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## Apple growers to hold rallies against govt policies

PTI

Shimla, 28 July 2013:Himachal Kisan Sabha and Himachal Apple Growers' Association will hold rallies at several blocks protesting against alleged anti-growers policies by the state government, pushing the apple-economy into deep crisis.

The rallies which would be held on August 1 in apple growing districts of Shimla, Kinnaur, Kullu and Mandi, would also highlight issues like non-payment of dues to farmers by commission agents, fallout of allowing duty free import of apple under the South Asian Free Trade Agreement (SAFTA) and failure of the government to put in place any regulatory mechanism to save the sinking apple economy.

Addressing a press conference, Rakesh Singha, president of Apple Growers' Association said, state's investment in agriculture has been reduced and the government has no vision and perspective to meet the challenges of the trade.

Once the WTO laws come into operation from 2014, these factors would hit apple growers and production cost, which has increased between 23 an 35 per cent, would further rise and farmers with small land holdings would be worst sufferers, he cautioned.

Singha said a large number of commission agents of the unregulated markets are fleecing small and marginal growers by selling apples of less than 60 mm size at 40 per cent less than the other fruits which is illegal.

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## Cardamom export likely to be just half of last year's

Sharleen D'Souza, Business standard

30 November 2012, Mumbai: Cardamom export this year is expected to see a fall of at least 50 per cent, due to lower production. About 2,000 tonnes is available for export and even if more stocks meant for local consumption is diverted, it will be around half of last year's export of 4,650 tonnes (worth Rs 363 crore). Apart from lower output, pricing is an issue. The export price of the major competitor, Guatemala, is lower than India's.

The Spices Board of India has fixed an export target of 4,000 tonnes for 2012-13, split between 3,000 tonnes of the small variety and 1,000 tonnes of the large one.

Last year, India produced a bumper crop of 21,000 tonnes. This year's is expected at only 14,000 tonnes because of delayed rain and crop damage. With 2,000 tonnes of carryover stock, the availability will be around 16,000 tonnes. With a home consumption of 13,000-14,000 tonnes, the export surplus will be a little over 2,000 tonnes.

In the first four months of the current financial year, export was already down 50 per cent, at 485 tonnes as against 966 tonnes in the same period last year.

The main export destination for India is the North Africa and West Asia region, with Saudi Arabia the biggest importer. The US and Europe are not looking at India for imports, as our prices are high. It recently fell due to the gutkha ban in many states. However, recently, when auctions reopened after a month's closure, the price of cardamom started to climb and has moved up to Rs 1,150 a kg for the eight-mm variety from Rs 950 a kg a fortnight earlier, up 21 per cent.

"The price of the spice won't go higher than these levels, as the higher price will not be viable for further demand and the old crop has started to enter the market," said Moolraj Ruparel, a Mumbai-based exporter.

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## RBI fiat on forward bookings upsets cashew exporters

K. A. Martin, The Hindu

19 July 2012: Cashew exporters want Director-General of Foreign Trade (DGFT) to take up with the Finance Ministry the issue of a Reserve Bank of India circular on foreign currency forward bookings.

The RBI circular to banks providing export credit said that all forward currency bookings by exporters and importers should fully be on deliverable basis. Any exchange gain from the forward booking, in case of cancellation of an export order, should not be passed on to the exporter.

Cashew exporters submitted before the DGFT that single product exporters faced a big disadvantage as their only hedge against currency fluctuation was forward booking. Multiple-product exporters might not be affected by the RBI directive because credit availed for a particular shipment could be set off against another immediate shipment.

Alternatively, the exporters have suggested that forward foreign currency bookings and cancellation be allowed for exports and imports. They also submitted that the depreciation of the rupee was a result of the current international economic scenario and not because of speculation by the exporters.

Exporters have also sought benefits, in addition to the current incentive, under Vishesh Krishi Gram Udyog Yojana for value-added products such as roasted and salted cashew. The exporters' submission is that the share of value-added products in exports from the country is limited.

Value-added products accounted for just Rs.16 crore out of the total export earnings of Rs.2, 700 crore during 2010-11, they said.

Additional 2 per cent incentive under VKGUY would help encourage long-term investments in value addition, they added.

Another issue that was taken up by cashew exporters at their meeting with the DGFT was that of withdrawal of Market Development Assistance (MDA) for participation in fairs and delegations abroad. The exporters said that for a small export council such as theirs with a membership of 200 plus, MDA was important.

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## Cashew exports slip 21% in FY13

PK Krishnakumar, The Economic Times

Kochi, 7 May 2013: Slack buying from Europe and high raw nut prices have caused a 21% plunge in the cashew kernel exports from India. The sharp fall in quantity has not been reflected fully in the value, which dropped by 8%, as the unit price was higher during most part of the year.

Cashew exports totalled 1,03,645 tonne, valued at Rs 4,046 crore, for 2012-13 as per the initial estimates. Higher price of the raw nuts and lower price of kernel exports led to a squeeze in shipments towards the end of the year.

"The economic problems in Europe hit cashew exports. Though the US was active, we were able to sell more there compared to a year ago in the absence of Vietnam," said Hari Krishnan R Nair, chairman of the Cashew Export Promotion Council of India (CEPCI). In terms of value, it is still the second-biggest year for cashew exports, he added. All-time-high in cashew exports happened in 2011-12 when it touched Rs 4,390 crore.

Earlier, the exporters had the cushion of domestic market when the exports were bad. But last year, they were troubled by the rising import of cashew kernels. Since the imports were under-invoiced to lessen the impact of 35% import duty, these kernels were cheaper than the locally-produced ones.

The government is planning to double the duty to discourage such imports, which are coming from Vietnam and Brazil. "We asked the government to consider fixing a duty per kg for imports to prevent under-invoicing," said P Somarajan, proprietor of Kailas Cashews.

Towards the end of the year, the global prices of cashew kernels dipped, putting the exporters in a fix as they had purchased the nuts for processing at a higher price. India imports over half of its requirement of raw nuts of 14 lakh tonne. The price of raw kernels from Africa zoomed to $1,050-1,100 per tonne during the year before dropping to the present level of $800-900 per tonne.

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## Coffee exports decline 7% to 0.28 mt

Business Standard

3 November 2012, New Delhi: India's coffee exports declined seven per cent to 0.28 million tonnes (mt) in the first 10 months of the current calendar year on account of a drop in shipments of the robusta variety, latest Coffee Board data said.

The country had exported 3.04 lakh tonnes of the brew in the January-October period of 2011.

Arabica exports rose eight per cent to 54,048 tonnes in January-October 2012 as against 50,028 tonnes in the same period of 2011, while that of robusta fell 15 per cent to 1,48,869 tonnes from 1,74,371 tonnes during the same period.

In terms of rupee, earnings from coffee exports rose marginally to Rs 4,255.85 crore in January-October this year as against Rs 4,248.06 crore in the year-ago period. In dollar terms, the earnings fell by 9.47 per cent to $839.69 million from $927.60 million in the same period.

In the April-October period of this fiscal, exports of the brew were down at about 1.81 lakh tonnes as against 2.06 lakh tonnes in the same period of fiscal 2011-12. Coffee exports in the first month of the current coffee year (October-September) were higher at 18,990 tonnes as compared to 18,220 tonnes in the previous corresponding period.

India, the world's sixth largest coffee exporter, ships the beverage mainly to Italy, Russia, Germany, Belgium, Slovenia and Spain, among others.

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## Coffee exporters worried as global prices tumble

P K Krishnakumar, Economic Times

Kochi, 10 December 2012: Indian coffee exporters are staring at a bleak year as global coffee prices tumble with Brazil and Vietnam, the two largest coffee producers, harvesting a bumper crop.
The global sentiment is reflecting in the Indian coffee prices as well. It is feared that the domestic harvest season, due to begin this month, may hasten its fall.

Almost 70% of the Indian coffee production of over 3.2 lakh tonne is exported. This year, economic woes in Europe, the main buyer of Indian coffee, have led to subdued purchases. Coffee shipments from the country have declined by close to 10% till the first week of December in 2012. "The sentiment is bearish and buying has been slow. A further fall in international prices will hit our exports hard," said MP Devaiah, general manager of Allanasons, a major coffee exporting firm.

Brazil's coffee output for 2013 estimated to be around 50 million bags (of 60 kg each) was unexpected as the country reaped a record 55 million bags this year. As a rule, production drops after a peak year.

Predictably, the prices of Arabica beans, which account for the bulk of production, are expected to slump by over 10%-12% in the coming months. Intercontinental Exchange (ICE) New York Arabica futures for March 2013 delivery ruled at $1.5095 per pound on Friday, down from $1.7 per pound some weeks ago.

Vietnam, the biggest producer of the Robusta variety, also had a great crop year with the output calculated to touch 25 million bags, up by 3 million bags from the previous year. Rising demand for the variety due to a switch-over by roasters from Arabica when its prices zoomed last year had kept the prices more or less steady around $2,000 per tonne. But Robusta prices, too, have started declining. The January futures on London International Financial Futures and Options Exchange ( LIFFE) stood at $1,905 per tonne on Friday.

"Indian coffee prices have dropped even as plucking is set to intensify this month and in January," said a senior officer of NKP Jayanthi, one of the leading exporters. Arabica prices have fallen by over Rs 60 to Rs 140 per kg in the last few months while Robusta prices have slid by 20% to Rs 115 per kg. But a shortfall in Robusta production, expected by the planters, may arrest a decline in its prices. "As harvesting has begun, we have noticed a shortage as farmers are increasingly shifting to rubber. The crop is low in Mananthawady while it is slightly better in Kalpetta," said Prashant Rajesh, secretary of Wayanad Coffee Growers Association.

Coffee Board's post-blossom coffee production estimate for 2012-13 is 2,21,300 tonne of Robusta and 1,04,000 tonne of Arabica, up by 4% and 2 % respectively over previous year.

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## Coffee exports dip 9% in 2012 over glut in global market

Mahesh Kulkarni, Business Standard

Bangalore, 27 December 2012: India's coffee exports have declined nine per cent in 2012 in line with the market expectations. The country exported 307,700 tonnes between January and December 21, 2012, against 337,715 tonnes in the previous year.

The drop in exports was mainly on account of subdued demand from major consuming markets in Europe, Asia and US, as a result of global slowdown. Bumper crop in Brazil and Vietnam also contributed to the glut in the international market resulting in demand drop.

"In the beginning of this year we had projected around 10 per cent drop in exports. The exports have moved in line with our expectations. The continued economic slump globally contributed towards the decline in demand for coffee in almost all major consuming countries," Ramesh Rajah, president, Coffee Exporters Association of India said.

However, there is no encouraging news in store for the exporters in 2013. Contrary to the cheerful start to 2012, when the exporters opened the year with good prices, the opening of 2013 is not encouraging for the exporters. According to the early indications, there is no positive news either, as the order book remains very thin and there are not many enquiries for the first quarter of 2013, he said.

"The global economic slowdown has turned out to be much worse than we expected. The continued slowdown and change of consumption pattern for cheap-priced coffees has resulted in demand dip for the new year," Rajah pointed out.

According to Coffee Board of India, export of Indian coffee witnessed a drop of 9.8 per cent during the calendar year 2012 at 260,590 tonnes as against 288,958 tonnes. While the export of Arabica variety went up 8.5 per cent to 57,633 tonnes against 53,087 tonnes in the year 2011, the exports of Robusta suffered a blow. The export of Robusta variety declined 18 per cent to 156,475 tonnes as against 190,705 tonnes in 2011.

Similarly, the export of instant coffee (value-added coffee) remained flat at 93,368 tonnes against 93,643 tonnes in the year 2011.

"The coffee market is still saddled with a global glut of Arabica coffee beans this year. As a result, prices of Arabica may not see further rise from its present level of Rs 6,800 per 50 kg bag", the Coffee Board said on its website.

Rajah said, last year the outlook was much more bullish compared to this year as we had better prices and carry over stock from the previous year. Bumper crop in Brazil and Vietnam have contributed to glut in the global markets during this year.

Crop year 2012-13 is now under way and arrival of the new crop is delayed by three weeks. It is expected to hit the market in January. The crop for the year is likely to remain more or less same as last year at 300,000 tonnes. The Coffee Board has pegged the domestic crop at 325,300 tonnes, a growth of 3.5 per cent over 2011-12.

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## Coffee exports up 7% in Jan, but fetch less per unit

Press Trust Of India

New Delhi, 6 February 2013: India's coffee exports rose 7% to 21,557 tonne in January, but value-realisation per unit remained low due to weak global prices and higher demand for cheaper coffee on account of the worldwide economic slowdown, according to the Coffee Board.

In the coming months as well, exporters said, coffee shipments from India are expected to be "normal" but export value realisation would be down by 10-15%. According to the Coffee Board data, India exported 21,557 tonne coffee in January.

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## Coir exports to 112 countries reach all-time high of Rs 1,116 cr in 2012-13

Kochi, 17 May 2013: Coir exports from the nation during the last fiscal touched a record high of Rs. 1,116.02 crore despite reversals in the share of traditional items. According to data released by the state-run Coir Board, 4,29,500 tonnes of coir and coir products were exported in 2012-13 as against 4,10,854 tonnes during the preceding year. Value realised during FY12 stands at Rs1,052.6 crore. Volume has increased by 5% and value by 6% during the fiscal, board sources added.

Traditional items of exports like handloom mats and rugs have been seen declining in both volume and value during the last few years. About 76% of the total exports were contributed by non-traditional products, whereas handloom products like mats, matting, coir geo-textile put together, contributed only 24% of the total exports.

During the period April 2012-March 2013, 112 countries imported coir and coir products from India, Coir Board chairman G Balachandran said. “USA continues to be the major importer of coir and coir products with a share of 12.93% in volume and 22.79% in value. China became the major importer of coir in terms of volume with a share of 33.88%, but value realised stands lower at 19.38%. China continued to be the largest importer of coir fibre from India. Interestingly, the growth of export of raw materials like fibre and pith to China has declined when compared to previous years. It is reported that China is now sourcing coir raw materials from Vietnam and Thailand. This could put less pressure on raw material availability for Indian manufacturers.”

Despite the global recession, particularly in Europe, achievements in exports of coir have been quite encouraging, Balachandran said. Board sources feel that the market for such items will improve as the economy of Europe stabilises.

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## Cotton export registrations to remain under DGFT

Anindita Dey, Business Standard

Mumbai, October 2, 2012: The cotton registration for the new season, 2012-13, continues to remain with the Director General of Foreign Trade (DGFT) under the ministry of commerce.

This is despite repeated requests of the textiles ministry to regulate cotton exports and export registration to better manage supply, demand and prices in the domestic market. The request was made especially on the back of cotton imports this year, despite India being an export hub of the commodity traditionally. Under the ministry, the textile commissioner gets to handle registration of cotton exports.

In a meeting last week, it was seen that imports were not due to rise in the domestic price of cotton or shortage in availability. These were triggered primarily due to a fall in international prices. There was contraction in the data of the two ministries as well. While the ministry of textiles has shown a total import of 1.5-2 million bales (a bale is 170 kg), commerce data shows only 500,000 bales of import this year. Therefore, the registration continues with DGFT, said sources.

Earlier, the ministry had also written to the ministry of commerce and to DGFT on this issue. Sources said the proposal had been endorsed by the minister of textiles, Anand Sharma, who also holds the commerce portfolio.

DGFT has cited instances of mismanagement of export registration, raised by cotton associations under the open general licence (OGL) in the ensuing season, commencing October. The commerce ministry had put cotton under OGL in 2011 for the cotton season ending September 2012.

In the domestic market, cotton prices are currently at Rs 37,000-38,000 a candy (a candy is 356 kg of cotton). In August, say sources in the ministry of textiles, Indian cotton mills had already contracted 10 million bales for imports and around three to four million bales have already been imported in the last two-three months. Until recently, India was a big exporter of cotton. The country's annual harvest was 35.2 million bales, while domestic requirement was just 26 million bales. Currently, there is hardly any stock in the domestic market to feed the domestic market, a peculiar situation, said officials.

Reportedly, in the current procurement drive, arrivals in mandis have started tapering. This year, cotton output has been 33.6 million bales, of which 12.5 million have been exported, mainly to China. Against 200,000 bales of daily arrivals during the peak season, arrivals have dropped to 15,000 bales a day. The government's plan to create a special buffer of one million bales under the Cotton Corporation of India looks stretched because only 350,000 bales have been procured, at a cost of Rs 500 crore. The government has sanctioned Rs 2,500 crore for the purpose.

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## Dip in Chinese orders pulls down cotton export

Business Standard

Mumbai, October 5, 2012: India's cotton export in 2012-13 is expected to fall to seven million bales (a bale is 170 kg) compared with 12.8 million bales last year, following a sharp fall in Chinese demand, according to the Cotton Advisory Board (CAB), headed by the textile commissioner. China's total imports are projected to fall to 2.5 million tonnes this year, half of last year's. Around 65 per cent of India's cotton export goes to China.

China's imports will be lower as their crop is good; they also have huge stocks," said A B Joshi, textile commissioner. India's cotton prices are higher compared to global ones."Although China is expected to reduce import of cotton from India, they may start importing cotton yarn," said Umang Kapasi, joint managing director of the Coimbatore-based Shri Vardhaman Cotton Corporation, which is also an indenting agent.

CAB has estimated this year's (the cotton year starts in October and ends in September) total cotton production at 33.4 million bales compared to 35.3 million last year. The 2012-13 production would be lower due to scanty rainfall in major growing areas of Gujarat, particularly Saurashtra. However, output in Andhra Pradesh is expected at 7.2 million bales compared to 5.6 million last year, compensating for the loss in Gujarat.

Consumption of cotton by mills and non-mill consumption is expected to be higher this year compared to last year (see table). "Mill consumption is higher this year due to rise in productivity of smaller mills, which are in a financially better situation compared to last year. Also, the order inflow is much better this year," said D K Nair, secretary general of the Confederation of Indian Textile Industry. Last year, many mills had financial issues, which led to their taking less of orders.

Internationally, too, mill consumption is put higher. According to the estimates by International Cotton Advisory Committee, "outside of China, mill use is expected to increase by five per cent, to 14.9 million tonnes (mt). Taking into account reduced shipments to China, cotton production is forecast down by six per cent to 18.6 mt, while stocks in the rest of the world are expected to grow by 16 per cent to nine mt in 2012-13."

According to ICAC, with this projected fall in Chinese imports, the price outlook in the rest of the world is conducive to lower international prices in 2012-13.

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## Cotton exports come to a halt

Sharleen D`Souza, Business Standard

3 November 2012, Mumbai: Cotton exports from India have come to a halt, as prices in the global markets are lower than in India. Earlier, the textile commissioner had said this year, Cotton exports would stand at seven million bales, compared with 12 million bales last year, as China, which accounts for about 65 per cent of India's cotton exports, was cutting its imports by half. However, considering the current trends in India and global markets, exporting even seven million bales would be difficult.

Though some traders who had received orders earlier have exported the commodity, no new orders are being recorded. Prices of Indian cotton are higher than those of international cotton by Rs 2,000-3,000 a candy, and this has led to the commodity being imported in the past few months. Cotton prices in the Gujarat market currently stand at about Rs 32,500 a candy for the Shankar 6 variety, the benchmark quality.

Cotton exports haven't been affected in India alone. According to Rabo Bank's agri-commodity report for November, "US export commitments for the 2012-13 cotton year are trailing the five-year average.
The International Cotton Advisory Committee has said global cotton trade is expected to shrink significantly this year. "After an unexpected jump in 2011-12, global cotton trade is expected to fall 21 per cent to 7.7 million tonnes this season due to lower demand from China," it said.

However, imports by the rest of the world could rebound 18 per cent. Exports from most large exporting countries would decline, particularly those from in India, owing to increased domestic consumption. "Global cotton production and mill use are estimated at 25.9 million tonnes and 23.4 million tonnes, respectively, resulting in an oversupply of 2.4 million tonnes," it said.

Rabo Bank expects China's stock-to-use ratio for 2012-13 at 103, the highest since 1998-99, and this would curtail demand for cotton.

"There is no export demand from major markets, and this may continue for a while," said Shirish Bhai Shah, a Mumbai-based cotton trader.

So far, cotton arrivals across the country stand at 1-1.2 million bales, compared with 1.6 million bales last year. The average arrivals of cotton in this period are 2-2.5 million bales.

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## Govt eases cotton export rules

Komal Amit Gera, Business Standard

6 December 2012, Chandigarh: Cotton export procedures have been liberalised, in the backdrop of market prices barely ruling above the government support price, at a time when new crop arrivals have begun. A notification by the directorate general of foreign trade ( DGFT) says the cap for obtaining a registration certificate (RC) has been increased to 30,000 bales (a bale is 170 kg), from the present 10,000 bales, unless the quantity exported was less than this in the previous season. In the latter case, the RC would be given for the previous amount, if it was more than 3,000 bales; those who'd exported less and newcomers would get an RC for up to 3,000.

DGFT has been allowed to issue multiple RCs within this eligibility, subject to some riders. Also, applications are now possible from three more centres — Ludhiana, Rajkot and Visakhapatnam.

Alok Sekhsaria of P D Sekhsaria Trading Co, Mumbai, says the decision would make operations easier. However, the price of cotton in the international markets is about the same as the domestic market, so the impact would not be substantial, for now. Dilipbhai Patel, president of the All Gujarat Cotton Ginners Association, said the price of the Shanker-6 benchmark variety was close to Rs 33,400 a candy (356 kg), which does not make export viable. However, if the price falls with the arrivals picking up, it might benefit more exporters.

Bhagwan Das Bansal, president of the Punjab Cotton Ginners Association, said the price of J-34, the variety grown in the region and Rajasthan, was Rs 33,210 a candy. Traders are projecting a fall of about Rs 500 a candy after the entire crop arrives in the market. The current decision of the government will then bear fruit, he said.

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## Turkey withdraws safeguard duty on Indian cotton yarn

Domain-B

4 January 2013: Turkey has done away with the safeguard duty imposed on India cotton yarn following an agreement between the two countries. The safeguard duty, effective for a 3-year period beginning 4 August 2011, was lifted on 31 December 2012.

India had, in March last year, held consultations with Turkey and impressed upon them the serious breach of safeguard provisions of GATT and WTO Agreement on Safeguard Measures by illegally extending the duties after the original period for which the safeguard measure was put in place had expired.

Manikam Ramaswami, chairman of Texprocil, complimented the government for its proactive efforts in ensuring that Turkey withdrew the unjustified measures well before their official expiry by August 2014. It may be recalled that these measures were an extension of an earlier safeguard measure imposed by Turkey against the import of cotton yarn for a period of 3 years from 14 July 2008.

The withdrawal of the safeguard measures on imports of cotton yarn into Turkey augurs well for exports of cotton yarn from India, which had declined from $198 million in 2007 (prior to imposition of safeguard measures) to $94.57 million in 2011.

During January-October 2012 imports declined to $20.77 million from $85.30 million, a decline of 75 per cent. In quantitative terms, imports declined to 4.20 million kg from 14.85 million kg during this period. India also slipped to the fourth position in terms of supplier in 2012 from being the largest supplier in 2008.

Turkey being the gateway to Europe, removal of safeguard duties would enable India restore its exports to earlier levels and also increase its market share. Texprocil plans to participate in the Istanbul Yarn Fair in Turkey being organised from 29 May 2013 to 1 June 2013.

The Turkish government on 31 December 2012 decided to repeal the safeguard duty on Indian cotton yarn after India withdrew a case filed at the World Trade Organisation (WTO) against the "illegal" duties. "India withdrew the case at the WTO after Turkey promised it would remove the safeguard duties by the year-end. We are happy that they have honoured the commitment," official sources said.

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## Cotton exports to dip 60% this year

Economic Times

New Delhi, 8 January 2013: India's cotton exports are likely to tumble by 60 per cent to 5.7 million bales in the marketing year ending July compared to last year level, a USDA report said.

India, the world's second-largest exporter, is estimated to have shipped a record 14.7 million bales in the last marketing year, it said. One bale has 170 kg of cotton.

"The 2012-13 export estimate is unchanged at 5.7 million bales (of 170 kg)," the US Department of Agriculture (USDA) said in the report.

China, the world's biggest cotton consumer, continues to be the major export market for Indian cotton. Indian cotton prices are trading slightly lower to world prices. Exports have also been aided by a weak rupee, it added.

The USDA did not give any specific reasons for a decline in cotton exports. The domestic traders and experts said shipments could slow down due to lower Chinese purchases in the wake of huge inventories.

According to the USDA report, cotton exports in the country have reached an estimated 2 million bales during August-December period of the ongoing marketing year.

"Preliminary data suggest that exports surged during November and December at nearly 1.65 million bales. Cotton exports during December were an estimated 950,000 bales, the highest monthly level since April," the report said.

Other major markets for Indian cotton exports include Bangladesh, Vietnam and Pakistan.

The USDA maintained its estimate on cotton production at 32.5 million bales and domestic consumption at 26.4 million bales for the current year.

Domestic demand for cotton has been weak of late, but is expected to improve over the next few months as mills work off their supplies of imported cotton and the domestic cotton they had in place to cover their pre-harvest needs, it added.

At present, harvesting is underway and the pace of cotton arrival continues to lag from over last year period.

Weak domestic prices have prompted the Cotton Corporation of India to begin procurement under minimum support price (MSP) operations, mainly in Andhra Pradesh where the crop was affected by a cyclone a few weeks ago, the report said.

The government has fixed the MSP at Rs 3,850 per quintal for the long staple shankar 6 variety.

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## India may drag Egypt to WTO against levy on cotton yarn

Amiti Sen , The Hindu

New Delhi, 25 January 2013: India is considering filing an official complaint against Egypt at the World Trade Organisation for "wrongful'' imposition of penal duties on cotton yarn imported from the country. With Turkey recently withdrawing similar duties on Indian cotton yarn after the country filed a WTO complaint, New Delhi is hoping for a similar outcome with Egypt.

Egypt is the fourth largest market for Indian cotton yarn after China, Bangladesh and South Korea, and the additional duties ranging between 13 per cent and 14 per cent has affected the industry's competitiveness.

"We realise that the Egyptian economy is going through a low phase. But the country should not be taking so long in removing the safeguard duties as we have pointed out several times in our bilateral discussions that these violate WTO norms. We may take the WTO route if we are left with no other option," a Commerce Department official told Business Line.

Egypt imposed safeguard duties – a levy to check surge in import of a particular commodity causing disruption in the local market – on cotton yarn from India last July.

India has argued that its cotton yarn imports to Egypt have not surged or disrupted the local market and there is no justification for the safeguard duties.

"Egypt is the fourth largest market for cotton yarn exports from India and it is in our interest to ensure that the safeguard duty is removed at the earliest as there appears to be no economic justification for imposing such a measure," said Siddhartha Rajagopal, Executive Director, Texprocil.

