



IndiaFood

FOODS, BEVERAGES & INGREDIENTS DIGEST
June / July 2010

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As India gets back on the high growth path, there is optimism in the air. Indian business houses are glowing with confidence. The strengths of economy have encouraged the country to declare and assert her status on the global arena.

The country adopted a new symbol for her currency joining the select group of countries whose currencies have a symbol.

The new symbol for Rupee was adopted by the Government only a few weeks ago and already one can see it in every newspaper. The symbol has become an instant hit. From the next issue, IndiaFood will also use the symbol ₹ in place of Rs. or Re or Rupee.



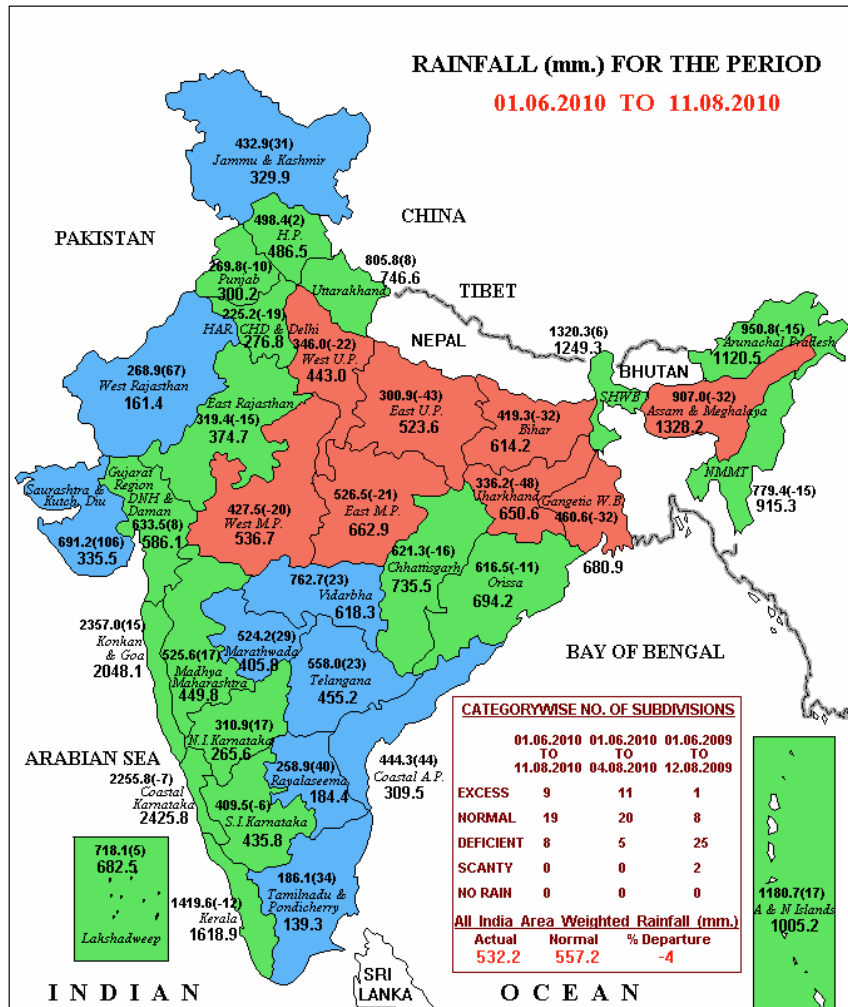
All eyes in India are currently on the sky. On an all-India basis, there seems to be not much to worry since the deficit in rainfall is only 4 per cent from normal till 11 August. However, on a regional basis, most parts of the Gangetic plains are facing drought, as can be seen from the map on the next page. Everyone is praying that in the next one and a half months, there is widespread rain in Uttar Pradesh, Madhya Pradesh, Bihar, Jharkhand and West Bengal. A drought in the most populous region of the country will disturb the growth engine and further push up food prices.

This issue of IndiaFood has been delayed for a few days. We regret the delay which was caused by our being busy with a study on cheese and yogurt markets of India, Malaysia, Thailand, Vietnam, Philippines, United Emirates and Saudi Arabia.

Look forward to coming back to you with more detailed comments in the next issue.

Anil Chawla

भारत मौसम विज्ञान विभाग
INDIA METEOROLOGICAL DEPARTMENT



LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT (-20% TO -59%)
■ SCANTY (-60% TO -99%) ■ NO RAIN (-100%) NO DATA

NOTES:

- (a) Rainfall figures are based on operational data.
- (b) Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

Food Industry Overview

- The Government has projected a GDP growth of 8.5 per cent in the current fiscal as compared to 7.4 per cent in the last fiscal.
- Research firm Religare said the economy is expected to expand by 7.8 per cent during the current fiscal, lower than the government projection of 8.5 per cent, mainly on account of moderation in industrial growth.
- Prime Minister Manmohan Singh said India hopes to return to an ambitious 9 per cent growth by 2011-12 and to halve the fiscal deficit in the next three years.
- Prime Minister's Economic Advisory Council said the economy will grow by 8.5 per cent, up from a projected 8.2 per cent, and inflation will come down from double digits to 6.5 per cent by the end of 2010-11. It forecast a growth of 9 per cent for 2011-12.
- Buoyed by rising exports and impact of stimulus packages on Asian economies, Asian Development Bank has raised the growth prospects for the region to 7.9 per cent, but retained the forecast for India at 8.2 per cent for 2010.
- Finance Ministry expects the headline inflation, measured by the wholesale price index, to climb down to 6 per cent by December, lower than the 10.16 per cent level seen in May.
- Fast-moving consumer goods have started moving swiftly once again with April recording the highest sales growth in eight months. The FMCG industry posted a 14 per cent sales growth year-on-year in April, according to the latest data from market researcher Nielsen. In foods, noodles, biscuits, chocolates and tea were the frontrunners.
- Karnataka is poised to become the leading food processing hub in India, according to a FICCI-Yes Bank report. In urban Karnataka, while monthly per capita expenditure on low value food items like cereals and pulses increased by about 73 per cent and 102 per cent between 1993-94 and 2006-07, spending on beverages and processed food has increased by a massive 144 per cent. "Clearly, the food processing industry is on the threshold of demand-led growth in the country and within the state of Karnataka," the report said.
- Food and Agriculture Minister Sharad Pawar said, "In India, as against 42,000 hectares under certified organic farming during 2003-04, initial estimates for 2009-10 indicate that organic agriculture under certification has grown to 1.05 mio hectares".
- Reliance Spot Exchange, a part of Reliance Capital, has announced the launch of its e-auction platform for commodities trading in Kota, Rajasthan, one of the largest delivery-based commodity markets in Asia.
- India's commodity regulator's approval will be required for trading in commodity bourses abroad either directly or through joint ventures and subsidiaries, the Forward Markets Commission (FMC) said. FMC has issued guidelines for registered Indian commodity brokers to set up joint ventures or wholly-owned subsidiaries abroad.
- NCDEX Spot (NSpot) said that it had attained the number one position in electronic auctions of food crops. It is the only spot exchange with more than 95 per cent delivery ratio across the commodities and has facilitated more than 4,000 tons of food grains through its electronic auctions.
- The government plans to expand the basket of subsidized food items supplied to the poor by adding edible oil, sugar and pulses to wheat and rice provided currently, as it looks to ensure complete nutrition to the deprived.

