

# AGRI NEWSLETTER

A monthly newsletter from Rural Management Consultants Pvt. Ltd.  
Volume # 1 May 2013

Global Executive Search  
Services for Food & Ag-  
ribusiness



Top retailers spruce up their back end operations, resulting in a cut in supply chain, transport costs and inventory requirements by half. Future Group has built eight such distribution centres in key locations including Bangalore, Kolkata, Hyderabad, Ahmedabad and Mumbai. Other retailers such as Aditya Birla, Spencers', Tata's Star Bazar are also trimming their logistics and storage side of business to cut costs.

The Cabinet Committee on Economic Affairs chaired by PM Dr. Manmohan Singh, has approved a proposal to abolish the levy sugar mechanism under which private millers have to sell a specified quantity of sugar to the government at concessional rates. The states will now purchase sugar from open market through transparent bidding process and sell it cheap through ration shops.

The Delhi Milk Scheme (DMS) is making a surprise turnaround for 2012-13, showing a working surplus for the first time in many years. It is expected to record an operational surplus of Rs. 8-9 crore in 2012-13.

Economist Mr. Pranab Bardhan says despite tremendous achievement in land reforms in West Bengal, due to inheritance driven fragmentation, the average land holding becomes smaller and smaller and ultimately is sold off by the owner. With half of rural population now landless, and the proportion to keep rising, govt. must play the role of a catalyst and facilitate a shift from agriculture.

GlaxoSmithKline are back on health track after flirting briefly with indulgent variants like cream cookies and maida noodles. Phasing out these indulgent varieties, GSK is back on the track of nutritious biscuits under *Horlicks* and multigrain noodles under *Foodles*.

Smaller cities in Rural India are turning into a good hiring ground and Companies across sectors are positive about business and recruitment in the first half of the current financial year.

With gold prices plummeting and oil prices declining, the IMF has projected India's Current Account Deficit at 4.9 percent of GDP in 2013.

Coca-Cola's volume growth in India slowed to 8% in Q1 of 2013, compared with 20% in the quarter, a year ago. In an aggressive bid to crack the country's rural market, Coca-Cola has introduced ready to drink 100 ml packs of its mainstream fruit beverage 'MAAZA', for ₹ 6 in tetra-fino packing in three districts of Uttar Pradesh.

Tobacco-to-hospitality major, ITC has officially raised cigarette prices across select brands by 15-20 percent because of the increase in Excise Duty in the current Budget and also due to some states increasing value-added-tax on Cigarettes. Cigarette business contributes to 60% of ITC's top line.

The latest financial result of Kishore Biyani's Pantaloon Retail, reported net sales of ₹ 19,780 crore indicating an annual growth rate of 10.2%. It is estimated that 15% of this or about ₹ 1,980 crore came from the sale of their apparel and fashion business to Aditya Birla's Nuvo. Future group is now neck to neck in competition with Reliance Retail, in terms of turnover. Reliance Retail could manage to set up just 1,300 stores in the five years since its setting up in 2005-06 and had to exit from two formats viz. Reliance Kitchen and Reliance Wellness. It has also downsized its employees by a little over 1,000. However, Mukesh Ambani has once again laid out an ambitious plan to achieve ₹ 40,000 – 50,000 crore annual revenue in the next three years.

The Wholesale Price Index (WPI) inflation in vegetables turned negative by 0.95 percent in March this year. However, this cannot be sustained and the prices would see an upward trend from May, with the onset of monsoon.

India has roped in almost all of the world's major weather forecasters to accurately forecast monsoon rains. Private weather forecasting agency, 'Skymet' has said that monsoon in 2013 are likely to be normal at 103 percent of the long period average (LPA) but the overall monsoon may dip around August. There is an 88% chance of the monsoon being normal, excess or above normal this year and a 12% chance of it being deficient. The Indian Meteorological Dept. shall make its forecast in the last week of April.



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GM (Beverages)	12—15 years	Large retail house
Head (Spices)	10—15 years	National Commodity Exchange Organization