Turkey had extended a similar duty on cotton textiles from India beyond its expiry date of August 2011 following which India had filed a case against it at the WTO. The case was subsequently withdrawn when Turkey promised to remove the duties by December 2012 which it did.

"We hope Egypt, too, would agree to withdraw the duties and we do not have to fight a full-fledged case at the WTO," the official said.

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## Cotton yarn exports to touch record high in FY13

Sharleen D'Souza, Business standard

Mumbai, 25 January 2013: This financial year, cotton yarn exports are expected to touch an all-time high, owing to good demand from China. Textile Commissioner A B Joshi said in 2012-13, about 1,000 million kg of yarn was expected to be exported. Earlier, he had estimated cotton yarn exports at 920 million kg. Last year, exports stood at 827.68 million kg.

During the April-December period, 758 million kg had been exported, 20 per cent higher compared to the year-ago period, according to sources in the textile commissioner's office. In April-November, cotton yarn production stood at 2,317 million kg, 14 per cent higher compared to the year-ago period.

China accounts for 30 per cent of India's cotton yarn exports, while Bangladesh accounts for 16 per cent. This year, Bangladesh cut its imports three to four per cent. China imports a substantial amount of cotton yarn from India, as the cost of production in that country is higher, owing to high cotton prices. This led to a rise in demand for yarn from domestic companies. "Pakistan's production has fallen 30 to 40 per cent, as it doesn't have gas to run its plants, causing India's orders to rise," said Kailash Lalpuria, executive director of Indo Count Industries.

Currently, 30s combed cotton yarn from India is exported at $3.5 a kg, while the 40s count variety is exported at $4 a kg. In India, cotton is priced at 85 cents/pound, while the price of cotton in China is $1.4/pound. This makes it viable for Chinese companies to import cotton yarn from India, as the cost of spinning cotton to yarn is lower in India. As wages, too, are rising in China, the country is now cutting spinning activities and focusing on value-added items.

At the Cotton Advisory Board meeting yesterday, the textile commissioner had said this year, cotton exports would stand at eight million bales (a bale is 170 kg), compared with 12 million bales last year. This was primarily because China was de-stocking the cotton it had reserved.

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## No curb on cotton exports for now, govt to keep watch

Banikinkar Pattanayak, Financial Express

New Delhi, 22 February 2013: The government is in no hurry to ban cotton exports in the year through September despite a recent spike in the registration of deals, as domestic prices are still much lower than the record levels hit in 2011, official sources said on Thursday. This could be the first year since 2009-10 when cotton exports are unlikely to witness curbs.

In fact, a late evening statement by the commerce ministry said: “The committee (of secretaries) noted that the situation with respect to cotton availability, prices and export is satisfactory and decided that the current dispensation (free trade of cotton) may continue. The committee has decided to keep a watch on the situation and meet as and when the situation warrants.”

A panel of secretaries, comprising the top bureaucrats of the departments of textiles, commerce and agriculture, reviewed cotton supplies following a massive pick-up in export registration of late, as demand from China returned just as fears about a smaller global harvest loomed. The panel met weeks after the state-run Cotton Advisory Board (CAB) had pegged exportable surplus of cotton for the marketing year through September at 8 million bales. One bale equals 170 kg.

“There is no reason to ban cotton exports as of now. Prices are still at resonable levels and way below the elevated levels witnessed in the past two year,” a senior government official told FE, corroborating the commerce ministry’s statement. “There is a slight pick-up in garment exports of late as orders from Europe have started coming in good deal. So I think textile companies shouldn't have any problems in the days to come to manage with the current price level of cotton,” said another official.

A ministerial panel had decided in November that the exportable surplus of seven million bales would be adhered to in the registration of shipment contracts during 2012-13. The panel comprised agriculture minister Sharad Pawar, fm P Chidambaram and textiles and commerce minister Anand Sharma.
India's cotton export registration has reached around 6.5 million bales this year after remaining subdued until December.

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## India asks Egypt to scrap penal duties on cotton yarn

Amiti Sen, Business Line (The Hindu)

New Delhi, March 15: India has submitted an unofficial notice to Egypt seeking removal of "wrongful'' penal duties imposed on cotton yarn imported from the country as it flouted World Trade Organisation (WTO) rules.

The 'non-paper' given to Cairo by New Delhi on safeguard duties imposed on cotton yarn last year is intended to serve as a warning that India may drag the matter to the WTO if corrective action is not taken soon, a Commerce Department official told *Business Line*.

Usually 'no paper' is meant to be a warning for harsher steps to follow.

Egypt is a significant buyer of Indian cotton yarn ranking fourth after China, Bangladesh and South Korea. In the January-October 2012 period, cotton yarn worth $130 million was exported to Egypt by India.

The imposition of safeguard duties – which are penal duties imposed in addition to customs duties to check surge in imports – has made Indian cotton yarn uncompetitive in the Egyptian market, Indian exporters of cotton yarn allege.

"Export of cotton yarn from India to Egypt may not be huge compared to total exports, but with growing protectionism across the world it is important to send out a signal that India is not going to take things lying down," a senior industry official from a leading textile body said.

Interestingly, Turkey withdrew similar penal duties on Indian cotton yarn late last year after India threatened to file a dispute with the WTO.

"We hope Egypt takes our non-paper seriously and acts. Hauling the country to the WTO is something that we would not want to do enthusiastically as Egypt is going through its own political and economic turmoil. But we also have our own industry's interests to protect," the official added.

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## India, China sell cotton stocks to soften global prices

Mayank Bhardwaj and Lewa Pardomuan, Reuters

New Delhi/Singapore, 20 March 2013: India will sell cotton to local buyers from government stockpiles, joining China as the world's top two consumers try to cushion domestic textile mills against soaring costs.

The sales by China and India, also the two leading producers, should ease tight supplies and help cool global prices that have soared 20 percent this year on strong demand - partly because of the Asian giants' hoarding.

China, the world's largest consumer, is expected to sell about 3 million tonnes of cotton this year from state reserves of around 10 million tonnes, Terry Townsend, executive director of international farm group ICAC, said on Wednesday.

"We expect China stocks at the end of the season will be down to 7 million tonnes," Townsend told Reuters in an interview in Singapore.

In India, an official at the partly state-run National Agricultural Cooperative Marketing Federation said a decision was being taken on stock sales that should take place from April.

Earlier, replying to a query on whether the cotton Corporation of India would sell stocks in the open market, Trade Minister Anand Sharma said: "That will happen."

Both India and China have bought domestic production to guarantee returns for their farmers, but the move appears to have backfired, squeezing profits for textile mills as prices have surged.

Domestic prices in China are 50 percent above world prices, while in India they are roughly on par, against a usual discount of around 5 to 7 cents per pound.

China's stockpiling is expected to gobble up more than half the world's cotton surplus - even though it should be a record - by the end of the crop year in July, according to the U.S. Department of Agriculture.

Investment from speculators on expectations of continued hefty purchases from China helped push U.S. cotton futuresto a one-year high of 93.93 cents a pound last week, but they remain well below their record above $2.20 a pound hit in March 2011.

Cotton on ICE Futures U.S. fell on Wednesday as fears the release of government stocks could hamper demand.

"This reminds people that there is still cotton that could potentially come onto the market," said Peter Egli, director of risk management for Plexus Cotton Ltd, a British-based medium-sized merchant.

The most-active May cotton contract on ICE was down 0.81 cent, or 0.89 percent, at 90.22 cents a lb at 11:23 a.m. EDT (1523 GMT).

Merchants and mills in the United States, the world's largest cotton exporter, said physical supplies have tightened recently due to continued strong export demand even as futures prices have rallied.

"The current price level is supported only by this reserve policy of China," ICAC's Townsend said. "If the reserve did not exist, prices today would be around 60 or 70 cents a pound."

While the USDA expects an annual rise of 4 percent in cotton consumption in the year to July 2013, that would still be 12 percent below its peak in 2005/06, due in part to high prices that have made cotton less competitive.

"Cotton needs to come down to around 70 or 80 cents a pound to be competitive with polyester," Townsend added.

India will sell cotton from stocks of 2.5 million bales (425,000 tonnes) out of a crop expected to total 33 million bales in the year to Sept. 30, 2013. Domestic mills normally use about 26 million to 27 million bales.

"This move will support the industry and stabilize prices, restricting any further rise," S. Dinakaran, joint managing director of Sambandam Spinning Mills said, adding that private traders might then also sell stocks to pre-empt price falls.

He expected prices to drop by around 1,000 rupees per candy from current spot prices for the most commonly traded Shankar-6 variety of 38,500-39,200 rupees per candy of 356 kg. Spot prices hit a record high around 62,000 rupees in March 2011.

Both countries could also import to help tame domestic prices.

China could double volumes approved to nearly 1.7 million tonnes from April, according to trade sources, favoring mills that sell their textiles for export.

India will also turn to imports, which could jump about two-thirds in 2012/13, according to the Confederation of Indian Textile Industries.

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## Cabinet might allow partial export of some edible oils

Sanjeeb Mukherjee, Business Standard

New Delhi, 22 January 2013: The government is likely to partially allow export of some edible oils in a meeting of the union cabinet likely to be held this week. Officials said the proposal is mainly for export of coconut oil.

"The Cabinet is expected to discuss a proposal to allow export of some edible oils this week," a senior official said.

In October last year, the government had extended ban on export of edible oils until further orders, but exempted outbound shipments of edible oil in branded consumer packs with a ceiling of 20,000 tonnes.

"Prohibition on export of edible oils has been extended till further orders," according to a notification issued by the Commerce and Industry Ministry.

Export of edible oil was initially prohibited for a period of one year with effect from March 17, 2008, which was extended from time to time.

But, the government provided exemption for export of edible oil in branded consumer packs with a ceiling of 20,000 tonnes for one year till September 2013.

Export of fish oil continues to be free, it added. Export of edible oils has been banned as the country faces acute shortage of domestic supply and is heavily dependent on imports. Domestic production of edible oil is just around 7 million tonnes, against the annual demand of 17-18 million tonnes. In 2011-12, the country imported 9.78 million tonnes of edible oil

The wholesale-price inflation in edible oils has been in the range of nine to close to 11 per cent till December this fiscal year. In December, it came down to 9.49 per cent from 9.9 per cent in the previous month.

Some people in the know said the Cabinet might also discuss another proposal to revise the norms of special industry scheme for Jammu and Kashmir.

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## Export norms for grapes, groundnuts tightened

Financial Express

New Delhi, 15 January 2013: Export of grapes to the European Union (EU) and shipping of groundnuts to world markets will now require registration from the Agricultural and Processed Food Products Export Development Authority (APEDA), the commerce ministry has said.

However, export of groundnuts and its products to Russia will not require such registration. "Export of groundnuts and its products to all countries except Russia would require registration from APEDA, along with a controlled Aflatoxin level certificate by recognised laboratories," Directorate General Of Foreign Trade (DGFT) said in a notification.

So far, compulsory registration of contracts with APEDA, along with a controlled Aflatoxin level certificate, was required only for exports to the EU.

The notification said that export of groundnuts and its products to Russia would continue to be on the basis of a pre-shipment certificate by notified laboratories.

Besides, DGFT said: "Export of grapes to the EU would require registration from APEDA." Several consignments of grapes were rejected by European authorities due to the presence of a chemical residue. Grape exporters were facing losses due to this.

Maharashtra, Andhra Pradesh and Karnataka are the major exporters of grapes and, in order to keep the fruit fresh, the chemical chloromacvat was used as a preservative. Grapes are harvested during February-April.

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## To shield groundnut exports, govt to make certification mandatory

Sandip Das, The Financial Express

New Delhi, 5 February 2013: With reports of Indian groundnuts (peanuts) consignments being detained at countries in the European Union (EU) and Southeast Asia getting frequent, due to presence of a high level of aflatoxins, the government has decided to make certification of exporting units mandatory under the globally approved Hazard Analysis Critical Control Point (HACCP).

Along with the HACCP certification, the government would try to see to it that farmers follow norms under good agricultural practices (GAP), which will improve the quality of groundnuts shipped from the country. To start with, Agricultural and Processed Food Products Export Development Authority (APEDA), the commerce ministry's arm, has asked the Indian Oilseeds and Produce Export Promotion Council to compile a list of potential units having high export turnovers so that the HACCP certification process can be initiated.

"By June 2013, we expect the exporting units to have the HACCP certification, which will boost the export potential for groundnut products," Asit Tripathy, chairperson, APEDA told FE.

India mostly exports groundnuts to Southeast Asian countriesm such as Malaysia, Japan, Indonesia, Korea, China, Philippines and Thailand. Besides, a small quantity is exported to countries in the EU and Russia.

India exported more than 3.7 lakh tonne of groundnut worth more than R2,808 crore during April-November 2012. Commerce ministry officials say that during the last five years, out of approximately 750 official rejections of groundnut products, over 365 were reported due to excess levels of aflatoxins in peanuts, which is about 50% of all the rejections.

The official admit that most rejected consignments also do not meet the domestic aflatoxins levels. There have been inspection visits to India by food regulators from the EU, Japan and Russia.

The main purpose of launching a mandatory certification process was to ensure that groundnuts products exported from India do not test for aflatoxin in excess of the prescribed levels. Besides, APEDA wants to facilitate web-based traceability through PeanutNet with the objective of tracing and tracking the product for better compliance.

HACCP is a management system wherein food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

India is one of the major exporters of groundnuts after China. Andhra Pradesh, Bihar, Gujarat, Haryana, UP, Maharashtra, Tamil Nadu and MP are the key producers.

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## Guar price crashes on export drop fears

Dilip Kumar Jha, Business Standard

Mumbai, October 2, 2012: The spot price of guar has crashed in Rajasthan mandis on concern of high output and a drastic decline in import orders from America, the European Union and the Gulf countries, the three leading export destinations of guar derivatives from India.

The guar seed price has plunged 44 per cent in the past six weeks, to trade currently at Rs 80 a kg, from Rs 145 a kg in mid-July. The gum price dived to Rs 240 a kg today from Rs 400 a kg in mid-July, down 40 per cent. The levels in that month were recent highs, when both guar seed and gum found sudden buying interest from retail farmers for sowing, following intermittent rainfall.

The Union agriculture ministry had estimated a 20 per cent increase in sowing area this kharif season, after revival of monsoon rainfall in the first week of August. The area under guar seed was forecast at 3.5 million hectares (ha) this sowing season, as compared to 2.91 mn ha last season. Purushottam Isaria, president of the All India Guar Gum Manufacturers Association, forecasts a 25 per cent rise in seed output this season. The estimate is 1.5-1.8 million tonnes, as compared to 1.2 mt in the previous season. However, this is significantly lower than earlier trade estimates of a 300 per cent increase in output. At the beginning of the kharif sowing season, traders said farmers would respond promptly to last season's record high prices and bring as much area under the seed as possible. Farmers did eye guar at the beginning of the season but a lack of rain hampered sowing. Then, water logging on excessive rainfall hit germination in the sown crop, lowering overall output estimates.

"Hence, the output, though higher this year, is unlikely to achieve the previous estimates. Overall, output might remain marginally higher by 20-25 per cent this year compared to last year," said B D Agarwal, managing director of Vikas WSP Ltd, one of the largest guar gum exporters.

The 90-day guar crop requires four-five spells of intermittent rainfall. Sowing begins with the onset of the monsoon rain, for harvesting in October.

The drastic price decline has created a massive trade imbalance between exporters and importers of guar derivatives in the US market.

Importers of Indian origin based in America have started re-negotiating prices after the shipment of guar gum from India. According to a leading exporter, around 15,000 tonnes of gum are lying at US ports due to the price negotiations; US buyers who booked at $27,000 a tonne are now seeking delivery at $10,000 a tonne. The exporter said the government's help had been sought on the issue.

Importers abroad had also built a massive stockpile last year, assuming an increase in prices. According to Ravikant Kanoongo, director of Hindustan Technosol Pvt Ltd, a leading exporter from Rajasthan, guar gum import orders are very low today and are unlikely to resume soon. Once the crop prospects become clear, stockpiles decline and the price continues to soften, demand would rebound, he said.

Also, the US government has initiated working on an alternative to guar gum for its application in hydraulic fracturing - the process for extracting hydrocarbons from tight formations that have revolutionised oil and gas production. Indian exporters feel this substitution is unlikely soon and so demand would continue to pour in from foods, cosmetics, drugs, explosives, fire retardant and paper industries.

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## Humble guar gum India’s top farm export

Surojit Gupta & Sidhartha, The Times Of India

New Delhi, 10 March 2013: Guar gum has emerged as India's top farm export overtaking traditional heavyweights rice and cotton and looks set to power into the league of top 10 shipments from the country, thanks to the demand from the US oil and gas industry. Latest government data shows that guar gum exports have shot up nearly 139% on a year-on-year basis between April and January with shipments of about $4.9billion. In the previous year, it rose 374% in January alone compared to the same month of 2011. At $4.9billion, guar gum exports during the April-January period were a shade below the exports of plastics and linoleum products at $5billion. Basmati rice exports during the same period totalled $2.7 billion while raw cotton exports stood at $2.6billion. The shift in fortunes for the hitherto unknown guar gum has been phenomenal in recent years. Growing demand for the gum from the petroleum industry in the US has seen a sharp increase in the prices of the commodity, which is commonly known as guar phalli and has a variety of uses in sectors ranging from food to oil and gas drilling.

*Magic Beans*

Guar, from which gum is extracted, is mainly grown in Rajasthan and Haryana India accounts for nearly 80% of global production of guar gum, now bringing in $4.9 billion Used as controlling agent in oil wells for easy drilling Also used in textile, food & cosmetics industries Guar gum prices rose 1,000% in '12

The sharp rise in exports, thanks to the scorching demand from the US oil and gas industry, which uses the commodity while drilling for shale gas, has helped propel prices to stratospheric levels . The robust return from the crop has changed lifestyles and incomes in Rajasthan and Haryana where it is predominantly grown. TOI had earlier reported the dramatic impact of the sharp increase in guar gum demand and prices on lifestyles in Rajasthan. While the growth in demand may have slowed compared to the dizzy heights scaled in 2012, experts say the commodity will hold up for some time. Last year, prices shot up in the 900% to 1,000% range and a quintal of guar gum fetched more than Rs100,000 while prices for the seed shot up from Rs 3,000 to Rs 35,000. "More or less the demand will be there largely because of the requirements of US shale gas drilling," said Naveen Mathur, associate director commodities and currencies at Angel Broking.

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## India’s agricultural exports see 121% jump on guargum, rice

Sandip Das, Financial Express

9 November 2012, New Delhi: The country's agricultural and processed food exports saw a huge jump — of 121% — during first two quarters of the current fiscal to Rs63,000 crore in comparison to Rs 28,500 crore during same period last year. The jump is mainly attributed to the surge in shipment of Guargum (488%) and non-Basmati rice (993%) in the first half of 2012-13.

According to the latest data released by the Agricultural and Processed Food Products Export Development Authority (APEDA), Guargum exports stood at Rs 21,536 crore, which is around 45% of the total agricultural exports.

The rise in Guargum exports this fiscal was more than 488% in comparison to the same period last year. The global demand for Guargum — an extract from Guar seed used as sealant in oil and natural gas drilling — had been on the surge during last one and half years due to soaring crude prices.
“If the growth in export trend continues, we will cross the Rs1-lakh crore export mark by the end of the current fiscal,” Asit Tripathy, Chairman, APEDA told FE.

Another key commodity that pushed up agricultural exports was non-Basmati rice. The total exports of non-Basmati rice during the April – September period this year was around Rs6285 crore, a jump of more than 993% from the previous year. India lifted a ban on non-Basmati in September last year after a three-year restriction.

The exports of India's flagship agri-product basmati rice grew marginally by 4.5% to Rs9,054 crore during first two quarters of current fiscal. The exports jump is mainly because of rising demand for aromatic long grain rice in Gulf countries, European Union and United States. Iran and Saudi Arabia constitute more than half of basmati exports.

Cumulative rice exports were at Rs15,339 crore during the April-September period. Another key commodity that saw a significant jump in export growth was wheat. India exported Rs3619 crore worth of wheat in this fiscal till now, which is a huge jump from last year's marginal exports worth of Rs33 crore. Other key commodities that saw growth in shipments include meat products (Rs7595 crore), dairy products (Rs523 crore), groundnut (Rs2,475 crore) and fruits and vegetables (Rs2,700 crore).

For giving a further boost to exports, APEDA has identified 20 odd clusters located across the country for maintaining healthy growth in the country's food products exports during current fiscal as well. These clusters include basmati rice (Haryana & Punjab), buffalo meat (western Uttar Pradesh), grape and grape wine (Nasik region, Maharastra), pomegranate (Satara and Pune regions of Maharashtra), dehydrated onions and garlic (Gujarat), poultry or egg (Namakkal) and mango pulp (Uttar Pradesh and Maharashtra)

Although the country exports products from the APEDA basket to 80 countries, India's share in the global trade of agri processed products is only 2 %. Only 15 countries including Saudi Arabia, UAE, UK, Bangladesh and South Africa account for more than 65% of the country's export of fruits, vegetables and other agricultural products.

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## Guar gum India's biggest agricultural export item for a second year

Sanjeeb Mukherjee, Business Standard

New Delhi, 14 June 2013: For a second year, guar gum has emerged as India's largest item of agricultural export. And, responsible for pushing the country's overall farm exports to Rs 120,000 crore in 2012-13, show data from the Director General of Commercial Intelligence and Statistics (DGCIS).

Guar gum, has seen rising demand from big Western oil companies on its use as a controlling agent in oil wells for facilitating easy drilling and preventing fluid loss. Between 2010-11 and 2012-13, it has registered 624 per cent rise in exports in value terms.

India is the world's largest producer of the gum. On average, the country produces 1-1.5 million tonnes of guar annually.

Almost 40 per cent of guar gum produced in the country is used for industrial purposes. In 2012, guar prices in the world markets rose a massive 800-1,000 per cent, chiefly due to large-scale stocking by multinational oil companies over fears of short supplies, following drought in India.

Of Indias total agricultural exports of Rs 120,000 crore in 2012-13, guar gum accounted for 18 per cent, DGCIS figures show. In 2010-11, guar gums total share in India's overall export of agricultural items was just seven per cent.

Basmati and non-basmati rice, traditionally the flagbearers of Indian agricultural exports, have also risen in export value, but have not managed to upstage guar gum as the primary item.

Between 2010-11 and 2012-13, export of basmati rice increased 71 per cent in value terms, while that of non-basmati rice rose a massive 6,000 per cent, pushing India to the pole position in this segment globally in 2012.

The share of basmati rice in India's total agricultural exports from 2010-11 to 2012-13 dropped from 26 per cent to 16 per cent. However, the share of non-basmati rice showed a considerable jump from 0.52 per cent in 2010-11 to 12 per cent in 2012-13, primarily because of the government's decision to lift the ban on its export.

Another item that logged impressive growth in exports, according to the data, was flowers rising 43 per cent in value terms between 2010-11 and 2012-13, to Rs 423 crore.

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## Maize exports up by 24% in FY'13

PTI

New Delhi, 20 June 2013: India's maize exports rose 24 per cent to 4.78 million tonnes in financial year 2012-13 due to adequate domestic supply and traders adopting better packaging practices to meet global standards, an industry body said today. India had exported 3.85 million tonnes of maize (corn) in the previous financial year. "There has been a substantial increase in maize exports. Production was higher and exporters took measures to improve packaging practices to meet the global standards of shipment," Indian Maize Development Association President Sain Das said on the sidelines of an event here. According to the data maintained by the Directorate General of Commercial Intelligence and Statistics (DGCIS), maize exports increased in value terms to $1,302 million in 2012-13, as against $1,075.70 million in the previous year. Stating that maize production is on the rise every year, Das said production in the 2013-14 crop year (July-June) is expected to increase to 23 million tonnes, as against 21.82 million tonnes in the 2012-13 crop year. Timely monsoon, adoption of improved technologies like single-cross hybrids and crop management practices would help increase overall production of maize this year, he said. Maize is cultivated twice a year, during summer and winter. India is Asia's largest exporter of the grain, with a major contribution coming from the summer crop. Karnataka, Maharashtra, Rajasthan and Andhra Pradesh are major producers of maize crop in the country.

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## India seeks market access for mangoes in South Africa

PTI

New Delhi, 14 January 2013: Seeking market access for mangoes, India has asked South Africa to fast track the process of pest analysis for the fruit.

The issue was raised by Commerce and Industry Minister Anand Sharma during his meeting with South African counterpart Rob Davies at Johannesburg, an official in the Commerce Ministry said. Sharma was there for a two-day visit.

"India has requested that the concerned South African Authorities, who are in the process of conducting Pest Risk Analysis for import of mangoes from India, may expedite the process and consider granting market access to Indian mangoes as our request of market access is pending for a long time now," the official said.

In September 2010, the country had forwarded technical information for market access of mangoes to the South African National Plant Protection Organisation, the official said, adding India has again sent an additional information in October 2011 which was sought by South African authorities. "Thereafter there has been no response from the South African side," the official added.

According to agri-export promotion body APEDA, India's mango exports are expected to rise marginally to 70,000 tonnes this year on expectation of better availability of the export-quality fruit.

The country is estimated to have exported 65,000 tonnes of mangoes in 2010 season (March-July). The country's total mango production was at 15-16 lakh tonnes during 2011.

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## Minimum export price for onion likely

Dilip Kumar Jha, Business Standard

Mumbai, 25 January 2013: Seven months after its abolition, the government is considering levying the Minimum Export Price (MEP) on onions once again, trade sources believe.

The government is all set to levy MEP at $700 a tonne to discourage exports from India. This is because of shortage of good quality onion in the recently ended kharif season and the ongoing rabi harvesting season, which hiked its prices by up to 250 per cent in the week between January 5-10, 2013 compared to the same period last year.

The government had abolished the MEP on onion in May 2012, thereby, allowing traders to take advantage of rising prices in the global markets.

But traders are not happy with the likely move. Currently, Indian exporters are executing orders from Middle Eastern importers at $420 a tonne. At $700, therefore, Indian orders which already have been low, would be shifted to countries like Pakistan, said a trader.

"Onion exported from Pakistan is cheaper by $30-40 a tonne than India. An MEP levy of $700 would further deteriorate export opportunities," said Ashok Walunj, director of Agricultural Produce Marketing Committee ( APMC), Vashi.

Meanwhile, R P Gupta, director of National Horticulture Research and Development Federation ( NHRDF) predicts normal supply of onions in the country this year with an output estimate of 17.4 million tonnes — unchanged from last year.

Blaming traders for artificial price rise, Gupta said that around 10 per cent decline in acreage would be compensated with higher recovery.

First advanced estimates, however, forecast India's onion output between 16.4 and 16.6 million tonnes which is likely to be revised upwards in the second crop assessment next month.

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## Ban on onion exports won't impact domestic prices

Sanjeeb Mukherjee, Business Standard

New Delhi, 24 July 2013: A section of the Department of Agriculture feels export curbs on onions would have little impact on the prices of the commodity, as the price of Indian onions is more than prices abroad and exports have shown a slowing trend.

