Contents

Agri exports fall 19% in Q1 4
Agri exports rise 20% in first three quarters of current fiscal 5
Agri exports outpace other commodities 6
Cashew exports walking up to a new peak 8
Cashew exports jump 20% 9
Record cashew exports last fiscal 10
Coffee exports fall 5.3% on low demand from US, EU 11
Coffee exports fall on weak global prices in Jan-Oct period 12
Coffee exports up 29% 13
Coffee exports rise 3% in 2013 14
Coffee exports up 38% in January on strong global prices 15
Coffee exports up 3.6% 16
Coffee exports surge 11% in April 17
Canada, Pakistan frown at India’s foodgrain exports, farm subsidies 18
No plans to curb farm exports: Centre 19
Indian food industry poses trade barriers: USTR 20
Groundnut exports to be hit on strict Malaysia, EU norms 21
Guargum exports fall 57% 22
Guar gum halts dream run of farm exports as Basmati gains ground 23
India to seek market access for mangoes, bovine meat from South Africa 25
EU to ban Indian mangoes, vegetables 27
India tightens certification norms for fruits, veggies to pacify EU 28
EU mango ban to leave bitter-sweet taste 30
EU decision to ban Indian mangoes imports is pre-mature: Rajeev Kher 31
India threatens to drag EU to WTO on mango 32
Oilmeal exports up 8% during April-November 33
Oilmeals exports up 7 per cent to 31.67 lakh tonnes in April-December 34
March oilmeal exports down 8% 35
Onion exports drop by 81% in August 36
To curb onion exports, minimum price hiked 37
Nafed to canalise onion imports; China, Egypt eyed 38
Onion export floor price hiked to $1,150/tonne 40
Onion exports double in Dec to 0.13 mt on MEP cut 41
Onion exports in April-December period rose by 59 pc to Rs 2,532 cr 42

Govt abolishes onion MEP to arrest decline in domestic prices 43
Onion exports jump 25% in 2013-14 on higher unit value 44
Govt extends ban on pulses export till further orders 45
Weak rupee works to rice, tea exporters' disadvantage 46
Russia lifts ban on import of rice from India 47
Fresh troubles in the offing for India's basmati exports 48
Rice & sugar to the rescue, even as overall exports stagnate 49
India may lose top rice exporter spot to Thailand 51
Soyameal exports up four-fold to 1.94 lt in October 53
Soyameal exports flat in November on sluggish crushing 54
Soyameal exports drop 8% in Dec as farmers hold stock 55
Spice exports see 9% drop 56
Spices exports swell 43% to Rs 6,118 crore 58
Sugar industry says exports crucial to reverse current bearish trend 59
Govt clears export subsidy for raw sugar 61
CCEA defers subsidy on raw sugar exports 62
CCEA clears Rs 3,333 a tonne raw sugar export subsidy 63
Raw sugar export subsidy under WTO scrutiny 64
If the Government continues its subsidy programme for the remaining months of the season, exports could touch an estimated 4 mt. 64
Sugar export subsidies ‘will not cross $ 80 million’ 65
Food Ministry starts review of raw sugar subsidy amidst WTO pressure 66
Sops for raw sugar exports cut by Rs 1,000 a tonne 67
Tea Board urges branding as export strategy 69
Tea exporters losing out to Kenyan rivals 70
Darjeeling tea brews 10% jump in exports on new market push 71
Row over export of fresh vegetables to Saudi Arabia 72
Vegetable oil imports fall 15.5% in August 73
Vegetable oil import bill likely to be low 74
Vegetable oils imports remain stable at about Rs 55,000 cr in 2012-13 75
Veg oil imports up 18% in Dec at 10.67 lakh tonne 76
Vegetable oil imports decline 22 pct in January 77
Vegetable oil imports drop to 3-year low in Feb 78
Vegetable oil import down 6% in November-March 79
India Raises State-Purchase Price of Wheat 80
State agencies float tenders to export 6.5 lakh tonnes of wheat 81
India's wheat, rice exports raise hackles at WTO 82

India may suspend wheat exports mid-way 83

Agri exports fall 19% in Q1

Namrata Acharya, Business Standard

Kolkata, 13 September 2013: In the first quarter of the current financial year, India's agricultural export was down 19 per cent in terms of value over the last year, primarily on the back of lower exports to the US and Bangladesh.

India's total agri-export in the first three months of the last financial year was $6.36 billion, which tumbled to $5.18 billion in the present financial year, data from Agricultural and Processed Food Products Export Development Authority showed.

Exports to the US were down by 59 per cent, at about $ 793 million between April-June this year over the last year. A price crash of guar gum, the highest exported agri-commodity to the US from India, has been one of the biggest reasons for the decline in exports. Guar gum exports to the US fell 63 per cent in terms of value, but remained flat in terms of quantity, over a year's time. Last year saw an unexpected spurt in guar gum prices due to bulk purchase from US shale gas companies in the beginning of the year and very low demand by the end of the year. The prices fell from about peak prices of Rs 1,025 a kg in April-May 2012, to Rs 200 per kg by October-December 2012.

Apart from the US, India's exports to Bangladesh also saw a substantial fall in value, 66 per cent over a year's time at $87 million. Last year, India exported jaggery and confectionery worth $150 million to Bangladesh, against nil in the first quarter of the present financial year.

However, the positive news for India comes from Iran, which saw a 140 per cent jump in export value in the first three months of the financial year at $682 million. The export growth was driven by exports of Basmati rice to the country, which saw a 160 per cent or three fold rise in realisation over a year's time. Iran accounts for 40 per cent of India's Basmati exports, which were dented by the payment crisis last year.

In terms of product mix, Basmati has emerged as India's top export commodity from India, followed by buffalo meat and guar gum, in the first quarter of the this financial year. India's Basmati rice export increased by 62 per cent, while that of guar gum fell by 59 per cent in the first quarter. Buffalo meat exports, currently, India's second largest agri-export commodity in terms of value, increased by 20 per cent in a year's time.

[Back to top]

Agri exports rise 20% in first three quarters of current fiscal

Sandip Das, Financial Express

New Delhi, 7 February 2014: Driven by a sharp rise in shipments of rice, meat products and fruits and vegetables, India's agricultural and processed food products' exports have risen by close to 20% to Rs 99,125 crore in the first three quarters of the current fiscal, compared with the same period last year. Commerce ministry sources told FE agricultural exports are expected to rise by more than 15% in the current fiscal compared with the last.

According to the latest data by Agricultural and Processed Food Products Exports Development Authority (APEDA), a body under the commerce ministry, the rise in exports during April-December 2013 has been achieved despite more than 40% fall in exports of guargum, mostly used by US-based oil exploration companies. “Factors such as adhering to global quality standards, improvement in quality of packaging and transportation and devaluation of the rupee against the dollar mainly contributed to the increase in agricultural goods exports,” an official source said.

The sharpest jump in exports in the first nine months of this fiscal has been seen in shipments of Basmati rice and meat products, which have grown over 58% compared with the same period last fiscal.India has earned more than Rs20,649 crore this fiscal from Basmati rice shipment, which is an increase of more than 58% compared with the last fiscal, while in terms of US dollar earnings, the exports grew by more than 46%. Similarly, in the case of meat and allied products, exports have risen to more than Rs19,946 crore in the current fiscal, against Rs17,902 crore earned during 2012-13.

The shipment of non-Basmati rice rose by more than 18% to Rs12,894 crore in the current fiscal. A commerce ministry official said rice exports have been rising steadily since the government lifted a four-year ban on non-Basmati rice exports in September 2011. As reported by FE recently, India is all set to earn close to Rs40,000 crore from rice exports this fiscal from Rs33,000 crore earned in the previous year. “Basmati rice export to Iran has risen sharply in the last eight months of the current fiscal. This has pushed up shipments of Basmati rice from the country,” Vijay Setia, an exporter and former president of All India Rice Exporters' Association, said. Iran's share in the volume of Basmati rice exports from India is around 35%.However, after rising for the last two fiscals, guargum exports have declined sharply to Rs10,159 crore in the first three quarters of this fiscal, while India had earned more than Rs21,000 crore during 2012-13.
Other commodities which saw a rise in exports in the qua-rters include dairy products (Rs2,618 crore), pulses (Rs1,451 crore), fruits (Rs2,602 crore) and vegetables (Rs3,865 crore).

Meanwhile, APEDA has identified 20 odd clusters located across India for sustaining growth in food products' exports in the future. These clusters include Basmati rice (Haryana and Punjab), buffalo meat (western UP), grape and grape wine (Nasik region, Maharashtra), pomegranate (Satara and Pune regions of Maharashtra), dehydrated onions and garlic (Gujarat), poultry or egg (Namakkal) and mango pulp (UP 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 Commission for Agricultural Costs and Prices chief Ashok Gulati recently stated.

[Back to top]

Agri exports outpace other commodities

Dilip Kumar Jha, Business Standard

Mumbai, 3 April 2014: Growth in India's agricultural exports has exceeded the rise in exports of other products. Through the past few years, these products have consistently seen a rise in their share in the export basket, primarily due to the huge stocks resulting from bumper output, as well as favourable government policies.

According to data from the commerce ministry, in 2010-11, agricultural exports stood at $17.35 billion, in 2011-12 $27.43 billion, in 2012-13 $31.86 billion and in the first 11 months of 2013-14, it stood at $29.3 billion.

During this four-year period, overall exports recorded 93 per cent growth. The share of agricultural commodities in India's overall export basked rose to 10.66 per cent in 2012-13 from 7.06 per cent in 2009-10.

