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**Chief Guest Shri Sharad Pawar,
Hon'ble Minister of Agriculture,
Government of India**

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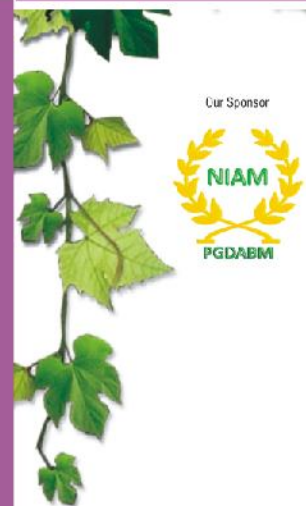
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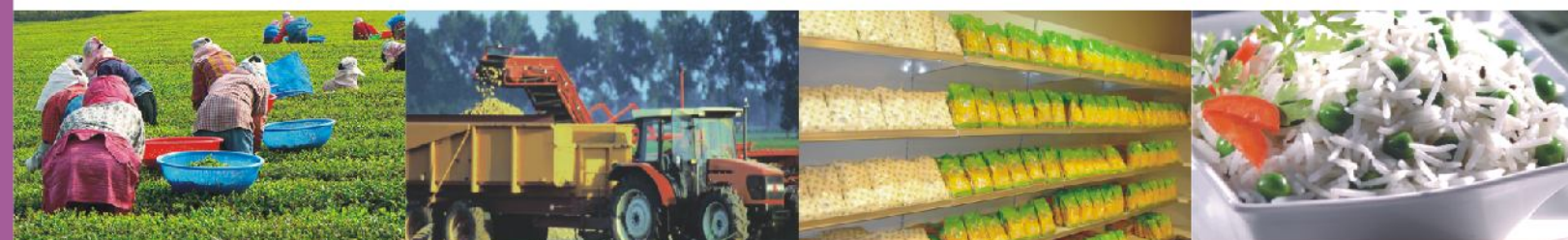
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Confederation of Indian Industry

Farm-to-Fork

An update on Agriculture & Food Issues



The Bi-Monthly Newsletter: November 2009

Vol:II, No.:1

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Minister's Message



Shri Subodh Kant Sahai
Union Minister for
Food Processing Industry
Govt. of India

It gives me pleasure to know that CII is publishing a bi-monthly newsletter "Farm to Fork" to provide an update on the latest developments in Agriculture and Food Processing

Sector. I am happy about the consistent efforts and endeavors of CII in engaging private sector in the actives of the Food Processing sector.

The Ministry has been largely successful in creating an enabling policy structure to promote food processing sector in the country. The policy structure of the Ministry is driven by the belief that a robust food processing sector would not only enrich farmers by providing them better prices but also lead to greater farm productivity by attracting more investments thus addressing the issue of

food security. The key components of the policy initiatives are thus (a) safety and quality standards for the consumers (b) backward linkages and supply chain infrastructure for farmers and industry (c) development of cold chain and other infrastructure facilities and (d) capacity building of personnel, industry and institutions.

The Ministry acts as a catalyst for bringing in greater investment into this sector, guiding and helping the industry in a proper direction, encouraging exports and creating conducive environment for the healthy growth of the food processing industry. Taking this objective further the Ministry organized the first- ever National Conference of State Ministers for Food Processing on 6th October at Vigyan Bhavan, New Delhi. It has been a very proactive step which shall synergize efforts at various levels across states and it is a matter of satisfaction to me that it has now been organized as part of the Ministry's 100 Day Agenda. Food Processing has been a priority for the government in terms of its huge potential and I think the time is now ripe for us to discuss matters concerning its further development.

I congratulate CII for the newsletter and I am hopeful that it will go a long way in strengthening information dissemination to all stakeholders of the Agri and Food Processing Sector.

(SUBODH KANT SAHAI)

New Initiative

New Initiative

CII has constituted a National Level Expert Group on Oilseeds and Pulses under the leadership of Mr. R. Gopalakrishnan, Chairman, Rallis India & Vice Chairman Tata Chemicals.