Officials said Indian onions were priced at about $480 a tonne in the international markets, while prices of onions from Pakistan and China stood at $410 a tonne and $300-350 a tonne, respectively.

“Therefore, to expect an export ban on onions to have a major impact on domestic prices is unreasonable, as exports have already slowed because of the price differential,” said a senior official.

In June, India exported about 1,50,512 tonnes of onions, a 23 per cent fall compared to May and a 9.01 per cent fall compared to April. In the April-June period, onion exports stood at 5,11,616 tonnes, worth Rs 776.47 crore, around 1.09 per cent less than in the corresponding period last year. In 2012-13, exports stood at 1.82 million tonnes.

The official said domestic prices of onions were lucrative for traders and farmers. Therefore, the tendency to export was low. A recent report by the Nasik-based National Horticulture Research and Development Foundation (NHRDF) said the current rise in onion prices was primarily due to the slow release of stored onions by farmers, especially in Maharashtra, in anticipation of better prices in the coming days.

It added the situation would ease in the next few weeks, as farmers would be compelled to sell stored onions in the market, as losses would rise because of high humidity conditions in Maharashtra. "The arrival of the new crop from Andhra Pradesh, which will start from August, will also ease the situation," NHRDF said.

"The Ramzan season is underway in most parts of West Asia, a big market for Indian onions. Therefore, overall international demand is slack," said a trader from a leading export house.

According to the Department of Consumer Affairs, in the last month, the average retail price across the country had risen Rs 10-20 a kg. In areas such as Siliguri, Indore, Gwalior, Dehradun and Delhi, prices rose by about Rs 20 a kg in the last month.

Alarmed by the sudden and sharp rise in retail price of onions, the government is believed to have been contemplating a ban on exports as the option of increasing the Minimum Export Price (MEP) is no longer available as the method was scrapped last year.

Few days back a PTI news report quoting an unnamed government official said that the government was keeping a close watch on onion prices and was considering various options including a ban on export to control prices. Total onion production in 2012-13is expected to be 15-16 million tonnes, almost the same as last year.

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## Barcodes to track vegetable, fruit exports

Sandip Das & Kirtika Suneja, Financial Express

New Delhi, 18 February 2013: With most of the developed world following stringent quality standards while importing food products, the commerce ministry is mulling a system to monitor the exports of all fruits and vegetables. The ministry plans to put in place an end-to-end system called HortiNet for monitoring these exports by barcoding them.

The system is a web-based architecture that seeks to integrate all stakeholders, namely the farmers, state government horticulture departments, testing laboratories and exporters. “All stakeholders will upload information on HortiNet and farmers who want to export their produce, can register on it. The exported cartons will have barcodes and numbers that will allow traceability back to the farmers,” said a commerce ministry official.

Besides, the proposed system will subsume the existing systems like GrapeNet, AnarNet, TraceNet and PeanutNet, which the Agricultural and Processed Food Products Exports Development Authority (Apeda) had earlier set up.

These are internet-based residue traceability software systems used for monitoring the fresh produce exported from India to the European Union and other countries.

They help in monitoring pesticide residue, achieve product standardisation and facilitate tracing back from retail shelves to the farm of the Indian growers, through the various stages of sampling, testing, certification and packing.

While TraceNet is used for facilitating process certification for export of organic products, HortiNet will be the overarching system, comprising information on all fruits and vegetables which the country exports. Currently, India exports almost R3,000 crore of vegetables and R4,000 crore worth of fruits. “Apeda wanted the exporters to control farming to meet standards and a protocol was required for that. The system will be up and running in a few months,” the official told FE.

As per the official, the system will register all food items and linking food product information to its barcode and the programme is fully electronic — starting with registration of food items to their export.

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## Sharp fall in output hits Indian pepper exports

PK Krishnakumar, Economic Times

Kochi , September 6, 2012: A sharp fall in output and the resultant high prices have hit Indian pepper exports. Exports are down by around 45% in the first quarter as Indian pepper is selling at a price higher compared to Vietnam and Indonesia varieties.

Exporters say India will struggle to reach the export target of 20,000 tonne for pepper set by the Spices Board in the current year. Pepper exports for the three months ended June 30 are around 3,000 tonne.

"Though Indian pepper price has now dropped to around $7,800 per tonne from a level of $8,300, it is still higher than the prices of other pepper producing countries," said Kishor Shamji, a leading exporter and former president of India Pepper and Spice Trade Association.

Indian pepper production was earlier pegged at 43,000 tonne but growers now say it is below 40,000 tonne. Initial reports say the next crop will be good. "But supply will still be short as there is hardly any carryover stock," he said.

India exported 26,700 tonne of pepper valued at Rs 878 crore in 2011-12. Pepper production in Vietnam, the largest producer, is estimated to be in the range of 1.20-1.30 lakh tonne, most of which have been exported. Currently, Indonesia is ruling the market. "Indonesian pepper is the cheapest in the world market at $6,600 per tonne while Vietnam is selling at $7,200 per tonne," said Jojan Malayil, CEO of Bafna Enterprises.

The International Pepper Community (IPC), an organisation of pepper producing countries, says world production will be higher this year, particularly in Indonesia. "Around 50,000-55,000 tonne are expected to be harvested in Indonesia as against 41,000 tonne estimated earlier," pointed out S Kannan, executive director of IPC.

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## Trade questions IPC's estimates on pepper fall

George Joseph, Business Standard

6 November 2012, Kochi: The International Pepper Community (IPC) has said next season (2013), global black pepper production is likely to stand at about 3,16,832 tonnes. Last season, production stood at 3,27,090 tonnes, while in 2011, the output was 3,17,750 tonnes.

Traders and exporters from IPC member countries, however, disagree with IPC's estimate, saying next season, production would be about 3,59,832 tonnes.

At its meeting in Colombo last week, IPC had finalised the estimate for this year and stated its projection for the next. It said with production of 90,000 tonnes, including 10,000 tonnes of white pepper, Vietnam would top the table again. Vietnamese agriculture ministry officials, however, said this time, production would be lower. In 2011, production in that country stood at 1,10,000 tonnes and this year, production was 1,00,000 tonnes. Exporters and traders in Vietnam said next season, production was likely to be 1,20,000-1,22,000 tonnes.

India and Vietnam have adopted a cautious stand on production estimates to maintain high prices next season. Exporters said next season, production in India would stand at 60,000 tonnes, an estimate the Spices Board also agreed to.

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## India's pepper exports dip: IPC

George Joseph, Business Standard

15 November 2012, Kochi:India has slipped to the fifth position in the global pepper exports market, behind Vietnam, Indonesia, Brazil and Malaysia, according to the International Pepper Community's (IPC) estimates for this year. Last year, India was fourth on the list, according to IPC data.

For this year, estimated exports from India, the top exporter in the world two decades earlier, are only 17,500 tonnes, against 1,08,000 tonnes from Vietnam, 53,000 tonnes from Indonesia, 27,500 tonnes from Brazil and 20,000 tonnes from Malaysia. Three years earlier, pepper exports from Indonesia and Brazil lagged India's.

In the last two-three years, prices in India were often $1000/tonne higher than in other producing countries. Also, the quality of products from nations such as Sri Lanka is better than Indian pepper. Vietnam offers the ASTA grade pepper, comparable to India's Malabar Garbled grade, at low prices. Therefore, India fell behind in the traditional markets of the European Union and the US.

India's pepper exports in the January-October period were just 16 per cent of the exports from Vietnam, the world's largest producer and exporter. Vietnam exported 1,02,759 tonnes of pepper, while India's exports stood at only 16,000 tonnes. In the year-ago period, exports from India stood at 20,000 tonnes. Exports from Vietnam include 88,435 tonnes of black pepper and 14,324 tonnes of white pepper. Though the exports were 7.4 per cent lower than in the year-ago period, their value rose 9.5 per cent to $697 million. Of this, black pepper accounted for $564.4 million, while white pepper's share was $132.2 million.

The average export price of black pepper during the January-October period was $6,382 a tonne. For white pepper, it stood at $9,229 a tonne. Compared to the year-ago period, the price of black pepper was higher by $1,016 a tonne, while the price of white pepper was higher by $1,427 a tonne.

For Vietnam, the US was the largest import market (14,226 tonnes, 13.8 per cent). The Gulf Cooperation Council, Germany, Holland, Singapore, India and Egypt also imported major quantities of pepper from Vietnam. For white pepper, Germany was the biggest importer (3,371 tonnes), followed by Holland (2,040 tonnes) and the US (1,517 tonnes).

Next season, global production of black pepper is likely to stand at 3,16,832 tonnes according to IPC estimates. This is slightly below last year's production of 3,27,090 tonnes. Exporters feel in the next season, production would stand at 3,59,832 tonnes.

According to IPC estimates, global exports of the commodity would stand at 2,14,541 tonnes next year. Vietnam is slated to top the table, with 85,000 tonnes of black pepper and 10,000 tonnes of the white variety. India is likely to export 25,000 tonnes. Of this, 23,200 tonnes would be black pepper. IPC says overall global exports, including 16,200 tonnes from the five non-IPC countries of China, Thailand, Madagascar, Cambodia and Ecuador, would stand at 2,30,741 tonnes.

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## Pepper soars on supply shortage, exporters lose the pricing edge in global market

PK Krishnakumar, Economic Times

Kochi, 23 January 2013: A supply shortage has pepper exporters worried as Indian shipments lose the pricing edge in the global market. A delay in harvesting and the holding up of around 8,000 tonne pepper in NCDEX warehouses over adulteration charges have squeezed the supply. Spot have climbed to Rs 400 per kg.

High prices have prevented exporters from making any gain in the global market. According to the latest Spices Board figures, exports touched about 9,000 tonne in the April-November period, which is about 40% down from the corresponding period in the previous year. However, their earnings at Rs 300-350 crore have not shown much drop because of a higher unit value. The export target of 20,000 tonne this year is unlikely to be achieved.

"Indian pepper is selling at a rate of $8,000 per tonne compared with $6,000-$7,000 by other producers such asVietnam, Indonesia and Brazil," said Kishor Shamji, a leading pepper exporter. Supply is tight as fresh supplies are yet to reach the market. This, along with a robust demand from North India, is keeping the prices higher.

Shamji said certain cartels had cornered large quantities of pepper from June to November last year taking away the competitive edge of Indian pepper. "Many of our regular buyers for Malabar pepper have switched over to cheaper pepper from other origins to cover their requirements," he pointed out.

Though the Indian pepper production is forecast to touch 55,000 tonne this year, the industry is worried by the delay in arrivals. "Vietnam should be producing around Rs 1.20 lakh tonne of pepper, almost equal to the quantity last year. The growers have become rich and have high holding capacity. This means they will be able to sell at a competitive rate this year too," said Jojan Malayil, CEO of Bafna Enterprises, a major exporter. Traders feel prices should see a decline by February as arrivals of fresh crop increase. The February contract for delivery on NCDEX is hovering around Rs 372 per kg.

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## Plantation sector seeks tax break on export profits

Business Line (The Hindu)

New Delhi, 3 January 2013: The plantation sector has made a case for restoration of tax breaks for export profits. To boost exports, the sector also wants the Government to extend duty concessions on machinery imports.

In its pre-Budget memorandum submitted to Finance Minister P. Chidambaram, the United Planters Association of Southern India (Upasi) wants import duty concessions on equipment and machinery for the tea sector.

"Since modernisation of the plantation sector is dependent on the latest technology and machinery, it is requested that the concession import tariff be introduced along with full excise and countervailing duty exemption," Upasi said.

Duty concession has been sought for import of equipment such as automatic and semi-automatic fresh brew vending and dispensing machines, chain saws, versatile hedge trimmers, earth augers/soil augers and telescopic pruners.

The benefits provided to encourage exports and to earn foreign exchange by way of deduction in respect of profits retained for exports need to be reintroduced, it said.

Upasi further wants the Government to share the social costs being incurred by the sector. Such a move would help bring down the production costs and make the industry competitive, it said.

Further, Upasi urged the Government to include the provisions under the Income-Tax Act relating to the plantation sector, such as the replanting subsidy and deductions for funds earmarked for development of plantations under the Direct Taxes Code (DTC).

It said the subsidy given to tea growers for producing high quality orthodox tea should be excluded from total income like in the case of re-plantation and rejuvenation subsidy.

About 16 lakh growers and 23.5 lakh labourers are involved in raising plantations in the country.

The total area under the plantation crops is estimated at around 17.2 lakh hectares, marginally less than one per cent of the total cropped area in the country.

The value of plantation commodities in 2011-12 was estimated at Rs 41,442 crore, while the export realisation was pegged at Rs 9,532 crore.

Plantation commodity exports accounted for nearly 6.5 per cent of the total agricultural and allied product exports, Upasi said.

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# India's reliance on pulses import to go up

Dilip Kumar Jha , Business Standard

30 October 2012, Mumbai: India’s reliance on imported pulses may increase this year due to around 10 per cent decline in tur production in the current kharif harvesting season on pest and worm attack.

Total imports of pulses of all varieties stand between 2.5 – 3.5 million tonnes which constitutes around 15 per cent of overall annual demand. Assocham estimates India’s pulses demand at 21 million tonnes in 2012-13 which may go up to 21.42 million tonnes in 2013-14 and 21.91 million tonnes in 2014-15.

Out of that, however, India’s total pulses production constitutes at around 18 million tonnes of which tur, a premium variety in the entire segment, constitutes 15 per cent. Tur, a kharif grown pulses, is sown with the onset of the monsoon in June for harvesting in October. But, two months delay in the monsoon rainfalls has extended the season proportionately and the tur crop is set for harvesting towards the end of November.

“Ahead of this harvesting season, however, the crop has been damaged due to pest attack in major growing areas. Although, the assessment of the actual loss is yet to be done yet not less than 10 per cent crop must have damaged. Consequently, similarly hit on production cannot be ruled out,” said K C Bharatiya, a veteran in the pulses trade and an ex-president of the Pulses Exporters’ Association.

Popularly known as “pod borer” a common pest which attacks all pulses including tur, urad, gram etc has reported in major producing regions including Gujarat and Maharasthra during the flowering stage of tur. Germinated with the vagaries of nature and climatic condition, “pod borer” affects the crop between 30-50 per cent resulting into a continuous decline in acreage under pulses.

Pradeep Jindal, Director of Jindal Overseas Corporation, a Mumbai-based pulses trader, said, “The deficit from local production can safely bridged through imports as has been in the past. Hence, the pest attack in tur crop is not a cause of worry as of now.”

The Ministry of Agriculture data showed that 99.81 lakh hectare (ha) area has been planted under kharif pulses as on September 21 this year compared to 108.28 lakh ha same period last year. Improved rains towards the end of monsoon season have raised prospects of sowing. Planting beyond this time was a bit late for obtaining any remunerative output.

Tur acreage area was reported a marginal decline of 1.6 per cent this year despite delay in rainfalls at 36.17 lakh ha as compared to 37.53 lakh ha last year.

According to the first advance estimates of 2012-13 season, kharif pulses output is estimated lower by 14.6 per cent at 5.26 million tonnes compared with 6.16 mn tn last year. The Fourth advance estimates of 2011-12 season, however, puts pulses output at pegged at 17.21 million tonnes in 2011-12 compared with 18.24 million tonnes produced in the year 2010-11. While Chana output in 2011-12 is estimated at 7.58 million tonnes, tur is estimated at 2.65 million tones, urad is estimated at 1.83 million tonnes and moong at 1.71 million tonnes.

“Tur price has been down by Rs 200 a quintal in the last two weeks due to excessive availability of imported varieties. The trend is likely to continue in near future as well being a favourable climatic condition for rabi sowing,” Himat Chandra, Partner of Trimurthi International, a Vashi – based pulses dealer said.

Amidst weak festive demand, tur was quoted on Tuesday at Rs 3800 a quintal in Vashi wholesale market while urad was hovering around Rs 3200 a quintal. Now, traders eye sowing of chana and masoor, the 100 per cent rabi crops.

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## Basmati exporters expect good performance this year too

Komal Amit Gera, Business Standard

Chandigarh, August 10, 2012: Basmati export companies like Satnam Overseas Ltd (Kohinoor brand rice) and L T Overseas Ltd (Dawaat brand) are hopeful of repeating last year's good performance this season too. India exported 3.2 million tonnes of basmati rice last year and is projected to export four million tonnes of basmati rice this year.

Prices of the commodity in international markets are high and increased sowing in this kharif season will ensure availability of paddy for exports. As a strategy to harvest better quality paddy for export purposes, some companies including Amir Chand Exports (owner of the Aeroplane brand basmati rice) have entered into buyback arrangements with farmers.

Satnam Arora, joint managing director of Satnam Overseas Ltd, said the demand for basmati rice is picking up in the international markets and Indian exporters are eyeing a bigger pie this year.

"I don't see much impact of rain on basmati cultivation. The price of basmati is $1,000-1,500 a tonne for different varieties. Last year, it was close to $800-900 a tonne. Iran is coming up as a big importer and we are now scouting new markets in the African continent. Daawat, as a basmati brand, is doing well and we expect a 20 per cent jump in exports," said V K Arora, managing director, L T Overseas Ltd.

"In the past few years, the awareness about basmati rice has grown tremendously and so has the demand. The acceptance of Pusa 1121 as basmati has widened the scope for exporters. Even African countries are now demanding basmati rice," said J K Suri, chairman of Amir Chand Jagdish Kumar Exports Ltd (Aeroplane brand rice).

He added the company has a buyback arrangement with farmers for organic rice, meant for the niche market. The export price of basmati rice in the international markets is $800-1,400 a tonne, depending on the variety. The price remained close to $800 a tonne due to high supply last year.

Apprehensions regarding a decline in paddy area due to delayed and deficit rain are fading because the latest data available with government agencies shows that rice has been sown on 23.4 million hectares, compared to 19.1 million hectares a week before. The normal sowing at this point in year is 24.1 million hectares. According to Mahinder Pal Jindal, president of the All-India Rice Exporters Association, the yield of basmati rice will not be affected this year as it is grown mainly in the irrigated belt of Punjab, Haryana and Uttar Pradesh.

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## Basmati trade expects better returns this year

Vijay C Roy, Business Standard

September 18, 2012, Chandigarh: Basmati farmers are expected to get better returns this year due to higher prices in the international and domestic markets. An increase in exports by 10-15 per cent is also expected, over last year.

According to exporters, the current price of basmati rice in the international markets is $1,050-1,100 per tonne (par-boiled) and about $1,350 per tonne (raw) for the PUSA 1121 variety, comprising 75 per cent of total exports. Last year, the price was $750-850 per tonne. In the domestic market, non-branded basmati is Rs 45-50 per kg (par-boiled) and Rs 60-70 per kg (raw rice). Last year at this time, the domestic price was around the same level but it came down drastically to Rs 30-36 per kg (even in some cases, Rs 20-30 per kg) with the new crop's arrival. This year, traders feel the price will not go down to that level.

Vijay Setia, past president of the All India Rice Exporters Association (AIREA), said, "Besides Iraq, Iran (as a market) is coming up in a big way, which will drive exports. The current prices will be stable because of emergence of new countries for export. The domestic market is also emerging and we expect the prices will be stable."

AIREA executive director Rajen Sundaresan, said, "As both Thailand and USA have suffered drought, India will again be the major rice exporter. It will depend on how our exporters assess the market and get competitive prices. I feel this year there would be an increase of 10-15 per cent in exports compared to last year."

Last year, India exported 3.2 million tonnes of basmati across the globe. In the year before that, it was 2.3 mt.

Exporters say this year's drought-like conditions didn't have much impact on basmati transplanting. Rajen added, "Last year, basmati was transplanted in about 1.91 million hectares (ha); this year, it was 1.66 mn ha (provisional). However, there are reports that farmers also opted for direct seeding of rice technology, which requires less water and doesn't need transplantation. Production would be more or less the same as last year."

However, millers maintained there would be a decrease in the non-basmati area. Final data is yet to be compiled but as on September 9, the total area under paddy was 35.6 mn ha. Last year, for the whole kharif season, it was 39.1 mn ha.

AIREA says it has also taken an initiative to spread awareness among the farming community in basmati growing belts like Punjab, Haryana, Western UP, Uttarakhand, Himachal, etc, and other stakeholders on the prudent use of pesticides. It has done so to address the growing concern on the rejection of rice consignments on almost a daily basis because of pesticide residues above the permissible limit in the processed grain. In 2011-12, India exported 124,000 tonnes of basmati rice to the US. Value-wise exports were Rs 500 crore. But, says AIREA, roughly 30 per cent of the total exports to the US were rejected due to high pesticide content.

AIREA seniors said: "Controlling the pesticide residue is not in the hands of the exporter or the dealer but the farmer. The right pesticide's right dose at the right time and right equipment is the only formula that will work. We have, through various meetings, workshops and events been trying to educate farmers about the negative impacts on the incorrect use of pesticides, resulting in the presence of residues even after processing. Most of the pesticides commonly used on paddy in India are not registered in the US. Farmers need to adopt good agriculture practices. This can only happen by generating awareness."

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## Steady export demand may keep basmati prices firm

Madhvi Sally, Economic Times

29 October 2012, Ahmedabad: Steady export demand and increased buying by domestic traders are expected to keep basmati prices bullish. Production of both traditional and evolved varieties is likely to be 7 million tonne, similar to the previous year's output.

Paddy prices being quoted across markets were higher by 25%-30% compared to last October's, according to Mohender Pal Jindal, president, All India Rice Exporters Association (AIREA). The Pusa 1 variety paddy was being quoted at Rs 2,300 a quintal whereas the Pusa 1121 paddy was quoted at Rs 2,350 a quintal.

"Prices are expected to remain firm in the coming months," he said adding that with a negligible carryover stock of 2-3 lakh tonne, traders and exporters were on a buying spree. Basmati supplies have begun across Amritsar, Batala and Gurdaspur markets in Punjab and Kurukshetra and Taraori markets in Haryana. Supplies will pick up in a fortnight.

"Over 500- 600 quintal of paddy is arriving in all the markets across Punjab and Haryana. Prices have not dropped as the arrival is less," said Om Prakash Arora, a basmati broker, in Karnal.

Unlike the previous year, international merchant Olam International is expected to purchase basmati paddy this year. "It is a very volatile business and the company will be purchasing basmati rice this year," said a trader in Taraori.

Till Oct 1, over 1.7 million tonne basmati has been exported. The AIREA targets to export over 4 mt basmati rice this year, compared to 3.2 mt last year. Basmati is quoted at $950 a tonne CNF for November-December shipment, compared to $850 last year.

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## India pips Thailand as world’s largest rice exporter

Financial Express

30 October 2012, New Delhi: India has the emerged as the world's largest rice exporter in 2012 beating its Asian counterpart Thailand with shipment of 9.75 million tonne, according to USDA's latest report.

Thailand was the top rice exporter with exports of 10.65 million tonne in 2011. However, its volume slipped to 6.5 million tonne in 2012.

“On the export side, India's exports were raised 1.75 million tonne to a record 9.75 million tonne based on a record pace of shipments to date and larger supplies. This makes India the largest rice exporter in 2012, a first for India," the USDA report said.

India is followed by Vietnam, which shipped 7 million tonne of rice, Thailand (6.5 million tonne), Pakistan (3.75million tonne) and the US (3.5 million tonne), it added.

India moved to the top slot from the third place in 2011 buoyed by record production of 104.32 million tonne on the back of good monsoon rains.

The US agency said with India's shipments rising this year it had to revise its global trade estimates upwards by 1.85 million tonnes.

“Global trade for 2012 was raised 1.85 million tonnes to a record 37.7 million tonnes, with India accounting for the bulk of the upward revision in exports," it said. The global rice production in 2012 is estimated at 464.87 million tonne in 2012. India is the world's largest grower.

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## High prices of basmati rice to slash exports

Madhvi Sally, Economic Times

Ahmedabad, 25 December 2012: High basmati prices are expected to slow down exports and domestic consumption. Leading basmati companies such as KRBL, Best Foods and LT Foods are offering a wide range of basmati varieties in consumer packs across price points for the Indian consumer.

Mohender Pal Jindal, president, All India Rice Exporters Association (AIREA), said exports and domestic consumption will come down by 25% owing to low production and high prices.

"People are not ready to spend Rs 70 to Rs 90 a kg on a staple," he added. In 2011-12, India produced 4.25 million tonne of basmati rice but this year, production is slated to be 10% less. Traders said basmati prices were 25% higher in the domestic market and by 25% to 40 % in the international market than the previous year, leading to low margins for exporters.

Anil Kumar Mittal of KRBL, which owns the India Gate brand, hoped to see a pickup in sales with Indian basmati prices quoted cheaper than the Pakistan variety.

"We might look at new markets like China but the scope of export in the first year will not be more than 20,000 tonne," he added. Exports to Iran, a major buyer, has slowed down this year owing to payment issues, leading exporters to look at new markets. AIREA targets to export over 3.5 million tonne basmati rice this year, compared to 3.2 million tonne in the previous year. Till date, exporters have registered 2.1 million tonne with APEDA for exports. "Apart from Iran, exports to other destinations are normal. By February-March, we will be able to reach last year's figure," said AIREA ex-president Vijay Setia.

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# India can export 2-3 mt of rice annually for several years

Sanjeeb Mukherjee, Business Standard

New Delhi, 30 December 2012:Between 2000 and 2010, global rice production has seen a rise of about 16 per cent, primarily due to improved farm techniques and better seeds. However, many experts believe the trend might plateau, raising prices of the commodity. *Gurdev Khush*, internationally renowned agronomy and plant genetics scientist and a recipient of World Food Prize in 1996, in an interview with *Sanjeeb Mukherjee*, says world rice acreage and production wouldn't decline in the next few years. He, however, adds in the long run, it would be difficult to sustain the rise in production, as acreage is shrinking and water tables are being depleted. Edited excerpts:

*What challenges does global rice production face?*
Shrinking area devoted to rice, depleting water resources and the changing climate pose serious challenges to rice production. These would certainly affect rice production in the long run. To face these challenges, scientists must develop rice varieties with higher yield potential, which are more resilient to climate changes, resistant to flooding, drought, new diseases and insects that may evolve due to the changing climate.

*Do you think the growth in global rice production would stop sometime soon?*
I don't believe growth in world rice production would stop soon. It would continue as a result of the new breakthroughs in science and management practices in the field of rice, as well as benign government policies. The area devoted to rice would continue to increase in Africa and Latin America. Asia would also see some increase.

*After it lifted the ban on exports, India has emerged as a major player in the global rice market Inthe last few years. Do you think the trend would continue for some more years?*
I firmly believe India would continue to export rice for at least the next ten years. Growth in India's domestic demand would not increase due to the substitution of high-value foods, resulting from a rise in the middle-class population. In 10-15 years, the demand would actually start to decline, as the population starts to stabilise.