"Agricultural exports growth will continue in the future, too, with improved prospects and favourable long-term policy support," Commerce Minister Anand Sharma had said on the sidelines of a Business Standard awards function here on Saturday.

Sharma said from now, basmati rice would incorporate the new Pusa 1121 variety. Various promotional efforts in major importing countries made the Pusa 1121 variety a preferred choice. Also, the Centre had signed free trade agreements with a number of agricultural product-deficient countries. The government also allowed exports of foodgrains and other agricultural commodities on a quota basis, with a positive response.

Recently, India had allowed limited exports of pulses to Maldives. It has already been announced subsidy for sugar had resulted in a spurt in exports. Buffalo meat and guar gum are other major products seeing significant growth in the export basket. Though guar gum prices have fallen in the past year, its exports have risen in volume terms.

"The growth momentum in India's agricultural exports is expected to continue in the next few years, with an increased share of processed food, including mango pulp, dried and preserved vegetables, meat and poultry items. Factors such as reduced transaction costs, time, better port gate management and fiscal incentives contributed to this upward trend. With continued focus on issues such as food safety and compliance with international standards, we can surely reach new heights," said Piruz Khambatta, chairman and managing director, Rasna, and chairman, Confederation of Indian Industry's national committee on food processing.

According to the World Trade Organization, global export and import of agricultural and food products stands at $1.66 trillion and $1.82 trillion, respectively, of which India's shares are 2.07 per cent and 1.24 per cent', respectively. This indicates India is a net exporter of agricultural products. The country ranks 10th in terms of global agricultural and food exports.

In recent years, the government's policy impetus has provided stability to agricultural exports. Given sufficient stocks of foodgrains in the central pool, the government has allowed exports of wheat. Also, efforts have been taken to promote horticulture exports. "Though these measures are in the right direction, a consistent long-term trade policy, with tariff in a narrow band, might be required to acquire international presence in commodities, wherein it has comparative advantage," Economic Survey 2012-13 had stated.

Sharma said the government was working on a long-term policy for sustainable growth in agricultural commodities. Currently, India is the world's largest rice exporter and second, in terms of wheat exports. Horticulture exports have also seen good growth. To achieve the desired growth, "India needs to change the cropping pattern, with a larger focus on north India", Sharma had said.

R S Rawat, secretary-general, Associated Chambers of Commerce and Industry of India, said, "The government must take policy reforms to support growth in agricultural commodities. To achieve the $70-billion export target for 2017 will not be too ambitious, with the possibility of policy implementation increasing productivity and promoting diversity of crops and specialised items to meet specific demands abroad."

Among agricultural commodities, exports of basmati rice have risen 46 per cent to $3.47 billion in the first nine months of this financial year, compared with $2.37 billion in the year-ago period. Exports of non-basmati rice rose seven per cent to $2.13 billion in the April-December 2013 period from $1.99 billion in the year-ago period. Exports of dairy products recorded 138 per cent growth in April-December 2013 at $435.93 million, against $183.24 million in the corresponding period last year. Due to declining global wheat prices, India's realisation from wheat exports fell 5.24 per cent — from $1.24 billion to $1.17 billion.

[Back to top]

Cashew exports walking up to a new peak

PK Krishnakumar, Economic Times

Kochi, 21 January 2014: Indian cashew exports are inching closer to a new peak of Rs 4,500 crore in the current fiscal. The shipments for the nine month period ended December 2013 have shown 16% rise in quantity and as much as 24% increase in value with rupee value falling during the year. India exported 90,244 tonne valued at Rs 3,764 crore in these nine months.

Looking at the earlier trend in the year, the industry was hopeful of achieving Rs 5,000-crore export for the year. But the sharp rise in imported raw cashew nut prices from East Africa has thrown a spanner in the works.

Consequently, exporters feel it may surpass last year's Rs 4,420 crore but could fall short of Rs 5,000 crore. "In volumes, we will cross 1.20 lakh tonne. The last time we did that was two years ago, when the export quantity went up to 1.30 lakh tonne. But the worrying factor is that carryover stock is depleted and the Tanzanian raw cashew nut prices have gone up considerably," said Hari Krishnan R Nair, a major exporter and former chairman of Cashew Export Promotion Council of India. When the raw nuts were coming from West Africa, the prices were lower. But India had to compete with Vietnam, which purchased large quantity of nuts for processing.

However, Indian exporters were helped by the fact that the domestic production was better. The Indian raw cashew output, which used to range between 6-7 lakh tonne went up to 7.28 lakh tonne in 2012-13.

[Back to top]

Cashew exports jump 20%

Rajesh Ravi Financial Express

Kochi, 11 March,2014: Cashew exports in the first three quarters are seen higher by 28% in value realisation, and 20% in volume compared with the performance in the same period last year.
Value realisation for the first nine months of the fiscal has already touched R3,888.8 crore and likely to exceed last years performance by a handsome margin. In the last fiscal, cashew exports totalled 1,03,645 tonne with a value realisation of R4,046 crore. India is the world's largest consumer of cashew nuts with trade estimates of consumption ranging from 1,70,000 to 1,90,000 tonne. It is also one of the largest processor and exporter of kernels.

“Following a reasonable growth in usage in all markets in 2013, there are signs that usage will be good in 2014 as well due to the high prices of other nuts and relative stability of cashew prices at the lower end of range of last few years,” Pankaj Sampat of Mumbai-based Samsons Trading said.

“We believe the market may see some volatility between till May 2014 depending on news about the crop progress. After that, it should stabilise and move in a narrow range for rest of the year. If there is any strong kernel demand from the US and EU in March-April, the raw nut prices will not come down and will remain firm,” he added.

Cashew is probably the only nut for which prices have remained steady for two years in a row.
Pratap Nair of Vijayalakshmi Cashews, who is also the ambassador of the International Nut & Dried Fruit Council (INC) feels the consumption of cashew nuts is likely to increase due to a rise in the awareness level of health benefits.

[Back to top]

Record cashew exports last fiscal

GK Nair, Business Line (The Hindu)

Kochi, 25 April 2014: Cashew exports rose to a record high last fiscal in volume and value compared with the previous fiscal.

Total shipments during 2013-14 increased by over 13 per cent to 1,13,620 tonnes from 1,00,105 tonnes. Total value realisation was Rs 4,975.96 crore (Rs 4,046.23 crore) despite an increase in the average unit value to Rs 439.34/kg, according to Cashew Export Promotion Council of India (CEPCI).

“Performance in all the segments of exports, including cashew nut shell liquid, roasted and salted cashew kernel showed an upsurge as market conditions were favourable,” K Sasi Varma, Executive Director and Secretary, CEPCI, told Business Line.

Export of cashew nut shell liquid also rose during last fiscal to 9,226 tonnes valued at Rs 37.26 crore from 9,192 tonnes valued at Rs 29.84 crore during April-March 2012-13, he said.

Processing units

Varma said that the cashew processing facility in the country could process over two million tonnes of raw nuts but the availability is limited, making up some one-third of the requirement.Therefore, the processing-exporting industry has to depend on imported raw nuts for decades.

Unfavourable exchange rate, coupled with high (non-parity) prices, has caused a drop in imports of raw nuts which is likely to affect exports later on, Varma said.

Imports of raw nuts decreased during 2013-14 to 7,58,111 tonnes valued at Rs 4,457.72 crore from 8,92,365 tonnes valued at Rs 5,331.74 crore, he said.

Low yields

Though raw cashew nut production in India has more than doubled in the last two decades, poor yield is still a cause for concern compared to competitors such as Vietnam.

The area under the crop has increased to over 10 lakh hectares in 2013-14 from around 9.8 lakh hectares in 2012-13.The production last fiscal is estimated at around 7.4 lakh tonnes against 7.3 lakh tonnes the previous financial year, according to official sources.

Viet statistics

Vietnam, of late, has emerged as the top producer of the commodity displacing India.

Total raw cashew production in Vietnam in 1993 was 1.86 lakh tonnes from 69,100 hectares. It shot up to 12.73 lakh tonnes from a total area of 3.31 lakh hectares in 2011, according to the latest FAO statistics. The yield from a hectare is currently 3.8 tonnes in Vietnam against India’s 772 kg.

[Back to top]

Coffee exports fall 5.3% on low demand from US, EU

Mahesh Kulkarni, Business Standard

Bangalore, 30 September 2013: India's coffee exports fell 5.34 per cent to 2,99,266 tonnes in the year ended September 30, as demand from the US and the European Union (EU) remained subdued. In the previous coffee year (October 2011 to September 2012), India had exported 3,16,164 tonnes.

“The decline in exports was mainly due to weak demand from European nations such as Italy, Spain, Greece and Portugal, as buyers were looking for cheaper coffees,” exporters said. Realisation from exports declined 1.3 per cent to Rs 1,51,379 a tonne between October 2012 and September 26, 2013, against Rs 1,49,459 a tonne in the previous coffee year. In value terms, total coffee exports fell 4.1 per cent to Rs 3,530 crore, against Rs 4,725 crore in the previous year, according to the Coffee Board.

A sharp drop in the prices of the arabica variety last financial year contributed to the decline in exports, as a large number of farmers withdrew sales, exporters said. Arabica prices declined 20-25 per cent.

