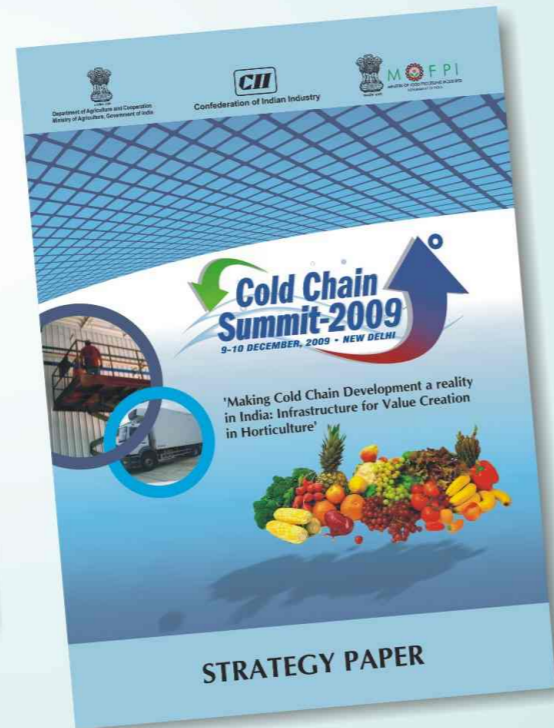




## Agri And Food Publications



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Confederation of Indian Industry



# Farm-to-Fork

## An update on Agriculture & Food Issues

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National Institute of Agricultural Marketing



The Bi-Monthly Newsletter: January 2010

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## CONTENTS

- Burning Issue
- Special Feature
- Industry Perspective
- Global Highlights
- Business Opportunities
- Do You Know
- Notifications
- CII: Agriculture and Food - A Retrospect
- Agri & Food Publications

## Burning Issue

### Taming Soaring Food Prices

Surging food price inflation is a major concern today. The wholesale price index of food items escalated to a ten year high of 19.8% for the week ended December 19th, 2009. If it is not contained and brought down quickly, it can spoil the otherwise spectacular recovery of the economy with an overall GDP growth of 7.9% for July-September quarter, 2009.

% Rise in WPI of selected food items for the week ended 19th Dec 2009 over the corresponding week in Dec 2008 (on point to point basis)

Items	(%) Rise in WPI
Potato	132.7
Pulses	41.7
Vegetables	46.7
Cereals	13.8
Wheat	12.6
Fruits	10.3
Milk	13.6

Rising prices of potato are a result of both supply shocks as well as poor market linkages (Gulati and Dasgupta, 2009)."

The question is why are the food prices flaring up so dramatically and what can the government do to tame the situation? The drought has been identified as a major factor affecting food prices. However failure of monsoon and erratic rainfall cannot solely explain the rise in food prices. There are other critical issues related to the both domestic and trade policies, that need to be addressed. But what is it that the government can do in the short and medium term to ease the pressure of rising food prices?

• **Unload stocks and allow private sector to move it freely in a unified market**

As of 1st December 2009, India had 48.1 million tonnes of grain stocks with public agencies. Unloading the large wheat stocks in the open market can immediately bring down the atta prices by about 20-25%. Simultaneously, the private sector should be allowed to freely import as well as stock wheat at zero import duty.

On a long term perspective, the government should think of phasing out the Essential Commodities Act. Also, it is rational to delink the minimum support price from the procurement price to check the

growing inefficiencies in grain marketing.

price from the procurement price to check the growing inefficiencies in grain marketing.

• **Lower import duty, especially on fruit & vegetables and allow imports**

The government should react fast on lowering the existing tariffs (hovering around 30% to 50%) and allow import of these commodities. The fruit and vegetable segment is not as sensitive as the grain segment owing to food security concerns and can be liberalized to tame down the price inflation.

• **Reduce taxes on primary commodities to zero (Zero GST)**

The taxes and various cesses often imposed on primary commodities should be urgently replaced by value added taxes beyond the primary commodity stage. The Centre needs to devise a system of direct transfer of resources to the states equivalent of their potential revenue loss.

• **Reform the value chain by compressing it**

Linking farmer groups directly to processors and organized retailers through actual implementation of marketing reforms need to be set on a high priority. This will, however, require a real reform of APMC and its implementation at the state level.

