



IndiaLive

LIVESTOCK, DAIRY, MEAT, POULTRY & AQUACULTURE DIGEST

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Food Industry Overview

- Driven by good performance of agriculture and manufacturing, the Indian economy grew by 8.9 per cent in the second quarter of the current fiscal, up from 8.7 per cent in the corresponding period a year ago.
- Prime Minister Manmohan Singh said the Indian economy would record 8.5 per cent growth during the current fiscal and is expected to grow at the rate of 9 to 10 per cent from the next financial year despite the "uncertain" global scenario.
- Strong domestic demand will enable the Indian economy to register an average annual growth of 8.4 per cent during next five fiscals, Ratings firm Crisil said.
- Even as the government and economists have started doubting the maintainability of the high growth rate in the second half of this fiscal due to the wayward inflation and slowing manufacturing, leading economic research agency CMIE has forecast that the economy will grow by a robust 9.2 per cent.
- International Monetary Fund raised growth forecast for global economy to 4.4 per cent while retaining the projection for India at 8.4 per cent for calendar year 2011.
- China and India will be the largest and third-largest economies in the world by 2050, signaling a return to the pre-industrial revolution world order, with the US at number two, conclude two influential reports from HSBC and PwC, respectively.
- For years, India has been the second-fastest growing major economy in the world. That could soon change, with the Indian economy set to expand at a faster pace than the Chinese economy in 2012, according to World Bank data.
- The World Bank has pegged Indian economic growth to take over Chinese by 2012 on purchasing power parity (PPP) basis. In its latest report on Global Economic Prospects, the World Bank has projected Indian economy to grow by 8.7 per cent in 2012, faster than 8.4 per cent expected for China. However, these projections are based on PPP basis, which means that purchasing power of currencies are taken into account for measuring economic growth.
- The Ministry of Food Processing Industries has approved a Central scheme for the upgradation of quality of street food in 11 cities including Ranchi, Nagpur, Kochi, Ludhiana, Jaipur, Agra, Guwahati, Agartala, Shillong, Panaji and Surat for 'Safe Food Town' component. Tirupati, Hyderabad, Amritsar, Varanasi, Udaipur and Guwahati have been chosen for the 'Food Street' component. The schemes are awaiting the Finance Ministry's nod, said Mr. Subodh Kant Sahay, Minister of Food Processing Industries. These will first be implemented as pilot projects and implemented in the 12th Five Year Plan, said the Minister.
- Milk and dairy products' import increased to Rs. 4.55 bio during the first half of of the current financial year from Rs. 1.198 bio in the year-ago period.
- The government will adopt a cautious approach on allowing export of agricultural items in view of high food inflation of over 18 per cent, Food and Agriculture Minister said.

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Food Industry Overview (Continued)

- Promising to crack down on black marketeers and hoarders, the government has unveiled measures to check spiraling prices by deciding to continue ban on exports of edible oils, pulses and non-basmati rice and asked states to waive local taxes on essential commodities.
- Finance Minister said that food inflation at 18.32 per cent for the week ended December 25, remained an area of concern. Among the individual items, onion became dearer by 82.47 per cent on annual basis, while egg, meat and fish became costlier by 20.83 per cent, fruits by 19.99 per cent and milk by 19.59 per cent.
- Food inflation, based on the annual Wholesale Price Index, eased marginally after having surged for five straight weeks. The food price index increased 16.91 per cent for the week ended January 1, lower than the previous week's annual rise of 18.32 per cent. The main drivers of inflation among food items continue to be vegetables, led by onions, apart from milk and poultry products. The sub-group bracketing eggs, meat and fish reported a 17 per cent year-on-year inflation rate, while milk was up 13 per cent and fruits by 18 per cent.
- Inflation is expected to ease to around 6.5 per cent by end-March, Finance Secretary said. India's headline inflation rose an annual 8.43 per cent in December on higher food prices.