“Arabica coffee prices ended within a cent of a more than a four-year low on Thursday, as big supplies of the beans and tepid demand encouraged selling. Prices were down about 20 per cent for the year; roasters appear to be waiting for even lower prices due to large supplies, particularly from Brazil. LIFFE robusta coffee futures hit an almost three-year low last Thursday, as expectations of a large crop from top grower Vietnam weigh on prices. LIFFE robusta coffee futures for November delivery settled $43 lower at $1,663 a tonne,” the Coffee Board said. India primarily exports coffee to Italy, Germany, Russia, Belgium and Spain.

The outlook for exports in 2013-14 isn't very promising. The Coffee Board has said in 2013-14, production would be at least 10 per cent lower than post-blossom estimates. In its post-blossom estimates earlier this year, it said production would stand at 3,47,000 tonnes. In 2012-13, production stood at 3,18,200 tonnes.

“Based on the conditions in February and March, when the growing regions received good blossom showers, we had estimated we would record 3,47,000 tonnes. However, due to a drought in the two subsequent months and the heavy rains in June, July and August, we anticipate a drop of about 10 per cent against the post-blossom estimates,” Coffee Board Chairman Jawaid Akhtar had told Business Standard earlier this month.

This means for 2013-14, India's bean production could be about 3,12,000 tonnes. However, growers estimate it at 70,000-2,90,000 tonnes. Exporters said low production would hit exports in the next crop year, too.

[Back to top]

Coffee exports fall on weak global prices in Jan-Oct period

PTI

1 November 2013: Coffee exports fell marginally to 2,76,842 tonnes in the first ten months of the current calendar year, due to a major drop in global prices, according to the Coffee Board.

The country has shipped 2,77,296 tonnes of the coffee bean during the January-October period of 2012, it said.

"There is a small drop in export quantity. It was mainly due to a sharp price fall in global market owing to excess supply from other major producing countries like Brazil," a senior Coffee Board official told PTI.

In value terms too, coffee shipments fell to Rs 4,152.65 crore during the January-October period of this year, from Rs 4,640.07 crore in the year-ago period, he said.

The value of shipments declined due to lower export realisation of Rs 1,50,000 per tonne, as against Rs 1,51,929 per tonne in the review period, he added.

Maximum quantity of coffee has been exported to Italy at 69,328 tonnes, followed by Germany at 27,932 tonnes and Russia at 18,279 tonnes, the Coffee Board data showed.

Out of total coffee shipments, export of arabica varieties stood at 50,153 tonnes in the first ten months of the current year, down from 53,668 tonnes in the year-ago.

However, export of robusta varieties remained slightly better at 1,48,033 tonnes as against 1,47,862 tonnes in the review period, the Board data showed.

Interestingly, re-export of coffee from the country improved to 58,985 tonnes during January-October of this year from 39,460 tonnes in the same period last year.

According to exporters, global prices of coffee have nosedived to their lowest levels in four and a half years due to the prospect of bumper harvest from Brazil and Vietnam.

Last month, arabica prices fell to $109 cents per pound, lowest since March 2009, while robusta rates hit $1,560 level, they added.

The Coffee Board has pegged total coffee production to be higher at 3,47,000 tonnes in the ongoing 2013-14 season that started from October. Harvesting of the crop will begin from next week.

[Back to top]

Coffee exports up 29%

Mahesh R Kulkarni, Business Standard

Bangalore, 4 December 2013: Coffee exports have registered a 29 per cent rise in the first two months of the crop year (October 2013 to September 2014). The country exported 39,800 tonnes, compared to 30,859 tonnes a year ago.

The rise is significant as the previous year (October 2012-September 2013) had seen a decline of 5.24 per cent to 299,582 tonnes.

“The depreciation of rupee and the rush to clear carry-forward stocks were the main reasons for the sudden jump. Growers, specially small and medium, are in need of money to meet the harvesting expenses for the current crop year. The harvest for Arabica has begun,” said Ramesh Rajah, president, Coffee Exporters’ Association of India.

In dollar terms, exporters have earned $100 million in the two months against $92.86 million a year ago. In rupee terms, the exporters have earned Rs 620.53 crore against Rs 499.76 crore. The unit value a tonne has dropped from Rs 1.62 lakh to Rs 1.56 lakh between October and November, a drop of 3.8 per cent.

India exports coffee mostly to Italy, Germany, Russia, Belgium and Spain. Robusta variety is mainly used in the preparation of instant drinks and espressos worldwide.

Rajah said while the rupee depreciation had helped exporters earn higher dollar revenues, the lower prices in the international markets have offset the gain. Over the last year, Arabica prices have declined 45 per cent to 110 cents a lb. Huge off-year crop harvested by Brazil triggered the crash.

Nishanth R Gurjer, former chairman of Karnataka Planters’ Association (KPA) said the green coffee exports have been stagnant over the last year, while the instant coffee exports have been increasing. “Small growers were not in position to hold on to their stocks and have cleared their inventories. The exports have mainly come from companies.”

According to Rajah, the rise is unlikely to sustain through the rest of the year. “The real picture will emerge by April, when the harvest will be over and we will know how much stock will be available for exports. By the indications, the current year’s crop is short. Harvesting for robusta will begin by December-end or early January,” he said.

The Coffee Board has scaled down its projections for the current year by 10 per cent. In its post-blossom estimates earlier this year, the Board had projected a production of 347,000 tonnes. The post-monsoon estimates are yet to be announced.

[Back to top]

Coffee exports rise 3% in 2013

Mahesh Kulkarni, Business Standard

Bangalore, 31 December 2013: India's coffee exports recorded a marginal rise of three per cent to 313,128 tonnes for the calendar year 2013 (till December 27), as against 303,982 tonnes in the same period last year. In the full year ended December 31, 2012, India had exported 305,247 tonnes.

In value terms, the exporters earned $837.14 million, a decline of 7.55 per cent over the corresponding period of previous year. Between January and December 2012, the earnings stood at $909.66 million.

In rupee terms, however, the exporters earned a higher amount of Rs 4,705.63 crore as against Rs 4,616.62 crore due to depreciation against the dollar. In 2012, earnings from coffee exports stood at Rs 4,637.87 crore, the Coffee Board said.

The unit value realisation was lower at Rs 1,50,278 a tonne as against Rs 1,51,871 a tonne in the same period of previous year. Exports were especially higher during the last quarter of the calendar year. Bean exports during the period (October to December 27, 2013) went up 33.70 per cent to 59,159 tonnes as against 44,245 tonnes in the corresponding period last year.

While the value in rupee terms went up due to rupee depreciation to touch Rs 915.32 crore as against Rs 720.18 crore a year ago, the unit value realisation was lower at Rs 1,54,722 per tonne as against Rs 1,62,770 per tonne in the same period last year because of decline in the prices globally.

Rupee depreciation and a rush to clear off carry-forward stocks were seen as the main reasons for jump in exports during the last quarter. Growers, especially small and medium, rushed as they were in need of money to meet harvesting expenses for the current crop year. The harvest for Arabica and Robusta is progressing in major growing regions of South India, exporters said.

According to Ramesh Rajah, president, Coffee Exporters' Association of India, while the rupee depreciation helped exporters earn higher dollar revenues during the year, the lower prices in the international markets offset the gain. Over the last year, Arabica prices have declined as much as 45 per cent to 110 cents a lb in the international markets. A huge off-year crop harvested by Brazil triggered the price crash.

Of the total exports Arabica beans accounted for 17.4 per cent at 54,746 tonnes, while the majority came from Robusta variety at 258,381 tonnes.

Italy continued to be the main market for Indian coffee in 2013, accounting for 24.56% of the total exports. It was followed by Germany (9.76%), Russian Federation (6.58%) and Belgium (5.55%).

CCL Products (India) Ltd, Allanasons Limited, NKG Jayanti Coffee Pvt Ltd, Nestle India Ltd and Tata Coffee Ltd were the top exporters of coffee during the year.

[Back to top]

Coffee exports up 38% in January on strong global prices

PTI

New Delhi, 3 February 2014: Country's coffee exports rose 38 per cent to 26,161 tonnes in January on account of firm global prices, according to the Coffee Board of India. The country had shipped 18,979 tonnes in the same month of the previous year, the data showed. In value terms, exports rose to Rs 393.70 crore in January this year from Rs 304.70 crore in the year-ago period, even as unit realisation was down at Rs 1,50,496 per tonne.

"Exports remained high as global prices improved and have remained stable since last one month. International prices have gone up on expectation of lower crop in Brazil," Board's Chairman Jawaid Akhtar told PTI. Currently, harvesting is underway in the country and normally small growers try to sell off their produce. This is also one of the key reasons for higher exports, he said.

Akhtar, who also heads International Coffee Organisation (ICO), said the production forecast for Brazil, the world's largest coffee producer, has been revised downward for this year to below 48 million bags from earlier 58 million bags. With this development, arabica prices in the global market rose to around 130 cents per pound now from 110 cents per pound a month back, he added.

According to the latest Board data, shipment of robusta coffee rose by over 90 per cent to Rs 10,101 tonnes in January this year, from Rs 5,306 tonnes in the year-ago period. Similarly, export of arabica coffee increased by over 46 per cent to 9,200 tonnes from Rs 6,290 tonnes in the review period. But export of instant coffee remained down at 6,838 tonnes as against 7,356 tonnes in the same period.

Maximum coffee was exported to Italy (5,675 tonnes), followed by Germany (2,621 tonnes), Belgium (2,109 tonnes), Jordan (1,674 tonnes), Turkey (1,646 tonnes) and Russian Federation (1,309 tonnes) in January 2014, the data showed.

During the April-January period of this fiscal, the country's total coffee exports increased to 2,41,956 tonnes as against 2,25,570 tonnes in the year-ago period.

