectare from April 1, 2010, area under cocoa is likely to increase by 30-40 per cent in the next two years.
- The price of wet cocoa beans, which has been increasing for the last one year, has reached another high with Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd offering Rs. 47 a kg to its grower-members.

### *Spices & Flavors*

- Cardamom output is likely to fall 30-40 per cent this season due to extremely dry weather in the main growing areas of Idukki district of Kerala. Idukki district is the largest cardamom growing area in the country which produces 85 per cent of the total output. The average annual production ranges between 12,000 and 13,000 tons. But this time, according to leading planters, the production may fall below 8,000 tons.
- Spices Board's prestigious 'topmost exporter' annual award for 2007-08 and 2008-09 has been bagged by the Mumbai-based Jabs International, which shipped out various spices worth Rs. 4.50 bio and Rs. 5 bio in the two years. The firm is a leading exporter of cumin and the export basket included whole spices among others.
- Black pepper prices have been rising for the past few months on account of the perceived shortages in international and domestic markets. Prices of garbled pepper touched a high of Rs. 164 per kg on May 3. The prices were at Rs. 135-136 per kg during the same period last year.
- Cardamom prices stood at Rs. 1,200 per kg in the first week of May, almost twice that of the previous year. Guatemalan cardamom is not entering Indian market is the main reason for the price rise.
- A robust demand in domestic and international markets have kept prices of Indian nutmeg at high level. Crop loss and higher prices in markets abroad have added to this trend. Price of good quality nutmeg (without shell) has soared to Rs. 375 per kg. Exporters in Kochi said the export-quality nutmeg was trading at Rs. 415-425 per kg. As compared to the same period last year, the prices have seen a 100 per cent increase.
- A surge in turmeric prices and forecast of normal monsoon may prompt Indian farmers to increase acreage under the spice by up to 35 percent in 2010-11, industry players said.

### *Foodgrains*

- Rising temperatures and inadequate rainfall in India is stagnating grain output, threatening food security in the world's second-most populous country, according to a weather scientist. In the past decade, average temperatures have increased by 0.25 degree Celsius when the monsoon crops are sown in June, and by 0.6 degree Celsius when winter crops are planted in October, said Krishna Kumar, a senior scientist at the Indian Institute of Tropical Meteorology.
- The government has decided to extend the import subsidy on pulses till September 30 to augment domestic supplies and ease pressure on prices.
- A research paper by Surabhi Mittal of ICRIER (Indian Council for Research on International Economic Relations) estimates the requirement of pulses if India's GDP grows at 8 per cent per annum at: 2011 — 19.5 mio tons; 2021 — 28.8 mio tons; and 2026 — 36.1 mio tons. So, the demand for pulses will double in the next ten years from current production of 14-15 mio tons. A crisis in pulses is in the making.
- The government said the demand for pulses would reach nearly 20 mio tons by next financial year, resulting in a huge supply-demand mismatch. India had produced 14.2 mio tons of pulses in 2006-07, 14.76 mio tons in 2007-08, 14.57 mio tons in 2008-09 and 14.76 mio tons in 2009-10.
- Pulses import by government agencies and traders surged 45.8 per cent to 3.5 mio tons in the last financial year, as the domestic production was lower than the demand.

(Foodgrains continued on next page)

### *Foodgrains (Continued)*

- Dismissing concerns of crop damage due to the prolonged heat wave, SS Singh, head of Karnal-based Directorate of Wheat Research has reiterated that the country's wheat output in the current crop year ending June would cross 82 mio tons.
- The US Department of Agriculture (USDA) has pared its forecast for India's wheat output in the current crop year ending June to 79 mio tons from 82 mio tons, on crop damage due to extreme hot weather just ahead of harvest.
- Bumper wheat crop in the previous two seasons has changed the dynamics for flour mills across the country. About half of the country's 800 wheat processing mills have raised their production capacity by 15 percentage points to cash in on the upcoming demand in June. Average capacity utilisation by flour mills has increased between 45 and 50 per cent as against 30-35 per cent a year ago.
- Government of India is likely to consider wheat exports only after the third advanced estimates of Rabi crop are out and food inflation cools off, overflowing godowns notwithstanding.
- Wheat imports have weakened in the last one month as the domestic crop is projected to be good this year and the chances of government imposing a duty on wheat imports are getting stronger. At the Tuticorin port, where a majority of wheat from Australia and Russia are imported into India, the volumes were lower in April at 20,352 tons compared to the March figure of 28,911 tons. February and January saw the maximum import at Tuticorin port at 38,644 tons and 31,993 tons respectively.
- The govt has allowed exports of 400,000 tons of wheat to neighbouring Bangladesh, a statement said on 12 May, partly lifting a three-year old ban on overseas shipments.
- The government has extended time for export of wheat products like rava, maida and flour, which are much in demand among expatriate Indians, for one more year till March 31, 2011. While export of wheat products is allowed, outward shipments of wheat grain have been prohibited since early 2007.
- With wheat arrivals in mandis across the country slowing down drastically by the second half of May, the procurement by Food Corporation of India and state agencies could just cross 23 mio tons against the earlier target of 26 mio tons.
- The ban on non-basmati rice exports is expected to limit any incremental rise in India's farm product exports in 2008-09 despite big jump in overseas sales of meat and mango. Non-basmati rice was one of the biggest components of India's basket of farm exports, prior to its ban in April 2008.
- Rice production in the country for 2009-10 has been estimated 12 per cent lower at 87.56 mio tons compared to that in 2008-09.
- After last year's bumper crop, farmers may not aggressively plant Pusa-1121 basmati this time around. "I foresee a 10-15 per cent drop in 1121 acreage, some of which will shift to traditional basmati varieties (HBC-19 and CSR-30) or even crops like sugarcane," says Mr. Anil Kumar Mittal, CMD of KRBL Ltd. While Pusa-1121 paddy is fetching Rs. 1,900-2,000 a quintal, traditional basmati is selling at Rs. 3,500-3,600.
- India's foodgrain production is estimated to decline by 6.95 per cent to 218.19 mio tons in the 2009-10 season. According to the third advance estimate released by the government on 12 May, the country's foodgrains output is pegged at 218.19 mio tons in the 2009-10 season, against 234.47 mio tons in the year-ago season. The production of rice, grown mainly in the kharif season (June-September), is estimated to be lower at 89.31 mio tons, against 99.18 mio tons in the 2008-09 season. Production of wheat, a rabi (October-June) crop, is projected at 80.98 mio tons in 2009-10, compared with 80.68 mio tons in the year-ago period.