(Food Industry Overview continued on next page)

Food Industry Overview (Continued)

- India will soon enforce a tough law to maintain standards and quality of food and water as 80 per cent of all deaths in the country are believed to be linked to unhealthy food and water. Food Safety and Standards Act, 2006, which consolidates various acts and orders that have hitherto handled food related issues in various union ministries and departments, would be enforced soon.
- Making a strong case for implementation of Goods and Services Tax (GST), Planning Commission said the new tax regime could push up economic growth by 1.5 percentage points.
- India's food processing sector, which was growing at about 6 per cent four years ago, is now expanding at nearly 15 per cent annually.

Aquaculture

- India's major export markets for shrimp in the West are being lost to our East Asian competitors, due to a refusal to diversify in line with demand. Indian shrimp specialities are costly, sea-based or aquacultured varieties such as the Black Tiger. This is about 60 per cent costlier to produce than the Vannamie variety being increasingly supplied by Taiwan, Vietnam and China, which supply the same markets in the US and Europe. The rise in shrimp exports has been less than five per cent annually by value in the past five years to the US; in 2009-10, it rose by just three per cent. By volume, it dropped by nearly 10 per cent. To Japan, it rose by barely 0.7 per cent.
- A delegation from the European Union is expected to visit Tuticorin in September to assess the conditions and infrastructure facilities available at the fishing harbour for seafood export trade.
- Due to heavy anti-dumping duty and the need for Customs bonds, the number of exporters from India to the US dropped from 225 in 2004 (when heavy duties were first imposed) to just 70 in 2010. Exports to the US have been declining. They fell 10 per cent last financial year.
- National Institute of Fisheries' Post-Harvest Technology and Training, Kochi, has awarded the contract for use of the facilities at the tuna processing plant to Moon Fishery (India) Pvt Ltd, Kochi. The plant, built at a cost of Rs. 24 mio, will help augment the country's tuna processing capacity and increasing the Sashimi tuna exports.
- Strong demand from the Asean region, especially from Thailand and Indonesia, for Indian sardines and mackerel has diverted catches there and raised domestic prices.
- Nila Seafoods has become the first Indian manufacturer-exporter to be awarded by the Marine Products Export Development Authority's (MPEDA) quality logo. While constantly striving to improve the infrastructure and their products, the company possesses one of the most sophisticated and best processing plants in India.
- National Fisheries Development Board has taken up a program to help increase aquaculture yield from an average of 2.5 tons a hectare to at least five tons in the next two years. Currently, production from the aquaculture sector accounts for nearly 55 per cent of total fish production. It has been estimated that an area of 1.2 to 1.4 mio hectares along the coastal regions is suitable for aquaculture. Now, about 0.15 mio hectares are under farming, with tiger shrimp (*Penaeus monodon*) being the principal crop. A recent development has been introduction of the vannamei variety of shrimp for commercial aquaculture – this is picking up momentum.

Dairy, Meat & Poultry

- India has extended the ban on import of milk and milk products from China for another six months
- In a development that shook the cooperative sector, BM Vyas, the managing director of Rs. 80-bio Gujarat Cooperative Milk Marketing Federation (GCMMF) that owns country's largest food brand Amul, put in his papers. The resignation comes in the wake of intense politicking that has been underway since last month over the chairmanship of GCMMF.
- Heritage Foods India Ltd has earned a consolidated net profit of Rs. 55 mio for the 2009-10 fiscal, owing to strong performance of its dairy business. However, the company had a net loss of Rs. 357.2 mio in the year-ago period. The company is involved in dairy, retail and agri businesses.
- Mother Dairy, one of the largest milk processors in the country plans to roll out its exclusive retail outlets 'Gaurav Stores' to market the entire range of Mother Dairy products across India. The company plans to launch 350 exclusive stores in New Delhi and 200 retail outlets in Mumbai in the first phase and this will be further expanded to all major cities. The company has a network of Mother Dairy booths in Delhi to market dairy products.
- Andhra Pradesh Chief Minister has approved a Rs. 350-mio expansion plan for Andhra Pradesh Dairy. The expansion plan will help AP Dairy to process about 0.6 mio litres a day.
- Karnataka's milk production has gone up by 6.2 per cent to 4.82 mio tons during the year 2009-10 compared to the previous year. The rise in output was mainly due to a Rs. 2 per litre support price offered by the state government to milk producers.
- Gujarat Milk Marketing Federation which markets its products under brand Amul has decided to hike milk prices by Rs. two per litre, following increase in prices of petrol, diesel and gas. This is the second hike in milk prices in 2010.
- Bakery and dairy products major Britannia Industries Ltd, said that the company's dairy business was poised for double-digit growth based on the forthcoming launch of new products. The company is set to add three more dairy units in the country by the year-end through packagers. The company currently has 12 dairy units. Of them, one unit, based at Vikarabad near Hyderabad, is fully owned by the company, rest are through partners.
- The Carlyle Group, a global alternative asset manager with USD 88.6 bio of assets under management, has invested USD 22 mio (approximately Rs. 1.02 bio) in Andhra Pradesh-based dairy company Tirumala Milk Products Private Limited to pick up a 20 per cent stake.
- National Dairy Plan proposed to be implemented by the National Dairy Development Board (NDDB) with an outlay of Rs. 170 bio, aims to nearly double the country's milk production by 2020. The plan will focus on better breeding and feeding of milch animals, the NDDB Chairperson said.
- Gujarat Co-operative Milk Marketing Federation, which markets Amul brand of dairy products, will double its retail outlets pan-India from existing 5,000 to 10,000 by 2012.
- US-based ice cream brand Swensen's has entered India market through a franchisee agreement between Ravi Jaipuria owned Devyani International Ltd and Thailand-based Minor Food Group.