• **Enhance long term investments in agriculture**

Subsidies if at all need to be channeled directly to the targeted groups in the form of coupons or smart cards.

Contributed by: **Dr. Ashok Gulati, Chairman CII National Task Force on Food Security & Director IFPRI, Asia and Ms. Kavery Ganguly, Senior Research Analyst, IFPRI.**

## Special Feature



Mr. Anurag Bhatnagar,  
Director General, National Institute of  
Agricultural Marketing

### Unbundling Indian Agriculture

Recent studies by the World Bank and others have confirmed that in developing countries a rise in GDP growth originating in Agriculture lifts more people above poverty as against GDP growth arising outside Agriculture. The World Bank in its World Development Report (2008) has estimated this multiplier to be around 3.5 for China. For South American countries this is estimated to be 2.7. Investments in agricultural development hence appear the most rewarding for rural poverty reduction.

Indian Industry has also identified the rural sector as the next driver of the economy. Even at existing levels of farm and non farm incomes, rural areas can support sustained rapid growth, provided issues of distribution, storage, transportation and manpower are addressed. This has huge implications for flow of investments and jobs in the economy.

It seems that Indian industry and government both have, at this juncture, to look at agriculture to boost the economy. What are the most important interventions necessary?

In spite of attempts to reform and free them up, the channels of marketing agricultural produce are still choked and closely controlled and preclude the producers from getting anything but the bare minimum prices. The APMC/ Mandi based system has built in license barriers, checks, fees and other marketing hurdles which clog the unhindered flow of produce, adding to costs, leading to waste and effectively barring most of the farmers from elbow room. It restricts the freedom to sell and transport. Well established traders or big farmers mostly dominate these channels. This system defines the power structure at all levels, including the lower bureaucracy.

This Gordian knot can be cut by a strong national resolve which unites the entire country or at least major parts of it into an Indian Common Market Union. The Common Market Union may not necessarily be Pan Indian to start with but may start with some consenting states. Such a union can be put in place in one or two years given the necessary resolve.

Industry, in its effort to attract the rural business, would like a reasonable certainty of continuity of policies and incentives as well as enabling provisions for leasing/ user rights before it commits its resources in long term investments in agriculture.

Both government and the private industry are presently strongly driven towards the rural economy, possibly out of necessity, albeit, with slightly differing perspectives. These differences need to be resolved without loss of time.

### Private sector intervention in Indian agriculture for Increasing Rural Wealth: A Case Study

FieldFresh Foods, a joint venture between Bharti Enterprises and Del Monte Pacific Philippines has been working for nearly three years with farmers in both Punjab and Maharashtra in a manner that is creating a 'win-win' for both the farmers and the company. The ensuing paragraphs chart out the journey of FieldFresh Foods in its efforts to build a sustainable exports business in vegetables, supplying fresh baby corn and sweet corn to the highly demanding markets of Europe.

FieldFresh Foods has been exporting fresh Baby Corn to the UK & EU markets for the past three years and has been able to successfully establish brand India in the UK supermarkets, while becoming the largest Indian exporter of baby corn in 2008-09 by exporting 260 MT. More importantly, the product has started commanding a 10% market share of the UK retail market competing directly with Thai baby corn. This has only been made possible by achieving consistently high quality and service standards, in line with the expectations of our European customers. Accordingly, FieldFresh Foods and its partner farmers, for the first time in India, have been able to get Global GAP certification for vegetables. To back up the growing efforts, their world-class pack house facility at FieldFresh Agri Centre of Excellence [ACE], Ludhiana has been certified as BRC (British Retail Consortium) compliant.

FieldFresh Foods has invested significant time and money in training farmers to meet the international standards of quality and compliance. The farmers are provided exposure to the best farming practices at ACE. They are sensitized towards good farming practices, optimum use of resources like water, minimizing the use of chemical fertilizers & pesticides, crop rotation and other progressive agricultural practices like inter-cropping with mint etc. This is to ensure proper soil & water management and also to enhance the return per acre to the farmer and the effort has helped in continuously reducing growing costs. As a result, farmer incomes have gone up by 25-30% per year on an average as compared to alternate crops. All in all, a small but promising effort that has taken the baby corn from Punjab & Maharashtra farms to the European shelves!