One of the key concerns facing policymakers today is the stagnation that has set in the agricultural sector in India in spite of its

outstanding competitive advantages. The continuing rise in the prices of major food commodities such as grains, pulses and vegetable oils to historic highs is causing major concern in India. It is imperative today to address this distortion in production pattern and distribution mechanism. CII's Expert Group will focus on strategies to bring about a "New Green Revolution in Pulses and Oilseeds".

Special Feature

Farm Mechanization & Agricultural Productivity

The agricultural sector of the economy has been the subject of intent focus by government and policy makers in recent years. The reasons are fairly straightforward. There is growing realization that to be sustainable, economic growth has to be inclusive, that a balance between urban and rural development is essential if India is to avoid the kind of potential social stress being experienced by China with its lopsided economic strategy over the last 3 decades and, finally, that if India is to come anywhere close to double digit economic growth, agriculture will need to grow at near 5%.



This focus by Government has resulted in a slew of economic policies aimed at promoting rural development - large and growing tranches of rural credit, significant subsidies on farm inputs, around Rs.80,000 crores of investments in this fiscal alone in programs like PM's Gram Sadak Yojana and Adarsh Gram Program, Indira Awaas Yojana, NREGS, NRHM, Rajiv Gandhi Grameen Viduytikaran etc..

These extend a trend of similar initiatives by the Central and State Governments over the last many years. Regrettably, they appear to lose sight of some important key issues in the rural and agricultural sector. Among these is the critical issue of agricultural productivity. In coming years there will be a lower proportion of our population working on farms, our arable land available will not significantly grow, at current levels of agricultural production and productivity we are likely to have increasing malnutrition.

The improvement of productivity in our agriculture will obviously need a holistic approach to improved inputs like seeds, nutrients, pesticides, irrigation - many of which today draw significant amounts of government expenditure on subsidies or capital investment. There is however, one additional initiative, which can be very easily accommodated in the government's current budgets. This is the area of farm mechanization. For some reason, this has not drawn the government's benign attention as much as others mentioned above.

The beneficial effects of increased mechanization on agricultural productivity are well proven. NCAER data and research by agricultural universities show significant increases in agricultural output with as much as 63% higher gross income / per hectare when tractors are used instead of bullocks as a result of higher cropping intensity and more efficient use of other inputs like fertilizers. In addition, the ownership of a tractor provides an alternative source of income by use for haulage or hiring out.

In India tractorization is extremely low. Out of the approximately 80 million farming households, less than 10% own a tractor though 35% of them use tractors by hiring from tractor owners.

The benefits of mechanization are known, proven and clearly accepted even by those who cannot today afford to buy a tractor.



Anjanikumar Choudhari
President - Farm Equipment Sector
Mahindra & Mahindra Ltd.

The example of China is again worth quoting. Six years ago, the tractor industry in China manufactured 65,000 tractors vs. India's 250,000. In F-09, India manufactured about 330,000 tractors while China's industry has galloped to over 220,000. The government of China is trying to fast track agricultural productivity and make farming more attractive to staunch the worryingly high rate of urbanization and reduce the urban-rural gap in economic progress. Virtually, 90% of the over 2 lakh tractors and 80% of harvesters will receive financial subsidies to the extent of 35% of the end customer price. The government is budgeting close to RMB 14 billion this year which is close to Rs.10,000 crores.

Such high levels of subsidy can be extremely addictive and create artificial blips of demand post which the concerned industry can go into a tailspin. At the same time, the purpose and direction of China's drive for improved mechanization as a means of improving agricultural productivity is highly admirable.

Instead of a straight subsidy in price, what the government of India could very easily accommodate in its current economic policy framework is to set aside a specified portion of its rural credit target to help farmers acquire tractors and farm implements. The size of the domestic tractor market in India is likely to be about 350,000 tractors in F-10. The total value of this market is approximately Rs.15,000 crores. Over 70% of tractors and farm implements are bought after taking a loan. If the government were to set aside a small portion of its rural credit target of Rs.325,000 crores, even as little as 5% or about Rs.15,000 crores, and offer loans for tractors and farm implements out of this at a subsidized rate of interest, it would provide a significant fillip to farm mechanization in the country with all the beneficial effects of improved agricultural productivity. It is hoped that such an approach will find favour with the government in its F-11 central budget.