(Dairy, Meat & Poultry continued on next page)

Dairy, Meat & Poultry (Continued)

- Concerned over decreasing population of buffaloes and low yield, Punjab plans to tie with two NGOs to undertake an intensive buffalo breed development and management programme. There were 6,170,730 buffaloes in the state in 1997, which declined to 5,994,540 in 2003. In 2007, the population of buffaloes further declined and touched 5,035,630. Further, their yield has also gone down drastically over the years.
- Milk powder has become cheaper this summer on the back of imports and lower demand from ice cream manufacturers. Milk powder prices are ruling at Rs. 120-140 per kg, down from Rs. 150-160 per kg last year. Though this is good news for consumers, it has sent alarm bells ringing in the industry as it fears a drop in profits due to oversupply.
- Syria has said it banned import of meat from India as its quality was not up to the global standards. India's exports of bovine and frozen meat to Syria were estimated at USD 4.28 mio in 2008-09.
- Poultry major Venkateshwara Hatcheries has forayed into south east Asian market by setting up a poultry feed manufacturing facility in the Tay Ninh Province of Vietnam with the total investment of Rs. 1.50 bio. The plant will produce around 3500 tons per month of poultry feed. The plant is scheduled to become operational by the end of 2010. The company is also planning to start facilities in Bangladesh, Philippines and Switzerland.
- The eating-out phenomenon, with more quick service restaurant chains opening up, is changing the consumption profile of Indians. The current chicken consumption is under 3 kg per head a year and the poultry industry expects the consumption to double in the next five years. The Rs. 400-bio domestic poultry industry produces 2.40 bio birds commercially every year. To cope with the doubling of demand by 2014-15, the industry will need to expand at a rate of 12-15 per cent annually, requiring an investment of Rs. 300 per commercial broiler and Rs. 450-500 per commercial layer, not including the land cost, says Venkateshwara Hatcheries' deputy general manager PG Pedgaonkar.
- A slew of poultry farmers such as Vangili Feeds, Suguna Group and SKM Eggs are now offering branded, value-added eggs at a premium to woo an increasingly health-conscious urban population. Branded eggs are mostly rich in protein, contain less fat and, in some cases, have herbal features and are odourless. While the whole country consumes 3.60 bio eggs every month, the branded market constitutes only around 6 mio eggs. But the segment is catching up fast in metros such as Delhi, Mumbai, Kolkata and Bangalore and is growing at an annual rate of 20 per cent.

Alcoholic Beverages

- Delhi government has decided to make available country liquor prepared by using extra neutral alcohol (ENA) -- the raw material -- to ensure improved quality in place of rectified spirit. Delhi will be one of the few states to supply country liquor based on ENA in the country. The capital consumes 4.2 to 4.5 mio litres of country liquor annually.
- To give some relief to farmers-turned-vintners in Titri village of Ratlam district (300 km west of Bhopal), the Madhya Pradesh government has asked the promoters of Patel Wine & Fruit Processing Industry Pvt Ltd to retail wine on pilot basis. Patel Wine is the sole winery in the state and claims to have received support from various countries for taste of its wine.
- Australia's wine industry, valued at ASD 5 bio, is keenly looking at India to stay afloat at a time when it is going through a crisis due to excess supply.

(Alcoholic Beverages continued on next page)

Alcoholic Beverages (Continued)

- The total consumption of alcoholic beverages in India is expected to touch 217.1 mio cases in 2010, marking a growth of 8 per cent from the previous year, according to a report published by market research firm International Wine and Spirit Record. The total consumption of spirits in the country stood at 200 mio cases in 2009. A case has 12 bottles, totaling nine liters. Indian alcoholic beverages market is dominated by whisky, which accounts for more than half of the total spirits consumed in the country. The total consumption of whisky is estimated to be around 131 mio cases in the current year, a rise of 10 per cent from 119 mio cases in 2009. After whisky, rum is the most popular alcoholic beverage in India and the total consumption is estimated to be at 42.4 mio cases in the current year, a rise of 8.7 per cent from 39 mio cases in 2009. According to the report, consumption of beer — counted as a separate category — is likely to grow by 7 per cent to 195.5 mio cases of 7.8 litres each (15.2 mio Hecto Litres) in the current year, as compared to 181.5 cases (14.1 mio Hecto Litres) in 2009.
- Even as India is counted one of the top ten fastest growing wine markets in the world, having grown at over 500 per cent between 2004 and 2008, majority of the small to medium-sized wineries in the country are struggling to stay afloat. Fiscal 2008-09 witnessed an overall 1.6 per cent slump in wine sales to 1.53 mio cases, from 1.55 mio cases in 2007-08, while 2009- 2010 has seen flat growth.
- The new procurement policy for sale of beer in Andhra Pradesh, the largest beer market in the country, will be based on the market share held by brewers in other states. This development is likely to benefit United Breweries while reducing the share of orders for the state's largest selling beer marketer, SABMiller. South African beer giant SABMiller and United Breweries together account for 95 per cent of Andhra Pradesh's beer sales.
- United Spirits Ltd. has just kicked off its plans to introduce Indian wines under the brand name "Ritu" to UK and France, targeting Indian eateries. To start with, UK market is expected to take up to 10,000 cases a year. The French market is expected to be about half that volume.
- United Breweries Ltd is planning to locally produce Dutch beer brand "Heineken" by next fiscal, besides launching a refurbished "Tiger" brand in India this year.
- Vijay Mallya-promoted United Spirits Ltd has told its investors that at its current growth rate of 12 percent annually, it will become the world's number one spirits company this fiscal.
- Bermuda headquartered Bacardi is finally entering the Tamil Nadu market. The world's largest family run spirits company has tied up with Chennai based SNJ Distilleries for a bottling plant in Tamil Nadu. To start with the company is planning to manufacture around 20,000 cases per month.
- Bangalore-based John Distilleries Ltd aims to achieve a revenue growth of around 30 per cent, to Rs. 6 bio this fiscal on the back of a sound demand for its flagship brands in the domestic market.
- Diageo, the world's largest maker of alcoholic drinks including Johnnie Walker whisky and Smirnoff vodka, plans to launch some local brands in India after a break of eight years. In a major shift from its strategy of focusing only on its global labels, the Indian subsidiary of the UK firm plans to create its own brands or buy local labels. The company had stopped local operations in India eight years ago when it sold its most successful brand Gilbey's Green Label to UB Group for Rs. 600 mio.
- Despite the lull in wine industry, a new entrant into the business — Fratelli Wines India from Solapur - is about to hit the market this year. Fratelli Wines is an Indo-Italian joint venture between Italy's Secci brothers, Alessio and Andrea, the New Delhi-based Sekhri brothers, Kapil and Gaurav, and Mohite-Patil Ranjitsinh and Arjunsinh from Solapur.