## *Fruits & Vegetables*

- The government decided to cut minimum export price (MEP) of onion for the second consecutive month by 20 per cent to an average USD 200 a ton for May as domestic supply improved from summer crop arrival. In March, onion's MEP stood at USD 400, which was further reduced to USD 250 in April.
- Wholesale markets at Nashik, the main centre for onion trade in India, opened on 15 April after remaining closed for more than three weeks as heavy arrival of the summer crop had drastically pulled down prices of onion. Traders said farmers have again come back to the market as prices have stabilized at around Rs. 600 to Rs. 700 per quintal.
- Despite the government's efforts to curb onion exports, shipment of the commodity from the country during 2009-10 (April-March) rose nearly 2 per cent to 1.81 mio tons, according to the state-owned National Horticultural Research and Development Foundation.
- After having established its strong presence in Maharashtra for contract farming, Jain Irrigation Systems Ltd, India's largest player in onion dehydration market, has set its eyes on Gujarat for undertaking contract farming of onion.
- Maharashtra has been the pioneer in the field of horticulture and can be said to be at least a decade-and-a-half ahead of other States. While the State Government gave a thrust to horticulture since 1990 itself, the same was done at the national level by way of the National Horticulture Mission only in 2005. Maharashtra ranks first in India in fruit production with a productive area of 1.433 mio hectares and a production of 11.048 mio tons. In terms of vegetable production, Maharashtra ranks seventh in India with a productive area of 0.494 mio hectares and production of 6.301 mio tons. In terms of flowers, Maharashtra ranks tenth with a productive area of 16.74 thousand hectares and production of 0.889 mio tons.
- With the setting up of irradiation facilities at Lasalgaon (Nasik) and in Navi Mumbai, India is all set to start high value mango exports to United States through the sea route.
- Sudden fluctuations in temperature along the coastal Maharashtra over the second week of April have wiped out almost the entire crop in Sindhudurg and Ratnagiri districts. Hit by cyclone Phyan in November, temperature fluctuations in January and Thrips disease, Alphonso production had already seen a 70-80 per cent drop. The heat wave in April has further depleted the remaining crop.
- Slackening demand from the US and European Union nations due to the global economic slowdown and increasing competition from Vietnam in the international market pulled down India's cashew kernel exports during 2009-10. The provisional numbers worked out by the Cashew Export Promotion Council of India for 2009-10 show a marginal decline of 2 per cent in India's cashew kernel exports to 107,500 tons, as compared to 109,522 tons in the previous financial year. In value terms, the exports fell 6.2 per cent to Rs. 28 bio compared to the previous financial year. This was mainly on account of a 2 per cent drop in unit value realization, which stood at Rs. 268 per kg, as against Rs. 273 per kg in the international market, for W320 grade kernel. The appreciation of the rupee against the US dollar added to the fall.
- If the trend in the imports of raw cashew nuts (RCN) is any indication, one could conclude that India's dependence on overseas sources for the raw material has become a perpetual phenomenon and is growing year after year. The imports of RCN have zoomed over the years. During April-February 2009-10, it stood at 726,095 tons against 589,299 tons in the corresponding period of the previous fiscal. The indigenous production remains almost stagnant between 0.6 and 0.65 mio tons for a long time now.