Currently, arabica harvesting is almost over in the country, while robusta picking is continuing. The Board has pegged total output at 3,11,500 tonnes for 2013-14 crop year (October-September), down by 2.1 per cent from 3,18,200 tonnes produced in 2012-13.

[Back to top]

Coffee exports up 3.6%

PTI

New Delhi , 2 April 2014: The country's coffee exports rose 3.6% at 3.15 lakh tonne in 2013-14 on account of a sharp increase in shipments during the fourth quarter buoyed by firm global prices, according to the Coffee Board. Coffee shipments from India — the world's fifth biggest exporter — stood at 3.04 lakh tonne in the 2012-13 fiscal.

"Overall, the export performance remained good in 2013- 14. There is a marginal increase in overall export volumes as compared to last year," a senior Coffee Board official said.

Exports during the third quarter of the year remained below 20,000 tonne per month. With firming up of global prices, the shipments again picked up during the fourth quarter, the official added.

Of 3.15 lakh tonne, export of robust were at 1.56 lakh tonne, arabica at 62,852 tonne, instant coffee at 95,084 tonne, the Coffee Board data showed.

In value terms as well, total coffee exports rose slightly to R4,800 crore in 2013-14, as against R4,637 crore in the previous fiscal. Maximum exports were to Italy, Germany, Belgium, Jordan, Turkey, and Russia during the review period.

According to experts, global coffee prices rose to the highest level in February, fuelled by fears over falling production in top producer Brazil. The board has pegged output at 3,11,500 tonne for 2013-14 crop year, down by 2.1% from 3,18,200 tonne produced in 2012-13.

[Back to top]

Coffee exports surge 11% in April

PTI

New Delhi, 6 May 2014: India's coffee exports rose by over 11% in value terms at Rs 535.83 crore in April this year on better realisation following firm global prices, according to the Coffee Board.

Coffee shipments from India — the world's fifth biggest exporter — stood at Rs 480.77 crore in the corresponding period of last year. However in volume terms, shipments fell by over 4% at 31,836 tonne in April this year from 33,211 tonne in the year-ago period. "The export realisation remained as high as Rs1,68,362 per tonne in April, 2014, against Rs1,44,762 per tonne in the year ago because of better global prices," a senior Board official said.

But the volume of coffee exports from India remained lower last month as domestic traders held back stocks anticipating recovery in global prices, which have firmed since February on likely drop in production in the world's largest coffee producer Brazil, the official added.

According to the Board, global coffee prices have already risen by over 80% this year owing to concerns over drought conditions in Brazil and an outbreak of coffee leaf rust plant disease in Central America. In the last week of April, arabica-quality coffee prices at New York had touched 219 US cents on April 24 — the highest since February 2012. Robusta futures price for July had risen to $2,156 a tonne from $2,086 a tonne.

The Board official said harvesting of coffee in the country has got over now. Overall domestic production is expected to be in line with the Board's estimate of 3,11,500 tonne for 2013-14 crop year, down by 2.1% from 3,18,200 tonne produced in 2012-13.

India exports coffee to Italy, Germany, Belgium, Jordan, Turkey and Russia, among others.

[Back to top]

Canada, Pakistan frown at India’s foodgrain exports, farm subsidies

Amiti Sen, Business Line (The Hindu)

New Delhi, 27 January 2014: Rice and wheat exporting countries have raised fresh concerns about India’s food stocks and farm subsidies at the World Trade Organisation (WTO).

This comes less than two months after Western countries promised India that no action would be taken against it for breaching food subsidy levels prescribed by the multilateral body at least for the next four years. The WTO’s Committee on Agriculture (CoA) will take up the questions raised by Canada and Pakistan on India’s wheat and non-Basmati rice exports, existing levels of stocks and the subsidies extended, in a meeting scheduled on January 29, a Commerce Department official told Business Line. Canada has asked India to give details on the volume of wheat stocks held by the Food Corporation of India (FCI) in the light of recent reports that the country would be exporting up to 20 lakh tonne of wheat due to surplus stocks.

In a representation to the CoA, Canada has also asked India to specify how it calculates the floor price (minimum price) for wheat exports. “Reports (news) indicate that the Government of India has lowered the floor price for wheat to $260 per tonne from $300 per tonne which is lower than the price of the same quality wheat from Canada (and other countries) sold in the range of $270 to $275 per tonne,” the representation said.

WTO concession

India and a number of other developing countries have been granted a reprieve by the WTO against legal action for breaching farm subsidy limits, fixed at 10 per cent of total produce, on items covered under the country’s food security programmes.This was part of the deal struck at the WTO Ministerial meet in Bali, Indonesia, in December. Members are now supposed to work on a permanent solution to the problem.

India is likely to breach the prescribed subsidy limits once it fully implements its Food Security Programme which offers 5 kg of subsidised foodgrain to about two-thirds of its population. The reprieve, however, would not be applicable if the subsidised foodgrain is released in the export market and affects global prices. India is also obligated to supply all data related to production, pricing, procurement and subsidies demanded by WTO members who would want to ensure that subsidised food was not distorting the global market.

A number of civil society organisations, such as Right to Food Campaign, Action Aid and Third World Network, had earlier warned that the temporary reprieve, called the Peace Clause, would lead to insufficient protection and onerous data sharing obligation.

Pakistan, in its representation to the CoA, has asked India to furnish details of rice exports in the last two years. It has also asked the country to clarify if all non-Basmati rice varieties were eligible for market price support. “India will get some time to reply to the questions,” the official said.

[Back to top]

No plans to curb farm exports: Centre

Financial Express

New Delhi, 6 March 2014: The government on Wednesday said it has no plans to curb farm exports despite fears of an impending El Nino that could affect the monsoons this year. “Our granaries are still brimming with stocks,” said a senior official.

"We don't intend to curb farm exports. In fact, the government on Tuesday scrapped the minimum export price of onion to help farmers get better realisation," said the official. "It's too early to say whether El Nino will actually affect the monsoon, and, if yes, to what extent. So we will wait for the forecast by the IMD (Indian Meterological Office)."

The weather office is expected to firm up its first long-range forecast of the monsoon in April.
India is the world's largest exporter of rice and guar gum and second-largest supplier of cotton and also ships wheat in large volumes. The country's farm exports are projected to rise 9.8% to $45 billion in 2013-14, accounting for 13.8% of the total exports of $325 billion targetted for the current fiscal.
The government is fully prepared to tackle any fluctuation in weather this year and states have been asked to keep contingency plans ready, another official said.

Grain stocks with state-run agencies hit 41.1 million tonnes as of February 1, compared to a requirement of 25 million tonnes for various welfare programmes. The projected record harvest of wheat in 2013-14 is likely to boost the stock levels further, giving relief to policymakers in case of a monsoon failure.
El Nino is warming of sea-surface temperature levels in the central and east Pacific and cooling of the West that occurs every four to 12 years. It caused the worst drought in 37 years in the country in 2009, dragging down grain production to 218.11 million tonnes from 234.47 million tonnes the year before.
Fears of widespread dry spells in many parts of Asia, including India, intensified this year after Australia’s Bureau of Meteorology last month said that climate models surveyed by it showed Pacific Ocean temperatures approaching or crossing El Nino thresholds in the austral winter. A report in the PNAS, the official journal of the US National Academy of Sciences, also said there was a 75% chance that El Nino could occur in late 2014.

Agriculture minister Sharad Pawar played down El Nino fears, saying the government was keeping a tight vigil. The June-September monsoon season brings about 70% of annual rains and is crucial to the summer-sown crops as more than 60% of the country's farmland is rain-fed. The showers also boost ground water reserves for winter planting.

[Back to top]

Indian food industry poses trade barriers: USTR

Lalit K Jha, PTI

Washington, 1 April 2014: The US has said Indian policies in the food and poultry sector pose significant barriers in bilateral trade.

"Since 2003, India has imposed unwarranted SPS requirements on US dairy imports, which have precluded US access to India's dairy market, one of the largest in the world. India has insisted on onerous certification requirements and refused to accept US food safety and animal health standards as effective," the US Trade Representatives (USTR) said in its annual report on Sanitary and Phytosanitary (SPS) Barriers to Trade.The report said that India maintains zero-tolerance standards for certain plant quarantine pests, such as weed seeds and ergot. Such zero tolerance standards block US wheat and barley exports to India. Bilateral discussions to resolve these issues continue.

Expressing its displeasure on Indian policy in pulses, the USTR said this requires that shipments of all pulses to India be fumigated with methyl bromide (MB) at the port of origin.

"In August 2004, the United States asked India to permit the exportation of US pea and pulse consignments to India without fumigation at the port of origin provided they are inspected and, if necessary, fumigated at the port of arrival," it said.

"India has enacted, but not implemented a requirement that shipments of all pulses to India be fumigated at the point of origin, allowing MB fumigation on arrival, but has offered no permanent solution. The most recent extension expires on March 31, 2014. The United States continues to seek a permanent resolution to this issue," the report said.

Noting that the Indian import certificate for pork requires importers to make an attestation that the imported pork does not contain any residues of pesticides, veterinary drugs, mycotoxins, or other chemicals above the MRLs prescribed in international standards, the report rued that these certificates fail to identify specific compounds and their corresponding international limits, creating uncertainty for importers.

Similarly, the animal health attestations that India requires for the exportation of pork to India are vague, and India requires extra inspections that do not appear to be consistent with international standards, it said.

"India also prohibits imports from the United States of pork products obtained from animals raised outside the United States, notwithstanding the safety of those products. Further, import certificates are valid for only six months and must be obtained for each imported lot."