Non-alcoholic Beverages

- The scorching summer this year has ensured a strong double-digit growth for soft drink companies, with the biggest grosser being the new lemon category where the annual consumption is pegged around Rs. 1 bio. In the 660-mio-case juice market in India, lemon has emerged as the number one flavour with a 49 per cent share.
- Adding to the competition in the 100 per cent juice segment, Parle Agro has launched Saint Apple Juice, made from green apples. The company will import the concentrate from apple orchards in Austria. The non-carbonated beverage segment is valued at Rs. 25 bio. The branded 100-per-cent fruit juice market is worth approximately Rs. 2 bio in India, growing at 15-20 per cent annually.
- Del Monte has introduced Green Apple and Orange fruit drinks. They claim to offer one of the highest fruit contents among brands (of approximately 30 per cent).
- Heinz India, maker of Complian and Glucon-D, has won a trademark case against soft drinks and snacks firm PepsiCo over use of a tagline for its energy drink Glucon-D Isotonik. Pepsi's Gatorade sports drink uses the tagline 'rehydrate, replenish, refuel', while Heinz advertisements say 'Glucon-D Isotonik rehydrates fluids, replenishes vital salts and recharges glucose'. As per the court, the words rehydrate, replenish and refuel are commonly used to describe the character and quality of an isotonic drink and no one can therefore claim monopoly over them.
- Tata Tea, which is going to be rebranded as Tata Global Beverages, has targeted 50 per cent revenue from its non-tea business. Presently, 85 per cent of the company's turnover comes from its tea business.
- PepsiCo will throw a fresh challenge at Coca-Cola within a month or so by launching its second cola, Pepsi Max, which will be pitted against market leader Thums Up. Pepsi Max is a low-calorie, no-sugar drink positioned as a macho adult brand.
- Kerala Chief Minister lashed out at Coca Cola and said a tribunal will be set up to recover the cost of socio-economic damages caused by a now-shut plant of the company in the state.
- After Coca-Cola, another soft drink major, Pepsi, has come on the radar of the LDF government in Kerala, which has alleged its plant in Palakkad district is extracting excess ground water and discharging effluents and solid wastes with pollutants.
- The Indian arm of PepsiCo has become the first of its global units to put more water back into the environment than it consumes. The 45 beverage bottling and snacks plants in India have achieved 'positive water balance' by recharging 6 bio litre and using 5.7 bio litre during 2009.
- Rivals Coca-Cola and PepsiCo have come together along with other beverages makers and bottlers to form the Indian Beverage Association (IBA), which will be the industry's single point of interaction with the government and help companies comply with food safety guidelines and other regulations.
- Maharashtra is considering a levy of Re 1 on every unit of packaged drinking water sold in the State. With 8 bio bottles sold annually in the State (according to the water supply department's estimate), the Government stands to earn Rs. 8 bio from this levy every year.
- Gujarat Cooperative Milk Marketing Federation, which markets milk-based products under the Amul brand, plans to launch a 'sports drink' called Stamina, which would be a milk-based drink and aimed at sports professionals and those actively into sports and exercise.
- Concentrated soft drink maker Rasna is considering setting up a manufacturing unit in Africa to cater to the local market in that region and will soon launch new flavors in the domestic market.

Tea

- Indian tea trade is making an all-out effort to grab a share of the Egyptian tea market, which hovers around 80 mio kg annually.
- A drop in tea quality, particularly in the South, is causing concern to Tea Board. Lured by high prices, the producers, particularly small growers, are producing all kinds of tea without caring for quality.
- Tea bag segment is witnessing a 15 per cent growth. The size of the segment is about 5.5 mio kg now.
- New tea clones of high yield as well as quality may soon be available for plantation. Tocklai Experimental Station, based in Jorhat in Upper Assam, has claimed to have developed four tea clones, which would be released for commercial plantation by the year-end.
- Tata Tea Ltd posted a 44.28 per cent drop in consolidated net profit for the year ended March 31 at Rs. 3.903 bio as against Rs. 7.0055 bio a year earlier. Net sales increased 19.28 per cent to Rs. 57.8295 bio as against Rs. 48.4787 bio last year.
- Tata Beverages (formerly Tata Tea) is eyeing acquisitions in the US and Eastern Europe besides drawing-up plans to expand its product portfolio beyond its core tea and coffee. Other products the company was looking at included water, ready-to-drink tea and health drinks.
- Tata Tea is eyeing a substantial growth in business in South Asia, particularly in the neighbouring nations of Pakistan and Bangladesh. The market size in Bangladesh is around 45 mio kg, while the official market in Pakistan is around 70 mio kg. The total market in Pakistan is 160 mio kg, but almost half of that is illegal imports. The company expects to achieve 10 per cent market share in these two countries within around two years.
- Tata Tea's sales and marketing head Sangeeta Talwar has quit to pursue other opportunities.
- In 2009-10, Rossell Tea Ltd posted significant growth in tea and non-tea businesses. The turnover of the tea business posted 27 per cent growth at Rs. 680.7 mio (Rs 536.3 mio in 2008-09).
- McLeod Russel India, the largest integrated tea company in the world with 102 mio kg production, plans to become a 180-200 mio kg company with a turnover of Rs. 30 bio by FY15. The company plans to acquire tea estates in Africa, Vietnam and India in the next five years.
- McLeod Russel India, expects a higher deficit this year compared to the last. "Last year, the year ended with a shortage of 60 mio kg. If production is at the same level as last year then the deficit will increase since the Indian market adds about 35-40 mio every year in consumption," said Aditya Khaitan, managing director, McLeod Russel India.
- Tea division of public sector enterprise Andrew Yule launched new varieties of premium and speciality tea which included green, organic and hand-rolled tea. These varieties are produced by one of its 15 tea estates – Mim – on the borders of Nepal and Darjeeling.
- Jay Shree Tea & Industries is scouting for gardens in Vietnam, Indonesia and Africa. Jay Shree, which has an annual turnover over Rs. 4 bio, had recently acquired tea estates in East Africa with total production of 10 mio kilograms per annum.
- Twinings has launched a new green tea variant, Jasmine Green Tea, a subtle blend of green tea and jasmine flowers.
- Tuticorin-based PSSK Group has chalked out an action plan for a pan-India presence in herbal teas through the newly set-up Bio Food Co.
- Typhoo's Moroccan Mint, that combines green tea with the freshness of mint in Moroccan style, will hit retail markets in Mumbai and New Delhi shortly

