



# Spice



POST GRADUATE PROGRAMME IN AGRIBUSINESS MANAGEMENT

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## MANAGE - Knowledge Partner for ASSOCHAM

ASSOCHAM organized the 3rd International Summit cum Exhibition on Food Processing, Agribusiness and Dairy on 14 September 2011 at New Delhi for increasing visibility of Indian processed food, agro and dairy market targeting the international marketplace and preparing for investments. The Summit cum Exhibition was attended by Senior Industry representatives and experts from all over the world. Together they offered perspectives on bringing new innovations to the food processing sector along with exploring possibilities for investments to increase trade and strengthen global food security. iFarms and frontier growth advisor along with MANAGE were selected to be the knowledge partners for the event. Agriculture and food processing together contribute 20.5% to India's GDP and 31% of the agricultural contribution to GDP comes from dairy sector. The agriculture sector alone accounted for 14.2 per cent of India's Gross Domestic Product (GDP) in 2010-11, according to the Central Statistical Organisation's (CSO) estimates. As per this indicator, the sector's importance to the economic, social and political fabric of the country cannot be undermined. When we look at the bigger picture, the impact of this 14.2 percent is much higher on the businesses related to agri-input or agri-output, which are broadly grouped under agribusiness. At a time when India's agricultural production has reached an all time record high, it becomes inevitable to have a look at the direct or indirect determinants of success or failure in this sector and the caveats that need to be looked at by the players looking to diversify or the new players waiting to make an entry.

### Food Processing

India's share in global food trade is expected to increase to 3 per cent over the next four years from the food industry valued at US\$ 180 billion, of which the food processing industry is estimated at US\$ 67 billion, according to industry reports. While the country's agricultural production is significant, food processing in India is still in its nascent stage. Of the country's total production of fruits and vegetables, only about 2% is processed. The food industry comprises of 2 per cent of fruits and vegetables and 15 per cent of processed milk. The industry's contribution towards GDP is around 6.3 per cent and about 13 per cent to export production. Food sector is a melee of many diverse yet closely related sub sectors. While the huge potential of these sub sectors still remains unexplored, the future looks definitely bright. The sector is predicted to witness a growth of 10 per cent in the coming years. Further, the food processing sector attracted US\$ 130 million of Foreign Direct Investment (FDI) in the first eight months of the fiscal and a total of US\$ 1.2 billion FDI during April 2010 to January 2011. The dynamics of the sector are predominantly driven by the way products are marketed.

Basically, snacks, confectionery and most of the other processed food products are purchased on impulse. Hence, the packaging and price play a very important role in consumer buying decision. Packaging is important not only to prolong the shelf life and maintain the product quality but also in attracting the customers. Above all in processed foods segment where the margins are squeezing by the day, packaging innovation is important in order to cut costs and maintain a competitive margin level.

## Agribusiness

Agribusiness as a sector is one of the most 'globalized' sectors as demonstrated by the dominant presence of multinationals. However the dynamics of the domestic industry is still quite different from that of the world as the sector is subject to reasonable government regulation. Though significant changes are occurring at a healthy pace, the domestic sector still lags as far as research is concerned. Indian agri-input companies are still at a rudimentary stage and focus more on marketing and distribution rather than R & D. MNCs be it in Crop protection or in Seeds sector have their businesses are primarily research and innovation based. On the other hand their Indian counterparts still look up to them for new innovative products for co-marketing. Seeds and pesticides businesses are relatively more profitable as compared to fertilizer business as they are less regulated by the government and their raw material supply is also lesser dependent on the global market. While MNCs are bringing in many changes to the trade channel composition, the basic structure remains unaltered with the distributors and retailers still calling the shots. The market is highly competitive, mainly due to presence of local players in biopesticide and generic segment. Spurious products pose a major threat to the industry and are eating into as much as 20% of the total market. It is one of the many challenges that are to be tackled by the industry in order to scale new heights. Agricultural production is a direct function of quality of inputs used as well as the cultivation practices adopted. The gap between Indian cultivation practices and the global Good Agricultural Practices (GAP) is still huge. For e.g. Per Hectare pesticide usage of India is as low as 0.6 Kg compared to 13 kg in China and 7 kg in the U.S. In case of seeds, the perpetual debate over Genetically Modified (GM) crops has led to ultimate saturation in productivity of many crops.

The Government has taken a positive step in the fertiliser sector by deregulating the prices and implementing the Nutrient Based Subsidy regime. This will lead to introduction of better products which was previously not possible due to the faulty subsidy regime. More importantly this step has led to balanced fertilizer use by the farmers. With shrinking area of cultivable land and increasing land fragmentation, the intensity of application of various inputs has to be suitably increased. Hopefully, the domestic as well as foreign players will remain optimistic about the future and gear up to meet the forthcoming challenges as well as tap the huge opportunities.