Industry Perspective



Dr. J. I. Lewis Member -
CII National Committee
on Food Processing &
Food Regulatory Affairs.

Regulatory Impact Analysis

Regulatory Impact Analysis is a high level summary of the problem. It evaluates impact of all regulatory and non regulatory options available and documents why it preferred the option chosen as best.

In 1991 US FDA while reviewing its nutritional labeling on food packages did not require listing of trans fats. It commented that to include trans fatty acids on labels was premature because of a lack of agreement on the dietary implications. In July 2003, it amended rules requiring declaration of trans fats based on dietary exposures and evidence of dose dependant adverse effects on health. The amendment came into force January 2006 - 15 years from an emerging concern to a regulatory imposition.

Why did it deliberate the issue so intensely and purposefully? In an impact analysis it estimated that trans fat labeling would annually prevent from 600 to 1,200 heart attacks and save 250-500 lives. Based on this estimate, this rule will realize a cost savings of \$900 million to \$1.8 billion per year in medical costs, lost productivity. Industry would incur a one-time cost of approximately \$140 to \$250 million, that include analyses of trans fat in food products, re-labeling nutrition facts panel to add trans fat, and reformulating products voluntarily to decrease the amount of trans fat.

Regulatory Impact Analysis is a high level summary of the problem to ensure government departments entrusted with the regulatory task undertake robust preparedness prior to reaching the legislative step. Its task is to ensure that regulations are working effectively, regulators acting responsibly and public money is put to good use.

This is an interesting example of how impact analysis may lead to a non regulatory directive instead of mandatory sugar labeling. According to an A C Nielsen report the total consumption of non levy sugar in 2007 was 17.52 million metric tones [MMT]. About 2.24mmt is directly consumed by households with incomes greater than Rs. 5000 per month. Industrial and small businesses consume 5.26mmt and 5.51mmt respectively - the latter includes sweet meat vendors accounting for 58% consumption, of 3.22mmt. The industrial sector, comprising confectionery, bakery and carbonated beverage consume 2.67mmt. The total consumption arising from the unregulated sector is 7.75mmt compared to the industrial sector 2.67mmt - 3 times more.

Consumption data suggests that major exposure lies in the sector where labeling regulations has no writ - GSR 664 exempts sweet meat vendors, catering services from labeling rules. If an impact analysis were done the Regulator would have arrived at a non regulatory option of educating the consumer rather than requiring labeling of prepackaged foods.

So why does the EU or other western regulators require labeling of sugar? Indian per capita consumption of biscuits is 2.1kg [Federation of Biscuit Manufacturers of India] and 0.3kg for chocolates. Compare this with per capita consumption of 10kg biscuits and 11kg chocolates per annum in Europe. It makes eminent sense for labeling sugar in Europe; since prepackaged foods form a major source of sugar intake [incidentally nutritional labeling in EU is voluntary unless a claim is made].

When regulations are made in absence of quantified dietary exposures and consumer benefits, verbal expressions of 'in the consumer's interest' are inaccurate and pretentious. Indian regulations need to change from enactment of rules to enablement of law to address consumer health and safety.

Do You Know

FACTS ABOUT COLD CHAIN STATUS IN INDIA

- Total no. of cold storages in India is 5348.
- U.P has the highest no. of cold storages followed by West Bengal. With 60% market share
- 80% of Cold Stores are for Potatoes
- Around 90% of Cold Stores are in private sector, 7% in Co-operatives.

- About 17% of the Cold storages are for multi-commodity category.

Current Facts

- Government of Maharashtra is proposing Terminal Market Complex (TMC) at Mumbai. The Maharashtra State Agricultural Marketing Board (MSAMB) has been appointed to function as Nodal Agency for setting up of Terminal Market Complex.

Details on : www.msamb.com.

Global Highlights



Author
Mr. DICKSON D. DESPOEMIER

A Farm on Every Floor

Imagine a farm right in the middle of a major city. Vertical farms are now feasible, because of a robust global greenhouse initiative. Vertical farms would not only revolutionize and improve urban life but also revitalize land that was damaged by traditional farming. A vertical farm would thus behave like a functional ecosystem.