"The United States will continue to press India to lift its unwarranted restrictions and to revise its import certificates so as to clarify any legitimate requirements and be valid for a reasonable period of time," USTR said.

[Back to top]

Groundnut exports to be hit on strict Malaysia, EU norms

Dilip Kumar Jha, Business Standard

Mumbai, 19 February 2014: Groundnut exports are likely to take a hit due to the stringent norms of the European Union (EU) and Malaysia to controlaflatoxin levels.

The two largest importers that account for 40 per cent of exports have asked Indian traders to procure a health certificate for every consignment. The Export Inspection Council of India (EIC), under the commerce ministry, is issuing certificates.

This is required in addition to other certificates, including hazard analysis and critical control points (HACCP).

“We have been appointed as the only agency for issuing health certificates for groundnut exporters to Malaysia and the EU,” said an official.

After getting complaints from the two regions, Agricultural and Processed Food Products Export Development Authority (Apeda) had told the commerce ministry repeatedly about exporters not adhering to global norms. The official said importers had warned the Apeda a suspension of shipments could kick in.

Between April and December 2013, exports fell 14 per cent in volumes to 361,642 tonnes against 420,640 a year ago. Falling global prices of oilseeds have also lowered realisations 13 per cent. The groundnut realisation fell to Rs 66,000 a tonne in the first nine months of the current financial year from Rs 76,000 a tonne a year ago.

APEDA on December 31, last year, had asked recognized exporters including processing and milling units to obtain a provisional HACCP certificate for groundnut shipment after showing documentary evidences for their capability.

For determining aflatoxins levels in groundnut and its derivatives it would be mandatory that all public private partnership (PPP) consignments meant for export to the EU will compulsorily be vacuum packed only and no other type of packing will be used. The sampling will be done in gunny bags and after clearance from the laboratory, the consignment will be vacuum packed under the supervision of the authorized laboratory, APEDA said.

“The entire trade gets affected because of a couple of errant exporters as importers set stringent norms, difficult to adhere to. Hence, exporters should always maintain global quality specification for not to spoil entire exports fraternity from India,” said Kishore Tanna, chairman of Indian Oilseeds and Produce Export Promotion Council (IOPEPC) under Ministry of Commerce.

India's output is estimated at six million tonnes this year, a rise of 10 per cent on a year ago.

[Back to top]

Guargum exports fall 57%

Sandip Das, Financial Express

6 September 2013: The sharp fall in guargum shipments has dragged the country's agricultural and processed food exports in the first quarter of the current fiscal.

Owing to a more than 57% fall in exports of Guargum, mostly used by US-based oil exploration companies, India's agricultural goods exports saw moderate growth of around 6% in April-June 2013. According to the Agricultural and Processed Food Products Exports Development Authority (APEDA) data, while exports of Basmati rice, meat, wheat and fresh vegetables and fruits saw a sharp rise in the first quarter, the slowdown in guargum exports may adversely impact overall agri exports, which were more than Rs1.2 lakh crore in 2012-13.

India exported guragum worth more than Rs 21,000 crore last fiscal. In the first quarter of the current year, exports have fallen to Rs 4,702 crore from the Rs 11,000 crore achieved during the same period last year.

"Due to a decline in demand from oil and gas exploration companies, guargum exports have declined sharply this years" a commerce ministry official told FE.

In April-June 2013, India's agricultural exports from the APEDA basket grew marginally to Rs 34,132 crore from Rs 32,061 crore reported in the same period previous fiscal.

The key drivers of the country's agricultural growth in the current year have been items such as Basmati rice, wheat, pulses, fresh fruit and dairy and meat products.

While non-Basmati rice exports declined marginally during the first quarter of the current year, realisations from Basmati have increased 67% to Rs11,178 crore. The realisation from wheat exports has seen a sharp rise of more than 287% to Rs3,953 crore in April-June, from Rs1,019 crore reported in the previous year.Other commodities that saw an increase in exports in the first quarter include dairy products (Rs 797 crore), pulses (Rs 489 crore), meat (Rs 5,087 crore), fresh fruit (Rs1,106 crore) and fresh vegetables (Rs 845 crore).

Besides, a senior commerce ministry official said the devaluation of the domestic currency against the US dollar is expected to help exporters realise higher prices.

For giving a boost to exports, APEDA has identified 20-odd clusters across the country. 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 onion 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 recent paper by the Commission for Agricultural Costs and Prices (CACP) chief Ashok Gulati stated.

[Back to top]

Guar gum halts dream run of farm exports as Basmati gains ground

Sandip Das, Financial Express

New Delhi, 11 November 2013: Exports of farm items, which grew more than five times in the six years to FY13, faster than the country's overall exports during the period, posted only 17% annual growth in the first half of this fiscal at Rs 66,387 crore, considerably slower than 40% growth registered in FY13 and 96% in FY12.

The significant decline in growth is largely due to a sharp negative growth in the export of guar gum, conventionally a major item in the country's agriculture exports basket, and the overall slowdown in exports in the initial months of the year.

Export of guar gum, which has seen robust demand from US-based oil exploration companies in recent years, fell 52% to Rs 7,218 crore in H1FY14 from the year-ago period.

What continues to drive “agricultural and processed food” exports are rice (basmati and non-basmati), meat products, wheat, fruits and vegetables. India's agricultural and processed foods exports rose 17% to Rs 66,387 crore during the first half of the current fiscal compared to same period last year.

In US dollar terms, Indian agricultural goods exports grew 9% to $11.3 billion in H1 this fiscal. The data excludes marine products and plantation crops like tea, coffee and tobacco.

As per latest data by Agricultural and Processed Food Products Exports Development Authority (APEDA), the biggest share of India's agricultural exports this fiscal has been of aromatic long-grained Basmati rice. The country earned more than Rs 14,118 crore in H1 from Basmati rice shipment, up 57% compared to the same period last fiscal, while in US dollar terms, Basmati exports grew 47%. India, the top Basmati rice exporter in the world, shipped aromatic rice worth more than Rs 17,000 crore in FY13. “Basmati rice exports to Iran have risen sharply in the past seven months of the current fiscal. This has pushed up shipment of Basmati rice from the country,” said Vijay Setia, an exporter and former president of All India Rice Exporters' Association (AIREA). About 40% of India's basmati rice exports (in volume terms) go to Iran.

The shipment of non-Basmati rice rose by more than 39% to Rs 8,810 crore in the current fiscal. A commerce ministry official said rice exports have been rising steadily since the government lifted a four-year-long ban on non-Basmati rice exports in September 2011.

Official sources said the country realised close to Rs 30,000 crore during the last fiscal from rice exports, while it has already realised close Rs 23,000 crore in the first half of FY14.

Meat products exports also saw sharp rise of 56% to Rs 11,887 crore in H1 this fiscal. The realisation from wheat exports saw 56 % growth to Rs 5,681 crore in H1FY14. This was partly helped by a low base as a ban on wheat exports existed in the initial months of last year. Wheat exports last year stood at Rs 10,500 crore.

Other commodities that saw substantial increase in exports in the first two quarters include dairy products (Rs 1,634 crore), pulses (Rs 1,018 crore), fresh fruits (Rs 1,784 crore) and fresh vegetables (Rs 1,970 crore).

“Factors such as adhering to global quality standards, improvement in quality of packaging and transportation and devaluation of rupee against dollar contributed to rise in agricultural goods exports,” a commerce ministry official said.

“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,” Commission for Agricultural Costs and Prices (CACP) chief Ashok Gulati said in a recent paper.

Meanwhile, APEDA has identified 20-odd clusters located across the country for maintaining healthy growth in the country's food products exports in the future.

These clusters include Basmati rice (Haryana & Punjab), buffalo meat (western Uttar Pradesh), grape and grape wine (Nasik region, Maharashtra), pomegranate (Satara and Pune regions of Maharashtra), dehydrated onions and garlic (Gujarat), poultry or egg (Namakkal) and mango pulp (Uttar Pradesh and Maharashtra).

Fifteen countries, including Saudi Arabia, Iran, UAE, UK, Bangladesh and South Africa, account for more than 63% of India’s exports of fruits, vegetables and other agri-products.

[Back to top]

India to seek market access for mangoes, bovine meat from South Africa

PTI

Johannesburg, 29 September 2013: India is expected to seek from South Africa market access for mangoes, grapes and bovine meat in order to increase the country's exports.

The issue is likely to be raised by Commerce and Industry Minister Anand Sharma during his meeting with South African Trade and Industry Minister Rob Davies on Tuesday here. Sharma is here for the 3rd India-Africa Trade Ministers meeting.

The South African authorities are in the process of conducting a Pest Risk Analysis (PRA) for import of mangoes and grapes from India.

"The Minister would ask his counterpart to expedite the PRA and consider granting market access to Indian mangoes and grapes, as our request of market access is pending for a long time now," an official told PTI.

Sharma would also express his concerns over the temporary suspension placed by the South African authorities on frozen boneless buffalo meat imports from India.

South Africa had put a temporary suspension on imports of frozen boneless buffalo meat from India in 2011.

"The minister would request that the matter may be looked into as the Indian meat conforms to the highest international norms and standards," the official said.

Both the sides are also expected to discuss the proposed Bilateral Investment Promotion and Protection Agreement.

Further, the official added that both the ministers would review the progress of the talks on India and Southern African Customs Union (SACU) preferential trade agreement. Under such a pact, countries provide duty concessions to each other on few products.