Coffee

- India's coffee production is estimated to go up by 6 per cent to 0.308 mio tons in the 2010-11 crop year starting October, with expectations of better yields from Kerala and Karnataka. According to Coffee Board's post-blossom estimate for the next crop year, 0.208 mio tons would be of the Robusta variety and the remaining, Arabica. India is the fifth-largest coffee producer in the world and the third-largest in Asia.
- Area under coffee has seen an upward trend in India, with areas from non-traditional regions in Andhra Pradesh and Orissa being added. Area under coffee is pegged at 380,000 hectares in the current crop season, 10 per cent higher than the production area in the last three year. Close to 70 per cent of all output comes from Karnataka, followed by Kerala and Tamil Nadu. Non-traditional areas like Andhra and Orissa contribute around four per cent.
- Impact of Europe's economic crisis on India's coffee exports has started to show, in the form of weak demand for robusta parchment variety. India produces 15,000-20,000 tons of robusta parchment, all of which is exported. While the latest crop was expected to be above 25,000 tons, growers said there were feeble inquiries for the same. The debt-hit countries — Greece, Italy, Spain and Portugal — account for 34 per cent of India's coffee exports.
- India's coffee exports surged 49 per cent in the first six months of the year to 153,000 tons on the back of higher domestic output, according to Coffee Board data. The country had exported 103,000 tons in the same period last year. Of the total exports during the January-June period of 2010, normal exports accounted for 129,000 tons, while 24,671 tons were re-exports. In the year-ago period, normal exports comprised 95,061 tons and re-exports 8,002 tons.
- Coffee exports from India surged by a whopping 43 per cent in the first nine months of the coffee year that started in October 2009. According to statistics available with the government-owned Coffee Board, the country exported 0.199 mio ton of coffee during this period, up from 0.140 mio ton recorded in the previous year. This was even higher than the exports recorded for the whole of the coffee year 2008-09 when the country's total coffee exports stood at 0.179 mio ton.
- Coffee consumption in India is witnessing an upward trend with better branding of coffee among the youth by various domestic and international coffee chains in recent years. According to estimates of Coffee Board of India, domestic coffee consumption is expected to be above 100,000 ton in 2010-11 season, up by close to 6 per cent from 94,400 tons in 2008-09. In 2009-10, the consumption touched around 100,000 tons.
- Merchandising—once a tool for branding—is rapidly becoming a source of additional revenue for the coffee chains in India. With coffee consumption soaring, organised coffee chains such as Café Coffee Day (CCD), Barista Lavaza, Costa Coffee and Gloria Jeans Coffees are brewing more sales by retailing a broad inventory of coffee equipment and related merchandise. CCD earns 10 per cent of its revenue from sale of merchandise.
- Homegrown coffee conglomerate Amalgamated Bean Coffee Trading Company (ABCTL) gave a boost to its international retail ambitions by snapping up the Czech Republic-headquartered Cafe Emporio for Rs. 150 mio. Cafe Emporio, which has seven outlets in Prague, also operates two formats including a pure-play cafe as well as a lounge. ABCTL's retail arm, Cafe Coffee Day, is targeting 50 overseas outlets in the next 2-3 years.
- Cafe Coffee Day is looking at traditional tea-drinking zones of north, west and eastern regions of the country to fuel its future business growth. The coffee chain, which has 953 cafes spread across 141 cities in the country as of now, is planning to increase its outlet count to 1,150 by end of this fiscal.

Food Service & Retailing

- Restaurants serving regional cuisine may not be new to the metros. But they are getting more adventurous, serving specialized micro-cuisines to enthusiastic diners in smaller towns. This newfound popularity of regional cuisine(s) is as much a product of globalization as of dislocation. With people moving frequently between cities, it is natural to miss the smells and tastes of home. Regional cuisine has now gone beyond the generic 'Bengali' or 'south Indian'. Instead, chefs and gourmards are exploring untried, unheard-of dishes from places such as Bhopal, Bundelkhand or Bhuj, and delving into little-known micro-cuisines. There are distinctions to be made between Avadhi and Rampuri, West and East Bengali (or, indeed, Murshidabadi), Moplah and Suriani.
- A booming healthcare sector has created opportunities for several industries. One sector that is waiting to tap the prospects is food retail, which sees at least 15 per cent of its business coming from hospitals.
- MCDONALD'S India will invest Rs. 1 bio annually, adding 30 restaurants per year in the western and southern region in the next three-four years. The fast food chain has been growing at 35 per cent per annum for the past several years.
- Driven by strong growth, all of McDonald's suppliers have planned to expand their capacities. Tasty Bites, which supplies 600 ton pizza puffs annually to McDonald's in India has also started exporting them to the latter's restaurants in the Middle East. Vista Processed Foods, in which Mc-Donald's has an equity stake, is the sole supplier of veg and non-veg patties to McDonald's India. It already supplies them to the Middle East.
- D Mart, the R K Damani-promoted retail chain, is planning to go national in the next couple of months, by opening stores in 'key' cities such as Bangalore, Delhi and Hyderabad. The nine-year-old chain would add at least 25 stores in the next one year to its existing 33 stores in Maharashtra and Gujarat.
- V-Mart plans to open 8 to 9 hypermarkets this year as it resumes expansion after a one-and-half year slowdown-induced hiatus. V-Mart, currently, operates 51 hypermarkets across the country catering to diverse product segments.
- KFC is best known for its fried chicken. Last year, Yum! Restaurants, the company that owns the brand, decided to extend the KFC brand concept to beverages, with Krushers, a range of chilled drinks. India was one of two test markets selected for this exercise. Krushers is currently served in 70 of KFC's 75 outlets in the country.
- Surat, known for its diamonds and textiles, will soon boast of India's first five-star wholly-vegetarian hotel. The hotel, which will be unveiled next month, is called TGB Surat (The Grand Bhagwati Hotels). The hotel will have 162 deluxe rooms and eight suites.
- Lucknow-based Kstar Food and Beverages has launched its fresh fruits and vegetable retail venture under the brand Kountry Fresh.
- Mr. Mukesh Ambani expects the organised retail business of Reliance Industries to grow 10-fold from the current levels over the next five years. Reliance Retail, which operates 1,150 stores across 14 states, had revenues in 'excess of Rs. 45 bio' for the fiscal ended 31 March 2010.

(Food Service & Retailing continued on next page)

Food Service & Retailing (Continued)

- Cocoberry, India's first premium frozen yogurt chain opened its first outlet in the Punjab region. Cocoberry, which launched its first store in February 2009 in Delhi has earmarked an investment close to Rs. 1.20 bio for expansion in the next three years. It has set a target to grow to about 100-150 outlets over the next two years.
- Taking a step towards a possible stake sale to US-based TPG, debt-ridden Vishal Retail said its board had approved the terms of a memorandum of understanding with the private equity firm in accordance with a debt restructuring program approved by its lenders.
- Cash-strapped Vishal Retail may soon become a shell company if the restructuring package proposed by lenders is implemented. Texas Pacific Group (TPG), which has agreed to infuse Rs. 5 bio, has put in a condition that Vishal Retail (VRL) will transfer all its fixed assets to a special purpose vehicle (SPV) that will be predominantly owned by the foreign private equity firm.
- Raheja-owned Shoppers Stop, which was so far an up market department chain, is becoming a full service retailer soon. It is increasing its stake in the promoter group's hypermarket chain Hypercity from 19 per cent to 51 per cent.
- Bharti-Walmart, the joint venture between Bharti Enterprises and Wal-Mart Stores, will hire about 1,100 people as part of expansion of its wholesale business by the end of this year. The company will be expanding its retail outlets and intend to almost double into 140 from 80 odd stores now.
- Wadhawan Retail has decided to shut its Spinach food and grocery stores. Most of the 45 Spinach outlets will down shutters by the end of this month.
- Small family-run supermarket chains are expanding their operations and adding new stores, posing a challenge to corporate-owned retailers across south India. Regional retailers such as MK Retail in Bangalore, Ratnadeep in Hyderabad and Sri Murugan in Chennai are riding a wave of consumer loyalty that has remained unchanged despite the advent of big brand retail.