Benefits: • Farms of various dimensions & crop yields could be built into urban settings like schools, restaurants, hospitals, apartments etc. • Would help combat health problems by supplying a continuous quantity of fresh vegetables and fruits to city dwellers • Would produce crops year-round. • Fish and poultry could also be raised indoors • Would greatly reduce fossil-fuel use and greenhouse-gas emissions • Put an end to agricultural runoff • Vertical farms would bring a great concentration of plants into cities.

As soon as the first city takes that leap of faith, the world's first vertical farm could be less than a year away from coming to the aid of a hungry, thirsty world. Not a moment too soon.

Source: New York Times.

Indian Gherkin : Adding to French Flavours



Almost 200 years after the jar of pickled gherkins became a commercial product in France, Indian Gherkins has taken it for its own.

Gherkin is a vegetable crop, which is harvested raw for pickling. The product has negligible domestic market and the cultivation is exclusively for exports. The preserved/pickled fruits are used in the preparations like sandwiches, pizzas, etc. The crop was introduced to India only in 1990 as the crop can be cultivated round the year unlike other major producing countries like Mexico, Hungary and Madagascar, where it can be cultivated only for three months in a year. However, gherkins otherwise known as cornichons or pickled baby cucumbers- are shunned by Indian consumers. Instead, the crops which were once the preserve of US and European farmers, are now produced in India exclusively for export to suit the tastes of consumers in the US, Canada, Israel, Russia, Australia and Europe.

Global Green, a multinational food company, subsidiary of the Delhi-based Avantha Group is engaged in the growing, manufacturing, distribution and selling of gherkins. It is the largest gherkin supplier

outside of the US, the third largest in the world, and accounts for a third of India's production. Gherkin is a labour-intensive crop, and cheap labour and climatic conditions are the key drivers of agricultural production in India, for this reason, industries engaged in marketing of gherkin abroad prefer to procure the produce from India. In Global Green, gherkin plants are sown and fertilized according to the European methods and experiments are tried from far afield. Global Green's contract farming network, helps in accessing the international benchmark packaging facilities and on-time delivery to the customer and supermarket shelf.

Last year the company produced 65,000 tonnes of gherkins for global markets; 55,000 tonnes came from India. And in spite of the global downturn, pickles sales like peanut butter are going up. But India has to be competitive and the yields have to be better. As a result, a productivity revolution is under way, by way of Global Green's contact farming interventions. The company is pushing out middlemen with seed to shelf control and trying to bring the farmers up to European standards. India's seed to shelf agricultural outsourcing story acknowledges the swift success of India's gherkin crop abroad.

Do You Know

• **New International Food Standards:** The Codex Alimentarius Commission (CAC) adopted more than 30 new international standards, codes of practice and guidelines to improve worldwide food safety and protect the health of consumers. Here are some of the new standards :

- > Reduction of acrylamide in foods from raw materials to all processes of production.
- > Prevention of Ochratoxin A (OTA) contamination in coffee.

> Parameters for testing and monitoring of *Listeria monocytogenes* in ready-to-eat foods, in order to prevent contamination of the foods that might cause fatal disease.

For more information, click www.fao.org

• HALAL Certification on Food Products in Malaysia

The Halal Certification of food products pertaining to Halal, hitherto managed by Halal Industry Development



CII- Agriculture & Food : A Retrospect



Dr Manmohan Singh, Hon'ble Prime Minister of India Inaugurating the Conference along with Mr Subodh Kant Sahai, Minister of Food Processing Industries; Mr Ashok Sinha, Secretary, Ministry of Food Processing Industries; Mr. Rakesh Mittal, Chairman, CII National Council on Agriculture and Food Processing

State Ministers Conference on Food Processing 7 October 2009 : New Delhi

Ministry of Food Processing Industries had organized the first ever conference of State Ministers for Food Processing inaugurated by Hon'ble Prime Minister on 6 October 2009 at Vigyan Bhawan, New Delhi.

Calling for the formulation of a new National Food Processing Policy, Prime Minister Manmohan Singh said India had the potential to emerge as a leader in the global food processing industry. The food processing sector has the potential to be an industry driver that can transform the rural economy while inaugurating the Conference.

Shri Subodh Kant Sahai, Union Minister of Food Processing Industries called it as an important day in the history of food processing sector as various stakeholders

particularly policy planners and implementers, representatives from the industry and others are assembled under one roof to discuss various issues and to suggest a road map.