Extending its learning's beyond Baby corn, FieldFresh Foods next started work on Sweet corn in Punjab & Maharashtra - by conducting extensive varietal trials to understand the location suitability and customer acceptance. The program bore quick fruit and last year FieldFresh Foods became the first Indian company to export fresh Sweet Corn to the UK market for supplies to leading retailers. In both the baby corn and sweet corn programs, the prime advantage of a contractual agreement between FieldFresh and partner farmer is that the company would undertake to purchase all the produce grown, within specified quality and quantity parameters. The relationship also provides farmers with free of charge access to a wide range of managerial, technical and extension services. What commenced as a vision of 'Linking Indian fields to the world' has indeed become a reality for FieldFresh Foods. The successful partnership has demonstrated that indeed both the farming community and the corporate sector can gain by working together.

**Contributed by: Sanjay Nandrajog, CEO, Field Fresh Foods Pvt. Ltd.**



## Industry Perspective

### Regulations for Licensing

After half a century, we are reviewing regulations on food safety and standards. It is a welcome change for a better tomorrow. The larger objectives in sight are;

1. Consumer needs & concerns have to be honored; and to enable that,
2. Industry has to operate smoothly under certain norms

In meeting with these objectives one basic step is grant of an authorization for the food producer/ service provider to operate. In general nomenclature, we call this 'licensing.'

Unfortunately, the word 'Licensing' has run through a rough patch in the first five decades of our independence. It has been a misunderstood parameter, the sanction and use of which could not be conducted well. Having realized the damage done, we are slowly emerging from this scenario to adopt procedures that merit transparency and accountability. In the food sector, the Food Safety and Standards Act is a thoughtful attempt in this direction. Success depends on how well the Regulations are laid & how responsibly these are practiced.

The most important message for food production/ service sector is to ensure that whatever they do should converge to meet consumer needs and concerns. If any thing does not - it needs to be reviewed and rectified. If we can do so, whatever the difficulties, we can etch out at a place for ourselves. If we can't, we fail. This responsibility is paramount.

There is a request for the regulators also, kindly consider that setting up an industry is not easy, a lot of planning commitment, financial input, space

outlay, technology, etc. are required. Food as such is a hard-to-operate sector, burdened with perishability, seasonality, and heavy financial blockage. In such circumstances we should look at licensing as a capacity building exercise & ensure that it does not become a fault-finding sequence. The message to the entrepreneur should not be one of hurdles and uncertainties. We have to make procedures simple and transparent and not heavy on 'documentation' & 'inspections.' It will be counter productive if licensing becomes a distress rather than an inspiration.

If Regulations provide easy sanction for suspending/ canceling a license it will convey the wrong signal. Closing the door should be the last resort, unless there is an emergency. Snapping off a license on procedural issues is not advisable, e.g., if an entrepreneur fails to renew his license for some reasons. It is better to send a notice and give a chance for renewal, may be with a penalty. A license should be groomed into long term connectivity & not treated piecemeal. Let us honor it as a good relationship. Canceling a license fractures the system, and re-issuing burdens it.

Let us appreciate the above sensitivities. If we happen to overlook the same, then the day will not be far when the system will begin to degenerate. The rare challenge is to ensure that licensing becomes a "capacity enhancer" and not a system spoiler.

Let us think together in the spirit of FSSA and work towards self compliance, guidance, motivation, recognition & reward. Let responsibility sharing be the hallmark of licensing.

**Contributed by: Dr. S. Jindal, Chairman, CII Regulatory Task Force Committee**

## Do You Know

**The Britannia Nutrition Foundation (BNF)** was formally launched on 12th Oct, 2009 during the week of World food Day.

The Britannia Nutrition Foundation will strive to pool together scientific knowledge and expertise in the area of Nutrition through organizing seminars involving multiple stakeholders.

It would also seek to create partnerships that would work in the area of Child Nutrition.

**PI Industries Ltd (PI)** won the prestigious Green Chemistry Award 2009 in the "MNCs and Large Enterprises Category" in the recently concluded Industrial Green Chemistry Workshop (IGCW) 2009

**PI industry** was awarded for quality of work done for the significantly reducing in emission / effluent by solvent less process and recycling of by-product.