*On an annual basis, how much rice would India continue to export in the next few years?*
I believe India would continue to export two to three million tonnes of rice a year for several years.

*How have trade barriers such as export bans by rice producers affected the world rice market?*
Trade barriers and export bans have more than doubled rice prices in the international market. These have also affected prices in domestic markets. Poor rice consumers have been affected adversely in many countries.

*India's annual rice production faces challenges from flooding and water stress. How should thegovernment tackle these factors?*
The government must support research and extension programmes to develop technologies for mitigating the adverse effects of flooding and drought. It should also invest in development work to reduce the losses arising from stresses. Land management practices such as bunds and channelising of rivers to reduce flooding, along with the development of irrigation, would reduce the likelihood of droughts.

*Of late, there has been a lot of stress on shifting India's rice cultivation from the North to the Eastthrough programmes like Bringing Green Revolution to Eastern India. Do you think it is the rightstrategy?*
It is the right strategy because there is immense scope to increase production in eastern Uttar Pradesh, Bihar, Odisha, West Bengal and Assam. The potential to produce rice in these states has not been

exploited to the extent possible. There is considerable scope to increase the area under irrigation, owing to underground water aquifers, and increase cultivation area in the rabi season.

*The impact of the 'golden rice' programme on reducing vitamin A deficiency has been questioned.What do you think are the benefits this variety of rice offers and when can we expect it to the reachthe mass market?*

Golden rice would help alleviate vitamin A deficiency, particularly among the poor who derive most of their calories from rice, as rice lacks vitamin A. Most of the criticism golden rice faces is unjustified and comes from those who are opposed to the use of genetically modified organism (GMO) technology in crop improvement. Golden rice has undergone all the regulatory tests such as bio-availability, food and environmental safety. Its yield is the same as that of non-GMO rice. How soon it would reach the consumers would depend on the public perception about the use of GMOs. The opposition and scare mongering tactics of well endowed non-governmental organisations would be major hurdles to releasing golden rice for mass production and consumption.

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## India trumps Pakistan's Iran rice trade boom with oil rupees

Reuters

Dubai, 9 March 2013: Iran's oil export revenues are helping Indian rice exporters to claw back some of the lucrative business lost to cross-border truckers in Pakistan as a result of Western sanctions.

Indian rice exports direct to Iran have bounced back, thanks to shippers being paid up front in rupees from a huge pool of oil money owed to Iran by Indian refiners. "Now business is being done directly because Iran is allowed to open letters of credit in Indian rupees because the government has to pay money to Iran for the oil," said Suresh Manchanda, marketing director of a Delhi-based company which exports rice, wheat and sugar globally.

"For the importers back in Iran, Indian rupees are easily available to them via the government, so they can do business in a much easier way than doing business in any other currency," Manchanda told Reuters at the Gulf Food trade show in Dubai. "For all practical purposes the money never leaves anywhere, the money is already in India."

India is Tehran's biggest rice supplier but shipments were held up in early 2012 after Iranian buyers defaulted on payments. Many Indian suppliers then stopped sales on credit. Tightened sanctions on shipping and bank transfers between Iran and India started a boom in Pakistani rice trucked across the remote border into Iran by groups based in Quetta, grains traders from Pakistan and India said at the world's biggest food show last week.

Problems getting paid by private Iranian buyers hit by a slide in the value of the rial also saw the rice flow from India being routed through Dubai, with wholesalers there taking on the payment risk in return for a mark-up.

Before Western sanctions aimed at stopping Tehran's disputed nuclear programme began to bite, Indian official data show rice sales to the Islamic Republic were surging.

They more than doubled in the financial year of 2009-2010 and also rose in value by nearly 35 percent to over $600 million from April 2011 to the end of March 2012, but this was a period when India's overall rice export earnings almost doubled in value globally. Dubai's role in the India-Iran rice trade has withered since oil pool payments started.

From April 2011 to the end of March 2012, $821 million of Indian rice was shipped to the United Arab Emirates, more than anywhere else. But in just nine months from April to December last year Iran imported over $725 million of Indian rice, up 20 percent on the previous 12 months, while Indian exports to the UAE slumped to $287 million, official figures show.

There is effectively no limit to how much Indian rice exports to Iran can be funded by the oil money pool, because even when India's oil imports from Iran fell more than 40 percent from January 2012 to 2013, their value was still nearly $1 billion in one month.

"The new payment mechanism has been helping Indian rice exporters. Competitors in Pakistan don't have any such facility," M P Jindal, president of the All India Rice Millers Association said. "This year we are estimating at least a 10 percent rise in basmati rice exports. Exports are booming, especially to Iran and Iraq."

Pakistan exported around 30,000 tonnes of rice, worth $21 million, directly to Iran in the second half of 2012, a sharp fall from the 12 months to the end of June 2012 when sales approached 140,000 tonnes, according to the Rice Exporters Association of Pakistan (REAP).

Pakistan's rice sales to the UAE, the main shipping route into Iran, also dropped sharply to less than 52,000 tonnes in the second half of 2012, compared to nearly 228,000 tonnes in the previous 12 months, REAP data showed.

Iran relies on imports for about 45 pct of its annual rice consumption of 2.9 million tonnes, according to U.S. Department of Agriculture data.

Iranian buyers prefer Indian basmati rice, but shipping and payment problems faced by Indian suppliers created an opportunity for Pakistani dealers based near the border with Iran to make big profits, rice exporters based in Karachi said.

Those willing to take the risk of trucking goods along hundreds of kilometres of highways of western Pakistan to the remote border area with Iran could charge premiums well above Indian rice prices.

"Last year India had a lot of currency issues and then Pakistan was selling at around a $150 premium over India because India could not sell to Iran directly... It became a monopoly," Mohammad Raza, a Karachi-based rice exporter, said. "This year that's not happening... This year it has shrunk considerably, but it has not completely finished."

The success of India's oil pool for funding exports direct into Iranian ports over the last few months has hit Pakistan's rice truckers' profits hard, slashing premiums to well below $80/tonne in early 2013, he said.

These border traders who have problems getting paid by Iranian buyers are also driving a boom in barter of fuel for food, several rice traders at the show said. "The trucks are not going to Iran. They used to go there but not anymore because the money is not coming from Iran to Pakistan so the trade has virtually stopped," Tariq Ghori, director of Karachi-based Matco Rice Processing Ltd, told Reuters at the Gulf Food trade fair in Dubai last week.

Matco, one of Pakistan's biggest Basmati rice exporters with sales of over 100,000 tonnes last year, and Raza's company were not part of the border food trade boom because the risks of shipping across Pakistan are high and the competition from Quetta-based groups fierce. "They are done by people at the border. They have links with the Iranian people... Family ties, they know each other, speak the same language, so they do the trade," Ghori said.

"Big companies like us, sitting in the big cities, cannot do that trade." Many mainstream competitors shipping out of Karachi still rely on Dubai middlemen buy their product and sell it on to Iran, putting them at a disadvantage to Indian exporters now able to ship direct.

Many Indian rice sales to Iran were also done through Dubai on credit until a slump in the rial in early 2012 prompted several Iranian buyers to default on payments. Since then most Dubai traders will only deal with Iranian buyers paying up front or brandishing a letter of credit from their government to tap the oil revenue pool in India.

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## Rice exports set to cross 10 mt this fiscal

Vishwanath Kulkarni, Business Line (The Hindu)

New Delhi, 10 March 2013: Rice exports are set to cross 10 million tonnes in the current financial year on robust demand from West Asia, Africa and South-East Asian countries. Last year, the total rice exports stood at 7.3 million tonnes.

“Till January-end, the total shipments stood at 8.2 mt. We will exceed 10 mt by March 31,” said R. Sundaresan, Executive Director, at the All India Rice Exporters Association.

Basmati shipments, which have gained momentum in the past two months on rising demand from Iran, would cross 3.5 mt over the last year’s 3.21 mt.

Till January-end, the exports stood at 2.8 mt. Iran is the largest buyer of Indian basmati rice and accounts for close to 30 per cent of the country’s shipments.

In value terms, the basmati exports may cross Rs 17,000 crore on better realisations. Last year, the basmati exports stood at Rs 15,450 crore. The average realisations are up by about 20 per cent at around $1,200 a tonne against last year’s $1,000 a tonne, Sundaresan said.

Besides, the depreciating currency, which has made the Indian rice competitive in the world market, has boosted the rupee-term realisations.

The non-basmati rice shipments are expected to register an increase of 58 per cent at around 6.5 mt against last year’s 4.09 mt. This is mainly on account of huge demand from African countries such as Nigeria and Ghana and also from Indonesia. The average realisations for non-basmati rice are around $400 a tonne.

“The overall growth in shipments is good, but the non-basmati rice continues to fetch a lower price than our competitors. There is a need to create awareness on our quality,” said Vijay Setia, Director at Chamanlal Setia Exports Ltd, Amritsar-based exporter.

The growth in rice export volumes is expected to help India retain the top slot as the world’s largest exporter. Last year, India had emerged as the world’s largest exporter displacing Thailand.

“The consistent production of over 100 mt of rice in the past four years has helped us boost our exports. About 80 per cent of our non-basmati shipments have been to Africa, where we compete heavily with the parboiled variety from Thailand,” said S. Venkatesh, Head of International Trade at LT Foods Ltd. India had lifted the four-year ban on exports of non-basmati rice in September 2011.

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## With shipments at 10 mt, India remains biggest rice exporter

Sandip Das, The Financial Express

New Delhi, 11 April 2013: Thanks to rising global demand, especially in Africa and the European Union, and sustained consumer preference in West Asia, India retained its biggest rice exporter tag with shipments of 10 million tonne (MT) during 2012-13.

India had emerged as the world's largest exporter of rice in 2011-12 with exports of close to 10 mt while Thailand had exported 6.9 mt and Vietnam had sold 7.8 mt overseas.

Preliminary official data say India exported 3.5 million tonne aromatic long-grain Basmati rice last fiscal, with average price realisation of $1,000 per tonne.

In case of non-Basmati rice, the country shipped 6.5 mt of grain with an average price realisation of $ 350 per tonne. Exports have been rising steadily since the government lifted a 4-year-long ban on non-Basmati rice exports in September 2011.

Commerce ministry official say the country is set to realise close to Rs30,000 crore during the last fiscal from rice exports. In 2010-11, the realisation from rice exports was around Rs22,000 crore.

"We are expected to get around Rs17,000 crore from Basmati rice exports in the last fiscal," a commerce ministry official told FE. In 20111-12, the country shipped Basmati rice worth Rs15,450 crore.

Exporters of aromatic rice said consumer preference for the PUSA 1121 variety in Iran and other Middle East countries is driving demand.

"Exports of Basmati rice are set to rise further during 2013-14 as the new variety of rice 'Pusa Basmati 1509' is introduced in the global market later this year," Vijay Setia, former president, All India Rice Exporters Association and a leading exporter of Basmati rice told.

'Pusa 1509' takes about 115-120 days to mature against 145-150 days for 'Pusa 1121', which constitutes a major chunk of India's Basmati rice exports.

Exporters said the new variety would definitely replace large areas under Pusa 1121, which has more than 70% share in India's Basmati rice exports market. During the trial phase, yield wise, the '1509' variety has given around 6.5 tonne per hectare against around 4.5 and 2.5 tonne reported for the widely grown 1121 and traditional Basmati varieties, respectively.

The last six years have been watershed years as far as India's basmati rice exports go. From a modest Rs2,792 crore in 2006-07, exports have increased manifold to cross the Rs17,000-crore mark during the current fiscal.

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## India to be world’s top rice exporter for second straight year

Deutsche Presse Agentur

Bangkok, 7 May 2013: India could export 8.3 million tons of rice this year, making it the world’s leading rice exporter for two years in a row, the Food and Agriculture Organisation (FAO) said today.

India last year surpassed Thailand as the top exporter for the first time in three decades, shipping 10.3 million tons of milled rice compared with Thailand’s 7.0 million.

“We estimate that at the end of this year, India will remain the number one rice exporter, with Vietnam and Thailand slightly behind with 7.8 and 7.7 million tons, respectively,” said Hiroyuki Konuma, FAO‟ s regional representative for Asia.

The FAO’s Rice Market Monitor report projected Asia’s rice production in 2013 to rise 2.2 per cent, to 452 million tons of milled rice.

“This will be the third year of bumper harvests for rice in Asia,” Konuma said.

The FAO attributed the increased production to good weather and Government price supports for farmers in India and Thailand.

It estimated that India’s stockpile would reach 22 million tons by year-end 2013, down 7.6 per cent from 2012, while Thailand’s will reach 16.3 million tons, up 29 per cent from 2012.

Thailand, which offers farmers a fixed price of about $ 500 per ton of rice, was hoping its price support scheme would boost international rice prices while bolstering farmers’ incomes.

But the FAO said benchmark international rice prices had fallen 4 per cent in the first four months on 2013.

“The large stocks accumulated by the Thai Government through the paddy-pledging programme weighed on market sentiment,” the FAO said.

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## Basmati Exports Plunge on Pesticide Alert by US

Madhvi Sally, The Economic Times

New Delhi, 1 July 2013: India's basmati rice exports to the US have plunged as many Indian firms are under an import alert by the US authorities, leading to detailed scrutiny for pesticide residue for every grain that is shipped out. This has raised costs, upset schedules and obstructed sales, prompting exporters to seek government intervention. In the first quarter of calendar year 2013, exports are down to 19,583 tonnes.

With over 31 Indian rice firms under the USFDA import alert and 100% scrutiny of the total rice exported from the country, Indian companies feel that America is employing a virtual zero-tolerance policy on Indian pesticides that have been used around the world for years and raise no health concerns. USA diplomatic officials say they have discovered residues on Indian basmati rice of chemicals not approved for use in the US, and hence, shipments of Indian rice have been rejected. Indian companies, which see the American market as a strong branded market that sets international price, now want the government to take up the issue with its US counterparts."Rice exporters are very concerned about the US law and policy on the presence of residues of particular pesticides on rice," said Rajan Sundaresan, president of All India Rice Exporters' Association. He added that without having conducted a risk assessment, the US is raising questions on pesticides that have been tested recently by other WTO members and the Codex Alimentarius (established by FAO and WHO, the agency that develops international food standards) leading them to adopt minimum residue limits (MRLs) that are considerably higher than the US limit. Four pesticides, namely Buprofezin, Carbendazim, Isoprothiolane and Tricyclazole that are commonly used by Indian rice farmers, have been detected at extremely low levels in the US and have resulted in the detention of hundreds of shipments and a virtual embargo on Indian Basmati rice, said Sundaresan."A number of the US' trading partners such as Japan and the EU and Codex have conducted risk assessments and set MRLs for these pesticides. The levels set by those MRLs do not act as a barrier to trade, because the residues at issue are comfortably below them. Meanwhile, the levels of pesticides the US authorities have detected, and on whose basis they have blocked the shipments, have been far below these thresholds. As a result of the US position, trade in basmati rice with India has ground to a halt," said Sundaresan. India annually exports 2.5-3-million tonne basmati rice with Iran and Middle East as the biggest market. Basmati rice exports from India to the US have increased from 55,762 tonne in 2009 to a record 104,400 tonne in calendar year 2012."In the previous year, Indian rice exports to the US hit an all-time record of $140 million. We would like to continue working with Indian exporters," said a US diplomatic official in New Delhi. He added that Indian companies were still shipping rice with the United States Food and Drug Administration which protects US and foreign consumers from food-borne contaminants, doing 100% testing rather than random sampling of the rice as a large number of violation was reported."Till date, residues from 11 different pesticides have been detected in imported Indian basmati rice.x The 11 chemicals that are unregistered in the US are tricyclazole, carbendazim, imidacloprid, bifenthrin, buprofezin, isoprothiolane, pirimophos methyl, triazophos, triclosan, difenoconazole and ethoxyquin."Only one, carbendazim, has an MRL established for rice - the others 10 do not and three of them, tricyclazole, triclosan, and isoprothiolane, have no internationally standardised MRLs for any food products," said the US official. The first Indian shipment to be sent back from the American shore was in May 2011 of Amritsar-based Amar Singh Singh Chawal Wala that sells the Lal Qila brand rice for having tricyclozole level of over 0.1 parts per million (ppm).

Currently 90% of the shipments were being rejected owing to the use of tricyclozole manufactured by Dow Chemicals.

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## Wasted opportunity: Year after Beijing lifts ban, Basmati exports yet to resume

Sandip Das, The Financial Express

New Delhi, 21 May 2013: More than a year after China gave its nod to the import of Basmati rice from India, the export of the long-grained, aromatic rice has not yet commenced. Indian exporters say that it would take a few years before India re-starts sending consignments of Basmati rice to China. However, trading sources said that a small quantity of Basmati rice destined for Hong Kong is finding its way into mainland China.

In April, 2012, Chinese authorities approved the import of Basmati rice from India with the condition that each consignment must carry a phytosanitary certificate, indicating food safety. Even Chinese officials had inspected the facilities of private rice exporters in India before giving approval to imports. China had banned imports of several Indian agricultural products, including Basmati rice, due to the presence of quarantine pests in processing and storage houses here. The approval had come after Indian rice passed through testing procedures of the Chinese official bodies.

Although Chinese prefer the fragrant sticky Jasmine rice from Thailand and Vietnam, the country has shown interest in both Basmati and non-Basmati rice from India. Exporters said that Indian companies are exploring possibilities of sending non-Basmati rice to China. “We are still studying the Chinese market,” an exporter said.

But many have already smelt the potential there. “There is a huge potential for export of non-Basmati rice to China,” All India Rice Exporters Association (AIREA) former president Vijay Setia told FE. In 2012, Pakistan exported about 5.8 lakh tonne of non-Basmati rice to China, becoming China’s second-biggest rice supplier after Vietnam. Meanwhile, the US department of agriculture recently stated that China's rice imports this year would surge to more than 3 million tonne (mt) from 2.34 mt a year earlier.

China presents a new market for Indian rice exports, which have seen a huge surge in volumes in the last few years despite hiccups in key markets like Iran due to payment-settlement issues.

As a part of market expansion for Basmati and non-Basmati rice, India is looking at China, Mexico and the Commonwealth of Independent States (CIS). The country's share of the global market for Basmati rice is close to 60%, while Pakistan accounts for the remaining 40%.

With the rising global demand in Africa and the European Union and the sustained consumer preference in West Asian countries like Iran and Saudi Arabia, India is all set to emerge as the biggest rice exporter globally with shipment of 10 mt during 2012-13. With this, India will emerge as the top rice exporter for the second time in a row. The total earnings from India's rice exports during 2012-13 is estimated at Rs33,000 crore.

India has emerged as the world‟ s largest exporter of rice during 2011-12 with close to 10 mt of exports. Thailand exported 6.9 mt of rice, falling behind Vietnam, which sold 7.8 mt of the commodity overseas.

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## India asks Russia to lift ban on rice, groundnut

Amiti Sen, Business Line (The Hindu)

New Delhi, 13 April 2013: India is mounting pressure on Russia, a growing importer of farm products, to lift the ban on rice and peanuts from the country imposed early this year and accept bovine meat tested in Indian-Government certified labs.

It has also invited officials from the country's quality control department to visit India later this month to inspect the quality of rice and buffalo meat being exported from the country. With Russia emerging as a major buyer of farm products, especially of bovine meat and processed food, India wants it to remove existing restrictions hindering exports from India.

"We have just started the process of establishing a toe-hold in Russia's fast growing market for farm produce and have run into quality issues. We hope to sort these out soon," a Commerce Department official told Business Line.

India's export of rice to Russia increased five times to $25 million in April-December 2012 compared to $4.5 million in the same period of the previous year before breaks were applied by the Russian Federal Service for Veterinary and Phyto-sanitary Surveillance (FSVPS) on exports in February this year.

The country placed a temporary ban on import of both rice and peanuts from India following detection of Khapra Beetle in Indian rice consignments.

"Strong measures have been taken since then by the National Plant Protection Organisation (NPPO) India in conformity with terms of a MoU signed with Russia in 2009," the official said.

The NPPO has withdrawn the authority of the two officials issuing phyto-sanitary certification to Russia and suspended accreditation of the two pest-control organisations for fumigation of export consignments to Russia. It has also issued an advisory to all phyto-sanitary certification authorities directing them to be cautious and vigilant in carrying out inspection of exports to Russia. "We have now asked Russia to reconsider the ban. Detailed investigation in both cases of non-compliance is already underway and details would be shared with Russia soon," the official said.

*Bovine Meat*

Russia is also a huge market for bovine meat which India has not been able to tap as the authorities want specific quality norms to be adhered to which are too stringent. India wants Russia to accept quality certification given by Government accredited labs as India's buffalo meat is accepted in 60 countries worldwide and there has not been any complaint.

"We want to discuss all aspects of phyto-sanitary regime and have written to Moscow inviting the FSVPS delegation for discussions during end-April, the official added. Bilateral trade between India and Russia in 2012 increased to $6.7 billion, registering 14 per cent growth over the previous year.

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## SMEs join tyre cos' clamour against duty hike on rubber

Msaritavarma, The Financial Express

Thiruvananthapuram, 7 March 2013: Immediately after Kerala chief minister Oommen Chandy confirmed that the Union finance ministry is about to notify a hike in the import duty of natural rubber, from Rs20 per kg to Rs34 per kg, the rubber-consuming industry roped in 4,500 rubber SMEs to join its clamour to shout down the hike. According to the SMEs, the import duty on natural rubber cannot be seen as the single major factor in the price differential of rubber.

Since over 90% of the country's rubber production comes from Kerala, the fall in prices has ruffled the state's economy. A delegation of ministers led by the Kerala CM met the Union commerce minister and Union finance minister on Tuesday.

"The move to clear a notification hiking the import duty on natural rubber from R20 per kg to R34 per kg is already on," Oommen Chandy told FE. From R230 per kg last year, natural rubbber prices have nosedived to R160 per kg this year, almost seeking policy intervention, he said.

Alarmed by the imposition of import price curbs on natural rubber, SMEs in AIRIA (All India Rubber Industries Association) have joined hands with ATMA (Automotive Tyre Manufacturers' Association) in urging the commerce, finance and MSME ministries. An increase in the import duty on natural rubber will severely hit 4.5 lakh people working in rubber SMEs, according to the representation by AIRIA. "There is no significant differential between the current domestic and international prices of natural rubber, which should warrant drastic action on the lines proposed. According to Rubber Board's data, the price differential between domestic and international prices is currently less than 5%. The key concern of natural rubber growers and their representatives was that there was a significant price differential, to the tune of R20 per kg, and necessitating import curbs was no longer required", said Niraj Thakkar, president, AIRIA.

AIRIA contests the rubber-grower organisation's argument that rubber prices can be attributed to imports. It quotes a press release by the Rubber Board, which says that "Rubber price is a function of several factors."

Thakkar argues that a panel constituted by the ministry of commerce to examine the duty structure had met on 27 December, 2012, recommending to maintain status quo with regard to the rubber import policy. AIRIA pleads that the economic slowdown is affecting both the rubber-consuming industry and the rubber plantation sector.

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## India looks to double spices exports in five years, integrate value chain

Omkar Sapre, Economic Times

27 August 2012, Pune: India, the largest spice producer and exporter, plans to more than double exports of spices in five years by persuading importers to ease trade barriers and integrating the value chain from sowing to shipping.

"If regulatory challenges are taken care of, exports can easily increase three times in five years," A Jayathilak, Spices Board chairman, told ET. Spices Board is India's apex body for spice export promotion.

India's spice trade bodies, led by the Spices Board, are visiting regulators globally to lobby for realistic import regulations. "Lack of uniform standards hinders fair trade in spices and the varying quality tests create difficulties for the exporters," Jayathilak said. "This also affects farmers, traders and exporters."

India has just crossed $2 billion, or more than Rs 11,000 crore, in annual exports of spices. India exports 54 varieties of spices. Importing nations' different standards for essential parameters like volatile oil, extraneous matter, total ash, etc along with permissible levels of pesticides and contaminants is a major hurdle, Jayathilak said. For instance, Middle-East countries permit 30 microgram or ug (one-billionth of a kg) of aflatoxin (a contaminant) in one kg of spice while this limit is 20 in the US, 15 in Canada and 10 in the EU.

"We have no issues in conforming to these regulations, provided the buyers are ready to absorb the increase in associated costs, which, they are not," Jayathilak said. Exporters say many importing countries have different standards for spice coming from two countries. For instance, Europe tests nutmeg imported from India for aflatoxin, while Indonesian nutmegs are allowed without any checks.

Traders also complain that in many importing countries, safety regulations are similar for spices and other food products such as milk and apples. "This isn't quite logical," Geemon Korah, chairman of All India Spices Exporters Forum, said. "The average daily intake of milk is easily above one glass while you may have two or three apples in a day. However, the daily consumption of spice is just about 2-3 gm, which is minuscule. Considering this, we are suggesting the regulation levels for spices be lowered," he said.

In July, K Chandramauli, chairman of Food Safety and Standards Authority of India, and Philip Kuruvilla, chairman of World Spice Organisation, a non-profit arm of Spices Board, represented India at the annual meeting Codex Alimentarius Commission and pushed for a Codex Committee and uniform standards for spices, aromatic herbs and their formulations, which accepted India's proposal and has requested a discussion paper on the same, the Spices Board chairman told ET.

Spices Board is also looking to remove unwanted specs in the production and supply chain within the country. As a first step, World Spice Organisation is evaluating a backward integration model to connect exporters, processors, farmers, state government, scientists, and regulatory officials.

In this model, farmers will cultivate spices to export requirements while exporters will assure buy-back at a premium through prior contracts. State governments will provide local support, and Spices Board, through its panel of scientists, will provide technical knowhow.

World Spice Organisation will co-ordinate and facilitate interaction between all parties.

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## Spices Board to provide slots to farmers in trade fairs

Business Line (The Hindu)

Kochi, 7 March 2013: The Spices Board is providing opportunities for growers for upcountry marketing of cardamom, clove and nutmeg, the three spices which are facing market fluctuations.

The Board will be providing slots for farmers and farmer groups to participate in the leading national and international shows in India to showcase products and to meet with upcountry merchants and traders.

FOCUS

The Board is focusing on cardamom, cloves and nutmeg in the forthcoming AHAR International Trade Fair being organised at Pragathi Maidan, New Delhi from March 14-18.

*Interaction With Farmers*

During the India International Trade Fair in Delhi during November last year, around 20 representatives from different cardamom growers' organisations have participated and interacted with upcountry merchants and traders.

The Board is inviting leading merchants to the stand for direct one-to-one interaction with farmers.
The stand will also showcase different culinary applications and educate the public on varied uses of these spices.

The Spices Board also extended invitation to most of the farmer groups in Kerala and Tamil Nadu.
Similar efforts will be taken up in the coming months in fairs Maharashtra, Madhya Pradesh, Rajasthan, West Bengal, Andhra Pradesh, Karnataka and Sikkim.