Snacks

- Instant noodles market in India is valued at around Rs. 10 bio. The category is growing at 20 per cent annually.
- The country's largest baker wants people in villages and small towns to eat its cookies. Britannia Industries, which lords over 40 per cent of the Rs. 2.04-bio cookie market with Good Day and sells gift packs of premium Danish Cookies through modern trade, has come out with Britannia Cookies priced at Rs. 5 for a pack of 10.
- After expanding into instant noodles, snack bars and low-priced milk-food drinks in recent months, GlaxoSmithKline Consumer Healthcare, the Rs. 21-bio maker of Horlicks and Boost health drinks, will introduce a range of high-end cookies and cream-biscuits under the Horlicks brand.
- The compulsions of selling imported, rich chocolate in a hot country such as India are spurring Swiss heritage brand Lindt to introduce thermal bags for buyers to preserve them at the right temperature between the point of purchase and destination.
- Godrej is planning to enter into chocolate business through its joint venture with US-based Hershey.
- The gourmet chocolate company that manufactures chocolates for leading brands in India will launch its own brand in the Dubai market. Eight flavors that include pepper, chilli, ginger, cumin, cardamom, cinnamon, clove and mace will be sold under the Cacobean brand, globally.

(Snacks continued on next page)

Snacks (Continued)

- Nestle has set its sights on the Indian consumer's breakfast menu. Breakfast cereals— a category where Nestle has a strong presence worldwide – is one segment the Indian subsidiary is planning an entry. Nestle's entry into the over Rs. 5-bio breakfast cereal market will mean that it will take on incumbents such as Kellogg's and PepsiCo. The latter has Qaker Oats in India. Industry estimates that the branded convenience breakfast cereals market is growing at a healthy 25 per cent.
- The Rs. 5-bio breakfast cereal market in India will soon see a new entrant in Marico, the fast moving consumer goods company. It will prototype an oats' meal product under its Saffola brand. The product, called Saffola Oats, has been soft-launched in about 12 cities. The bulk of the breakfast cereal market, say analysts, is made of cornflakes, a Rs. 4-bio segment, growing at a healthy 20 per cent yearly. As a category within breakfast cereals, oats is small at Rs. 1.2 bio. It is growing at a steady clip, however, at 25 per cent yearly.
- Parle biscuits has toppled Britannia Industries' numero uno position to become the largest selling biscuit company in India. With a total turnover of around Rs. 40 bio coming from biscuits, Parle Products has emerged as the clear market leader, with a difference of almost Rs. 10 bio. Britannia Industries reported a turnover of Rs. 34 bio for the financial year 2009-10, with biscuits contributing around Rs. 30 bio.

Culinary Items

- The 27-nation European Union has banned imports of Indian honey, alleging that consignments of the natural nectar from the country are contaminated with lead. The EU is the second largest destination for Indian honey exports after the US. India exports honey to over 60 countries. India's total honey exports totaled USD 32.39 mio in 2008-09, a quarter (USD 7.7 mio) of which went to the EU. According to Kejriwal Bee Care India Pvt Ltd Director Prakash Kejriwal, the main problem was that a large number of exporters import cheap honey from countries like China and after value addition, they export to the EU.
- The ketchup/sauces market in India is estimated at Rs. 2.20 bio. Maggi enjoys the leadership position in the market with its oldest competitor Kissan. An analyst puts Maggi's share at 41 per cent and Kissan's at 26 per cent. In recent years, though, the growth of brands such as Heinz, Cremica, Tops and Del Monte has dented Maggi's market share in the segment.
- MTR Foods outlined a new perspective of its diversified business which seeks to consolidate its presence in northern and western parts of the country and revamp distribution network. It plans to increase marketing spend and double turnover to Rs. 5 bio within two years. The Bangalore-based company, acquired by the Norwegian major Orkla ASA in 2007, has begun to outsource vermicelli from a manufacturer based in Mathura recently and is poised to double the capacity of its spices unit in Bangalore with an outlay of Rs150 mio.
- ITC Foods plans to foray into new categories such as noodles in the next few months. Encouraged by the response to its pasta brand 'Sunfeast Pasta Treat' ITC plans to launch noodles under the brand name Sunfeast.
- Maharashtra's Food and Drug Administration has filed a charge-sheet in the Mazgaon metropolitan magistrate's court against health drink Complan's advertising claim that it can add two inches to children's height.

(Culinary Items continued on next page)

Culinary Items (Continued)

- Moti Mahal, the iconic 90-year old restaurant brand, has launched its ready-to-eat processed foods. The five dishes on offer are Dal Moti Mahal, Chana Pindi Masala, Aloo Zeera, Sabz Moti Biryani and Butter Gravy (without onion and garlic).
- Kolkata-based Pailan Group has launched ready-to-cook potato flakes under the 'Poto' brand to be manufactured from its Rs. 500-mio plant at Dhaniakali in Hooghly district of West Bengal. The plant, having an installed capacity of 3,600 tons a year, has been set up in technical and marketing collaboration with PB Conseil/AFT, a French consultancy.

Sugar

- Indian Sugar Mills Association as claimed that the country would have stocks of almost five mio tons at the start of the new 2010-11 season (October-September).
- After the downtrend in the last two years, the sugar industry is poised to reap a rich harvest in the season beginning October 2010. According to the latest Government estimates, sugar production in the country is expected to touch 22-23 mio tons in 2010-11 against 19 mio tons last year. Production fell sharply to 16 mio tons in 2008-09.
- With a favourable climate and more area sown, Indian Sugar Mills Association says production in the coming year will be well above its earlier, high, estimate. The sugar year starts in October and runs till the following September. Isma's earlier forecast was 23 mio tons for 2010-11; it has revised this to 25 mio tons.
- The Centre has allowed mills, which had imported raw sugar under the Advanced Licence Scheme, to fulfill their re-export obligations till March 2011, thus withdrawing the option of paying the applicable duty instead. About a mio ton of sugar was imported in 2004-05 on a ton-to-ton basis and the Centre has consistently been extending the period for re-export. The mills were required to re-export within 36 months, that is, by March 2008.
- The government has permitted a trade body to export 10,000 tons of white sugar to the European Union in the year to September. Indian Sugar Exim Corp would be allowed to export to the EU provided it imports an equal quantity in 2009/10.
- The government has approved increase in provisional levy on sugar prices for the ongoing October-September sugar season, raising it by around Rs. 4 a kg from the last season's average provisional price of Rs. 13.06.
- The commodity market regulator, the Forward Markets Commission plans to allow sugar futures trading by October. The trading in the commodity is banned till September 31 due to a rapid rise in the commodity's prices in the recent past.
- The outlook for sugar prices and profitability is expected to be weak not only in 2009-10 crop season that will end in October, but in 2010-11 also, research firm Icra said in its latest report. Based on feedback from industry regarding sowing and cane availability position, production in 2010-11 is expected to be around 25 mio tons which would be marginally higher than the domestic offtake of around 23.5-24 mio tons, thus putting further pressures on sugar prices.
- India, the world's largest sugar consumer, is likely to export 500,000 tons of sugar in 2010-11, according to International Sugar Organisation.