## Global Perspective

### Environmental Sustainability, Energy Efficiency And Greening of Cold Stores

Sustainability is having a growing influence on every type of industry and construction. The cold chain industry is no longer left behind and energy efficiency and sustainability of the entire cold chains are increasingly becoming an important issue, largely driven by buyers and consumers. Equally it is important to assess the 'green' or sustainability performance of a business and a cold storage facility. There are several factors influencing energy consumption and many ways to conserve energy but largely they can be classified into four categories

**Design:** Energy use in a cold storage facility is affected by the amount of heat the refrigeration equipment must remove and the efficiency of the equipment. Walls and roof of a cold storage facility should be painted a light color. Use plastic flap doors to reduce infiltration of warm outside air. Seal around openings for pipes and electrical conduits. Heat produced by respiration of the stored commodity can be minimized by keeping the commodity minimum recommended storage temperatures.

**Equipment:** Today, in-efficient equipment accounts for over 80% of the contribution to global warming. It is imperative that we utilize newer systems that operate at lower temperatures. Also newer types conserving energy and more and more of the such high COP (coefficient of performance) performance.



**Refrigerant:** One of the key requirements of green refrigerants that have low ozone depletion and refrigerant is environmentally-friendly. Recent especially in the U.S. for commercial refrigeration Co2 as refrigerant compared to ammonia or other traditional refrigerants.

**Controls:** Controls can play an important role; especially to avoid overcooling, monitor the temperature and humidity levels & reduce /avoid large fluctuations in temperature (maintain +/- 0.5 Deg C). Many cold stores are looking at reducing the green house gas emissions through better transportation options such as rail and sea transport.

In closing we need to recognize that keeping up with changes occurring on many fronts, finding like-minded quality supply chain partners and quality focused customers can be hard. Equally important is integrating environmental sustainability though it can be complex. So I'll leave you with this thought – Early adoption of sustainability leadership might not be natural to everyone - but it is an option worth considering, especially if you have a feeling that the present situation can be improved. As a saying from the great philosopher Aristotle goes "To move the world, we must first move ourselves"

of systems such as the "cold tubes" helps in upcoming cold stores world-wide are adopting systems and newer equipment for better energy cold stores is the use of better and CFC-free global warming potential. Selection of correct findings reveal Co2 as a possibly good refrigerant because of increased COP of the equipment with

## Do You Know

### Quick facts : Myths about Nutrition

• **Myth: You should not eat fat as all fats are bad**

**Reality:** Fat is an essential requirement for our body. However, fat consumption in excess is not good. Note that all fats are not bad. Saturated fats and trans fats are bad, whereas monounsaturated and polyunsaturated fats are good. Eating 45 gram (1.5 ounces) nuts per

day along with a diet low in saturated fat and cholesterol may reduce the risk of heart disease, according the FDA.

• **Myth : Nuts are fattening**

**Reality :** Nuts are high in polyunsaturated and monounsaturated fats and plant sterols which lower LDL cholesterol.



## Do You Know

• **Myth : Brown sugar is harmless**

**Reality :** The brown sugar and white sugar contain almost the same nutrition. The brown sugar is nothing but white sugar with added molasses. Some make of dark brown sugar having properties similar to jaggery (gud is good).

• **Myth : Don't eat sugar, it will cause diabetes**

**Reality :** Diabetes is caused due to an inactive lifestyle, excessive body weight and a high fat diet. If you don't have diabetes, eating sugar will not make you diabetic. However, if you have diabetes, then you should control your sugar intake.



## CII: Agriculture and Food - A Retrospect



(L-R) Mr K V Thomas, Minister of State for Agriculture delivering the Inaugural Address at the Cold Chain Summit 2009. Also seen From Left to Right : Mr C Banerjee, DG, CII; Mr Daljit Mirchandani, Chairman, Ingersoll Rand India Ltd; Mr Rakesh Mittal, Chairman, CII Agriculture Council; Mr T Nanda Kumar, Secretary (Agriculture), Govt; Mr B Thiagarajan, President, Blue Star Limited

### COLD CHAIN SUMMIT 2009

**"Making cold Development a reality in India: Infrastructure for Value Creation in Horticulture"**

Confederation of Indian Industry (CII), in association with the Ministry of Agriculture, Government of India organized the **Cold Chain Summit 2009** - 'Making Cold Chain Development a reality in India: Infrastructure for Value Creation in Horticulture' on 9 – 10 December 2009 in New Delhi.