India has proposed an average Margin of preference (MOP) of 70 per cent in the agreement. MOP is expressed as percentage of tariff concession offered. 20 per cent MOP would mean that imports will be charged 20 per cent less than the prevailing duty.

SACU includes Botswana, Lesotho, Namibia, South Africa and Swaziland. The last round of negotiations was held in New Delhi in October, 2010.

India is one of the largest importers of South African coal.

"There existed tremendous scope for co-operation and joint ventures between public sector undertakings of the two countries in this sector and India was also be keen on investing in the energy market of South Africa," the official said.

For January-July period, the bilateral trade between India and South Africa stood at USD 8.75 billion. It was USD 13.58 billion in 2012, a decline from USD 14.48 billion in 2011.

[Back to top]

EU to ban Indian mangoes, vegetables

The Hindu

Brussels, 27 March 2014: European Union member states, on Wednesday, decided to ban the import of five types of fruits and vegetables from India, after several batches were found to be contaminated by pests such as fruit flies, the bloc's executive said.

The prohibition, which goes into effect in May, covers mangoes, aubergines, the taro plant and two types of gourd. These represent less than 5 per cent of the bloc's fresh fruit and vegetable imports from India, according to the European Commission.

Pests that are not native to Europe were found in 207 fruit and vegetable consignments from the subcontinent last year, the Commission said, adding that they "could pose a threat to EU agriculture and production." The EU's executive also said there were 'significant shortcomings' in the certification systems that prevent contaminated goods from being exported. The ban, agreed by a committee of experts representing member states, is to be reviewed by the end of 2015.

[Back to top]

India tightens certification norms for fruits, veggies to pacify EU

Amiti Sen, Business Line (The Hindu)

New Delhi, 22 April 2014: Exports of all perishable items to the European Union from India will now be routed through recognised pack-houses under the vigilance of plant protection inspectors to minimise quality glitches.

The move is aimed at convincing the EU, that recently banned export of five fruits and vegetables from India as pests were found in some consignments, to reverse its decision.

"We have asked the EU to send its team of experts to see our improved inspection and quality certification process and lift its export ban," a Commerce Ministry official told *Business Line*.

The EU's Standing Committee on Plant Health imposed a ban on Indian mangoes, bitter gourd, taro, egg plant and snake gourd, as pests and insects were detected in a number of consignments shipped from the country.

Ban may be extended

The ban, which will be applicable from May, could be extended to other perishables if EU is not satisfied about India taking genuine steps to improve its sanitary and phyto-sanitary certification process, the official said.

Although only about 5 per cent of India's total exports of perishables to the EU have been affected at the moment, there is much more at stake as the country exports fruits and vegetables worth over €400 million to the region.

Indian officials from the Commerce Ministry and the National Plant Protection Organisation (NPPO) under the Agriculture Ministry recently met officials from the EU's Directorate General for Health and Consumer Affairs in Brussels to discuss the ban.

"We informed the EU that India had already decided to put in place an improved inspection and quality certification process when the ban was announced and the EU should have waited for it to be implemented. Now that we have gone a step forward and are getting the packaging process supervised by NPPO inspectors, there shouldn't be any more problems," the official said.

The Agriculture and Processed Food Products Export Development Authority (APEDA), in its notification, has specified that it is not only essential for pack houses to follow complete procedure for export of fruits and vegetables to the EU laid down by it, it also has to maintain records of arrival of material and actual shipped quantity and report it daily to the Government.

Improved inspection

"The number of rejection of consignments at the pack houses has gone up significantly after the stricter inspection and certification process was put in place this month. We are confident that the EU will have less to complain about now," the official said.

The EU, however, has not given any commitments on when it would lift the existing ban.

[Back to top]

EU mango ban to leave bitter-sweet taste

Sohini Das & Kalpesh Damor, Business Standard

Ahmedabad, 30 April 2014: As the European Union (EU) bans mangoes from this country starting 1 May, it could leave a bitter-sweet taste in Indians' mouths. While mango lovers would have the tastiest alphonso and kesar varieties at more affordable rates, traders and exporters stand to lose a few hundred crores.

Local prices have been down 15 per cent for the last few days. Traders expect a further fall of 25 per cent in 15-20 days, as excess supplies start coming. While the EU is not a major market for Indian mangoes (accounting for less than 10 per cent of total exports), nonetheless, any ban hits traders who have to struggle to find new markets to divert excess stocks. Traders say losses could be Rs 100-120 crore.

The Agricultural and Processed Food Products Export Development Authority (Apeda), however, is not panicking. Sudhanshu, western in-charge, says, "Of the 55,000 tonnes of exports in 2012-13, 3,890 tonnes went to the EU. This year, too, exports were allowed till April 30. The season for alphonso, major part of exports, lasts till mid-May. Already, 50 per cent has been exported." Apeda does not compile export data by categories.

While exporters would have a tough time cracking new markets, exports to the existing markets of the US, West Asia, China and Southeast Asia would increase. West Asia is a traditional market for Indian mangoes. It accounts for 50 per cent of exports.

Abhijeet Bhasale, managing director of Pune-based import-export house Rainbow International that is also into e-tailing through mangowale.com, said, "With the EU banning imports, exporters will not immediately be able to switch to other markets." He added India was likely to double exports to the US to 620 tonnes this year due to the capacity increase of the irradiation unit at Lasalgaon in Maharashtra.

Bhasale said overall export figures were higher than Apeda ones as many exporters were not registered with the latter. "Exports to EU were 6,000 to 7,000 tonnes last year."

Data from the National Horticulture Board show wholesale prices of alphonso having fallen from Rs 68-92 a kg on April 1 to Rs 40-50 a kg on April 30 in Mumbai. A Surat-based exporter said mango prices had come down 15 per cent in a week.

Nanjibhai Patel, a Junagadh-based trader said prices were likely to be down 25 per cent in 15 days as the season began. He added as traders attempted to divert excess supplies to other markets, they might end up getting lesser prices in the export market, too. The kesar variety is likely to take a hit in exports, as the season starts May on. Traders said kesar mango, produced mainly in Gujarat, was the second-most exported after alphonso, followed by the Banganapalli, Rajapuri and Dussehri.

[Back to top]

EU decision to ban Indian mangoes imports is pre-mature: Rajeev Kher

PTI

New Delhi, 1 May 2014: India today said the European Union's decision to ban import of vegetables and mangoes was "pre-mature" and shocking and asked the 28-nation bloc to lift the restrictions. "EU's action of banning vegetables and mangoes in our view is pre-mature and it shocked us...," Commerce Secretary Rajeev Kher said here.

He said that EU's agency on sanitary and phyto-sanitary, and India's National Plant Protection Organisation and Agricultural and Processed Food Products Export Development Authority (APEDA) were already discussing the quality issues.

Concerned agencies from both the sides had reached at an understanding and India had already initiated the process to put in place the proper mechanism to deal with the matter related with exports of vegetables and mangoes from India to EU, he told reporters. "For all exports, we have specified a procedure which would necessarily have to involve pack-home before the shipments are made and in our estimation that would have taken care of the problem," he added. Kher said that India has urged the EU's director general for trade to arrive at an early solution for the issue.

Commerce Minister Anand Sharma has already written a letter to EU Trade Commissioner Karl De Gucht on the matter saying that the ban has caused considerable apprehensions and alarm in the country. "It is surprising that the EU Commission has chosen to take this unilateral action without any meaningful official consultation," Sharma's letter has said. It has said that India has mandated strong (SPS) sanitary and phyto-sanitary (related with plants and animals) standards and those norms are enforced by state-run regulatory body, which ensures appropriate compliance. The EU's decision is "unfair" and it would potentially jeopardise India-EU agri trade.

On Monday, the EU banned the import of Alphonso mangoes, the king of fruits, and four vegetables from India for the period from May 1 to December 2015 after authorities found consignments infested with fruit flies. The ban was imposed on Alphonso mangoes, eggplants, the taro plant, bitter gourd and snake gourd to tackle "significant shortcomings in the phytosanitary certification system of such products exported to the EU." Imports have been restricted as 207 consignments of mangoes and some vegetables shipped from India in 2013 were found to be contaminated by pests.

The UK imports almost 160 lakh mangoes from India and the market for this fruit is worth almost 6 million pounds a year.

India, the world's largest mango exporter, sells about 65,000-70,000 tonnes of all varieties of the fruit overseas out of its total production of 15-16 lakh tonnes.

[Back to top]

India threatens to drag EU to WTO on mango

Asian Age

3 May 2014: India on Friday threatened to take European Union (EU) to the World Trade Organisation (WTO), if it did not lift its ban on the import of Indian mangoes and vegetables. “We do hope that the EU will see sense, considering the strength of the economic partnership between India and EU, and not precipitate the situation any further, which leads us to go to the WTO,” said Union commerce and industry minister Anand Sharma.

He termed EU’s move to ban Indian mangoes as an “arbitrary action without any consultation.” The minister said that government has invested in creating world-class laboratories throu-gh the Agricultural and Processed Food Products Export Development Authority (APEDA) and their certification processes are acceptable to the EU, the US and other countries.

Mr Sharma noted that he had already written a letter on the matter to EU trade commissioner Karel De Gucht. “The EU has no justification and I have said in my communication that it will definitely have a very negative fallout in respect of our economic relationship,” Mr Sharma said.

EU has banned the import of Alphonso mangoes and four vegetables from India for the period from May 1 to December 2015 after authorities allegedly found consignments infested with fruit flies.He said APEDA has the mandate of certification of agri produce exports and that is acceptable to all countries. “That is why APEDA and the commerce ministry have taken up this matter," he said, expressing hope that the issue would be resolved. On Thursday, commerce secretary Rajeev Kher said that the issue should be addressed through consultation and not preferably at WTO.