(Fruits & Vegetables continued on next page)

## *Fruits & Vegetables (Continued)*

- Bumper crop, middlemen and government apathy are driving potato farmers to commit suicide in West Bengal. The steps taken by the state government to help the community have proved to be inadequate. The total production of potato has been over 9.5 mio tons this year — much above the average annual yield of 8-8.5 mio tons. The state has only 375 cold storages with a total capacity of 4 mio tons, thus there is a glut in the market and a good amount of potato has still not been harvested and is rotting in the fields.
- This year the West Bengal potato farmers will be able to sell 1.4 mio tons of potato at a support price of Rs. 3.5 a kg to agricultural marketing federations under the Market Intervention Scheme.
- The West Bengal Government has announced a transport subsidy of Rs. 110 mio for inter-State transport of potatoes as well as export to other countries.
- Mulberry production is set to see a significant increase in Karnataka aiding the stronger growth of sericulture with the State Government targeting expansion in the area under cultivation by 100,000 acres in the next three years.
- ITC Limited is not expecting any growth in its mango pulp exports this year on account of a steep fall in production of mangoes, particularly that of the Totapuri variety. Last year, the company processed 45,000 tons of mangoes and exported about 22,000 tons of pulp, mostly to Europe and the US, worth about Rs. 1 bio. ITC operates eight mango processing units spread across five states. According to market estimates, the production of Totapuri mangoes would fall by 50 per cent this year from a normal level of 2 mio tons. Consequently, the price of the fruit (pulp variety, not table variety) is expected to go up from Rs. 8 a kg last year to over Rs. 10 per kg.
- The government of India is working on a war footing to resolve the deadlock in grape exports to the European Union. The EU is a major export destination for Indian grapes. However, European importers had stopped accepting Indian grape containers since mid-April as residues of chlormequat, a plant growth regulator, were found on the table grapes exported from India.
- Exports of coconut products from the country registered significant growth in the last two years. Exports of coconut products in the last financial year witnessed a growth rate of 34.19 per cent in value and 30 per cent in quantity compared with the previous fiscal. Against Rs. 460 mio exports in 2005, the figure touched Rs. 3.29 bio in 2008-09 and Rs. 4.42 bio in 2009-10
- Vittal Agro Industries, which is based at Kanhangad in Kasaragod district of Kerala, has been awarded the ISO 22000 Food Safety Management certification for the manufacturing facilities of desiccated coconut powder.
- Riding high on better productivity, Uttar Pradesh is set to double its export of mouth-watering varieties of mangoes such as langda, chausa and dussheri this year. While last year, 48 tons of these special mango varieties were exported this year traders said almost 100 tons could be exported.
- Although fresh fruit imports in India have been steadily growing in the last five years with a CAGR of nearly 7 per cent, it's apples that dominate, commanding over 58 per cent of the import pie. Kiwifruits are a mere 1.3 per cent of the total fruit import pie. However, the fruit basket mix has been changing steadily over the years.
- An all-time high crop of cherries in Himachal Pradesh has sent the prices of the fruit plummeting this year. A 1 kg box is fetching around Rs. 70 to Rs. 120 in the Delhi market, while it is hovering between Rs. 40 and Rs. 80 in the Shimla market, say farmers. Last year, prices were two to three times higher.

## Biotech

- Research projects on at least 36 genetically modified crops including rice, okra, brinjal, potato, groundnut and tomato are under process, the government told the Parliament. "There is no ban on GM agricultural products in the country. However, approval of the GEAC is mandatory prior to production and sale of GM seeds", environment minister Jairam Ramesh said.
- In view of the controversy over genetically modified (GM) food, a group of eminent scientists will be constituted soon to recommend the tests needed to be adopted to meet the safety standards. This was decided at a meeting of the country's bio-tech regulator Genetic Engineering Approval Committee.

## Major Companies

- Tata Tea, a part of the Tata group has decided to change its name to Tata Global Beverages, to better reflect the group's international standing and the array of products it sells under different categories. The company, now earns more than 70 per cent of its revenue outside India.
- Indian personal care and ayurvedic medicines major, the USD165- mio Emami group, is making a big foray into Africa not just in their traditional lines of businesses but also in contract farming. "In Ethiopia, Emami Biotech has been allotted 100,000 acres of land by the Investment Commission. We will cultivate edible and non-edible oil seeds and cereals like gram, maize, sunflower, soya and jatropha", said the company's director Aditya V Agarwal.
- Goldman Sachs has revived its plans to sell 10 per cent stake in Mrs Bector's Food Specialities, makers of Cremica biscuits and ketchup, as the investors' risk appetite returned with strong showing of Indian stocks.



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### *DNP Information & Analytics Pvt. Ltd. (Infolitics)*

Infolitics provides Business Research / Consulting services to organizations around the world.

**Business Research:** Infolitics provides customized solutions to client problems. Business Research services provided by Infolitics assist clients in taking better business decisions.

**Consulting Services:** Infolitics provides consulting services in Business Process Transformation / Business Process Re-engineering by helping clients aligning their processes with strategic goals and designing new processes. We also provide consulting in emerging areas like Logistics and Retail.

The team has experience of working with clients from across the globe including Fortune 500 clients. They have collectively worked on more than 300 client projects.

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