The two day deliberations during the Summit highlighted the bottlenecks surrounding the development of cold chain in India and identified the factors that will help in jump-starting development in the area and formulating an action plan that will benefit all stakeholders.

### Outcome of the Cold Chain Summit 2009

- Finalization of technical standards and revision of subsidy schemes Establishment of NCCD
- Pilot projects in Punjab, Madhya Pradesh and Gujarat
- Cluster based approach for modernization of existing Cold Stores.
- Convergence of various schemes
- Special tariff rate for electricity supply to Cold Storages / Cold chain components

**The Summit also showcased the new cold chain technologies through an exhibition.**



Mr Rakesh Bharti Mittal, Chairman, CII Agriculture Council presenting the Memento to Mr Montek Singh Ahluwalia at the Session with CEOs at Cold Chain Summit 2009. Also seen, Mr T Nanda Kumar, Secretary (Agriculture), Govt of India



Mr T Nanda Kumar, Secretary (Agriculture) visiting the Exhibition at the Cold Chain Summit 2009. On his left, Mr Rakesh Bharti Mittal, Chairman, CII Agriculture Council and VC & MD, Bharti Enterprises

### Agrimarketing Summit 2009

**"Public Private Partnership for Inclusive Growth"**

Confederation of Indian Industry (CII) in association with the Ministry of Agriculture, Government of India organized the **Agri Marketing Summit** - "Public Private Partnership for inclusive growth" on 16 – 17 December 2009 in New Delhi.

### Outcome of the Agri Marketing Summit 2009

- All States to follow the Model APMC Act in latter & spirit.
- Long-term stability in government policy.

## CII: Agriculture and Food - A Retrospect



Mr Anurag Bhatnagar, DG, NIAM; Mr Gokul Patnaik, Chairman, Global AgriSystem; Mr K V Thomas, MoS for Agriculture; Mr Rakesh Bharti Mittal, Chairman, CII Agri Council; Mrs Amita Sarkar, Sr Director, CII at the Agri Marketing Summit 2009.

- Land markets reforms to be initiated
- Removal of inter-state trade barriers for Unified National Market
- Improvement in Marketing infrastructure
- Plan resources for agricultural marketing should be made available only to the State who have undertaken substantial reforms

**The Key highlight of the summit was – representation of 18 State level Delegations led by Principle Secretaries in charge of Agriculture and Agriculture marketing as well as the Heads of their State Agriculture Marketing boards.**

### Brainstorming session on “Ideas to Rejuvenate Indian Agriculture”

The CII National Council on Agriculture, under the chairmanship of Mr. Rakesh Bharti Mittal, Chairman CII National Council on Agriculture and Vice Chairman & MD Bharti Enterprises Ltd, organized a brainstorming session on “Ideas to Rejuvenate Indian Agriculture” in the short run as well as in the long run on 18th December 2009 at Udaipur. The meeting was also attended by Mr. Satish Chander, DG, Fertilizer Association of India amongst other distinguished industry members.



CII Agriculture Council Session at Udaipur : Ms Amita Sarkar, Sr Director, CII; Mr Sali Singhal, Chairman, CII Task Force on Agri Inputs and Chairman, PI Industries; Mr Rakesh Bharti Mittal, Chairman, CII Agriculture Council and Vice Chairman and Managing Director, Bharti Enterprises Ltd; Mr V Shankar, Vice Chairman, CII Agriculture Council and MD & CEO, Rallis India Limited



CII Agriculture Council Session at Udaipur : Ms Amita Sarkar, Sr Director, CII; Mr Sali Singhal, Chairman, CII Task Force on Agri Inputs and Chairman, PI Industries; Mr Rakesh Bharti Mittal, Chairman, CII Agriculture Council and Vice Chairman and Managing Director, Bharti Enterprises Ltd; Mr V Shankar, Vice Chairman, CII Agriculture Council and MD & CEO, Rallis India Limited

## Business Opportunities

“MESKO-ROL” Sp. z o.o. manufactures agricultural machinery for collecting green forages in small and medium sized farms breeding cattle, sheep and horses, as well as possessing arable lands i.e. meadows. Presently they manufacture rotary mowers, skid mower and carousel rakes, offers also a wide range of services using possessed stock of machinery. The company offers a full assortment of spare parts, as well as PTO shafts for produced machines and provides servicing facilities during and after guarantee period.