Dairy

- Milk prices will not fall in winter, which is a flush season, primarily due to rising cost of feeding milch cattle. October-March period is the flush season when milk production increases across the country, leading to price fall. An industry analyst points out that with dairy products and milk sales picking up annually along with an increase in milk processing capacity, milk consumption in the country is also increasing. This has led to a low supply of liquid milk across the country and prices to remain stable.
- National Dairy Development Board (NDDB) chairman Amrita Patel has become the first Indian to be elected to the Board of International Dairy Federation (IDF).
- Gurgaon-based Landmark Group has ventured into the dairy sector to set up large industrial farms in the next five years. The group that is into IT, BPO and real estate, is not the only one to venture into dairy business from an unrelated background. It is attracting entrepreneurs from varied backgrounds like real estate, mining, poultry and trading to set up large-scale farms which is poised to bring another revolution in the Indian dairy sector.
- Residents of Delhi will have to dole out Re one more for a litre of milk, as the region's biggest supplier Mother Dairy raised milk prices from today in Delhi and the adjoining areas to offset its increased procurement costs. With the hike, the revised price of one litre full cream milk (poly pack) now stands at Rs. 33 per litre, toned milk Rs. 25/litre and double toned Rs. 22/litre. The rate of toned bulk vended milk (token milk) will be Rs. 24 a litre.
- After onion and assorted vegetables, milk may be the next cause for alarm. According to the latest food inflation numbers, milk prices have gone up by close to 18 per cent for the year upto December 2010.

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Dairy (Continued)

- Gujarat's largest milk producer, Gujarat Cooperative Milk Marketing Federation (GCMMF) marketing dairy products under the brand 'Amul' announced a pan-India hike in milk prices by Re 2 per litre. Post the hike, price of Amul-Gold will be Rs. 34 per litre in Mumbai, Delhi, Kolkata and in few districts of Gujarat, while prices of its Shakti brand shall be Rs. 30, Taaza Rs. 25 per litre and Slim and Trim Rs. 23 per litre. This is the third time in the year when the milk prices have been hiked by the GCMMF. Earlier, the federation had hiked the milk prices in February and July 2010.
- Skimmed milk powder prices have touched an all-time high of Rs. 165/kg, following the recent increase in milk prices. "This is an all-time high price, though there is negligible export. There has been a price increase of Rs. 15-20/kg since pre-Diwali," said Kuldeep Saluja, managing director, Sterling Agro, which sells milk powder under the Nova brand. In the past, the government had banned milk powder export to control rising prices.
- A GCMMF official said the government needs to review some policies. It had, he said, allowed duty-free import of 30,000 tons of skimmed milk powder and 50,000 tons of butter oil in the current year. Yet, it was providing DEPB benefit (an export incentive) to casein exporters, whose raw material was milk. The official says around three mio litres of milk are being converted daily to produce casein, primarily for export.
- The government plans to import skimmed milk powder and butter oil at concessional duties to cool rising prices of dairy products. Milk prices in December were higher by 17.75 per cent from a year ago, after having risen more than 20 per cent the year before. Skimmed milk powder attracts 60 per cent import duty. The government could also look at removing the duty completely on import of a certain quantity of skimmed milk powder, a government official said. India, the world's biggest milk producer, had allowed import of up to 30,000 tons of skimmed milk powder last year at 5 per cent customs duty. It had also permitted duty-free import of 15,000 tons of anhydrous butter oil. Imports of the product normally attract 30 per cent duty.
- India has extended the ban on milk and milk products from China for another one year, according to the foreign trade office. Imports of milk and milk products from China have been prohibited since September, 2008.
- Mr R.S. Sodhi has been appointed as Managing Director of Gujarat Cooperative Milk Marketing Federation (GCMMF), Anand, India's largest food company with annual turnover of nearly Rs. 90 bio. GCMMF markets the famous Amul brand of milk, milk products and other food items.
- India's milk output is expected to touch 121.5 mio tons in the current year, translating into a growth of nearly 4 per cent vis-a-vis the previous year, according to a US Department of Agriculture (USDA) report. India's milk production in 2010 is estimated at 117 mio tons.
- India's export of milk powder in 2011 is expected to grow by 87.5 per cent on increased production of milk in the country, according to a report by the US Department of Agriculture (USDA). "Sufficient carry-over stocks from 2010 may increase non-fat dry milk (milk powder) exports from India in 2011", the USDA report said. It said that the overall exports of milk powder in 2010 stood at around 8,000 tons. In the current year, the forecast is that the country is expected to export around 15,000 tons of milk powder, which is 7,000 tons more than the last year's export.