(Sugar continued on next page)

Sugar (Continued)

- Facing a problem of plenty, the Maharashtra government has issued a circular permitting “export” of 0.7 mio tons of molasses. Export refers to selling outside the state, something that the state has not allowed in the past and the change in policy has come in the wake of huge stocks the state.
- Co-operative sugar mills (CSMs) in Tamil Nadu have reported an accumulated loss of Rs. 14.75 bio as of March 2008. Tamil Nadu is the fourth largest sugar-producing state with an annual production of 2.2 mio tons. Sugarcane is cultivated on about 235,000 ha every year and 15 CSMs, 20 private mills and two public sector mills are functional.
- Tamil Nadu’s state advisory price of Rs. 1,900 per ton of sugarcane for 2010-11, which is above the Union government’s fair and remunerative price of Rs. 1,391 per ton has evoked angry reactions from millers. Sugar prices are on a slide across the globe following a glut in production and mills are selling the sweetener at a price less than the cost of production.
- India’s largest sugar refiner Shree Renuka Sugars will acquire 50.34 per cent stake in the Brazil’s Equipav AA for Rs. 11.51 bio (USD 250 mio), which is 25 per cent less than what the two firms had agreed on earlier.

Oils

- Delayed and poor rains last year may lead to a fall in groundnut cultivation this year in Gujarat, the country’s largest producer of the oilseed. The area under the oilseed is likely to fall to 1.5-1.6 mio hectares. As per the government data, groundnut cultivation remained at 1.795 mio hectares during kharif 2009 which was at 1.752 mio and 1.712 mio hectares respectively during the two previous successive seasons.
- For the first seven months of the 2009-10 oil year, (October–September) soymeal exports stood at 1.6 mio tons, down 41 per cent compared to the corresponding period previous year. Owing to an increase in soybean arrivals in the markets, India was expected to export about a mio tons of soymeal between June and September.
- Vegetable oil imports fell for the fifth consecutive month in May by 26 per cent to 0.558 mio tons due to increased supply, Solvent Extractors Association said. The country had imported 0.751 mio tons of vegetable oils in the year-ago period.
- India’s vegetable oil imports fell by 6 per cent in June to 0.732 mio tons against 0.78 mio tons in the year-ago period.
- South-based logistics player Ramanasree Group entered the FMCG sector by launching a branded refined sunflower oil in Andhra Pradesh.
- Ruchi Soya is scouting to buy 150,000 hectares of palm plantation in Africa and Asia in next three-five years. The company is also planning to set up a soya processing unit in Ethiopia in the next three-four years.
- K.S. Oils, the Madhya Pradesh-based edible oil manufacturer, plans to undertake palm plantation in 35,000 hectares in Indonesia with an investment of Rs. 8.50 bio over the next three years. The company intends to invest Rs. 1.50 bio to cover 7,000 hectares this fiscal and had invested Rs. 2 bio till last fiscal. The company will invest Rs. 700 mio to improve infrastructure facilities at its five plants. It has three plants in Madhya Pradesh, one each in West Bengal and Rajasthan with a cumulative mustard seed crushing capacity of 4,400 tons a day (tpd), solvent extraction of 4,200 tpd and refining capacity of 1,600 tpd.

Food Additives

- Raw vanilla prices - that had once ruled at unbelievable levels of Rs. 3,000-3,500 per kg, making a few growers millionaires overnight and prompting hundreds of others to take to growing the climber - are now ruling at an equally incredulous rate of Rs. 40 per kg. Production in the just-concluded season for the whole country was estimated at 60 tons, as against about 150 tons in the previous year. Despite the steep year-on-year fall in production of raw vanilla beans, the price this year was lackluster, fluctuating from Rs. 100 per kg to Rs. 40 per kg.
- Indian cocoa prices are now at a premium of more than 12-15 per cent compared to the global markets. Dry beans have fetched Rs. 175 per kg while wet beans are selling at around Rs. 55 per kg in Kerala, which means that returns have more than doubled in just two years. India's production of cocoa during 2010 will be higher by 3-4 per cent at around 12,300 ton. India imports some cocoa for its growing domestic market.
- Cocoa is making a grand re-entry into Kerala after a gap of 30 years, but at the expense of black pepper. During the last 12-15 months, farmers in districts like Idukki and Wayanad have planted cocoa due to better price realization and because it is easier to market.
- The chocolate factory of the Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd at Puttur in Dakshina Kannada district has been awarded the ISO 22000 certification for food safety and food quality. Campco produced 11,000 tons of finished and semi-finished cocoa products during 2009-10.
- Rajasthan and Haryana, which account for three fourths of India's guar seed output between them, have increased the acreage a year after deficient rains damaged the crop.

Spices & Flavors

- India will sell more pepper in the second half of the year and remain active in the global trade with US inventory more or less empty, according to Jojan Malayil of Bafna Enterprises, the largest exporter of Indian black pepper.
- Indian spice companies are launching their operations in Vietnam to ensure a steady supply of pepper. The latest to migrate to Vietnam is Kochi-based Bafna Enterprises. The company has acquired a spice unit in Vietnam where it will start processing of pepper.
- Exports of spices rose by five per cent to an all-time high of Rs. 55.605 bio in 2009-10 even as pepper exports to major markets like the US and EU dipped. In volume terms, spices exports grew seven per cent to 502,750 tons in 2009-10 compared to 470,520 tons valued at Rs. 53.0025 bio in the previous fiscal.
- Value added products continued to dominate the exports basket with items such as spice oils and oleoresins along with mint products such as mint oils, menthol crystals and menthol powder contributing to 34 per cent of the total export earnings. Chilly contributed 23 per cent followed by cumin with 10 per cent, turmeric seven per cent and pepper six per cent.
- Global shortage of certain spices like ginger, garlic and chilli has helped spices exports from India gallop ahead during the current financial year that started in April.

(Spices & Flavors Continued on next page)

Spices & Flavors (Continued)

- Sharp rise in turmeric prices in the past one year has brought prosperity to hundreds of farmers. While the farmers expected a return of around Rs. 5,000 per quintal when they sowed the plant last year, the prices beat their wildest dreams. At its peak, a quintal of 'finger' turmeric sold at Rs. 15,800 and certain varieties like 'Salem finger' touched Rs. 16,676 per quintal in Erode market.
- Central Salt and Marine Chemicals Research Institute, Bhavnagar, Gujarat has developed a salt-resistant variety of cumin, which is expected to be out for commercial production in the next 3-5 years.
- McCormick & Company, the US-based global leader in spices, herbs and flavorings, is set to acquire a 26 per cent stake in the Kochi-based curry ingredient maker, Eastern Condiments. The deal is estimated to be worth USD 35 mio, or Rs. 1.62 bio. Eastern registered a turnover of USD 80 mio, or Rs. 3.70 bio, last financial year.
- From being a net importer of garlic, India has turned into a big supplier of garlic to the global markets because of good domestic production and poor supplies from China, the traditional powerhouse of garlic trade. Garlic exports increased during the last fiscal by 1314 per cent in volume terms and 769 per cent in value terms.