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## Spices exports cross Rs 10K cr mark

V. Sajeev Kumar, Business Line (The Hindu)

Kochi, 10 June 2013: Despite the continuance of global recession and economic slump in the overseas markets, India's spices exports have crossed the Rs 10,000-crore mark.

About 6,99,170 tonnes of spices and spice products valued at Rs 11,171.16 crore ($2,040.18 million) have been exported in FY'13 against 5,75,270 tonnes valued at Rs 9,783.42 crore ($2,037.76 million) in FY'12.

*All-time high*

It is for the first time that the growth in volume of exports registered an all-time high of 22 per cent and 14 per cent in value. Total exports have exceeded the target in terms of both quantity and value.

Compared to the target of 5,66,000 tonnes valued at Rs 8,203.50 crore ($1,650 million) for FY'13, the achievement is 124 per cent in terms of quantity and 136 per cent in rupee and 124 per cent in dollar terms of value.

*Trade pattern*

As the exports of cumin, mint and chillies show a sharp improvement during 2012-13, the pattern of trade is showing perceptible changes. New spices are gaining prominence in the export basket, A Jayathilak, Chairman of Spices Board, said.

Mint products, cardamom (large), chilli, coriander, cumin, fennel, fenugreek, celery, other seeds like mustard, aniseed, ajwanseed, nutmeg and mace, garlic, asafoetida, tamarind, curry powders/pastes, oils and oleoresins etc. are the star performers recording rise in exports both in terms of volume and value. Spices like pepper, cardamom (small) and ginger had shown decrease both in terms of volume and value as compared to last year.

Export of seed spices witnessed a phenomenal growth of 55 per cent in terms of quantity and 62 per cent in terms of value. About 1,86,075 tonnes of seed spices valued at at Rs 1,672.99 crore were exported last fiscal.

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## Spices exports up 22% in FY'13 to 7 lakh tonnes

PTI

New Delhi, 21 June 2013: Spices exports rose by 22 per cent to 6,99,170 tonnes during 2012-13 on account of sharp jump in garlic shipments. Total exports stood at 5,75,270 tonnes in the previous fiscal, as per the data of Spice Board of India. In terms of value, spices exports increased by 14 per cent to Rs 11,171.16 crore during last fiscal from Rs 9,783.42 crore in 2011-12. The exports, in terms of both quantity and value, were higher than the target. The board had fixed the spices exports target at 5,66,000 tonnes and Rs 8,200 crore for 2012-13. According to the data, there was almost ten-fold jump in the exports of garlic to 24,000 tonnes in 2012-13 from 2,200 tonnes in 2011-12. In terms of value, garlic exports jumped more than four times to Rs 74.49 crore in the current fiscal from Rs 14.15 crore a year ago.

Exports of chili, which is the biggest contributor to the total exports of spices in terms of quantity, rose by 17 per cent to 2,81,000 tonnes during 2012-13 from 2,40,000 tonnes in the previous fiscal. Besides garlic, fennel and cumin also recorded increase in the exports during 2012-13. Shipments of fennel increased by 80 per cent to 14,575 tonnes in 2012-13 from 8,100 tonnes a year ago valued at Rs 114.02 crore. Cumin exports increased by 76 per cent to 79,900 tonnes in 2012-13 from 45,500 tonnes previous year valued at Rs 1093.17 crore. However, exports of pepper and cardamom registered a decline of 40 per cent and 52 per cent, respectively, in 2012-13 as compared to the previous fiscal. India is the world's leading spice producer, exporter and consumer.

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## Govt mulls export curbs on sugar, wheat

Press Trust of India, Business Standard

New Delhi, August 8, 2012: Fearing a price rise in essential food items due to poor monsoons, the government is considering imposing restrictions on sugar export and a ban on wheat shipments through private traders.

"The food ministry is preparing a status note on the exports of sugar, wheat and non-basmati rice for Cabinet Committee on Economic Affairs (CCEA)," a senior government official said.

The ministry is considering various steps to rein in the price rise of these items, which includes putting a cap on sugar exports at 1.5 million tonnes (mt), and suspending wheat shipments, the official said. On the back of bumper production, the government had lifted the four-year-old ban on wheat exports in September 2011. So far, two million tonnes of wheat has been exported.

For sugar, the Centre had allowed two million tonnes of exports in the initial few months of the current marketing year (October-September). In May 2012, it put exports under the open general licence (OGL). Although the country has surplus wheat and sugar output, prices of these two items have shown an upward trend, amid concerns over a possible fall in production following weak monsoons.

Sugar prices have risen Rs 6-8 a kg in the last one month and are ruling at Rs 40 a kg in most parts of the country. According to the government's inflation data, wheat prices have gone up seven-eight per cent in June from over the year-ago period. The official, however, clarified there is no plan to ban export of wheat from the government stocks.

Already, the commerce ministry has issued export permits for 1.48 mt of sugar under the OGL, of which 0.86 million tonnes has been shipped.

On non-basmati rice, the official noted prices are stable and there is no need to curb shipments. However, he said the ministry is keeping a close watch on the prices of non-basmati rice. The country has exported six million tonnes of non-basmati rice since September 2011, when the government lifted ban on the shipment.

India harvested 104.32 mt of rice, 93.90 mt of wheat and 26 mt of sugar in 2011-12.

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## Ministry asks DGFT to stop sugar export registrations

Anindita Dey, Busines Standard

Mumbai, October 5, 2012: The ministry of food has directed the Directorate General of Foreign Trade (DGFT) to stop further registration of sugar export. However, the decision is yet to be notified.

Sugar export is unrestricted under the current policy.

Sources said exporters will honour commitments for registrations made till September 30. They added there had been cancellations even in registrations already contracted since prices are more remunerative in the domestic market than abroad.

The food ministry has estimated production of 23.5 million tonnes (mt) for the current 2012-13 season, as against 26.2 mt last year. According to officials, the major shortfall has been in Maharashtra which has estimated production of 6.2 mt, against nine mt last year. A part of the crop has been diverted for fodder in the state. Uttar Pradesh , the largest producing state, has estimated 7.2 mt of production this year, marginally higher than last year's 6.95 mt. The higher estimate is based on high acreage in the state, said officials.

According to sources, even if UP's estimates are higher, the recovery (conversion of sugarcane into sugar) fluctuates, depending on the state advised price (SAP). "Many producers divert sugarcane for gur and khandsari for better remuneration and, thus, the higher estimates do not materialise in reality many times. Therefore, shortfall in Maharashtra is a cause of concern," said officials.

They added that 23.5 mt was a conservative estimate calculated by state cane commissioners from data based on September and many of the states have not accounted for the recovery seen in acreage, following resurgence of monsoon towards the end of kharif season, especially in Karnataka and Maharashtra. Therefore, once the late harvest starts coming into the market by the end of November, estimates could be a little higher than 23.5 mt.

India's annual consumption is 22-23 mt. According to industry reports, apart from low rain, Maharashtra also saw diversion of cane into fodder, owing to lucrative prices and fears of low rain in the kharif season. In Uttar Pradesh, however, farmers have reportedly planted cane in an additional 90,000 hectares, about four per cent higher than last year, prompted by a high SAP last year. So far, sowing in Uttar Pradesh rose to 2.36 million hectares, against 2.27 million hectares last year, according to the government data.

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## Govt allows free export of sugar in 2012-13

Business Standard

16 October 2012, New Delhi:The government today said sugar mills would be allowed to ship the product abroad in the 2012-13 crop marketing year without any curbs.

The decision comes days after the Rangarajan committee has favoured lifting of any restriction on export or import of the commodity.

Food Minister K V Thomas said all decisions on the remaining recommendations of the panel—headed by Chairman of Prime Minister's Economic Advisory Council C Rangarajan—would be taken in a time-bound manner. "We have decided to extend the time for sugar exports under open general licence (OGL) for another year," Thomas told reporters here after meeting Agriculture Minister Sharad Pawar.

He said the food and agriculture ministries are of the view that the government should not adopt a "switch-on and switch-off" trade policy on farm items. Sugar exports were placed under OGL in 2011-12 as production surpassed domestic demand. In earlier years, the government had banned exports before allowing limited export in tranches.

The Rangarajan panel, among other things, had recommended phased decontrol of the sugar sector, removal of obligation on part of mills to supply 10 per cent of sugar at cheaper price to the government to meet the ration shops demand, freedom to mills to decide on the quantum of sugar to be sold in the open market. It has also favoured a revenue-sharing arrangement between farmers and sugar millers .

"It (Rangarajan panel report) will not meet the fate of earlier reports and a time-bound decision will be taken after receiving views from the PMO (Prime Minister's Office)," Thomas said.

The panel is the third committee formed by the government to study reforms in the sugar sector. Suggestions of earlier panels—Tuteja Committee and Thorat Committee—have not been implemented yet.
In 1971-72 and 1978-79, the government had made attempts to decontrol the sector. In mid-2010, former food minister Sharad Pawar initiated efforts in this regard.

In its other recommendations, the panel has also recommended doing away with the cane area reservation and minimum distance criteria, besides suggesting the removal of controls on by-products such as molasses.

The government estimates the country's sugar production in 2012-2013 to be 23 to 23.5 million tonnes (mt) against the local demand of about 22 mt. India exported 3-3.5 mt of sugar in the 2011-12 crop marketing year that ended on September 30.

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## Cheaper Pakistan sugar floods Punjab market

Rituraj Tiwari, Economics Times

26 November 2012, New Delhi: Sugar from Pakistan, which is at least Rs 5 a kg cheaper than the Indian variety, is finding favour with traders in the country, especially across the border in Punjab.
"Sugar coming from Pakistan to Punjab costs around Rs 35 per kg in India (including duty and transportation) as compared to the local variety being sold at Rs 40 a kg, offering a good margin for traders," said Rajauli Singh, a sugar trader in Amritsar.

According to an industry source, Pakistan has the lowest sugar price at Rs 25 a kg in Indian rupee. (1 Pakistani rupee equals 0.5776 Indian rupee). The prices of Brazilian raw sugar are ruling around $500 a tonne while Indian sugar prices have climbed by around 25% in the past three months to about $680 a tonne, making imports from Pakistan viable.

The import duty on refined sugar is 10% which is not good enough to check cheap imports from Pakistan. The Pakistan government has decided to allow export of 4 lakh tonne of sugar this year. With its main importer Iran declining to buy refined sugar in favour of raw sugar imports for its own sugar mills, the worries of Indian sugar mills have increased manifold.

"There is no quantitative restriction on refined sugar import and neither is it covered under regulated release mechanism which controls the sale of domestic sugar in the market. So, dumping of cheaper Pakistani sugar will badly affect the interests of the domestic sugar industry," said a sugar miller, who requested anonymity. Realising the pertinent threat, the food ministry has already recommended to the finance ministry that the import duty on refined sugar be doubled from 10% to 20%.

"It's been over a month now. The finance ministry has to take a decision on this. Import duty on raw as well as refined sugar is 10%. But in such conditions, refined sugar import is more profitable as it doesn't invite levy obligation and excise duty which makes raw sugar import dearer effectively by at least 4-5%," said a sugar directorate official.

According to Indian Sugar Mills Association, an industry body, the country is likely to produce 24 million tonne of sugar as against the requirement of 22.5 million tonne, meaning a surplus production for the third consecutive year.

"Last year, the surplus was over 4 million tonne and with an opening balance of around 6 million tonne, India doesn't need any white sugar imports. If at all import is needed, the government should allow raw sugar imports improving mills' capacity utilisation," said a sugar mill owner, who did not wish to be identified.

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## Free sugar exports under the open general licence system over for now

Rituraj Tiwari, Economic Times

4 December 2012, New Delhi: After allowing uncapped free sugar exports under the open general licence (OGL) system for almost five months, the government has fallen back on the previous system of quota allocation.

In the new sugar season starting October, mill owners seeking to export sugar will have to obtain a release order (RO) from the sugar directorate.

Food minister K V Thomas said free sugar exports under OGL has ceased after September 30, 2012, and exports, when allowed in the existing season, can happen only through the previous system in which the government allocated export quota to a mill based on its sugar production during the previous three years.

"Now sugar mills will have to obtain release orders again from the sugar directorate for exporting sugar," he said. The government had put sugar under OGL in May this year to expedite exports and dispensed with the earlier system of exporters approaching the sugar directorate.

"In that system, sugar exporters would obtain registration certificate (RC) from the Directorate General of Foreign Trade without having to register with the sugar directorate. Exporters would obtain an RC for shipping a maximum of 20,000 tonne at a time. They may apply for another RC after shipping 10,000 tonne," said an official.

Last year, India exported 36 lakh tonne of sugar with over 25 lakh tonne under the RO system, which has been in place since 2010. Under OGL, 11 lakh tonne of export could take place. "According to the industry's feedback, exporters found the RO system better than OGL. The quantity under the previous system tells the real picture," said Thomas.

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## Decision on sugar exports in January

Rituraj Tiwari, Economic Times

New Delhi, 18 December 2012: The government is likely to take a decision on sugar exports in January after assessing the final cane crop and the estimated sugar output.

"Sugar exports have been suspended since September-end this year after the permission of free exports expired. We are taking stock of the situation before taking any decision on exports," said a senior food ministry official.

The decision on sugar exports is keenly awaited as the government has already decided to continue free export of wheat, rice and cotton this year.

Last week, Union food minister KV Thomas had said that the country should frame clear export-import policies to support the export of surplus produce. "We should benchmark certain quantity every year to create an image in the global market that we are a reliable supplier," he had said.

According to advance estimates, the country is likely to produce sugar surplus for a third consecutive year. While government put the estimate at 23 million tonnes, the industry expects the output to go up to 24 million tonnes as against last year's record production of 26.2 million tonnes. "There is an opportunity to export at least 1.5 million tonnes this year also. Last year, we had exported 3.4 million tonnes after it was put under open general licence," said Gautam Goel, former president of Indian Sugar Mills Association (ISMA), an industry body.

However, the declining global prices of sugar may not go well with the sugar export plans. The global prices have crashed from around $650 ( 35,750) a tonnes to $513 ( 28,215) in the past four months. Industry experts believe that the bearish trend for sugar is likely to continue this year as the global market is flushed with a surplus of 5-7 million tonnes and in 2013-14 the market will get another 7 million tonnes.

"Exports are completely unviable even if permission is granted. For viability, the global prices should be in excess of $650, which looks distant at the current global supply," said Abinash Verma, director general, ISMA.

The bearish global trends may depress domestic sugar prices also if the government decides to keep the import duty unchanged. The government levies 10% import duty on finished as well as raw sugar. At the current prices, both the imports are cheaper than the domestic production cost which ranges between 32,000 and 38,000 a tonne.

"If government doesn't tweak import duties, the country will be flushed with cheaper imported sugar distorting the domestic prices," he said.

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## Decks cleared for 20% export duty on sugar

Business Line (The Hindu)

New Delhi, 28 February2013: The Finance Minister P. Chidambaram has made a provision for imposing export duty of up to 20 per cent on raw sugar, white or refined sugar in the Union Budget. Currently, there is no duty applicable on sugar exports.

In case of imports, the Government already has a provision to increase the customs duty to up to 60 per cent to control its inflow into the country. However, the current import duty stands at 10 per cent. “The industry thinks it is a positive move towards decontrol of sugar exports and imports. We think there would no longer be a ban on exports, but the Government would regulate the exports and imports of sugar through changes in tariff. This is broadly in line with the recommendations of the Rangarajan Committee on sugar decontrol,” said Abinash Verma, Director-General of the Indian Sugar Mills Association (ISMA). The industry, faced with cheaper imports mainly from Brazil and Pakistan, has been demanding an increase in customs duty to up to 60 per cent on sugar imports. According to trade sources, about 2.2 lakh tonnes of sugar imported from Brazil has found its way into the eastern parts of the country. Also, about 10-15,000 tonnes have entered the market in Punjab from Punjab (Pakistan) through the Wagah Border. The imported sugar is cheaper by 10-15 per cent compared with domestic ex-factory prices, sources said.

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## Sugar exports from India poised to rebound

Bloomberg

London, 4 May 2013: Sugar exports from India, the world's second-biggest producer, are set to climb next season as an end of state curbs on local sales sends domestic prices lower and encourages mills to boost overseas shipments.

Supply will be available for exports in the 2013-14 season that starts in October, according to Abinash Verma, director general of the New Delhi-based Indian Sugar Mills Association (Isma). Domestic prices in India for white sugar are about 10 per cent higher than futures in London, discouraging exports for now.

Global refined sugar prices have dropped 11 per cent in the past year as oversupply of sweetener overwhelmed processors. India's government said April 5 it will allow mills to freely sell sugar in the local market for the first time in four decades. The crop starts being harvested in India in October.

"With deregulation in India, there may be changes in the marketing patterns of the mills resulting in more material hitting the market immediately when crushing starts," Vijay Iyengar, managing director of Agrocorp International Pte, a Singapore-based commodity trader, said by phone on April 30. "In the months between October to let's say when the crush is going on, to March or April, sugar prices should be under pressure and at that point, there could be some exports."

White sugar futures on the National Commodity & Derivatives Exchange Ltd in Mumbai are Rs 2,928 a quintal ($542.90 a tonne) today, compared with $500 a tonne on NYSE Liffe in London. The London price is down 4.5 per cent this year after falling 33 per cent the past two years.

*India shipments*

Shipments from India have been about 35,000 tonnes since the current season started on October 1 compared with 3.4 million tonnes for the entire 2011-12 season as high domestic prices discouraged exports, Isma estimates. Exports in 2013-14 could be 500,000 tonnes if domestic prices fall below global levels, according to Charlotte Kingsman, an analyst in New Delhi at Kingsman SA, a Lausanne, Switzerland-based research company.

The nation's stockpiles will climb 37 per cent to 9.2 million tonnes by October from a year earlier, the most since 2008-09, said Vinay Kumar, managing director of the National Federation of Cooperative Sugar Factories Ltd.

Indian sugar makers were curbed by a policy that set limits on sales by each mill to cap prices, while states fixed cane rates to help 50 million farmers. The government also said it will stop buying sugar from producers at below market prices, with the changes to take effect this season. A notification of the exact date has yet to be published.

"Freedom unfortunately means that people tend to sell quicker than they buy," Robin Shaw, an analyst at Marex Spectron Group in London, said on May 1. "Producers need cash and they can only get cash from sugar, so they have to sell their sugar while the buyers don't need to buy in advance, so you could see that the first effect of de-control will be a tendency to sell."

*Sugar surplus*

Sugar output in India will be 24.6 million tonnes in 2012-13, beating consumption of 22.5 million tonnes, leaving a surplus of 2.1 million tonnes, according to Isma. Production may be as high as 25 million tonnes, Green Pool Commodity Specialists Pty, a Brisbane, Australia-based researcher, estimates.

"Uttar Pradesh had a very good crop and Maharashtra wasn't as bad as what people thought," Tom McNeill, a director at Green Pool, said in a telephone interview on April 30. "There were numbers as low as 20 million tonnes for this year and it's going to end up near 25 million, an incredible outcome really, but that's because cane prices have been very good."

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## Government set to remove cap on sugar import, export

Rituraj Tiwari, Economic Times

New Delhi, 25 December 2012: The government is planning to remove quantitative restrictions on sugar exports and imports and will use tariffs to regulate trade as part of a new liberalised policy for the sector.

"We should have a stable export-import policy," said a food ministry official. Officials from the departments of agriculture, consumer affairs and food met last week to discuss the proposal. Until September this year, uncapped sugar exports were allowed under Open General Licence.

But fresh permission has not been given in the new sugar season which started on October 1. However, white and raw sugar can be imported with a 10% duty.

"The government may increase the import duty as global sugar prices have crashed from $650 to $510 a tonne, making imports cheaper than the domestic sugar. At the same time, we may impose some export duty also to keep a check on excessive exports when global prices go up," said the official.

India, which exported 34 lakh tonne till September this year, is set for a surplus production for the straight third year, opening up export opportunities.

"A decision on exports may be taken in January after assessing the cane crop size and sugar output," the official said. Meanwhile, the sugar industry is clamouring for a sharp increase in import duty to curb cheap imports into the country. Indian Sugar Mills Association (ISMA) has proposed that the import duty be raised from 10% to 60%.

India is highly vulnerable to sugar coming from Pakistan through the Wagah border which is at least Rs 5-6 less cheaper than the Indian variety.

"We feel that the only way to ensure sugar mills are able to cover their cost and pay farmers on time is by checking the cheap import of sugar, both raw and white. At the current level of duties, it is viable for sugar traders to import sugar, which will outprice the domestic prices," said ISMA president M Srinivaasan.

The inter-ministerial meeting also discussed recommendations of the Rangarajan committee on sugar decontrol and mooted doing away with the existing regulated release mechanism, which controls the release of sugar quantity into the market.

"At present, the government decides the sugar quantity to be sold over four months. It will gradually move to six-monthly release and finally the restrictions will be completely removed, giving flexibility and options to sugar mills to decide their cash flow," said another food ministry official.

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## Import duty hike will arrest sugar imports: Pawar

PTI

New Delhi, 11 July 2013: The hike in sugar import duty to 15% will halt shipments and boost domestic sales, helping millers to clear the Rs 9,000 crore in outstanding payments to cane farmers, agriculture minister Sharad Pawar said Wednesday.

The minister also expressed confidence that there would not be any shortfall in production in the 2013-14 marketing year starting October. Rather, the country will have surplus sugar for exports, he said.
"The import of sugar will stop now. It (duty hike in sugar import) is a good thing because so much sugar is lying in godowns of millers and there are no takers. In such a situation, at least we can protect our farmers," Pawar said when asked about the duty hike.

The duty hike to 15% will, however, make the sweetener costlier for the common man.
Outstanding payments to cane growers stand at around Rs9,000 crore, especially in Uttar Pradesh, he added.

Asked if there is scope for a further hike in sugar import duty, he said: "Not necessary. It is not viable to import at 15%."

The country has imported nearly 6,00,000 tonne of raw sugar and another 1,00,000 tonne of refined sugar so far in the 2013-14 marketing year (October-September), according to the industry.

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## Export curb likely on rice, wheat, sugar & cotton

Anindita Dey, Business Standard

September 25, 2012, Mumbai: The government might soon review its export policy for rice, wheat, sugar and cotton. Shipments abroad of these commodities might be curbed till the full harvest arrives and the festival season ends.

Their export is currently allowed under Open General Licence, meaning no permission is required. According to officials, the departments of food and consumer affairs have both objected strongly to the free commercial export of rice, wheat and sugar, with their high prices in the domestic market. Rice and wheat stocks available in storages were for maintaining buffer stock levels and for the Public Distribution System (PDS); these could not be diverted for retail consumption in the domestic market, they said.

The domestic price of rice has been going up. The first advance estimates of the Union agriculture ministry says rice output is being projected at 85.6 million tonnes (mt), compared to a record 91.5 mt last year. Official sources said the recommendation is to restrict free export of rice for the rest of this financial year, except for the top-end basmati rice, mainly produced for export. The price of rice across the country has gone up by two to 30 per cent year over the year, barring the eastern states, which are having a second crop.

Sugar is witnessing a rise in prices and officials feel even if the output of cane is high, productivity (conversion to sugar after crushing) will be lower due to lack of rain. Export of sugar had stopped since domestic prices began rising. The ministry has recommended banning export till at least December, when the festive demand is over and the second harvest will arrive in the market.

Across the country sugar prices have gone up by 25-58 per cent year on year and might go up further. Output this year is estimated to be the same as last year.

A ban on sugar export, say officials, wouldn't hit millers, as the government proposes to raise the price of levy sugar for the PDS to Rs 22 a kg from the Rs 13.5 a kg fixed since 2002. This would help the industry recover around Rs 12 a kg from selling sugar under PDS.

A shortage in cotton output is expected due to erratic rain. The free export policy comes to an end in a month. The textile ministry had already recommended a ban on export till the market showed surplus availability for the domestic industry.

Cotton prices in Tamil Nadu and Uttar Pradesh have risen 25 per cent over a year. The first advance estimates, show cotton production at 32 million bales (of 170 kg each), compared to last year's 35.2 million bales.

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## Stronger rupee will cut into exports' margin

Madhvi Sally, Economic Times

5 October, 2012, Ahmedabad: The stronger rupee will eat into the margins of rice, soya and maize exporters. The Indian rupee rose to a five-and-a-half-month high of 51.74 on Thursday.

A rising rupee makes rice, maize, soya feed exports costlier and reduces export margins. Rice exporters are demanding that the government give them relief of over 3% under the Focus Market Scheme and Krishi Vikas Yojana.

"We have taken up the issue with the Ministry of Commerce," said Mohender Pal Jindal, president, All India Rice Exporters Association.

Since India lifted a ban on the export of non-basmati rice in September 2011, the country exported about 8 million tonne of rice.

From April till August end this year, over 1.2 million tonne basmati rice and 1.9 million tonne of non-basmati rice have been shipped out.

"As paddy harvest begins across the country, prices will weaken by 4% to 5% which might help exporters," he added.

Currently, Indian rice is competitively priced against the Vietnam and Thailand varieties in the global market. Indian parboiled rice is being quoted around $420-$430 per tonne compared to Thai parboiled rice at $570-$580 per tonne.

However, it was still a big challenge to get buyers, said Anil Monga, MD, Emmsons International. "The rupee has strengthened by 10% in a week. It will impact exports of rice, maize, soya at atime when Christmas buying is going on," he added.

Exporters who have signed contracts but not hedged against currency fluctuations are going to be the worst hit.

"There is no demand for Indian corn at current prices.

We need to be $15-$20 cheaper from the current level to get orders," Monga added.

India corn is quoted at $305 a tonne CNF for November-December shipment. In comparison, good quality Argentina corn is quoted at $310 a tonne CNF.

Demand from Far-East nations such as Malaysia, Singapore, Vietnam and Indonesia will pick up once maize harvesting gathers pace across Andhra Pradesh and Karnataka in a month, said traders.

Exporters are looking at orders for maize and soya from Iran and Egypt, which happen to be non-traditional buyers.

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## Nepali tea faces crisis as Indian ban nears

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13 October 2012, Jhapa: Nepali tea growers are headed into a huge market crisis with India all set to ban the import of tea leaves produced with the use of pesticides and chemicals.India, which consumes two thirds of Nepali tea leaves, signed an agreement with the World Trade Organization (WTO) in 2007 under which it is to import only tea leaves produced through application of the Integrated Pest Management (IPM) method.

After signing the agreement, India had expressed its commitment to stop importing from January, 2013 onwards any tea leaves not produced as per the IMP method. With the cut-off date set by India less than three months away, Nepali tea growers fear a market crisis. Indian customers have already informed Nepali growers that they will not buy Nepali tea leaves from next year.

"The largest chunk of Nepali tea leaves is produced without following the IPM method," said Ramesh Prasad Poudel, chairman of Nepali Tea Producers' Association. "So, we will not be able to export our tea products to India from next year."