## Dairy

The Indian dairy market is largely unorganized in nature (to the extent of 81 percent) and is currently estimated at US\$ 47.6 billion, growing at a rate of 11% annually. It is predicted that due to growing increase in consumption pattern, rising income and growing consumer purchasing power, the sector would witness strong demand in the near future. The consumption of cheese, paneer and yoghurt is expected to grow by 20%, 13% and 12%, respectively. Keeping this potential future demand for a variety of dairy products in mind, companies are busy positioning themselves in order to gain maximum market share in the evolving categories like flavored milk and pro-biotic milk products. Due to this projected demand, the whole array of support sectors are also in an upbeat mood as the dairy equipment and packaging industry are also seeing new investments. The Dairy supply chain is still pretty inefficient and needs augmentation to meet global standards. Not surprisingly, the only big country which has a dairy supply chain worse than that of India is China. To partner with global leaders, new entrants into the sector are now focusing primarily on hygiene and planning mega ventures with imported high yielding cow breeds and working on building mega farms across the

*As seen by  
Business Leader*



*It has been a wonderful experience interacting with the students of Monage. The questions asked were very intelligent, which shows the depth of study of the students and also that the students are well-connected with the current market developments. Keep it up.*

*Anjani Sinha*

**Anjani Sinha M.D. and C.E.O National Spot Exchange**

country on a hub and spoke model. Dairy technology is probably the most important component of the value chain from the Indian perspective and still remains the most neglected one. Gaps in dairy technology are also the cause for inefficiencies in supply chain. Lack of better technology leaves the unorganized sector further prone to inefficiencies and thus the overall potential of the sector remains untapped. A large

chunk of value added products like Khoa are still largely produced by unorganized sector but with the same old equipment and processes.

Source: Knowledge report of the 3rd International Summit cum Exhibition on Food Processing, Agribusiness and Dairy organized by ASSOCHAM where MANAGE, frontier growth advisers and iFarm were knowledge partners.

## A Day in The Field

Since inception MANAGE is recognized in the industry, as an institute preparing business managers, who can handle a gamut of activities like procurement, financing, supply chain, production, marketing in agribusiness. This is only possible due to the curriculum and pedagogy followed at MANAGE, which considers hands on experience like summer Internship, live projects, field trips as its integral part.

As a part of its course curriculum the students of the second year batch went on a field trip, where they visited an agri entrepreneur on the outskirts of Hyderabad city. The person was catering to the need of a very niche segment of the society in the city of Hyderabad by carrying out organic farming on leased land of 140 acres. He is cultivating vegetables like bottle gourd, snake gourd, ridge gourd, bitter gourd, tomato, brinjal and grapes organically without adding any chemical fertilizers and pesticides. He is marketing the produce through a retail chain Classic Green Fresh and Govt. mandi at Bouggainpalli. The taste and aroma of these organically grown vegetables are really a class apart. As per his view though the cost of production of these vegetables is relatively higher as compared to its counter parts, he has never really had a problem infinding customers willing to pay a premium for his pr oduce. On an average he is earning a profit of Rs 1.5 lakh/acre by selling his produce. He is the testimony to a fact of marketing “ A customer will pay the premium if you show them the value to pay for.”



After the visit, the students were highly motivated. Some had started believing in the idea of being an agri – entrepreneur is really a good option open for them. Probably, this is the impact of a good field trip.....

## A Website Dedicated to MANAGEites...

MANAGE alumni association (MAA) is pleased to announce the launch of its new website i.e, [www.manageites.org](http://www.manageites.org). The website offers a fresh look and feel that is more focused on what the MANAGEites are upto these days, the recent happenings at MANAGE etc. The website aims at strengthening the link between MANAGE and its alumni working in various agribusiness sectors. The website offers five main areas for the visitor.



These include News, B School Rankings, Campus Talk, Photo Gallery and Star Alumnus. The website was launched on the occasion of the Alumni Meet 2011 at MANAGE by Shri Sanjeev Gupta (IAS), Director General, MANAGE much to the delight of the alumni, the students, faculty and staff of MANAGE present on the occasion.

## Success at KRONOS 2011

MANAGE made its presence felt at Kronos 2011 – The Agri Business Zone of Confluence, IIM Ahmedabad's Annual International Management Summit conducted in the month of November this year by bagging the 1st prize in a competition on presentation of Green Initiatives–Innovation in Sustainable Agriculture. The competition consisted of two phases. While the first phase shortlisted 5 entries out of 45 for the final round, candidates had to make presentations on their innovations in the final round.

The team from MANAGE, MANAGEites was represented by Ashwini Kumar, Sangeeta Nain and Salil Kumar Srivastava who presented a Green Kit comprising Panchagavya and Effective micro organisms as a sustainable solution for improving soil health and pest resistance.

Panchagavya is an organic solution derived from five products from cows. It includes three direct products

(dung, urine and milk) and two indirect products (curd and ghee). The method of preparation is simple and it is applied in a diluted form (30ml in 10 L of water) to soil just after crop emergence. It stimulates profuse rooting, denser canopy, sturdy lateral stems and in turn results in better uptake of water and nutrients by the roots.

Effective micro-organisms consist of a mixture of Lactic acid bacteria, Yeasts, Actinomycetes, Photosynthetic bacteria and Fungi which jointly make a nontoxic chemical free insect repellent. These microorganisms have a remarkable ability to revive, restore and preserve soil health. Its preparation and application was elucidated in detail during the presentation. Its cost revenue, diffusion and scalability were also discussed and presented. The presentation was highly appreciated by the judges and the audience.

## Another Jewel Added to The Crown of MANAGE

MANAGE has been awarded by the committee of National Magnum Honor Award for its dedicated efforts to the cause of extension of agricultural management in India and for paving the way for agri

graduates to enter in agri-business. Business School Affaire & Dewang Mehta B School Awards also awarded MANAGE with the B-School leadership award on 28th November,2011.

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The Director General,

**National Institute of Agricultural  
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Rajendranagar, Hyderabad - 500 030, India.

Tel : +91 - 40 - 24016702 - 706

Fax : +91 - 40 - 2401388

[www.manage.gov.in](http://www.manage.gov.in)

Editor-in-Chief

Shri Sanjeev Gupta

Series Editor

Dr. Vikram Singh