[Back to top]

Oilmeal exports up 8% during April-November

PTI

New Delhi, 6 December 2013: India's oilmeal exports rose by 8 per cent to 25.80 lakh tonnes till November of this fiscal on significant increase in shipments to Iran, South Korea and Europe, according to the industry body SEA.

But in last month, the country's shipment of oilmeal — used as animal feed — fell by 13 per cent to 5.6 lakh tonnes (LT) from 6.4 LT in the same month last year, it said in a statement.

According to the Solvent Extractors' Association (SEA), "the export of oilmeals during April-November 2013 is reported at 25.80 lakh tonnes, compared to 23.91 lakh tonnes during the same period of last year, up by 8 per cent."

Of the total shipments, export of soymeal stood at 15.59 LT, rapeseed meal at 5.89 LT, castor seed meal at 3.72 LT, rice bran extraction at 58,334 tonnes and groud nut meal at 1,214 tonnes, it said.

Maximum increase in exports was to Iran, South Korean and Europe. The shipment to Iran increased by 71 per cent to 7.89 LT in April-November period of this year as against 4.61 LT in the year-ago period. Similarly, exports to South Korea rose by 22 per cent to 7.03 LT from 5.78 LT, while shipment to Europe more than doubled to 2.12 LT in the said period.

[Back to top]

Oilmeals exports up 7 per cent to 31.67 lakh tonnes in April-December

PTI

New Delhi, 7 January 2014: Oilmeals exports rose by 7 per cent to 31.67 lakh tonnes till December of the ongoing fiscal on significant increase in shipments to Iran, South Korea and Europe.

The country had exported 29.58 lakh tonnes (LT) of oilmeals during April-December period in the year 2012, according to data compiled by Solvent Extractors' Association (SEA).

In December last year, the country's shipment of oilmeals --used as animal feed -- marginally increased by 3 per cent to 5.86 LT from 5.67 LT in the same month in 2012.

"The export of oilmeals during April-December 2013 is reported at 31.67 LT compared to 29.58 LT during the same period of last year (2012), up by 7 per cent," SEA said in a statement.

Maximum increase in exports was to Europe, Iran and South Korea. The shipment to Europe doubled to 2.40 LT in April-December period of the current fiscal 2013-14 as against 1.20 LT in the year-ago period. Similarly, exports to Iran surged to 9.23 LT from 4.93 LT, while shipments to South Korea increased by 27 per cent to 8.21 LT from 6.47 LT in the said period.

[Back to top]

March oilmeal exports down 8%

Business Line (The Hindu)

Mumbai, 7 April 2014: Oilmeal exports dropped eight per cent in March to 3,97,786 tonnes against 4,30,407 tonnes during the same period a year ago. Exports slipped due to lower shipments to Japan, Vietnam and Indonesia following tough competition from China and Argentina, according to data from the Solvent Extractors' Association.

In the financial year ended March, exports were down 11 per cent at 43,31,450 tonnes (48,46,013 tonnes). In value term, earnings were down three per cent at Rs.1,450 crore against Rs.11,800 crore in 2012-13. Exporters found it difficult to push their produce in the international markets despite the rupee depreciating 12 per cent against the dollar.

Exports to Japan were down 61 per cent at 2,45,991 tonnes (6,38,201 tonnes) and consisted of 7,525 tonnes of rapemeal, 1,062 tonnes of castor meal and 2,37,404 tonnes of soyameal. Shipments to Indonesia were down 32 per cent at 1,36,573 tonnes (2,01,999 tonnes). Indonesia generally prefers high-protein with low-fibre (four per cent) against the six per cent supplied by India. Europe has turned out to be a bigger market for Indian non-genetically modified organism soyameal. South Korea buys large quantity of castormeal which is mainly used as organic fertiliser.

Europe has imported 6,32,601 tonnes compared with 4,93,966 tonnes of last year. Incidentally, France has turned out to be a big importers of soyabean meal, due to lower supply from other origins and preference for non-GM soyameal.

South Korea and Iran remain the biggest markets for Indian exporters. These countries imported 11,65,107 tonnes (9,07,082 tonnes) while Iran imported 12,43,114 tonnes (8,86,776 tonnes).

[Back to top]

Onion exports drop by 81% in August

PTI

New Delhi, 10 September 2013: India's onion exports fell sharply by 81% to 29,247 tonne in August as compared to same period a year ago, after the government imposed curbs on the overseas sale to improve domestic supply and check prices.

On August 14, the government had imposed a minimum onion export price of $650 per tonne to restrict shipments and control prices after it touched Rs80 per kg in retail markets on supply crunch. The retail price of onion continues to rule at Rs50-60 per kg in most parts of the country.

According to the data maintained by the cooperative Nafed, onion exports declined to 29,247 tonne in August this year from 1,56,283 tonne in the same month last year. In value terms too, shipments dropped to Rs125.46 crore from Rs164.92 crore in the review period.

During the April-August period of this fiscal, onion exports fell to 6,97,028 tonne as against 8,50,634 tonne in the year-ago period. However, in value terms, the outbound shipments rose sharply to Rs1,341 crore from Rs844 crore in the said period.

According to traders, exports in the coming weeks would depend on the supply situation. The supply of onion is limited during the lean period of July-October, as 60% of produce is grown during the rabi season of March-June.

The rest is produced during the Kharif season of October-December and late Kharif season of January-March period.

India, the second largest producer of onion in the world after China, is estimated to have harvested 166 lakh tonne of the staple vegetable last year. The country had earned Rs2,294 crore from the export of 18.22 lakh tonne of onion in FY 2012-13.

[Back to top]

To curb onion exports, minimum price hiked

ENS Economic Bureau

New Delhi, 20 September 2013: With wholesale and retail price of onions rising sharply, the government today increased minimum export price (MEP) to $900 per metric ton, up $250 per metric ton, to curb export.

"Export of onion...classification of export and import items shall be permitted subject to a minimum export price of $900 per metric ton or as notified by DGFT from time to time," the government said in a notification.

The current MEP of $650 per metric ton was imposed on August 14. After the MEP was imposed, onion exports declined to 29,247 ton in August from 1,56,283 ton in the same month last year. In value terms too, export declined to Rs 125.46 crore from Rs 164.92 crore in the review period. During the April-August period this fiscal, onion exports fell to 6,97,028 ton against 8,50,634 ton in the year-ago period. However, in value terms, the outbound shipments rose sharply to Rs 1,341 crore from Rs 844 crore in the said period. The government had abolished MEP in May 2012, allowing traders to take advantage of rising prices in global markets.

However, despite the measure, the retail price of onion has not softened, hovering at Rs 70-80 per kg in Delhi. The state government has announced it will again start selling the vegetable at Rs 60 a kg, at 1,000 points across the city through vans. The Centre has also asked all state governments to come down heavily on hoarders and speculators, who, it suspects, are keeping price of the vegetable artificially high.

[Back to top]

Nafed to canalise onion imports; China, Egypt eyed

G. Chandrashekhar, Business Line (The Hindu)

Mumbai, 22 October 2013: “The Centre is considering import of onion in order to augment supplies and contain rising prices,” K.V. Thomas, Union Minister of State (Independent Charge), Ministry of Food and Consumer Affairs, has said.

The Minister told *Business Line* that he held talks with Union Agriculture Minister Sharad Pawar and it was proposed to direct the National Agricultural Cooperative Marketing Federation (Nafed) to source onion from overseas markets. The most likely origins are China and Egypt.

“Consumer Affairs Secretary and senior management of Nafed are set to discuss plans for import and distribution of onions,” the Minister said.

Onion crop in many parts of the country, especially in Maharashtra – the largest producer – has been affected by the extended run of the South-West monsoon.

Harvest and crop movement is delayed. There are also reports of some traders hoarding and cartelisation. The Government is keen to break the stranglehold, if any, of traders. “We have asked the State Governments to take stringent action in case hoarding of onion or cartelisation of traders is detected,” Prof Thomas asserted.

He was slated to speak with the Chief Minister of Maharashtra on the issue.

In Delhi, onions are currently retailing at close to Rs 80 a kg. With elections round the corner, there surely are concerns over not only high onion pries but also food inflation in general.

“I admit, there is some tightness in supplies at present; but we are hopeful, the situation will come under control and onion prices will moderate soon when new supplies hit the market,” the Minister said.

Our New Delhi Bureau adds: India will import more onions, if required, to contain the sharp rise in retail prices, Commerce and Industry Minister Anand Sharma has said.

Onion prices across the country are on a steady rise due to supply shortage with retail prices in Delhi set to cross Rs 100 a kg. Passing on major responsibility of the price escalation to States, the Minister said that hoarding of onions was the main reason behind artificial scarcity and sharp rise in prices and States need to act firmly against hoarders. The Minister was speaking to reporters at a meet of CLMV (Cambodia, Laos, Myanmar, Vietnam) countries organised by industry body CII. Sharma said that despite adequate domestic availability, if required India would import more onions.

“If there is a need and we receive such a proposal, we will import onions to tide over the crisis and stabilise the situation,” the Minister added. Onion prices had started rising in July this year crossing Rs 30 in some markets as supplies got affected due to the effect of last year’s drought in some onion-growing States.

In August, prices rose further as supplies fell to a third at 17,000 tonnes compared to about 45,000 tonnes supplied in August 2012.