"We have no option left. We will have to follow the IMP method," Poudel added. India has not yet formally notified Nepal about the likely ban, and Poudel says the Indians do not feel any need to do so since only one percent of its tea requirement is met by Nepali production. "India will not face any problem if it stops importing Nepali tea leaves," says Khadka. "So, India will not officially notify us about it."

According to Indra Adhikari, Eastern Region chief of the Tea and Coffee Development Board, pesticides and chemicals have been classified into four hazard groups in the IPM method.

If they are to follow this method, tea growers need to use only non-hazardous pesticides and should not pick the tea leaves for a certain period after the application of chemicals. "Pesticides and chemicals can be used only after technical studies have been conducted on them," he said. "This is the main thrust of the IPM method."

However, Nepali growers have been using pesticides and chemicals without conducting any technical tests. "Nepali tea leaves reek of pesticide even when they are brought to us for processing," said a tea industry operator. "Tea growers should have been careful about this much earlier. Now, a crisis over markets is unavoidable."

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## Tea export to Iran picks up, Egypt emerges as new mkt

Rohit Khanna, Financial Express

16 November 2012, Kolkata: Good news awaits tea growers in India. After resolving the payment-route issue, tea exports to Iran have picked up in past few months. On other hand, tea exports to Egypt is also growing at a faster pace.

Iran — the largest importer of tea after Russia, the UAE, UK and US — imports around 75,000 tonne tea each year. India's exports to Iran fell after the US imposed sanctions on exports to the oil-rich country. There is a good demand for Indian tea in Iran, but India started losing out on it with restrictions on payments to the oil producing country.

Mohammad Feissal, the managing director of Shahsavand Zarin co, one of the largest tea growing company in Iran said, “Indian exports to Iran have improved in last few months. We are receiving 100 tonne every month from India. It has grown significantly from 50 tonne in 2010.” Almost 40% of Iran’s tea import comes from Kenya, 10% from Sri Lanka and rest from India.

“Payment is not a problem now. We are hopeful of an increase in Indian export by around 30%,” Feissal said. Meanwhile, Egypt is also looking at stepping up imports from India. The 80 million kg tea market is mainly catered to by Kenya. In 2010, Egypt was identified by the Tea Board as one of the emerging markets for Indian tea export by Tea Board.

Mahmoud El Nahas, head (sector import) of Misr Import & Export Co, said, “We are trying to increase imports from India to 15,000 tonne last year to 17,000 tonne in 2012. Kenya is the largest exporter to Egypt. India can increase its exports to Egypt if it is little proactive,” he said.

While Sri Lanka sells CTC tea at an average rate of $4 per kg, Indian tea is priced between $1.8 and $3.5. “That makes Indian tea a natural favourite of the Egyptian importers,” Nahas said.

Export of Indian tea is likely to decline from 193 million kg to 180 million kg in 2012. Tea production in 2012 may also decline according to a recent study conducted by IMaCS (Icra Management Consulting Services).

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## Darjeeling tea growers get protection from European Union

Jim Yardley, Economic Times

Darjeeling, 18December 2012**:** Among connoisseurs, few teas surpass a good Darjeeling. The smooth and mellow taste commands a premium price, and the name itself evokes a bygone era when the British first introduced Chinese tea plants here in the Indian foothills of the Himalayas.

To Anil K Jha, the superintendent of the Sungma Tea Estate, all this would be extremely good for business, except that much of the tea sold globally as "Darjeeling" is not grown here. Foreign wholesalers often put the name on a blend of the real stuff and lesser teas. And in some cases, growers elsewhere simply slap a Darjeeling label on their tea.So Jha and other Darjeeling growers have followed the example of Scottish whisky distillers and French wineries, winning legal protection for the Darjeeling label under laws that limit the use of certain geographic names to products that come from those places.

In a decision this year, the European Union agreed to phase out the use of "Darjeeling" on blended teas. Now, just as a bottle of Cognac must come from the region around the French town of Cognac, a cup of Darjeeling tea will have to be made only from tea grown around Darjeeling.

"That flavor, that uniqueness that comes from here - it is nowhere else," Jha said as he stood among manicured tea bushes on a hillside about 5,000 feet above sea level, near the border with Nepal. "People have tried to replicate it, but have failed," he said.

The uniqueness of Darjeeling as a place certainly seems beyond dispute. On clear days, the white peaks of Kanchenjunga, the world's third-highest mountain after Everest and K2, floats over the hilltop city like an ethereal fortress. Beyond the noisy clamor of the city, many of the steep surrounding foothills are carpeted with tea estates, some planted more than 160 years ago when a British surgeon found that tea bushes thrived in the region's alpine setting.

The mountainous terrain also limits production. India produces almost 2 billion pounds of tea annually, more than any other country, but Darjeeling accounts for only about 1 percent of that output. The Darjeeling district has 87 certified tea gardens, as they are locally known, producing about 20 million pounds of tea every year, and the potential for expansion is almost nil.

That is why local tea growers grew annoyed that as much as 88 million pounds of tea were being sold as Darjeeling on the global market each year.

"Darjeeling tea has always been more expensive," said Ranen Datta, a longtime adviser to local tea growers, noting that the wholesale price is about five times that of ordinary teas. "And we found that sellers all over the world were selling tea under the name Darjeeling."

And not only tea: A French company that makes lingerie has fought legal battles with the Tea Board of India to keep using the name."This brand name, Darjeeling, was being misused," Jha said. "The basic interest of Darjeeling was being killed."

Local tea growers had already fought to save their product from the vagaries of Cold War politics. During the era of British rule, Darjeeling tea was mainly shipped to Europe, which remained the primary market after Indian independence in 1947, when Darjeeling's tea gardens shifted from British to Indian ownership.

But as India drew politically closer to the Soviet Union, a deal to sell tea to Moscow ushered in a dark period for Darjeeling. The Soviets ordered in bulk and mixed Darjeeling with pedestrian teas from Soviet satellite countries so it could be marketed more widely.

"Russians were not particular about the quality of Darjeeling," Datta said. "They took it if it was clear and black."

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## Tea sector eyes export opportunities in Asean

Supratim Dey, Business Standard

Guwahati, 21 December 2012: Against the backdrop of improved trade and business bonhomie between India and the Association of South East Asian Nations (Asean), the tea sector is eyeing an increase export to these countries. It feels that given the declining trend in tea production and increase in tea import for consumption in Asean countries over the last few years, there appears to be a "clear opportunity" for India to vigorously market its tea to Asean.

Figures show tea production in Asean, including Vietnam and Indonesia, the only two tea-exporting Asean members, is on the decline. In contrast, consumption in this region has been increasing over the years, brightening the chances of India being able to increase its export to this neighbourhood market.

The recent flag-down ceremony of the Asean-India car rally in Guwahati gave the Assam tea industry an opportunity to showcase different varieties of Assam tea before participants, delegates and leaders from Asean countries.

"The production trend is on the downside and consumption is increasing in the Asean countries, which clearly reflect in their downward trend of exports over the last three-four years. Vietnam and Indonesia are the only exporting countries from Asean. Their export share is also on the decrease — from 13.23 per cent to 12.49 per cent during 2009 to 2011.This gives a clear opportunity for India to increase our export share to these countries," said Bidyananda Barkakoty, chairman of the North Eastern Tea Association.

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## Tea export earnings up 20%

P. S. Sundar, Business Line (The Hindu)

Coonoor, 29 April 2013: India‟ s tea export earnings in 2012-13 increased by 19.91 per cent over the last fiscal, reveals an analysis of the latest data available with Tea Board and exporters‟ organisations.

This has mainly due to 2.85 per cent increase in the volume shipped despite the unit price rising by 16.59 per cent.

The average price for Indian tea rose to Rs 179.76 a kg from Rs 154.18 in 2011-12. This was the highest average price fetched by Indian tea so far in the world market.

Prices moved up keeping with general inflationary conditions and the increased demand for Indian tea due to shortage in the supplies from different countries. In effect, the volume shipped rose to 220.46 million kg (mkg) from 214.35 mkg.

With higher volume being shipped for higher price, the overall earnings increased to Rs 3,962.92 crore from Rs 3,304.82 crore. This increase of Rs 658.10 crore marked a growth of 19.91 per cent.

The same trend was witnessed for North Indian tea where the volume shipped increased to 125.36 mkg at from 118.74 and average price to Rs 226.18 a kg from Rs 196.85 resulting in the overall earnings to rise to Rs 2,835.44 crore from Rs 2,337.39 crore.

In the South, the volume exported fell marginally to 95.10 mkg from 95.61 mkg but prices rose to Rs 118.56 a kg from Rs 101.19, thereby taking the overall earnings to Rs 1,127.48 crore from Rs 967.43 crore.

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## Tea exporters likely to gain on rupee's fall

Shobha Roy & Pratim Ranjan Bose, Business Line (The Hindu)

Kolkata, 30 July 2013: Despite tea prices in the international market ruling lower in dollar this year, exporters of Assam tea are likely to end up with a net gain this year, riding on rupee depreciation. The Indian currency has depreciated by 12 per cent since April this year. The gains may reflect in the balance sheet of exporters in the peak seasons of second and third quarter of this fiscal.

"In dollar terms, the international prices may have come down a little bit but, in rupee terms, it is not so," said Kamal Baheti, Chief Financial Officer of McLeod Russel Ltd. Baheti, however, restricted his argument mostly to quality Assam tea in an interview to *Business Line*.

The world's largest tea producer is targeting to increase its exports to 27 million kg from 25 million kg last fiscal.

According to him, higher production in Kenya has affected the demand for CTC tea. This apart, Egypt, which is a big tea consumer, has not been active so far this year due to civil disturbances.

Demand for CTC tea is slightly subdued. However, demand for quality tea from Assam has not been impacted. Any exports of quality tea from India should be in line with last year. Exports of orthodox tea will increase because of demand from West Asia and shipments to Iran through resumed rupee trade, Baheti said.

Interestingly, Baheti expects global tea prices to firm up during the residual part of the fiscal to end at the same level as last year, or slightly higher. The move is anticipated to be driven by recovery in Kenyan tea during the later parts of the year.

During the January-May 2013 period, tea production in Kenya was up 52 per cent at 195.1 million kg compared with 128 million kg during the same period last year.

During January-March 2013, exports were higher by 15 million kg. "Though we are yet to see the April-June figures, it is likely that the total exports will be higher during the first half of 2013," an official with the Indian Tea Association said.

He confirmed that the despite the overall softening of global prices, quality teas are earning handsome returns.

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## Faced with stagnant consumption, tea producing nations form trade body

Sutanuka Ghosal & Bikash Singh, Economic Times

Kolkata/Guwahati, 24 January 2013: The stagnation in black tea consumption in the UK and other European nations coupled with the rising global coffee consumption has forced tea-producing nations including India, Sri Lanka, Indonesia, Kenya, Malawai and Rwanda to form the International Tea Producers' Forum. Headquartered in Colombo, the main objective of the forum is to promote global tea consumption and increase production at a time when the crop has been hit by climate changes.

"Major tea-producing nations have signed a draft document on how to evolve solutions to common problems affecting the producers. The draft has to be ratified by the respective governments," said AN Singh, chairman of the Indian Tea Association, who had participated in the ministerial-level meeting in Colombo.

The decline in global black tea production by nearly 39 million kg last year is a matter of concern for all the producers. Moreover, the UN's Food and Agriculture Organization has forecast that by 2021 Britons will be consuming 15% less tea as against the consumption of 15 years ago. This report has come as a major concern for the Indian tea industry. India's tea further said that the forum will undertake market studies, surveys and research projects aimed at addressing specific issues concerning tea. "There will be free interaction between the producing nations where we will discuss how to develop better clones to fight the vagaries of nature. The member countries will provide technical cooperation, share technology and expertise among themselves," he added.

promoting consumption through generic promotional campaigns and position tea as the most preferred beverage across the globe. Tea is facing tough competition in India and across the globe as coffee and other beverages like ready-todrink products are gaining popularity among the youth.

For instance, in India, coffee consumption is growing at a rate of 5-6% compared to the tea consumption growth of 2-3%. Singh exports to the UK have dwindled to 16 million kg from 22 million kg over the last five years.

Tea Board chairman MGVK Bhanu told ET that this forum will protect the common interests of the tea-producing nations. When asked if this forum will function on the lines of the Organisation of the Petroleum Exporting Countries, the chairman replied negatively. The main focus of the nations is to stimulate the demand of tea by promoting consumption through generic promotional campaigns and position tea as the most preferred beverage across the globe. Tea is facing tough competition in India and across the globe as coffee and other beverages like ready-todrink products are gaining popularity among the youth.

For instance, in India, coffee consumption is growing at a rate of 5-6% compared to the tea consumption growth of 2-3%. Singh further said that the forum will undertake market studies, surveys and research projects aimed at addressing specific issues concerning tea. "There will be free interaction between the producing nations where we will discuss how to develop better clones to fight the vagaries of nature. The member countries will provide technical cooperation, share technology and expertise among themselves," he added.

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## Tobacco board expects 10% rise in exports

Prashanth Chintala, Business Standard

August 30 2012, Hyderabad: The Tobacco Board, which regulates production of the commodity with regard to the domestic and export markets, expects a 10 per cent rise in the export of tobacco and tobacco products in the current financial year.

"This year, there is an increase in demand for Indian tobacco in the international markets," board Chairman G Kamala Vardhana Rao told Business Standard.

Accordingly, the board had restored its original ceiling on the crop size at 170 million kg (mkg) for Andhra Pradesh and 100 mkg for Karnataka, the main tobacco growing states, for the current crop season. Last year, the crop size was fixed at 162 mkg and 98 mkg for the two states, respectively.

This apart, the board has sought permission from the Union ministry of commerce for distribution of last year's left over crop of 1.76 mkg to the tobacco growing regions equally. Besides the two southern states, tobacco is cultivated in small amounts in Maharashtra and Odisha.

In the past two years, there had been a marginal decline in exports. In 2011-12, India had exported 240,395 tonnes of tobacco and tobacco products worth Rs 4,100 crore. This represented a five per cent decline in volume and three per cent decline in value compared to the previous year's exports. Even in 2010-11, there had been an year-on-year decline of three per cent in quantity and four per cent in the value of exports.

For the quarter ended June 2012, export of tobacco and tobacco products stood at 60,121 tonnes, valued at Rs 1,083 crore. Compared with the corresponding quarter last year, the volume of exports (63,614 tonnes in June 2011) had declined by five per cent, but the value (Rs 1,023 crore in June 2011) increased by six per cent. The increase in value was attributed to the depreciation of the rupee against the dollar.

Nevertheless, Rao said the quantum of exports would pick-up from now. Tobacco auctions would start next month in Karnataka, while they would be held in Andhra Pradesh from the last week of February 2013.

Europe is the main importer of Indian tobacco, accounting for 51 per cent of total exports from the country last year. The other major importing regions were South and South East Asia (19 per cent of exports), Africa (14 per cent), North and South Americas (nine per cent) and West Asia (seven per cent).

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## Wheat exports may exceed 5.5 mt

Dilip Kumar Jha, Business Standard

11 November 2012, Mumbai: Wheat exports are likely to exceed 5.5 million tonnes (mt) this financial year. This would make India the seventh-largest exporter of the commodity. In 2011-12, it was the sixteenth-largest wheat exporter.

In the first half of the current financial year, wheat exports stood at 2.43 mt, with average realisation of $270 a tonne, or about Rs 14 a kg, according to a senior official at Agricultural & Processed Food Products Export Development Authority (APEDA).

In September 2011, the government lifted a ban on wheat exports, after it was convinced the stocks were enough to meet requirements under the proposed Food Security Bill. Wheat exports till March this year stood at 0.85 mt, primarily owing to exports to Bangladesh, Myanmar, Iran, South Korea, Thailand, Nepal, etc. As on October 1, wheat stocks with state-run agencies stood at 43.15 mt.

The US Department of Agriculture (USDA) has estimated global wheat production this financial year to decline about five per cent to 665.33 mt, compared with 694.69 mt in 2011-12, owing to poor weather. Lower production globally has increased the demand for wheat. Therefore, despite the poor quality of wheat produced in India, wheat exports from the country are estimated to rise.

Traditional wheat export destinations like Bangladesh, Myanmar, Indonesia and Nepal are, however, finding it difficult to purchase the commodity from India. Frequent changes in government policies are proving to be hurdle to the sustained purchase of wheat from India, said the APEDA official.

Meanwhile, Malaysia has sought regular supply of wheat from India. Recently, India agreed to export 6,40,000 tonnes of wheat to countries such as South Korea, Indonesia, Bangladesh and Thailand.

Traders believe the demand for Indian wheat would rise after Ukraine ban exports later this month. A couple of weeks earlier, the government had floated two tenders for wheat exports, at about $310 a tonne. US soft wheat is quoted at about $380 a tonne in Asian markets, while Australian prime wheat is quoted at $385 a tonne. Prasoon Mathur of Religare Commodities said the low prices for Indian wheat resulted from the unmatched quality of the commodity from competing countries.

USDA estimates India's wheat output this financial year at 91 mt, compared with 86.87 mt in 2011-12. Falling prices due to frequent additional releases by the government is set to increase consumption to 85.45 mt this financial year, compared with 81.56 mt in 2011-12.

Leading multinational companies engaged in importing wheat from India include Glencore Intern-ational, Australian Wheat Board, Adani, Bunge, Cargill and Louis Dreyfus. A senior official from a multinational company said wheat exports were set to rise in the second half of 2012-13, adding these would surpass the estimated 5.5 mt. For better realisation, exporters should focus on quality and the quarantine issue, the official added.

The festive season has seen a gradual improvement in wheat prices in the spot and futures markets. Typically, market demand is firm during this period and wheat products such as maida and suji also see good demand. Along with domestic demand, export enquiries have also increased. This may raise sugar prices to about Rs 16 a kg by December, compared with the current Rs 15 a kg, said Mathur.

India is in talks with Iran for exporting about 2,00,000 tonnes. Discussions on the issue were earlier stuck due to quality issues. However, with the issue being resolved, exports to Iran would resume soon, said Haresh Maru, a Vashi-based wheat exporter.

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## US, Australia raise "subsidised" India wheat export issue with WTO

Stuti Chawla, NewsWire18

21 November 2012, New Delhi: India's robust wheat exports from the central pool seem to have ruffled many feathers. A number of countries, including Australia and the US, have raised the issue of India's "subsidised" wheat exports with the World Trade Organisation, two government officials said.

"Some countries have problems with India's wheat exports, as they feel there is an inherent subsidy in exports," one of the officials said.

Under the World Trade Organisation norms, members cannot introduce new subsidies that could distort international trade.

Though the Indian government maintains it is not giving any subsidy on wheat exports, some countries have questioned that, as the government's wheat export prices are lower than its economic cost of procuring wheat.

The government's economic cost of wheat procurement was 19,100 rupees a ton this year. The highest price the government has fetched in its export tenders so far is $319.15, or about 17,700 rupees, a ton.

The second government official said the government is not giving any direct subsidy on export of wheat, as the Food Corp of India is anyway reimbursed for incidental costs incurred on procurement. "If you look at sale of wheat from the government stock, exports are fetching the highest price compared to other state-run welfare schemes...There is no subsidy that we are giving only for exports," the official said.

The government has so far sold a little over 1 mn ton wheat via tenders, and plans to sell another 1 mn ton this year.

Exports are part of the government's plan to liquidate grain stocks from the central pool, as total stocks are far higher than the government's warehousing capacity. At the start of this month, the government had 69.5 mln ton food grain in stock, including 40.6 mln ton wheat, as against its total storage capacity of about 62 mln ton.

The government has also stepped up allocations in the local market to liquidate the wheat, some of which could start deteriorating if kept much longer.

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## Government may export additional 2.5 mn tonne wheat

Rituraj Tiwari, Economic Times

New Delhi, 11 December 2012: The Union food ministry is likely to move a proposal to the Cabinet this week for exporting additional 2.5 million tonne wheat from the bulging government stocks of 40 million tonne. The proposal has the backing of other ministries such as agriculture, commerce and finance.

"The government has already approved 2 million tonne, out of which shipment of 1.8 million tonne has been contracted. Since August this year, we have exported wheat in small tranches, fetching prices in the range of $296.68 per tonne to $322.13," said a senior food ministry official.

Looking at better realisation in exporting wheat in small tranches, the government will again divide 2.5 million tonne in tranches.

"Global prices are moving up due to dwindling global supply. While US wheat is fetching $370 a tonne, India grains are commanding $325-330 a tonne. It may rise after speculation about dwindling Black Sea supplies and the prospect of export curbs in Ukraine," the official said. Global prices are likely to remain firm in the next few months.

Huge domestic reserves and diminishing global supply from the drought-hit Black Sea countries of Russia, Ukraine and Kazakhstan will help India to be a stable supplier. India exports wheat to Bangladesh, South Korea, Thailand, Vietnam, Indonesia, Yemen, and Oman.

The Commission for Agricultural Costs and Prices, which advises the government on agri-price policy, too has recommended liquidation of excess wheat stock.

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## Wheat exports set to top 9.5 mt this financial year

Rituraj Tiwari & Madhvi Sally, Economic Times

New Delhi, 21 January 2013: India's wheat exports are poised to rise to a record 9.5 million tonne in the current fiscal year as the government is keen to ship out 5 million tonne from official stocks to make space for the bumper harvest.

Top officials said private firms would also be allowed for the first time to draw from government stocks to speed up exports as official agencies need to quickly make arrangements for the new harvest and official procurement.

With adverse weather hitting output in major producing nations, exporters expect a good price in the international market. The proposal may come up in cabinet agenda on Thursday.

"We need to make room for fresh harvest. We think we can export another 5 million tonne of wheat from the government stock," Food Minister K V Thomas told ET.

Currently, wheat from the stocks of Food Corporation of India can be sold only by state-run firms such as MMTC, STC and PEC. "We are working on a mechanism for allowing private players to ship wheat along with PSUs. The process will be transparent so that there is least financial burden on the government," he said.

The country is likely to get yet another bumper crop this year due to favourable weather conditions such as the recent rains in northern India and cold weather since the beginning of this month.
The government expects the output to beat last year's record.

"If such weather conditions continue, we expect to surpass last year's output of 93 million tonne," said agriculture secretary Ashish Bahuguna.

The demand for Indian wheat has gone up amid a fall in wheat production across Australia and Russia. The government has finalised tender for exporting 2.305 million tonne of wheat as against the target of 4.5 million tonne. Of which, around 1.5 million tonne have already been shipped out.

Now with the proposal of government opening up options for private players to sell government stock, wheat trading houses are expecting good export numbers.

"We are waiting for the government to open the export for private traders. There is a huge stock in the country and we are expecting again a bumper crop of 100 million tonne," said Anil Monga, managing director, Emmsons International Ltd.

According to industry sources, contracts for the new crop for April-May shipment were being signed at $300-$330 a tonne. The current demand for Indian wheat was largely coming from Bangladesh, South Korea, the Middle East and African countries.The government has been able to export the grain at an average price of $300 a tonne.

"Indian wheat is currently in huge demand globally. We should take full advantage of the situation and export as much as we can," says Pravin Dongre, president, Indian Pulses and Grains Association.
According to agency reports, Chicago wheat gained 5% last week, recording the biggest weekly gain since July as the worsening condition of the US winter crop threatened to squeeze global supplies that

have been affected by an adverse weather.

A series of rain showers helped ease drought conditions in parts of the United States over the last week but the drought expanded in the parts of the US Plains that produce the most US wheat, according to agency reports.

Indian wheat is quoted around $340 a tonne, C&F, in Asia compared with $350-$355 being offered for similar quality Australian wheat.
Weather has affected supplies from Russia and Australia, which are major exporters. Currently, international traders from Concordia, Toepfer, Louis Dreyfus, Starcom, Glencore and Cargill are procuring Indian wheat.

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## Govt may allow export of 5 million tonnes more wheat

Vishwanath Kulkarni, Business Line (The Hindu)

New Delhi, 7 February 2013: Private trade may soon get access to the wheat stored in Food Corporation of India (FCI) godowns for exports, as the Government plans to allow an additional shipment of 5 million tonnes (mt) soon.

The Government, the biggest wheat stockholder with an estimated 30.8 mt as on February 1, is under pressure to create storage space for fresh produce as the country looks forward to a bumper harvest for the third year in a row. As on January 1, the current central pool stocks were close to thrice the prescribed buffer and strategic reserves of 11.2 mt.

*Exports*

Sources said the Food Ministry had circulated a note for inter-ministerial discussions on allowing exports of an additional 5 mt for which the Union Cabinet is expected to set the price.

The Government has, so far, allowed exports of 4.5 mt from the Central pool stocks mainly by State-run trading corporations.

The State entities, such as PEC, STC and MMTC, have tendered about 2.5 mt so far and have actually shipped out 1.6 mt.

Private trade, which largely sources from the open market, has exported about 2 million tonnes. Total wheat exports from India since October 2011 till date stand at around 3.6 mt.

*Bumper crop likely*

India has emerged as one of the largest exporters of wheat this year and the bulk of it has been shipped to Korea and Taiwan, as also to neighbouring countries such as Bangladesh, Sri Lanka and Yemen.

The country, which produced close to 94 mt last year, aided by a conducive climate, expects to harvest a similar crop in the current year as acreage is almost similar to that of last year.

However, the temperature during February and March would decide the crop size.

The Government, which hiked the minimum support price for wheat by Rs 65 a quintal to Rs 1,350, expects to buy about 42 mt in the rabi marketing season 2013-14.

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## Govt allows additional 5 mn tonne wheat export from FCI

Business Standard

New Delhi, 8 March 2013: To clear bulging grain stocks, a group of ministers (GoM), headed by Agriculture Minister Sharad Pawar, today decided to allow export of an additional five million tonne (mt) of wheat from the Central pool. With this, total export permitted from FCI godowns now stand at 9.5 mt for the current financial year.

This time the export will be entirely done by private traders. In the past, wheat from the Food Corporation of India's (FCI) warehouses used to be exported with the help of state-run trading agencies such as State Trading Corporation of India, PEC and MMTC.

"The GoM has approved export of additional 5 million tonne wheat from the FCI stocks. Only private traders will be allowed to export this quantity," Food Minister K V Thomas told reporters after the meeting. He added that private traders will initially be allowed to export wheat that is lying in the Punjab godowns and they have to bear the transport cost till ports for the export purpose.

Asked if state-run trading firms will be allowed to export more, Thomas said: "PSUs are already allowed to export 4.5 mt of wheat from FCI godowns. They will continue to export. A separate cabinet committee on economic affairs (CCEA) note will be moved once the current allocated quantity is exhausted."

Earlier in the day, the CCEA, which met to discuss the matter, could not come to a conclusion over the amount of additional export from the central pool, following which it was referred the matter to the GoM.

Finance Minister P Chidambaram, Food Minister K V Thomas, Railways Minister P K Bansal and Commerce Minister Anand Sharma were also present in the GoM meeting.

The floor price for private traders for the export was fixed at Rs 1,480 a quintal ex-Punjab.