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Dairy (Continued)

- The two major cooperatives of Karnataka have entered into an agreement under which they will share infrastructure for the production and marketing of their products. Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd has signed an agreement with Karnataka Milk Federation (KMF) in Bangalore, under which Campco will produce chocolate products for KMF. In turn, Campco will get the outlet network of KMF to market its products. KMF is planning to market three chocolate products — one in moulded range, two in enrobed range and éclairs — under its own brand name. Campco procures around 400 tons of milk powder a year for its factory. Priority would be given by Campco to KMF for the procurement of milk powder.
- The government has withdrawn duty benefits for milk products. "DEPB (Duty Entitlement Passbook Scheme) benefit stands withdrawn for milk products for shipments with effect from January 25," the Directorate General of Foreign Trade (DGFT) said in a notification. The DGFT said that export of skimmed milk products, casein and any other milk product shall not be entitled for duty benefit, with respect to shipments made on or after January 25, 2011.
- French food group Danone, which is scouting for acquisitions in India, could be eyeing baby food maker Dumex India as a possible target. Danone, the world's largest fresh dairy products maker, had said it would invest nearly Rs. 3 bio in the dairy business in India and shift focus to affordable nutrition.

Meat

- Indians' love for goat meat has led to the commodity's price increasing at 20 per cent per annum. The demand for goat meat is increasing faster than the growth in goat population. Experts in the field are of the opinion that if this trend continues, India will have to import goat meat from Australia or other countries to meet the demand. During the festive period of Bakr Id, mutton prices in Pune were Rs. 280 per kg while in Kolhapur it were ruling at Rs. 250 per kg.
- Pune-based Nimbkar Agriculture Research Institute has used Boer goats from South Africa for cross-breeding and improving meat production in the country.
- India, the fourth largest buffalo meat exporter in the world, is looking to cash in on its price advantage to compete in the global market. The Rs. 70-bio industry has already set its sights on newer markets like CIS countries this year by strengthening infrastructure facilities and quality standards. A ton of Indian buffalo meat is available for USD 3,000 to USD 3,500 in Egypt, USD 2,900 in Malaysia and USD 2,700 to USD 2,800 in the Middle East. Buffalo meat from Brazil is costlier by USD 800 to USD 1,000 a ton compared to the Indian product.
- Rashid Kadimi, president of all India meat and livestock exporters association, and the CEO of processed food division at India's biggest meat export house, Allansons, said that the country has recovered from recessionary phase and is expecting a marginal growth in the coming season. Allansons holds a 40 per cent market share in buffalo meat exports from India. Currently, global demand for the meat is rising in such a pace that it will outstrip supply soon. Factors like a possible demand surge in Europe, and fall in Australian meat production make the prospects of Indian meat exporters very bright.

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Meat (Continued)

- India today has 25 most modern integrated slaughter houses-cum-meat processing units. This apart, it also has 60 to 70 separate meat processing units.
- To ensure strict quality standards for buffalo meat exports, agricultural and processed food products export development authority (Apeda) has decided to subject municipal slaughter houses to same quality certification standards as is being followed for private abattoirs in the country. Currently, most of the country's meat exports are from around 35 private integrated private slaughter and processing plants are located in Uttar Pradesh, Punjab, Haryana, Maharashtra and Andhra Pradesh. These plants follow a stringent quality certification procedure. "However, exporters have been also procuring meat from some municipal slaughter houses for whom we intend to follow stringent protocol to ensure safety of the meat", Asit Tripathy, chairman, Apeda told reporters.