CII submitted its recommendation for Institutional Strengthening and Capacity Building. Mr. Piruz Khambatta, Chairman CII National Committee on Outsourcing and Mr. M K Jalan, Chairman CII National Committee on Dairy spoke on this occasion to put forward private sector perspectives.

WORLD FOOD DAY CELEBRATIONS, 6th October 2009 : New Delhi

CII in collaboration with the Ministry of Food Processing Industries had celebrated World Food Day on 16th October across the country in 36 cities hosting 44 programmes. These celebrations had created widespread national awareness on Food Safety and Quality with greater understanding of consumer rights and actions. Educational institutions, eateries and Industry will be further empowered with the knowledge and importance of Food Safety and Quality. All this, especially in light of the ensuing Commonwealth Games, will ensure a step towards India becoming a Safe Food destination.'

In Delhi, Chief Guest Smt. Sheila Dikshit, Chief Minister of Delhi flagged off the Food Safety Run & Walkathon in the India Gate lawns. 2,500 participants including school children, senior citizens, and people from other walks of life attended the walkathon.

Mr. Chandrajit Banerjee, Director General, CII said that the day brought a significant opportunity for the capital city to bring about consciousness and awareness on health, food safety and quality standards. Mr. Sanjeev Kapoor, Celebrity Chef and nutritionist Dr. Shikha Sharma were also present on the occasion to support the cause.



(L-R) : Smt. Sheila Dikshit, Chief Minister of Delhi flagging off the Food Safety Run & Walkathon at India Gate lawns
Mr. Chandrajit Banerjee, Director General, CII

Do You Know

Corporation (HDC) would now be undertaken by JAKIM (The Islamic Development Department, Malaysia)

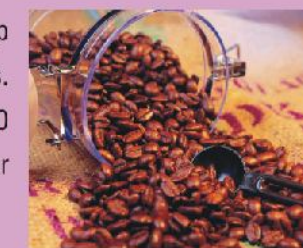
For more details log on to : www.halal.gov.my

Quick Facts

- India's has world's largest area under pulses crops.
- A cow gives nearly 200,000 glasses of milk in her lifetime
- Bananas are the world's most popular fruit after tomatoes.

• To make one kilo of honey, bees have to visit 4 million flowers, traveling a distance equal to 4 times around the earth.

• A acre of coffee trees can produce up to 10,000 pounds of coffee cherries. That amounts to approximately 2000 pounds of beans after hulling or milling.



CII- Agriculture & Food : A Retrospect



(L-R): Mr Subodh Kant Sahai, Minister of Food Processing Industries, Mr Rakesh Bharti Mittal, Chairman, CII National Council on Agriculture & Food Processing, Ms Anne - Marie Idrac, Minister for Foreign Trade, France

Interactive Session on Indo-French Cooperation in Agriculture & Food Processing

The Confederation of Indian Industry (CII) organised an Interactive session with Ms Anne-Marie Idrac, Minister for Foreign Trade, France and Business Meetings between French Delegation members and Indian Industry on 26 October 2009 in New Delhi.

Ms Anne-Marie Idrac Minister for Foreign Trade, France focused upon five missions which the two countries should aim at: Business models for dairy, livestock and poultry, Interface with public and private agencies on policy framework, dialogue on standard guideline for quality, safety and traceability, study of the cycle from crops and cattle to processed food and consumer market and links between French

research and development institutes. The French delegation also expressed their eagerness for long-term partnerships with Indian companies in these areas.

CII's Round Table Conference on Indo US cooperation

CII organized a Round Table on 'Indo-US Cooperation in Agriculture & Food Processing: Opportunities and Challenges' jointly with USIBC Food and Agriculture Executive Committee Mission to India on 27th October 2009 in New Delhi. The objective of this session was to further strengthen US and Indian collaboration in the agriculture and food sector through the promotion of food security and sustainable livelihoods.

Mr. Paul Conway, Senior Vice President, Cargill, Inc. highlighted the benefits that American industry can introduce to India's farmers and consumers. He stressed on the fact that "Development of modern retail is the key to increase production, quality and efficiency as it will increase engagement, consumer satisfaction as well as sustainability. Today India is promising a positive social, economic and political environment and we are extremely eager to be a part of the development process."