### Expected forms of cooperation: Capital and trade cooperation

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## CII: Agriculture and Food - A Retrospect



CII Agriculture Council Members with Mr Montek Singh Ahluwalia, Deputy Chairman, Planning Commission. Also seen, Mr Arun Maira, Member, Planning Commission; Dr Abhijit Sen, Member, Planning Commission; Mr T Nanda Kumar, Secretary (Agriculture), Government of India.

### CII Agriculture Council Members meet Mr Montek Singh Ahluwalia, Deputy Chairman and Planning Commission

CII Agriculture Council members led by Mr Rakesh Bharti Mittal presented the “Idea to Rejuvenate the Indian Agriculture: Issues & Recommendations” to Mr Montek Singh Ahluwalia, Deputy Chairman, Planning Commission on 23rd December 2009 at New Delhi.

An **Agri Renewal Mission** was proposed by CII as a critical factor to trigger off the long due rejuvenation that Indian Agriculture needs.

### Doing Agri Business : Opportunities & Challenges

**Confederation of Indian Industry (CII) & the Maharashtra State Agriculture Marketing Board (MSAMB), jointly organized a Round Table on “Doing Agri Business : Opportunities & Challenges” at Mumbai on 9th Jan 2009.**

Addressing the gathering Dr S K Goel, Principal Secretary (Cooperation & Marketing), Government of Maharashtra said that Rs 2000 crores will be invested by Government of Maharashtra in the Agriculture Sector.

Other eminent speakers were Mr Anurag Bhatnagar, Director General of National Institute of Agricultural Marketing (NIAM), Mr Prasanna K Swain, Director (Marketing) in the Ministry of Agriculture, Government of India, Mr B Thiagarajan, Chairman, CII Task Force on Cold Chain Development and President, Blue Star Limited

The session received an overwhelming response and was attended by more than hundred industry members.



Mr R Krishnan, Sr GM, Blue Star; Mr Anurag Bhatnagar, DG, NIAM; Mr B Thiagarajan, Chairman, CII TF on Cold Chain Dev. & President, Blue Star; Dr S K Goel, Principal Secretary (Coop & Mktg), Govt of Maharashtra; Mr P K Swain, Director, Ministry of Agriculture, Govt; Mr Kumar Gaurav, Sr Manager, Yes Bank

## Notifications

### DRAFT REGULATIONS FOR LICENSING/REGISTRATION OF FOOD BUSINESS

Licensing procedures have been unified in the present draft, to be implemented by the Food Safety and Standards Authority, Food Safety Commissioner in the States and the officers working under the Commissioner. Common application forms and procedures have been laid down to bring out uniformity of the food standards in the country as mandated by the Food Safety and Standards Act.

Source: [www.fssai.gov.in](http://www.fssai.gov.in)

### DRAFT STANDARDS FOR RITUAL SLAUGHTERING AND ANTE MORTEM/POST MORTEM INSPECTION PROCEDURE AT SLAUGHTER HOUSES

Standards for Ritual Slaughtering and Ante Mortem / Post Mortem Inspection procedure at Slaughter houses to be inserted at appropriate place in the Regulations under Standards of Meat.

Source: [www.fssai.gov.in](http://www.fssai.gov.in)

### DRAFT FOOD SAFETY AND STANDARDS RULES AND REGULATIONS, 2009

The Draft Food Safety & Standards Regulations, 2009 have also been prepared in a similar fashion. The draft is broadly the reproduction of Prevention of Food Adulteration Rules, 1955 and it contains separate Annexure for appendix A, B, and C which includes standards for food color, list of additives and microbiological requirements etc., which have been reproduced from the rule without any change.

Source: [www.fssai.gov.in](http://www.fssai.gov.in)