Poultry

- Farm-raised turkey, emu and duck meats are slowly entering the Indian dining tables as these exotic meats have caught the fancy of discerning consumers. "We expect a 50 per cent growth in business this year owing to a stable economy, unlike the previous year", said Tia Solomon of Pune-based James Smith Food, which rears and sells Turkey and Peking ducks under the brand name 'Capella' in the domestic market. Turkey per kg was being sold for Rs. 420-440, with a full-grown bird weighing between 4kg and 9kg. Peking duck is being sold for Rs. 180 per kg.
- After acquiring English premier league club, Blackburn Rovers, the Rs. 40 bio VH Group is set to take its Venky's brand overseas. VH's latest business foray, a take away chicken fast food chain, will be seen in the UK soon. The poultry company has launched Venky's Xprs, which will roll out outlets across India and also at Blackburn soon.
- Poultry vaccine maker Globion India, a joint venture between Lohmann Animal Health of Germany and Coimbatore-based Suguna Poultry, is planning to expand its products portfolio from its manufacturing unit in Andhra Pradesh. The joint venture company, which recently commissioned its Rs. 750-mio poultry vaccine manufacturing unit in Medak district, has applied for eight fresh licences for vaccine production. Globion, in which Suguna has 74 per cent stake, is producing the vaccines using technology from Lohmann, a global player in the animal vaccines market. It is competing in the domestic market with MNC players such as Intervet, Merial and Abic, apart from local players such as Venky's Vaccines, Inbovac and Hester.
- Mr Rajiv Goyal and Mr. Atul Mahajan, two tech-savy poultry farmers, have started papaak.com (named after clucking sound of hen in Hindi) for providing credible information to poultry farmers. The six-month-old portal already has 0.25 mio users in different states. It runs a ticker on egg, broiler and feed rates in various markets across the country. It charges Rs. 2,000 a year for wanting to get daily updates on poultry prices on mobile phones.
- The poultry industry is now setting its sights on the neighbouring Sri Lanka, after benefiting from high egg prices in the domestic market.
- Egg exports have been affected badly in the last two years mainly due to incidence of bird flu in the eastern parts of the country. In June, Government of India declared the country free of bird flu. Buyers are usually expected to wait for six months after such declaration to begin purchases but it has been delayed.

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Poultry (Continued)

- Egg prices (wholesale) climbed to a record Rs. 2.96 per egg in first week of January 2011 and to Rs. 3.50 per egg in Delhi in the second week of the month cracking a 25-year record on account of sudden spurt in domestic demand. The prime reason for the price hike is attributed to the intense cold weather in the North, besides a drop in production and pricey vegetables across the nation.
- Keggs eggs is now a recognisable brand — at least in North India. It sells 60-70 mio of the premium eggs annually. Packed in batches of six in green eco-friendly boxes, the Keggs eggs are priced at Rs. 50 as opposed to Rs. 25 for the other eggs in the market.

Aquaculture

- The production of newly cultivated Vannamei (white shrimp) will touch 30,000 tons this financial year, said Leena Nair, chairperson of the marine Products Export Development Authority (Mpeda). India started Vannamei cultivation on commercial basis a year back and the total area under cultivation increased to 2,000 hectares currently. It is mainly cultivated in Maharashtra, Gujarat, Andhra Pradesh and Tamil Nadu. The farming of Vannamei species is promising as India can produce larger variety of shrimps than traditional producers like Thailand, Indonesia, Ecuador and Vietnam. The lower price tag of the new species (USD 10-12 a kg) in the global market compared to the traditional Indian grades like black Tiger (USD14 a kg) is advantageous on the export front especially to the EU, US and Japan. The drop in production in Vietnam and Ecuador gives India an advantage, she said. Production of Vannamei in Vietnam dropped to 40,000 tons from 160,000 tons in 2006.
- India's tuna processing and export sector is facing an uncertain future with the catch witnessing a decline in the last two seasons. Exporters are, however, hopeful that the tide might change in their favour in the coming months. The processing companies have built up huge capacities to produce sashimi grade tuna, which is in good demand in Japan, Europe and the US. However, the calculations of major players in the sector have been upset due to the declining catch.
- Rapid expansion of shrimp cultivation across coastal areas, due to surge in global demand, has led to alarming rise in soil salinity and contamination. Abdelbagi M Ismail, senior scientist, Philippines-based International Rice Research Institute, said that with farmers growing shrimps in agriculture land even during rice growing or wet season, the soil contamination is rising in the coastal areas which may threaten India's rice production.
- With aquaculture shrimp exports back on track, Indian seafood exports have registered good growth in the first seven months of the current financial year that ends in March. In a reversal of trend, US is back as the prominent consumer of Indian shrimps and has helped in recording growth even as exports to some markets like the European Union have declined. Shrimp exports for the current financial year, as compared to the same period of last financial year, were higher by 8 per cent in volume, 27 per cent in rupee terms and 34 per cent in dollar terms. Frozen shrimps are the mainstay of Indian seafood exports and constitute almost half of the total exports.
- Freshwater prawn production in the country has seen a major decline in the past few years due to technical problems in the production of quality seeds. Competition from new varieties such as Vannamei has also accentuated this trend. The production of freshwater prawns or 'scampi' was estimated at 40,000 tons a few years ago. With the significant reduction in the area for scampi culture, the production fell to 6,600 tons in 2009.

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