Foodgrains

- Reports by a Hamburg-based private testing firm, Eurofins, suggesting elevated residue levels of Isoprothiolane — a fungicide used to control rice blast disease — in Indian basmati has triggered nervousness among exporters, who fear hostile action by retailers in the 27-member bloc. Regular testing by exporters in India had never revealed this problem and samples sent to other labs too had turned up results within acceptable limits. The industry is ready to shoot off legal notices against the firm, even as the Commerce ministry indicated its readiness to take up the "disturbing trend" upfront with the European Commission.
- India's basmati (aromatic) rice exports crossed a record 2 mio tons in the last financial, in the process helping the country recoup some of the losses suffered because of more than two-year-long ban on non-basmati rice exports. Exports of the premium aromatic rice has increased by an impressive 44 per cent in comparison to 1.6 mio tons in 2008-09. In value terms, the export of basmati rice has crossed Rs. 120 bio last fiscal against Rs. 94.76 bio achieved during 2008-9. Rise in rice exports is also attributed to demand of PUSA 1121 variety of rice in mostly gulf countries.
- The government will not permit export of non-basmati rice as procurement in 2009-10 is expected to be much less than last year. A ban was imposed on non-basmati rice exports in April 2008.
- India's food security looks promising in the medium and long-term, as foodgrains production is projected to touch 260 mio tons in the next two years and 295 mio tons by 2020, according to a NCAER study sponsored by the government.
- The Central Government has taken a bold initiative to promote pulses production by raising their minimum support price by between 14 and 30 per cent even as it effectively pegged the support price for paddy at the same level as last year. Tur/arhar has been raised by Rs. 700 to Rs. 3,000 a quintal. The MSP for urad is Rs. 2,900 (up Rs. 330) and mung Rs. 3,170 (up Rs. 410).

(Foodgrains continued on next page)

Foodgrains (Continued)

- An analysis of the remote sensing data collected by Nasa satellites on the changes in vegetation in India during the last 25 years has confirmed the bad news: The growth rate of foodgrain production in India has been stagnant in the last decade. The study found that the growth rate in annually integrated vegetation greenness, a measure of crop growth, has declined significantly in 23 per cent of the water-limited tropic (WLT) cropland area during the last decade.
- Rice prices continue to rule low with Iran's move to raise the import duty adding to the woes of the traders and exporters. The prices of aromatic rice, in particular, are on the downswing.
- India's maize production in 2009-10 is expected to be almost 20 mio tons, up from 19.37 mio tons last year because of increased seed replacement by farmers and more acreage in Punjab and Haryana. After introduction of single cross hybrid since 2006 by DMR, maize production has significantly increased. There has been high growth of maize acreage in non-traditional states such as Andhra Pradesh, Tamil Nadu, Karnataka, Orissa and West Bengal. Andhra Pradesh is currently the largest producer of maize in India contributing 21 per cent of the total annual production.
- Leading basmati rice exporter, LT Foods, said that exports of the commodity was likely to exceed two-mio tons this fiscal (2010-11), up from last year's 1.7-mio tons.
- After Gujarat and New Delhi, now Maharashtra wants to sell wheat flour at cheaper rates in cities. Food and civil supplies minister Anil Deshmukh said: "We plan to sell wheat flour in packets of 10 kg at cheaper rates than the prevailing market prices. We will get wheat for the same from the open market quota of the central government".
- Worried by the alarming depletion of groundwater in Punjab, the agriculture department of the state has targeted to reduce 0.1 mio hectares of area under paddy cultivation this season to save on water.
- Kerala government will not allow multinational Pepsi to start contract farming of rice in the state.
- A small but interesting experiment is being conducted in two districts of Andhra Pradesh and Maharashtra to reintroduce sorghum and other millets back into the local menu. A corporate has joined hands with Indian Council of Agricultural Research and some other public institutes to promote the consumption of nutrient-rich sorghum.
- Rice processor Usher Group today said that its turnover is likely to jump three-fold to Rs. 10 bio in the next two years, on increased capacity. The company, a listed entity, has two rice processing mills at Mathura and one at Buxar in Bihar with a total capacity of 0.25 mio tons. Usher expects to expand the capacity of its Mathura plants by 0.3 mio tons by October. Usher Agro also has a wheat-processing plant in Mathura with a capacity of 75,000 tons per annum. The company is in the process of drawing up plans to increase it further. Usher Agro is planning to start dealing in pulses soon.
- Bread and cookie makers in India may almost double imports of the grain from Australia and Ukraine as they look for cheaper supplies from overseas. Flour mills may import as much as 300,000 tons in the year ending March 31, compared with 158,000 tons last year.
- Maharashtra has lost more than 1 mio acres of agricultural land to non-agricultural use in the last decade, which is a quarter of the total 4.4 mio acres under agricultural use. This does not include fallow land.

Fruits & Vegetables

- Although India is the world's largest banana producer, it does not figure in the international trade primarily because the fruit does not look good. Hence it has few takers in the international market. The Indian banana is hardy but is handled so roughly that this disfigures the fruit, with the skin turning black and blotchy.
- Pune-based Sanghar Exports is exporting bananas under K1 brand to the Middle East from January. It has set up an equal joint venture company, Dana International with NEH of the Philippines.
- Zespri International, a New Zealand-based marketer of kiwifruit, has launched two varieties of the fruit in India, Zespri Green and Zespri Gold.
- Exports of litchis have been hit badly for the third consecutive year in the wake of 40 to 50 percent fall in production this season.
- In a bid to facilitate exports of fresh onions from Gujarat to European markets, state-run Gujarat Agro Industries Corporation will set up an onion pack house at Mahuva APMC yard in Bhavnagar district.
- India's mango exports to the US and Europe are looking up for the second year in succession because of strong demand and easy availability following start of the sea route. Overall mango exports from India, the world's largest producer of the fruit, is expected to increase by 8.5 per cent to over 90,000 tons in the 2009-10 season on increased demand from the middle east. The total share of mango exports is meager in comparison to the total production of 12.5 mio tons.
- Gujarat based Desai Fruits and Vegetables, a major exporter, is all set to replicate its success in Tamil Nadu, with plans for large-scale contractual farming and banana export.
- With food inspectors across many states seizing banana consignments because of presence of artificial ripening agent ethephon, a chemical compound, Indian Council for Agricultural Research has come out in support of chemical terming it safe for human health. Food Safety and Standards Authority of India (FSSA) in a recent advisory to states had stated that despite prohibition in using carbide gas, the sale of fruits especially mangoes and banana ripened with banned gas is still continuing. FSSA even stated that dipping fruits in solution of Ethephon or exposure of fruits to ethylene gas is harmful.
- Production of apples in Himachal Pradesh this year is likely to touch 0.5 mio tons. Compared to it apple production in the state was 0.28 mio tons in 2009-10 owing to dry monsoon and less snowfall in winter.

Biotech

- The Rs. 20-bio agri-biotech sector is experiencing an existential crisis of sorts due to an uncertain regulatory environment following the moratorium on Bt Brinjal. Companies and institutes with investments of millions of dollars and time in genetically modified crop research, are uncertain about the future. This is owing to lack of clarity in the government's stance on GM crops, say industry experts.

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