(L-R): Mr Paul Conway, Senior Vice President, Cargill Inc; Mr Rakesh Bharti Mittal, Chairman, CII Agriculture Council; Mr T Nanda Kumar, Secretary (Agriculture), GOI; Ms Amita Sarkar, Senior Director, CII

Business Opportunities

INDIA

- NERAMAC Ltd. is looking for market for their NATURAL PINEAPPLE JUICE CONCENTRATE
- ABDULLAH FRESH FOODS PRIVATE LIMITED: is Looking for Investors/JV partners in developing Cold supply chain, linking fresh farm produce to the consumers focusing on high value perishable food (Horticulture & animal products) operating in organic growing states of Uttar Pradesh, Bihar & North East.



CII- Agriculture & Food : A Retrospect



(L-R): Mr Bob Milligan, Chairman, US Chamber of Commerce and Chairman, M.L. Industries Inc delivering Keynote address, Mr S Sivakumar, Chairman, Foodpro 2009 and Chief Executive - Agri Business Division, ITC Limited; Ms D Thara, I.A.S, MD, Gujarat Agro Industries Corporation, Government of Gujarat; Ms Vinita Bali, MD, Britannia Industries Ltd.

Confederation of Indian Industry [CII] organised Foodpro - India's bi-ennial event on Food Processing. The 8th edition of Foodpro 2009 was held between 29th October - 1st November 2009, Chennai Trade Centre, Chennai.

Foodpro 2009 Highlights

- 4 Day Exhibition (Participation from 155 Exhibitors) • Government of Tamil Nadu was the "Host State" • Government of Gujarat participated as "Partner State" • International Delegations from USIBC, USA • 1 Day Conference on "Growing with Food, The Evergreen Business" on 30th October 2009 • More than 5000 Business Visitors and 15000+ Trade Visitors • Exhibits from Germany, Singapore, Malaysia, Israel, Japan and Belgium • Live Baking Demonstrations • ½ day Awareness programme on Food Safety and Standards Act by Federation of Indian Food Industry (FIFI) and Tamilnadu Bakers Federation (TNBF) on 31st October 2009

Krishi Vikas 2009 : Madhya Pradesh

CII's Krishi Vikas 2009 International Exhibition, the first major initiative of CII Western Region in Madhya Pradesh held successfully between 6 -8 Nov'09 under the chairmanship of Mr B S Khargonkar, Chairman, CII Madhya Pradesh State Council and Executive Director, Force Motors Ltd.

Government of Madhya Pradesh was the Host State for Krishi Vikas 2009 along with Directorate of Farmer's Welfare and Agriculture Development.

Over 80 companies participated displaying their latest Agricultural equipment, implements, infrastructure facilities and other related products and technologies and over 10000 farmers visited the event, which was hailed as the largest agriculture exhibition ever held in Madhya Pradesh.



Shri Ramakrishna Kusumarya, Hon'ble Minister for Farmer Welfare and Agriculture Development, Government of Madhya Pradesh inaugurating Krishi Vikas 2009

Notifications

- Notification **S.O. 2400(E) dated 17.09.09**: This is the notification of draft rules entitled "Plastics (Manufacture, Usage and Waste Management) Rules, 2009". The draft has been put up for comments and suggestions from the public. The draft rules will seriously impact the food and other FMCG industries as alternative packaging solutions will need to be found if the rules are notified without change.
- Notification **GSR 761(E) dated 20.10.09**. This notification is related to use of Food Additives in various Food Products. Details on [www. http://www.mohfw.nic.in/pfa.htm](http://www.mohfw.nic.in/pfa.htm)
- Notification **GSR 814(E) dated 12.11.09**: This notification is related to imported Rapeseed Oil. As per the notification Rapeseed oil obtained by solvent extraction shall be supplied for human consumption only if it is refined and it shall conform to the standard laid down under item A.17.15 except acid value which shall be not more than 0.6. Additionally, and it shall have Flash Point (Penske Marten Closed method) not less than 250°C and the oil so refined shall contain Hexane not more than 5.00ppm;