Additional exports would ease storage pressure in Punjab, Haryana and Madhya Pradesh. Wheat stock has piled up in the government godowns due to record procurement following bumper crop in the past two years.

As on February 1, the government had over 65 mt of foodgrains in its stock, more than double the required quantity. Of this, almost half was wheat.

The government is aiming to procure a record 44 mt of wheat in the 2013-14 marketing year starting April. Wheat production touched an all-time high of 94.88 mt in 2012-13 crop marketing year. Production is estimated to be 92.30 mt in 2013-14 marketing year.

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## Redefine wheat export policy

Tejinder Narang, Business Line (The Hindu)

13 March 2013: There are three macro-models of wheat export approved by the Government. But none of these is supportive of accelerating shipments to accomplish export of 8-10 million tonnes (MT) in 2013-14 due to shifting market conditions.

These policies are as follows: The first entails export of 4.5 MT of FCI stocks of the 2012-13 crop through three PSUs, namely, PEC, STC, MMTC against international tenders, operationalised in August 2012. The second, declared on March 7, 2013, says private traders can export 5.0 MT of FCI wheat shipments of the oldest crop of 2011-12. The third, notified in September 2011, says that an unspecified quantity can be exported by the private/public sector from the open market. Indian wheat is competing against itself in the international market under these three schemes. But beyond May-June 2013, all three alternatives will substantially outprice the world's falling prices. India needs to rework its pricing strategy.

*PSU Tenders*

Tenders of 4.1 MT have been issued since August 2012, and 3 MT approved in the price range of $296–328.00 fob/ tonne (average $310). An amount of 2.3 MT has been shipped and the balance 0.7 MT is pending for shipment, as of mid-March 2013.

But now a stalemate has been reached in an otherwise efficient implementation through PSUs. The internal guidelines of the Government advise a minimum export price (MEP) of $300/tonne (net realisation to FCI is approximately Rs 14,025 (or $255) after deducting rail freight and shipping cost/PSUs expenses from $300).

The Government, for the last six months, was comfortable in deciding tenders so long as "export" market was stable and "rising", or relatively bullish. When the trend reversed in the second half of February 2013 to "falling" mode, uneasiness set in. The Government is "long" with 30 MT of wheat and 44 MT is to come in the next three months.

Normally, traders go "short" in descending trade. Risk is hedged in futures exchanges. But that is not the case with the FCI or Government. If it has opted to trade in commodities, it has to take an immediate call and be astute in bearish conditions, to salvage some realisation from sunk investment.

In end February and early March 2013, bids of 400,000 tonnes were rejected by authorities, either because the offers were below $300; even if some bids were above $ 300, they were below their expectations and thus ignored. Price discovery through a tendered process — that is marked to the market — is negated. Now 4,00,000 tonnes is re-tendered, which may again attract lower values in bearish market with shipments deferred till end-April or early May 2013. Lower price realisation can be explained, but explaining rejection of offers made at the best market prices and then re-contracting them at lower prices can be a more difficult task.

On March 8-9 soft red winter (SRW) wheat of US — the cheapest origin today — for April-May delivery was $283 fob/tonne — almost $20/tonne down in one month. The US Department of Agriculture report of March 8, 2013, projects exports from Russia, Ukraine and Kazakhstan at 28 MT in July 2013-June 2014. Black sea cargoes for "August" delivery (new crop) are traded at $250 fob/tonne. It is therefore incumbent on authorities to accept bids below $300 /MT even if it means revisiting earlier policy decision.

*Private Export of FCI Stocks*

This scheme envisages 5 MT exports of 2011-12 in the next three months. With harvesting of 2013-14 commencing April 2013, wheat of 2011-12 will be three years old. This is also an admission/confirmation that three-year-old stocks are available in the country.

Though it is a prudent initiative to liquidate the oldest (2011-12) stock, its price needs to be attuned downwards and cannot be equated to 2012-13 and 2013-14 grains.

Normally, old crop is discounted by $20-30 per tonne per year. Five million tonnes cannot be shipped out in three months due to the logistical constraints of rail cars and berthing and loading facilities at the ports. The minimum release price announced by the Centre of Rs 14,800 per tonne ex-Punjab includes 14.5 per cent local tax, which translates into $315-320/tonne fob depending upon the dollar/rupee rate. Tradable fob value "abroad" till "end March" is $280 (Rs 15,400 per tonne) and subsequently $260 (Rs 14,300) or even lower. The existing floor price is not a workable option.

No country today, not even China, can dictate or define global supply or demand conditions, weather variations, speculative positions, currency movements and local politics, but it is up to trading nations to take advantage of this matrix mix. The world market does not permit recovery of unreasonable taxes imposed by the Punjab Government. A revenue of Rs 7,500 crore ($1.4 billion) can be generated by dispatching 5 MT at a market-friendly release price.

*Open Market Exports*

An export of 2 MT has been achieved under this route since September 2011. From April onwards, private players are monitoring developments in Uttar Pradesh, Madhya Pradesh, and Rajasthan to economise on freight cost and work on an MSP of Rs 13,500 per tonne.

This translates into an fob of $290.00 for delivery in April-May shipments. Deals of 1-1.5 MT may take place under this policy. If a steep decline in world wheat prices continues, open market operations will be unviable after May-June 2013.

The annual supply of wheat is 92-93 MT against domestic use of 76-78 MT. The Commission of Agriculture Costs and Prices has suggested Rs 13,500/tonne ex-Punjab as floor price for export and that efficiency of farmers should not blunted by the irrational tax structure in Punjab.

A carrying cost of $50/tonne per annum and "presumptive losses" for maintaining huge inventory should all be considered to redefine "flexible pricing" linked with international market movements.

A sum of Rs 15,000 crore ($2.8 billion) can be generated by exporting 10 MT from FCI's stocks to reduce current and fiscal deficits. If domestic and international values remain misaligned, the US, Australia or Black Sea countries will gain the upper hand.

All policy pronouncements might remain on paper. The FCI will continue to be saddled with old perishable stocks with lack of storage for the new crop.

*(The author is a grains trade analyst.)*

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## India may gain little from Japan, Korea ban on US wheat imports

M. R. Subramani, Business Line (The Hindu)

Chennai, 2 June 2013: Though suspension of wheat imports from the US by Japan and South Korea is likely to offer opportunities to other nations exporting the foodgrain, India is unlikely to gain much from the development. During the weekend, Japan, the second largest wheat importer in Asia after Indonesia, and South Korea suspended wheat purchases from the US after a non-approved genetically modified wheat was found growing on a farm in Oregon.

The US is nowhere nearer to finding how this happened; though the Department of Agriculture officials said that a probe was on to see how the wheat which has a gene altered to make it resistant to herbicides reared its head. The US has allowed cultivation of various genetically-modified crops such as corn, soyabean, cotton and alfa-alfa grass but not wheat. As an immediate reaction to the finding of the wheat, prices on the Chicago Board of Trade dropped. However, prices in the other origins such as Europe gained. Prices of Europe, Australian and even Black Sea region wheat have gained. But this is likely to be a short-term gain. Once the US comes out with the result of its probe, things could change, said Tejinder Narang, a consultant with a wheat export firm. Impact on Indian wheat is likely to be minimal since it is treated more as a feed wheat abroad, where the US wheat is a soft one for milling, he said. This also means India, which is trying to export more wheat from its warehouses, may not find a buyer in Japan or South Korea in the short-term. It will be hard for India to meet Japan's specifications. They also need more clean wheat which goes against the Indian grain. Though facilities for cleaning wheat have come up at places such as Adani port, they are yet to be accepted,. said Pramod Kumar, Director of Sunil Agro Mills in Karnataka. Maybe, Korea could accept our wheat,. he said. Even Korea considers Indian wheat for feed purpose only, said Narang. It is not easy for Indian wheat to gain in markets where they look for high-protein produce which the US will be able to deliver. Japan mills have specifications for their products and we won't be able to meet them, said M.K. Dattaraj, former president of the Roller Flour Mills Federation of India. India is looking to export wheat to cut its warehouse stocks. As on May 1, the Food Corporation of India held 11.7 million tonnes of wheat as stocks. This is almost thrice the norms fixed by the Centre for buffer stocks that help meet any food emergency in the country. In April, the Government gave its approval to export three million tonnes of wheat but there have been a few buyers for Indian wheat abroad. This is because India is looking for a price of $300 a tonne that is much higher than the prevailing prices in the global market. The Government appeared a bit desperate to export wheat since it has estimated the current year's crop at 93.9 million tonnes. Some Indian wheat has been sold at $280 a tonne c&f for delivery in August. This is against $265 quoted for Black Sea region wheat,said Narang.

Indian wheat is finding its way through West Asian and North African markets. Still, prices are considered high. Though Indian wheat can be cleaned and efforts could be made for its acceptance for milling by mills abroad, the cost is seen prohibitive. There will be at least 2-3 per cent wastage when Indian wheat is cleaned. This could mean a loss of $10 a tonne. Even if $7 a tonne premium is given for clean wheat, it will still be a loss proposition, he said. Australia will be able to supply the quality that Japan requires, said Pramod Kumar. Canada can also supply quality wheat to Japan. But all these could be short-term developments only, Dattaraj said. Wheat prices at the New Delhi Lawrence market, a benchmark for the country, increased to Rs 1,590 a quintal on Saturday. On the National Commodities and Derivatives Exchange, wheat for delivery in July closed at Rs 1,624. On the Chicago Board of Trade, wheat July contracts quoted at $7.05 a bushel or $259 a tonne**.**

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## FCI exports 4.19 mt wheat in a year; to earn over Rs7, 000 cr

The Financial Express

New Delhi, 28 June 2013: State-run Food Corporation of India (FCI) has exported 4.19 million tonne of wheat, valued at more than Rs7,000 crore, in the past one year. Due to surplus wheat stock, the government had permitted FCI to export 4.5 million tonne of the grain in July last year. The deadline for export is June 30, this year. “The export process has been completed. We have received bids for 4.19 million tonnes, which will fetch more than Rs7,000 crore at an average price of about $310 per tonne” a senior FCI official said. Out of 4.19 million tonnes, a major quantity has already been shipped to South Korea, Ethiopia, Bangladesh, Yemen, Thailand and Indonesia, he said. Maximum wheat has been exported to South Korea at one million tonnes. Small quantities of wheat were also shipped to Vietnam, Malaysia, Philippines and the West Asia. The official said that no profits were made from exports but indirect saving on carrying and storage cost of wheat to the tune of about Rs1,000 crore was made. The last wheat export tender was floated during third week of June for about 2,90,000 tonnes but received bids for only 70,000 tonnes, he added. The FCI official said good price for Indian wheat was received in line with Australian soft wheat, considered as the best in the world. “There is greater acceptability of our wheat in the global market now,” he added. The official, however, observed that the FCI could have secured higher price if handling process was fully mechanised. The FCI is currently handling 77 million tonnes of grain, of which 4.43 million tonnes is wheat.

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## FCI to float export tender for 5 mt wheat

The Financial Express

New Delhi, 16 April 2013: The Food Corporation of India (FCI) is expected to float a tender for export of 5 million tonne of wheat by private players during the next few days. The regional offices of the corporation in the key producing states of Punjab and Haryana have been asked to prepare the tender for wheat exports at a fixed sale price of R1,484 per quintal.

The wheat would be exported from the corporation's 2011-12 stocks. The export price offered is at the same level at which excess wheat is being offered under the FCI’s Open Market Sale Scheme (OMSS) for private traders. In the last fiscal, FCI exported more than 3.1 mt of wheat through agencies such as PEC and STC.

At present, FCI has wheat stocks of more than 24 mt from previous years and the procurement for the current year (2013-14) is on. The government has set a target of procuring more than 44 mt of wheat during the next two months against 39 mt purchased in the previous year.

“We want to export some of the excess stocks of wheat during the next few months,” an FCI official told FE.

However, softening of the international price of wheat could spoil the prospects of FCI's wheat exports. In the global market, prices have remained sluggish during the last few months. The global price is in the range of $255-$256 a tonne against the offer prices of around $ 280 per tonne. However, officials say the government can't reduce export prices as the corporation has been incurring costs for storing wheat.

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## Despite huge stock, India misses wheat export bus

Sanjeeb Mukherjee, Business Standard

New Delhi, 30March 2013: India seems to have missed an opportunity to stamp its authority on the world wheat market and emerge as a big exporter in 2012-13, just like it did in rice last year. The government's inability to liquidate wheat from its own inventories in time will limit exports in 2012-13 to around 5 million tonnes as against a potential of almost 10 million tonnes. The year 2012-13 provided an opportunity to India to place itself among the world's five largest wheat exports against among ten currently, as the leading producers like US are all set to export less amount.

Though the exports have cost the exchequer an extra subsidy of around Rs 1,700 crore because the outbound shipments were at rates lower than the cost of procurement, storage and transportation of wheat incurred by Food Corporation of India (FCI), experts believe that it is better than bearing a higher subsidy in just carrying the grains from one season to another.

"The choice is very simple either you bear a subsidy of $15-20 (Rs 800-1,080) per tonne on exporting wheat or you bear a subsidy of almost $50 (2,700) per tonne in carrying the wheat into the next season and thereafter in every season as granaries don't have space," eminent agriculture economist and chairman of Commission for Agriculture Costs and Prices (CACP) Ashok Gulati said.

Gulati, who had strongly advocated that government should liquidate almost 10-15 million tonnes of wheat by end of March, now feels that India missed a great opportunity to export sizeable quantities of wheat because of slow action.

"This would have helped the government earn valuable $3 billion in foreign exchange and bring down its now infamous Current Account Deficit (CAD)," he said.

Another expert said the best time to export could have been around August-September as domestic procurement was over and international market was benign. "However, as against a requirement of 10-15 million tonnes, only about 4.5 million tonnes were cleared. Subsequently, another 5.5 million tonnes were cleared, but the international market had firmed up by then," another expert said.

He said 2012-13 provided a unique opportunity to India as US, the world's biggest wheat exporter was selling less, so also were some of the other major players like Russia.

"In 2013-14, the same will not prevail as US production is showing signs of improvement and getting an average price of $300 per tonne will be difficult", Gulati opined.

In 2012-13 , as per an assessment by United States Department of Agriculture, US is expected to export around 28 million tonnes of wheat, Australia around 16.50 million tonnes, Canada around 18.50 million tonnes and Russia around 10.50 million tonnes. India, could have been almost at par with Russia and among the world's five largest exporters.

According to the Food and Agriculture Organisation (FAO), in 2012 calendar year, India emerged as the world's biggest exporter of rice piping traditional leader Thailand by exporting almost 9 million tonnes of rice.

As of March 1, 2013, India has wheat stocks of around 27.1 million tonnes, as against a requirement of mere 7 million tonnes, while total foodgrains stocks in the central pool (which also includes rice) is estimated to be almost 63 million tonnes, as against a requirement of 21.2 million tonnes.

Experts believe that foodgrains stocks could rise to mind boggling 95-100 million tonnes by June 1 as government is again expected to procure a record 42 million tonnes of wheat from April 1, 2013.

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# Cautious Welcome for Farm Trade Proposals at WTO

Bridges Weekly Trade News Digest, Volume 16, Number 40

21 November 2012: Trade officials gave a cautious welcome to new proposals on farm trade at an informal WTO negotiating meeting last Friday, sources say.

Officials told Bridges that the proposals could help countries carve a path towards a scaled-down package of measures to be agreed at the global trade body's ninth ministerial conference in Bali, slated for next December. However, deep-seated differences remain over how best to resolve the overall impasse in the WTO's Doha Round of trade talks, which were launched over a decade ago.

Making it easier to send agricultural goods overseas to countries that use import quotas could be one step forward, developing countries in the G-20 coalition at the WTO have argued. Such a move could also help "re-balance" a separate package of measures on trade facilitation, says the group, which includes major economies such as Brazil, China, and India.

The G-20 proposals are being widely seen as "doable," trade sources told Bridges, with negotiators from the G-10 group of countries with highly-protected farm sectors amongst those saying they were willing to engage in discussions.

A request from the G-20 for the WTO secretariat to conduct studies on export subsidies and related areas was not opposed by other members, despite initial misgivings by some that had feared the issue could be linked to the trade talks. G-10 countries asked that these studies also include updated information on export restrictions - measures which they fear can exacerbate price spikes on world markets, and harm food-importing countries.

*Food stockholding: more discussion needed*

A proposal from another developing country coalition, the G-33, was seen as more complex by trade officials. Members of the coalition - which includes China and India, alongside other countries with large smallholder farming populations - were among those privately saying that more discussion may still be needed on the proposal, which would exempt subsidised food purchases from current WTO ceilings under certain conditions.

Proponents of the initiative, which trade officials said had been led by India, had argued that subsidised food purchases for public stockholding or domestic food aid should not have to count towards countries' maximum-permitted levels of trade-distorting support, so long as the food has been bought from low-income or resource-poor producers.

However, both developed and developing countries privately cautioned that the move could counter reforms aimed at moving towards less trade-distorting forms of farm support, by allowing payments that could distort trade to be included without any limit under WTO rules.

The lack of any agreed definition of "low-income or resource-poor producers" could also make it harder to ensure support was being targeted towards the most vulnerable farmers, said others.

Some negotiators warned that the move could lead to over-production of certain products - possibly leading to the 'dumping' of farm goods in other markets, and harming small farmers elsewhere. Others said that many small developing countries lacked the resources to run food stockholding schemes or provide substantial amounts of domestic food aid.

However, proponents of the G-33 initiative said that the flexibility could be important in cases where public food stockholding schemes caused poorer countries to run up against their current ‘de minimis’ ceilings under WTO rules.

Currently, each developing country is allowed to provide trade-distorting support so long as this does not exceed ten percent of the value of the country’s agricultural production. Under a special arrangement made when China joined the global trade body, Beijing has to keep within a lower ceiling of 8.5 percent.

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## Hidden Strength: Farm Trade

Ashok Gulati and Surbhi Jain, Economic Times

22 November 2012: It has never happened since Independence. May be not even in the last 1,000 years what happened during October 2011-September 2012. India exported 10 million tonnes of rice, valued at around $6 billion, becoming the largest exporter of rice, replacing Thailand and Vietnam, generally the two largest exporters of rice.

This is now known to many in rice circles.

But what is little known is that in 2011-12, India also emerged as the largest exporter of beef (buffalo) meat, exporting 1.7 million tonnes worth almost $3 billion, beating Brazil, Australia and US, which are traditionally the largest exporters of beef.

Marine exports added another $3.4 billion and raw cotton $4.3 billion. But the biggest surprise came from guargum meal exports worth $3.3 billion, which even surpassed oilmeal exports of $2.4 billion. Sugar exports worth $1.8 billion (almost 3.3 million tonnes) also added to the buoyant agri-exports.

In all, agri-exports during 2011-12 were more than $37 billion against an import of agri-commodities worth around $17 billion, making India a large net exporter of agri-produce. The temporal behaviour of India's exports and imports shows that India has consistently remained a net exporter of agri-products during the last two decades.

This has remained true as Indian agriculture got more and more globalised, as measured by agri-trade as percentage of agri-GDP.

The agri-trade (exports plus imports) as a percentage of agri-GDP, which was about 5 per cent in early 1990s when economic reforms started is today more than three times of that, touching 18 per cent in 2011-12. This is a remarkable success story of Indian agriculture, which has not been given as much attention and credit as it deserves.

The year 2011-12 may be a little upswing year for agriculture, but the long-term trends do suggest strongly that Indian agriculture is very much globally competitive, and one can tap this potential even more to benefit our farmers, provided we have a stable, predictable, and rational agri-trade policy.

A case in point is that of rice exports policy. As is well known, India had banned exports of wheat and common rice way back in 2007, and these were opened only in September 2011. A four years exports ban resulted in massive accumulation of cereal stocks at home that crossed 80 million tonnes on July 1, 2012, way above the buffer stock norms of maximum 32 million tonnes.

And when the exports were opened, rice exports zoomed as flood waters gush through the sluice gates!

Two things need to be noted: (a) when India exports 10 million tonnes of rice in a global market that hovers around 35 million tonnes, world price of rice is likely to collapse to Indian prices (large country effect) reducing the marginal returns to exports dramatically.

Therefore, there is need to impose an optimal export duty, say, 5-7.5 per cent, which could ensure good returns to Indian exports of rice. (b) This export duty is also justified on the need to save water (and power).

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## Cabinet continues unrestricted export of wheat, non-basmati rice

Business Standard Reporter

30 November 2012, New Delhi:The Cabinet has decided to continue unrestricted export of wheat and non-basmati rice. “The Cabinet Committee on Economic Affairs ( CCEA) has approved the continuation of the unrestricted export of wheat and non-basmati rice, in view of the adequate availability of wheat and non-basmati rice in the domestic market. The proposal was moved by the Department of Commerce,” a statement released after the meeting said.

However, a PTI report said that the government has also approved export of an additional 2.5 million tonnes of wheat from the central pool, bringing the total of such exports to 4.5 million tonnes. “The CCEA has approved an additional export of wheat from FCI godowns. The Cabinet did not mention any specific quantity for exports but there was an agreement to review exports once the shipments touch 25 lakh tonnes,” PTI said quoting an unnamed source.

In August, it had first approved export of two mt of wheat, for the first time in seven years. Of these, tenders have been floated for sale of about 1.8 mt, of which almost one mt has been sent out.

As on November 1, the wheat stock in the central pool is estimated at a little over 40 mt, almost three times more than the required quantity. Experts and market watchers feel India should immediately allow export, in tranches, of five to seven mt in the next few months to take advantage of favourable market conditions. “Prices in the global market are expected to stay over $300 a tonne in the next few months, providing the country a golden opportunity to liquidate its inventories at good prices,” said a leading trader.

Prices are expected to stay stable because of low supplies from America, the world’s biggest exporter, and also from Australia, Ukraine, Russia and Argentina because of poor weather. Traders said India’s latest wheat sale could easily fetch around $320 (Rs 18,000) a tonne in the international markets.

Liquidating the wheat through exports would also help compensate the government’s additional carrying cost. Officials said the current economic cost of wheat in government warehouses was around Rs 19,000 a tonne, including the taxes paid. The price the government is expected to get by selling wheat is around Rs 17,000 a tonne.

“The ideal way would be to keep on exporting 1.5-2 mt in small lots or else the international markets would crash, if India or, for that matter, any other country flood the international market,” the trader said. In August, when India floated its first tender to export from central stocks, the international market was weak at around $296 a tonne. Now, these are around $320 a tonne. Two government-owned trading companies, unlisted PEC Ltd and State Trading Corporation of India, got the highest bids at $324 a tonne and $322.22 a tonne, respectively, in their latest export tenders.

The country produced a record 93.9 mt of wheat in the 2011-12 crop year (July-June), almost eight per cent more than the previous year. Apart from the government’s Food Corporation of India, traders have also shipped a little over three mt of the grain since September 2011.

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## Farm sector seeks stable export policy, higher R&D outlay at pre-Budget meet

Business Line (The Hindu)

New Delhi, 3 January 2013: The agriculture sector wants the Government to formulate long-term, stable export policies for agricultural products, besides incentives and higher outlay to boost research and development (R&D).

At the pre-Budget meeting with Finance Minister P. Chidambaram on Wednesday, experts from the sector, representing farmers and private companies, stressed the need for a stable export policy and to regulate, if required, using tariffs.

The Finance Minister kick-started the pre-Budget discussions by meeting the farm sector representatives. “A stable export policy is a must for providing good incentives to farmers. If there is a need to moderate exports of any commodity, the Government should regulate it using duties rather than imposing a ban on shipments,” said Ashok Gulati, Chairman, Commission for Agriculture Costs and Prices (CACP). He was talking to reporters after the meeting.

Gulati, in his presentation, stressed the need to contain subsidies – food and fertilisers. The food and fertiliser subsidy in FY 2013-14 may touch Rs 2,00,000 crore if the National Food Security Bill is introduced and wheat and rice are sold at Rs 2 a kg and Rs 3 a kg, respectively, as promised, and if fertiliser prices were not revised upwards, he said. Implementation of conditional cash transfer could potentially reduce food subsidy by over Rs 50,000 crore by plugging the leakages, Gulati said.

The CACP estimates that 40 per cent of food distributed through the public distribution system does not reach the targeted beneficiaries and leaks away in the system. The CACP also suggested having a viable strategy and long-term commitment to boost cultivation of palm oil, which can help cut down the rising imports of edible oils.

The experts also stressed the need to hike R&D allocation to various Government research institutes to boost productivity and develop climate change resilient varieties.

P. Chengal Reddy, Secretary General, Consortium of Indian Farmers Association (CIFA) said the Government should announce incentives to attract private investments in food processing, infrastructure, irrigation projects and agro service centres.

The CIFA wants the Government review the terms of reference of CACP in recommending the minimum support price for ensuring profitable prices to farmers. It also wants the Government to declare region-wise MSP as cost of production varies from region to region.

The CIFA sought duty exemption on all imported farm equipment and machinery for a period of five years and to extend long-term credit to farmers at 3 per cent interest rate to purchase farm machinery.

Y. Sivaji, a former MP, suggested setting up of a CACP in each State so that State Commissions could fix the minimum support price considering local conditions. Sivaji also suggested that the Government should consider an indexation system for the MSP as in done in calculating the dearness allowance according to the cost of living.

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## Balancing trade and farming

T S Vishwanath, Business Standard

27 February 2013: India's proposal on food stockpiling as part of the G33 coalition on agriculture, which includes China as well as other developing countries, is gaining momentum with the chair of agriculture negotiations at the World Trade Organisation (WTO), New Zealand Ambassador John Adank, stating that it needs to be discussed in a time-bound fashion.

The member countries of WTO are in the process of identifying some key issues for the Bali Ministerial meeting that is due end of this year. While several developed country members have been keen on moving forward on the issue of trade facilitation as part of an early harvest for the Doha Round, several developing countries, including India, have been pointing out that there is a need for some balance in the outcome at the Bali Ministerial.

The issue of widening the scope of government support to small farmers was tabled by the G33 to ensure that as the Doha Round moves forward, concerns of the developing countries on the issue of livelihood for small and marginal farmers are kept on the table for negotiations.

The G33 proposal, which has been tabled, urges the member countries to support more flexible rules for farm subsidies in WTO's "green box" - those that are exempt from any ceiling or reduction commitments on the grounds that they cause not more than minimal trade distortion.

A news report by Geneva-based Bridges said the G33 proposal calls for new rules on public stockholding for food security purposes and on domestic food aid. The proposal said if a developing country government purchases food for its stocks at administered prices in order to support "low income, resource-poor producers", it should not count this towards the aggregate measure of support (AMS) it provides. AMS is capped for each country under WTO's rules. One important area of discussion at Geneva has been on how to bring down AMS for countries, especially in the developed world.

Also, the G33 proposal said if developing country governments acquire food for domestic food aid at subsidised prices, they should not count these towards their AMS ceiling, so long as the food was "procured generally" from "low income" or "resource-poor" producers in developing countries. However, the proposal is not clear on the definition of a "resource-poor" producer.

Besides, the group proposed that several kinds of developing country farm programmes should be exempt from any ceiling on subsidies by grouping them with other "green box" programmes at WTO. Policies and services related to farmer settlement, land reform programmes, rural development, and rural livelihood security in developing countries should be among them, the Bridges report said quoting the proposal. This proposal is important for countries like India, since it will be difficult to move away from the concept of stockpiling of food grains in the near future. Not only is this issue politically sensitive, but it is also an important component of food security - which is critical for any developing country.

While the concern for arriving at a solution on trade facilitation is genuine, it will be important for the developed world to consider this proposal from the G33 to bring about a balance for the Bali Ministerial. The coming months are expected to witness some intense debate on this issue in Geneva with countries sharing their thoughts.

Senior commerce ministry officials had highlighted the importance of this proposal to WTO Director-General Pascal Lamy when he was in New Delhi recently. However, Lamy would be stepping down from his post before the Bali Ministerial, and his successor will have to work closely with the member countries to ensure that the agenda for the outcome at the Indonesian seaside resort remains balanced.

The next four or five months will be crucial at Geneva with countries jostling to get their issues on the table. But given the fact that Bali presents a good platform to move the WTO agenda forward, countries must remain practical in their expectations from the meeting.

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## Efforts to increase export of agri commodities

PTI

New Delhi, 11 March 2013: Government on Monday said it is making all efforts to increase export of agricultural commodities, including wheat, rice, vegetables, meat and marine products, and India has emerged as the second highest exporter in this sector.

"The picture being painted that there has been a fall in export of agricultural products is incorrect. Processed agricultural products, vegetables and fruits are being exported as part of India's foreign trade policy," Commerce and Industry Minister Anand Sharma told the Lok Sabha during Question Hour. He emphasised that government is giving a 5 per cent export incentive to this sector. "It is under Open General Licence and there are no barriers," Mr. Sharma said.

The minister claimed that government is making all efforts to increase export of agricultural products and India is now the second highest exporter in this sector.

He, however, rued that 35 per cent of the agri-products still go waste which is a very high figure and hoped that with FDI coming in, the foreign players will open up more cold storages and processing industries.

Mr. Sharma said other products being exported include wheat, non-basmati rice (where India is the highest exporter in the world), bovine meat and marine products. He said all steps are being taken to get good remuneration for the farmers.

He admitted that there is shortage of edible oil and pulses and these are being imported. "About 8-9 million tonnes of edible oil and 3-4 million tonnes of pulses are being imported," he said.

India also imports palm oil which is sold at PDS shops at subsidised rate.

Mr. Sharma said India has ample stocks and the export of agricultural products should earn the country valuable foreign exchange at a time when there is pressure on the current account.

In reply to a question, the minister said chillies are also among the products being exported by India. "The top five destinations for India's export of processed agricultural products are USA, Indonesia, Vietnam, UAE and China. The top five destinations for India's export of processed marine products are USA, France, Italy, South Africa and Spain," Mr. Sharma said in his written reply.

Government has through a notification issued on February 4, 2013 allowed the export of 14 commodities and product groups of processed and value added agricultural products like cereal flours, meals, milk products, value added products of onion and so on.

"The government is taking steps to encourage exports of agro products, including processed food products through measures and incentives under Plan schemes of the Commodity Boards and Export Promotion Councils," Mr. Sharma said.

He informed the Lok Sabha that Agricultural and Processed Food Products Export Development Authority (APEDA) and the Marine Products Export Development Authority (MPEDA) are implementing various schemes to extend financial assistance to eligible exporters.

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# U.S. groups criticize India drug, tech, farm policies

Doug Palmer, Reuters News

Washington, 13 March 2013: U.S. industry groups on Wednesday called for the United States to increase pressure on India to reform high-tech, agricultural and pharmaceutical policies they said block U.S. exports and damage patent rights.

"India has essentially created a protectionist regime that harms U.S. job creators" in favor of the country's generic drug manufacturers, Roy Waldron, chief intellectual property counsel for Pfizer, said in testimony to the House of Representative Ways and Means trade subcommittee.

Waldron complained that last year India revoked Pfizer's patent for a cancer medicine, Sutent, "to allow Indian generic companies to manufacture and sell generic copies."

India also abuses compulsory licenses, which governments are supposed to use in limited circumstances to suspend drug patents, for the benefit of its domestic firms, he said.

Waldron urged U.S. government officials to vigorously pursue those concerns in direct talks with India and to "review all available policy tools" to pressure the world's largest democracy to better protect U.S. intellectual property.

The hearing comes as U.S. trade benefits for India are up for renewal under the Generalized System of Preferences program, which waives duties on thousands of goods from developing countries to help them create jobs.

"I want to ensure that U.S. job creators can compete there on a level playing field," said Representative Devin Nunes of California, the Republican chairman of the Ways and Means trade subcommittee, noting India's market of 1.2 billion people should offer huge potential for U.S. companies.

*WTO Option*

India is the largest recipient of benefits under the GSP program, which expires on July 31. It exported $3.7 billion worth of goods to the United States under the program in 2011, or roughly one-tenth of its total exports to the United States.

It does make sense to examine whether India should be removed from the GSP program given its growth in recent years, but it might be a mistake to portray that as an effort to punish the country, said Arvind Subramanian, a senior fellow at the Peterson Institute for International Economics.

"I would be a little hesitant about using that" since the move is probably not strong enough to change India's behavior, but would be seen in New Delhi as trade retaliation and damage the United States diplomatically, Subramanian said.

A better but more time-consuming option would be challenging more of India's policies at the World Trade Organization in the hope of winning rulings that would increase pressure on the government to reform, he said.

Last month, the U.S. Trade Representative's office filed a WTO case against elements of India's national solar energy program that it said discriminated against foreign producers in violation of a global trade rule.

It has also challenged India's restrictions on U.S. poultry in a case that is to be decided by the end of this year.

*Procurement Pains*

Meanwhile, U.S. technology companies are frustrated by Indian government procurement policies that favor Indian electronics products over foreign, Dean Garfield, president of the Information Technology Industry Council, told the panel.

"The PMA (preferential market access) policy certainly does not bode well for our industry, threatening to shut us out of a significant portion of the Indian ICT (Information and communications technology) market," Garfield said.

U.S. companies are also disappointed that India is sitting on the sidelines in talks in Geneva aimed at expanding the 1996 Information Technology Agreement, which eliminated duties on scores of high-tech goods, he said.

India also has steep agricultural tariffs and regulatory barriers that keep out many U.S. farm exports, said Allen Johnson, a former U.S. chief agricultural trade negotiator.

Last year, India's agricultural exports to the United States topped $5 billion, a ten-fold increase since 1995, Johnson said. In comparison, U.S. farm exports to India last year were only $900 million, well below their potential, he said.

India's reluctance to reduce its farm tariffs has frustrated the United States in the long-stalled Doha round of world trade talks, Johnson said.

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## WTO Farm Trade Talks Enter New Stretch

Bridges Weekly Trade News Digest, Volume 17, Number 11

27 March 2013: The race to make progress on farm trade negotiations ahead of the year-end WTO ministerial conference entered a new stretch today, as the chair announced the start of ambassador-level talks on issues that members believe could be agreed at the December meeting in Bali, Indonesia.

A proposal to ease farm subsidy rules on food stockholding purchases in developing countries will take centre stage, trade sources said, following several weeks of technical talks among delegates on how such schemes currently function in practice. The proposal was first tabled by the G-33 group of developing countries with large populations of smallholder farmers.

However, negotiators were also believed to be putting the finishing touches on a new proposal on export subsidies and related measures, led by the G-20 developing country coalition that favours reform of developed country agriculture. Trade sources said that technical talks on the submission were continuing within the group this afternoon, ahead of Thursday meeting among heads of delegation that is due to approve the final version.

*Food stockholding: members ready to begin talking*

The chair of the farm trade talks, New Zealand ambassador John Adank, told negotiators today that a new phase of talks would now start matching "knowledge about the existing policies with different elements of the proposal." The ambassador-level meetings would therefore raise both technical and political questions, he said.

"The substantive discussion of the proposal is only beginning," warned the chair, who told officials that WTO members were "not yet close to agreement."

Trade sources told Bridges that the chair was expected to report back on any progress in the consultations at the next meeting of the Trade Negotiations Committee (TNC), scheduled for two weeks' time. The TNC is tasked with the overall Doha discussions.

A number of developed countries have expressed concerns that the proposal could effectively allow countries to provide unlimited amounts of market price support to be included in the WTO's "green box" - where farm subsidies are exempt from any cap or ceiling on the grounds that they cause no more than minimal trade distortion.

Some of those speaking at Wednesday morning's negotiating meeting favoured first examining whether existing rules would still allow WTO members to achieve their food security goals.

Developing countries have also said they are worried that the G-33 proposal could potentially undermine their own poor producers if subsidised food stockpiles end up being released onto world markets, or if their own exporters are no longer able to sell to countries operating the schemes. Some G-33 members are amongst those voicing concerns about how any new proposal should be crafted.

However, another G-33 trade official told Bridges they were still keen to see other groups table counter-proposals.

"Solutions could be from either side - from anybody," said the source.

*Export competition: new proposal imminent*

With the new G-20 proposal still being finalised, details remained sketchy as Bridges went to press. However, sources familiar with the submission said that it was aimed at galvanising further action without over-reaching the limits of what is achievable in the current political context.

The new proposal was therefore aimed at a “standstill and reduction, while pending the implementation of modalities on export competition,” said one official, in a reference to the cuts to export subsidies and similar measures outlined in the draft Doha deal.

Along with the Cairns Group of agricultural exporters, the G-20 have continued to emphasise their desire to see progress in 2013 on export competition, in the wake of a decision by trade ministers to eliminate export subsidies and disciplines-related measures at the global trade body’s conference in Hong Kong over seven years ago.

The EU - which has historically made heavy use of export subsidies - has indicated it is unwilling to eliminate this form of trade-distorting support in the absence of wider progress in the WTO’s Doha Round. The US, which has used tools such as export credits and subsidised food aid to similar effect, is also opposed, trade sources said.

The move follows the release last week of a WTO study looking at the use of export competition measures, itself prompted by a proposal for new analysis on the topic that was put forward by the G-20 last October. The study is available online as document number TN/AG/S/27, along with another new study on export prohibitions and restrictions, available as TN/AG/S/28.

Members are also still expected to discuss a separate G-20 proposal on easing the administration of import quotas, trade sources said, although it was unclear when these discussions would take place. Japan, Korea, and the Dominican Republic expressed concerns about the G-20 proposal at the Wednesday morning meeting.

*A small package or a big one?*

Some trade officials expressed concern that progress on a possible Bali deal on trade facilitation - widely seen as the motor for the recently reinvigorated talks - was not moving fast enough to galvanise action in other areas, including agriculture.

“There’s huge divergence among members,” the source said, who cautioned that a more comprehensive package might actually be easier to achieve than the relatively low-ambition topics currently under discussion.

“A small package is much more difficult than a single undertaking,” the source wryly observed. Many trade observers have argued that a small package of measures is more manageable in the current political climate than the more comprehensive set of agreements envisaged under Doha.

In contrast, a developing country official warned that negotiators may again risk overloading the set of topics on which decisions would be required at Bali.

“The attempt to put more issues on the agenda… we’ve seen that at MC8 and MC7,” sighed the delegate, using negotiators’ short-hand for the WTO ministerial conferences held in 2011 and 2008, respectively.

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## The political economy of food exports

C. P. Chandrasekhar&Jayati Ghosh, Business Line (The Hindu)

2 April 2013: The feel-good factor may be fading for Indian and foreign investors, and the trade and balance of payments situation may look dire, but there are apparently some economic aspects in which India is still a "success story".

One of them is food exports: in the past few quarters, India has emerged as the world's largest exporter of rice, possibly the world's largest export of beef (buffalo) products and the fourth largest exporter of wheat, and is also becoming a major exporter of maize.

On current projections, total cereal exports for 2012-13 may cross 24 million tonnes, with rice exports coming to more than 13 million tonnes, wheat exports at around 6.5 million tonnes and other cereal exports at around 4.6 million tonnes.

*Food Deficit*

Net exports, especially of food items, are usually taken as an indication of domestic plenty, of more than sufficient supply for meeting domestic needs. So these rising food exports may come as a bit of a surprise not just for the average Indian consumer, but for those who are aware of the country's significant food deficits.

After all, India still has some of the worst nutrition indicators in the world, on par with or below many Sub-Saharan African countries. People in India are faced with accelerating prices of basic food items, which have made some food items increasingly unaffordable even for those above the income poverty line, and contributed to reduced calorie consumption of the bottom half of the population.

This has occurred even though net domestic production of cereals has increased over the past two decades. Despite this increase, per capita net availability of cereals has been declining in every five-year period since the early 1960s, and certainly over the past two decades.

To some extent, this decline in the recent past also reflects increased public stock holding, especially in the very recent past which has witnessed significant increases in the grain reserves held by the Food Corporation of India. But this is clearly not the only reason, nor even the most important one.

*Food Security Issues*

Food price inflation is one reflection of the declining per capita domestic availability. That this is occurring in a context of persistent and widespread hunger among the population is the reason why food security has emerged as a major political issue. The public clamour for legislation to ensure food security has made it increasingly difficult for the UPA government to avoid at least partly trying to fulfil its own promises to the electorate in this regard.

But one of the arguments that is most frequently made by those opposed to such legislation is about the difficulties involved of the government finding enough food grain to meet its obligations under the proposed legislation. "Where is the surplus grain?" they ask.

One answer to that question seems to be glaringly obvious from the external trade data: some of it is simply going abroad. Exports of non-basmati rice and wheat have exploded ever since the bans on such exports were lifted in 2011.

Interestingly, “other cereals” also show significant increase in exports — mostly due to maize exports.

And exports are slated to go up even further in the coming year, certainly of wheat. The US Department of Agriculture report on India’s grain economy suggests that in 2013-14, “wheat exports are forecast to increase to 8 million tons, *including 5 million tons of government wheat*.” (Emphasis added.)
By contrast, rice exports may not increase as much. This will not necessarily be driven by tight domestic market conditions, since these have scarcely affected government policy in the recent past.

Rather, changing conditions in the world rice market may have an impact. Already India is supplying about one-third of the global rice trade. It became the largest supplier when Thailand cut back exports and increased its domestic stockpile by raising rice procurement prices for its own farmers, but there are indications that some of these stocks (possibly as much as 5 million tonnes) may be released on to the global market fairly soon.

Vietnam and Pakistan are also emerging as major suppliers in the relatively thin world trade for rice.
Despite the rapid increase in non-basmati rice and wheat exports in the very recent past, basmati rice exports remain the single largest foreign exchange earner among cereals.

However, if non-basmati rice exports continue to go up as they have done after the ban was lifted, the value of non-basmati rice exports in 2012-13 may exceed that of basmati rice exports to touch $20 billion. The value of wheat exports may also cross $10 billion in 2012-13.

Since India is such a large country (in international trade terms, which means that its entry or exit can affect global prices) in the global rice market, it is not surprising that its entry as a major exporter of non-basmati rice was associated with some decline in global prices even though Thailand had cut its own exports in that period.

The unit values of Indian exports of both types of rice and of wheat have fallen from their earlier peaks, and while there was some recovery in the prices of wheat and basmati rice, that of non-basmati rice remained flat through the period of massive increase in Indian exports.

Meanwhile, of course, domestic wholesale prices of these basic cereal items have been increasing continuously. The increases have been particularly sharp in the period after exports bans were lifted and exports of rice and wheat have ballooned.

The consequences are evident in the very significant increases in retail prices and in consumer inflation indices, which are substantially driven in the recent past by food prices.

*Beef Exports*

But cereal exports are not the only unexpected “success” of Indian trade policy. According to the US Department of Agriculture’s report of 13 March 2013, “India is on track to tie or possibly overtake Brazil as the world’s largest exporter of beef in 2012.”

The USDA estimates India’s buffalo meat exports from the import data of other countries, and the export estimate for India for 2012 is currently at 1.45 million tonnes, representing a 14 per cent increase over 2011.

The USDA expects Indian buffalo meat exports to increase by another 15 per cent in the current year, 2013.

Underlying all these trends is the basic stubbornness of the Central government in holding on to its procured stocks of grain rather than releasing them on the domestic market so as to benefit consumers. This has led to the perverse situation whereby grain traders and livestock traders (and not farmers) benefit from being able to sell on the world market, while Indian consumers face rising prices.

Such patterns of food export in a context of domestic food deficiency could be expected in a colonial economy, or one in which a small elite is able to impose its will on the rest of the population because of authoritarian political control.

They are certainly less easy to explain in a democracy, much less one that prides itself on becoming one of the most important “emerging nations” of this century.

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## Farm exports likely to rise fivefold by 2030: CII-McKinsey report

The Financial Express

New Delhi, 13 April 2013: The introduction of goods and services tax (GST), creation of infrastructure such as ports, special zones and cold chains and fewer restrictions on farm gate access, among other things, are likely to push India's agricultural exports to more than Rs 7.72 lakh crore by 2030 from the Rs 1.4 lakh crore achieved in 2011, a CII-McKinsey report said on Friday.

The farm sector would then account for 15% of India’s total exports, which will make the country one of the top five food exporters globally, the Food and Agriculture Integrated Development Action (FAIDA) report by the global consultancy firm has stated.

The report focussed on five crops — mango, banana, potato, soya bean and poultry — which are likely to play a critical role in boosting India' exports.

However, realising the potential, the study suggested a series of measures, including creation of National Farm Gate to Market Infrastructure Authority, a national body for linking demand and supply by creating the necessary backbone of agricultural infrastructure. It also mooted National Agricultural Technology Mission and Sustainability Mission for increasing production and promoting crop diversification.

The report identifies that in case of cereals and pulses, yields could rise by 20-50%. While the average yield of fruits and vegetables could be enhanced by 30-200%, for most oilseeds, it could rise by 80%. The report titled “India as an agriculture and high value food powerhouse: A new vision for 2030” says that the country presently achieves only 50-60% of the potential yield for most crops due to poor technology adoption, weak link between farmers and the industry, unexplored opportunities in branding, marketing and exports besides lack of infrastructure in value chains.

“It is imperative that India upgrade its agricultural practices and techniques as well as accelerate growth in allied business fields such as food processing for meeting rising demand in the domestic market over the next two decades,” Adil Zainubhai, chairman, India, McKinsey & Company, said.

Anticipating huge expansion in the food processing sector, the report has stated that processing in India could move from 10% of total produce to 25-30% of the total produce by 2030.

Consumers’ preference for cereals and pulses in the overall food budget had dropped by more than 25% since 2000. “Between 2000 and 2010, the contribution of cereals and pulses to the overall per capita food expenditure reduced from 40% to 28% while that of animal-based products, fruits and vegetables rose from 36% to 42%”, the report points out.

The report also said the country produces 161 million tonne of fruits and vegetables, of which 10-12% perishes.

“India's cold storage capacity is 29.3 million tonne, of which 75% is utilised for potato alone. Cold truck transport accounts for only 4% of India's inter-city perishable transport and 80% of these trucks are used for milk,” the report said, identifying insufficient cold chain infrastructure.

This report follows a paper recently co-authored by the Commission for Agricultural Costs and Prices (CACP) chief Ashok Gulati, which said that India's on-off policy on agricultural exports is preventing the country from achieving its potential.

"If the government is proactive, FY12 exports can cross $42-43 billion", Gulati had said. In 2011-12, according to Gulati, agricultural exports by India were more than $37 billion against commodity imports of around $17 billion.

*Progress incumbent on measures*

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## Food, agri export rejections cross 800 cases over five years

New Delhi, 15 May 2013: Over 800 cases have emerged of agricultural products and processed foods shipped from India being rejected in the last five years. The majority of such cases have been reported from the member states of the European Union (EU).

In addition, many countries have imposed restrictions on Indian peanuts, rice, poultry products, curry leaves, okra, groundnuts, cassia seeds for different reasons.

The Agriculture and Processed Food Products Export Development Authority (APEDA) has provided this information in response to an application filed by The Indian Express under the Right To Information Act.

The response says that EU has issued 763 notifications under Rapid Alert System for Food and Feed (RASFF) since 2008 and most of them were for rejecting the consignments.

The remaining rejections, complaints and restrictions were received from Taiwan, Japan, China, Indonesia, Malaysia, Thailand, Korea and United Arab Emirates (UAE) during same period.

Further, some countries have also imposed temporary bans on various products as well. The APEDA says that Russia has recently imposed temporary restriction on Indian peanut and rice; Kuwait, UAE, Qatar, Oman, Iraq, Bangladesh, Nepal, Sri Lanka and Saudi Arabia has banned import of poultry products due to bird flu; and curry leaves have been banned in the UAE since June 2010.

On the Russian action, a World Trade Organization notification dated February 22, 2013, explains the reason as: "The detection of repeated cases of the Capra beetle — a pest of quarantine concern for the Russian Federation, which is absent in the territory of Russia; and due to the absence of emergency actions from the competent authorities in India." Japan returned some consignments of Cassia seeds last year as "positive Aflatoxin was detected. As it might stick and be harmful for human body, it has been considered to be in violation of food sanitation law".

The rejections list seems longer than the information provided by APEDA. The EU maintains such data online their website says there were more than 2,071 notifications issued about the consignments of Indian agricultural and food products since 2002 and over 1,000 of them were for rejection of the consignments for reasons mostly related to their quality.

While APEDA is mandated for "fixing of standards and specifications for the scheduled products for the purpose of exports" among other things, a senior official in APEDA said, "We maintain the data of only those cases which are reported to us."
Cases of rejection have surfaced this year too. On March 21, UK rejected a consignment of red chilli powder since it contained Aflatoxins. On January 3, Germany rejected one consignment for "unsuitable organoleptic characteristics of frozen cooked shrimps". On January 10, Italy rejected one consignment of basmati rice. Several consignments of ground nuts were rejected by EU members as they contained Aflatoxins.

India too, has rejected several consignments of imported food. There is however, a lack of awareness of their quality, said K Chandramouli, chairman, Food Safety and Standards Authority of India (FSSAI), adding that the authority is working on an online database.

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## Agri, processed food exports cross Rs1-lakh-cr mark in FY13

Sandip Das, The Financial Express

New Delhi, 5 June 2013: A sharp rise in the global demand for products such as guargum, rice, wheat, meat, fresh fruits and vegetables has pushed agricultural and processed food exports up by more than 41% to Rs1.16 lakh crore in 2012-13. The country's farm product exports have crossed the Rs1-lakh-crore mark for the first time. A commerce ministry official told FE these products, which made more than 77% of the country's total agricultural good exports last fiscal, are expected to push up the shipments from India in the current fiscal as well. Gulf countries, US, UK, Germany, Vietnam, Malaysia and Indonesia are some of the leading export destinations for Indian products. According to the data compiled by the Agricultural and Processed Food Products Exports Development Authority (APEDA), the key driver behind the surge last fiscal is attributed to a rise in the shipment of commodities such as guargum (Rs21,190 cr), basmati rice (Rs19,391 cr), non-basmati rice (Rs14,416 cr), wheat (Rs10,488 cr), fresh fruits (Rs3,290 cr) and vegetables (Rs3,096 cr).

Though volume-wise, exports of guargum. Mostly used in the petroleum industry in the US  increased by more than 29% last fiscal in comparison to 2011-12, the biggest rise in exports has been seen in commodities such as non-basmati rice and wheat. India lifted the ban on non-basmati rice exports in September 2011 and the country has started to export wheat following a bumper crop last year. Since the lifting of restriction of rice exports, there has been huge global demand for Indian rice, especially in Africa, EU and West Asia. India has retained its biggest rice exporter tag with shipments of 10 million tonne (mt) during 2012-13. The country was the world's largest exporter of rice in 2011-12 with exports of close to 10 mt, Thailand exported 6.9 mt and Vietnam sold 7.8 mt overseas. \India has exported rice worth of close to Rs32,000 crore during the last fiscal. It would be challenging for us to maintain our position in the global rice trade this year,. Asit Tripathy, joint-secretary (agriculture), commerce ministry, told FE. Other key commodities that saw growth in shipments include dairy products (Rs1,763 crore), pulses (Rs1,279 crore) and floriculture (Rs423 crore). APEDA has identified 20-odd clusters located across the country for maintaining a healthy growth in the country's food product exports during the current fiscal. These clusters include basmati rice (Haryana and Punjab), buffalo meat (western Uttar Pradesh), grape and grape wine (Nasik region, Maharastra), pomegranate (Satara and Pune regions of Maharashtra), dehydrated onions and garlic (Gujarat), poultry or egg (Namakkal) and mango pulp (Uttar Pradesh and Maharashtra) \Indian agriculture seems to have a greater comparative trade advantage than manufactured goods. This has been possible as the sector has responded by undergoing a structural transformation,. a paper by the Commission for Agricultural Costs and Prices (CACP) chief Ashok Gulati recently stated. The CACP paper also points to the changing composition of India's agricultural exports basket between 2001 and 2012. In the last fiscal, rice was the leading agriculture export product (12%), followed by raw cotton (11.4%), marine products (9.9%), oil meals (7.9%) and meat (7.6%).

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## India’s farm products face US import hurdles

Sidhartha, Times of India

New Delhi, 12 July 2013: After claiming a major victory in "mango diplomacy" with the US, the government has realized that it was sold a lemon.

Despite the US agreeing to import Indian mangoes after irradiation to cut the risk of fruit flies and stone weevil, the quantity of the fruit shipped from India has not climbed significantly. The government blames the prohibitive cost which it has to pay according to the agreement reached with Washington.

With a little over 1,300 tonnes exported from India, the average cost per ton works out to $318, which is nearly 12% of the cost of a mango and its transportation cost, said an officer. The government has suggested that the National Plant Protection Organization (NPPO) could be asked to do the job to help reduce costs and boost exports.

Instead, the US has suggested that local inspectors be hired by the US Embassy, which will reduce the cost of pre-clearance programme by about around $25,000 a season. It isn't just mangoes — the same story is repeated across various farm products with the Indian shipments facing restrictions.

Indian basmati has been put on an import alert by the USFDA, which says that a fungicide, tricyclazole, was detected in some consignments. This can lead to detention of the rice without examination.

Similarly, in case of pomegranates, the US recently allowed imports from India but the details of the irradiation treatment are yet to be finalized. In the case of grapes, India had sought market access in March 2008 and provided information on the pest risk analysis, but the US now wants information on the economic losses caused by some pests.

For litchis, exports have not been allowed as the US Environmental Protection Agency has not cleared the maximum residue limit (MRL) of sulphur dioxide, an issue which is being discussed for two years now. Indian officials said there has been little progress in farm trade, and commerce and industry minister Anand Sharma is expected to flag the issue during his meetings with his US counterparts.

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