To prevent onions from being shipped out of the country, the Government imposed a minimum export price of $650 a tonne in September which it subsequently increased to $900.

Last month, the Government imported onions from Pakistan, Egypt and China through public sector procurement agency Nafed, which helped to cool prices a bit. However, due to recent heavy rains in some parts of the country and increased consumption due to festivities, supplies are constrained again pushing up prices.

Earlier, speaking at the meet, the Minister said that India and the CLMV countries should look to deepen bilateral partnerships in areas such as agriculture, mining, oil and gas, energy, healthcare, skills development, and textiles.

Stressing on the importance of building overland, air and sea connectivity between India and the CLMV countries, Sharma said extension of the Trilateral India-Myanmar-Thailand Highway Project to Cambodia, Laos and Vietnam will open up huge opportunities for trade, investment and tourism flows.

[Back to top]

Onion export floor price hiked to $1,150/tonne

Business Line (The Hindu)

New Delhi, 4 November 2013: The Government has hiked the minimum export price (MEP) on onions by 28 per cent to $1,150 a tonne to boost domestic supplies and tame high prices of this most widely-used vegetable.

This is the second hike in recent months and comes just ahead of Assembly elections in five States, including Delhi, Rajasthan and Madhya Pradesh, where soaring food inflation has become a poll issue. The Director-General of Foreign Trade, in a notification, said that export of all varieties of onion would be subject to an MEP of $1,150 a tonne. The MEP of $650 was imposed in mid-August and was revised to $900 on September 19.

Though the increase in base price for exports have slowed down shipments, prices continue to rule high at over Rs 60 a kg at retail outlets in most markets, including Delhi and across the country.

Trade sources said that supplies from Nashik, a key growing region of Maharashtra, are expected to improve post-Diwali when the harvest is set to gather momentum.

Moreover, the increase in floor price at this time will not have any impact as Indian onions are unviable in the global market due to high prices.

Since the imposition of MEP, there has been a drastic fall in shipments to around 29,000 tonnes in August and 19,200 tonnes in September, from about 1.56 lakh tonnes in July. In the first six months of the current fiscal, onion exports stood at 7.16 lakh tonnes, valued at Rs 1,450 crore. In the corresponding period a year ago, shipments stood at 10.02 lakh tonnes valued at Rs 1,012 crore.

In the past four months, onion prices have more than quadrupled touching as high as Rs 100 a kg in markets such as Delhi, following disruption in supplies due to excess rains impacting harvest in Karnataka and Andhra Pradesh.

Rising onion prices had forced the Government to direct all States to crack down on hoarders and speculators, besides resorting to imports.

While onions have eased marginally in recent weeks, prices of tomato have continued to inch up and are currently hovering around Rs 60 a kg in Delhi.

[Back to top]

Onion exports double in Dec to 0.13 mt on MEP cut

PTI

7 January 2014: Onion exports have doubled during December to 0.13 million tonnes (mt) compared with the previous month after the government lowered the minimum export price (MEP). Exports stood at 66,236 tonnes during November, according to data compiled by the National Horticultural Research and Development Foundation.

Last month, the government had slashed onion MEP three times to boost exports and check sliding domestic prices of the edible bulb that led to farmers' protests in producing states. On December 26, MEP, the benchmark price below which the commodity cannot be exported, was reduced to $150 a tonne from $350 a tonne.

Before that, MEP was reduced to $350 a tonne from $800 a tonne on December 19, while it was cut to $800 a tonne from $1,150 on December 16.

[Back to top]

Onion exports in April-December period rose by 59 pc to Rs 2,532 cr

PTI

New Delhi, 22 January 2014: Onion exports in value terms during April-December period of 2013-14 have risen by 59 per cent to Rs 2,532 crore on account of higher export price fixed by the government. Exports during the same period in 2012-13 fiscal stood at Rs 1,590.79 crore, according to National Horticultural Research Development Foundation (NHRDF) data.

In the entire 2012-13 fiscal, the country had exported onions worth Rs 2,294.90 crore.

During April-December period of 2013-14, in quantity terms onion exports declined by 30 per cent to 9.87 lakh tonnes as compared with 14.04 lakh tonnes in the corresponding period of previous financial year.

India exported 18.22 lakh tonnes of onions in the entire 2012-13 fiscal.

The government imposed MEP on onion in September and then it was raised several times to curb exports and boost domestic supplies as retail prices had shot up as high as Rs 100 per kg in major parts of the country. The country had to even import onion to control price rise.

On December 26, onion MEP, which is the benchmark price below which the commodity cannot be exported, was reduced to $150 a tonne from $350 a tonne.

Before that, MEP was reduced to $350 per tonne from $800 a tonne on December 19, while it was cut to $800 a tonne from $1,150 on December 16.

With improved domestic supplies and fall in wholesale rates, the Centre has now reduced the MEP sharply to boost exports and stabilise the domestic prices. Wholesale rates in Lasalgaon mandi in Nashik have risen to Rs 11.25 per kg from around Rs 10 per kg last month.

[Back to top]

Govt abolishes onion MEP to arrest decline in domestic prices

Financial Express

New Delhi, 06 March 2014: To boost exports and arrest the fall in domestic prices, the government abolished the minimum export price (MEP) for onion late on Tuesday.
"The requirement of an MEP for onion stands removed," the Directorate General of Foreign Trade (DGFT) said in a notification.

In December 2013, the MEP was reduced to $150 per tonne. The government had imposed an MEP of $900 per tonne in September 2013 and it was hiked to $1,100 per tonne later.

Onion prices have fallen sharply in the last one month, with the retail price currently in the range of R15-20 per kg. Wholesale prices are R500-600 per quintal. Concerned about this fall in wholesale prices, Maharashtra farmers had been demanding removal of export restrictions.

Onion production has risen from under 5.5 million tonne in 2002-03 to over 15 million tonne in the last three years. Production is expected to exceed 18 mt in 2013-14. So far in the current fiscal, the country has exported 1.82 mt.

India has witnessed an annual growth rate of 13.36% in onion production during the last 13 years. No other food crop has shown this kind of spectacular growth in recent years.

[Back to top]

Onion exports jump 25% in 2013-14 on higher unit value

PTI

New Delhi, 13 May 2014: Backed by a spurt in unit value realisation, India's onion exports surged in value terms by more than 25% to Rs 2,877 crore in the 2013-14 fiscal, even as volumes registered tepid growth. The country's total onion exports had stood at Rs 2,294 crore in the 2012-13 fiscal.

However, in volume terms, exports fell by 25.46% to 13.58 lakh tonne during financial year 2013-14 as against 18.22 lakh tonne in the previous year.

“Exports in value terms rose in 2013-14 primarily on account of increase in unit value realisation," said a senior official of the cooperative firm Nafed (National Agricultural Cooperative Marketing Federation of India).

According to Nafed data, the unit value realisation improved by 68% to Rs 21,183 per tonne from Rs 12,590 per tonne in the review period.

Onion shipments picked up since December 2013 after the government lowered the minimum export price (MEP) to $150 a tonne from $350 a tonne.

The government had imposed MEP on onion in September 2013, after which it was raised several times to curb exports and boost domestic supplies as retail prices had shot up as high as Rs 100 per kg in many parts of the country. The government had to even import onion to control price rise. With improved domestic supplies and crash in wholesale rates, the Centre had later done away with the MEP to boost exports.

India's onion production is estimated to be higher by 13% at 189.8 lakh tonne in the 2013-14 crop year (July-June), from Rs 168 lakh tonne a year ago.

[Back to top]

Govt extends ban on pulses export till further orders

PTI

2 April 2014: The government on Tuesday extended the ban on export of pulses till further orders, but allowed outbound shipments of kabuli chana, organic pulses and lentils with some riders.

"Prohibition on export of pulses has been extended till further orders. But, there are two exceptions to this. One is export of kabuli chana. The second is export of organic pulses and lentils; but with a ceiling of 10,000 million tonne (mt) per annum and subject to certain conditions," the Directorate General of Foreign Trade has said in a notification.

Export of pulses was initially prohibited for a period of six months in 2006 which was extended from time-to-time. The last extension was up to Monday. Now, the prohibition is being extended till further orders.

Although India is the largest producer of pulses, it has to import about 3 mt of pulses to meet the domestic demand.

According to the government estimate, the country is expected to produce 19.8 mt of pulses this year, which includes 9.8 mt of chana crop, while trade figures says only 6.5 mt of chana crop this year. Official figures show India imported around 1.4 mt of pulses between April to September 2013.

The other conditions for export of organic pulses and lentils include that it should be duly certified by the Agricultural and Processed Food Products Export Development Authority (APEDA). "Export contracts should be registered with APEDA, Delhi, prior to shipment; exports shall be allowed only from customs electronic data interchange ports," it added.

[Back to top]

Weak rupee works to rice, tea exporters' disadvantage

Sutanuka Ghosal, Economic Times

Kolkata, 4 September 2013: The falling rupee has not brought much cheer to rice and tea industries. Rice exporters who had taken packing credit from banks in dollar terms at a time when the rupee was at 53-54 are now being forced to repay at the current forex rate of around 67-68.

On the other hand, the tea industry is being forced to renegotiate new deals with foreign buyers who are not keen to purchase tea at a price agreed upon when the rupee was at 58-59 against the dollar. MP Jindal, president, All India Rice Exporters Association, said, "We had taken packing credit in dollars when the rupee was at 53-54 level. Now the scenario has changed as the rupee has lost value against the dollar.

For this, rice exporters are facing losses. We are talking to banks about settling this issue." Packing credit limit is a facility sanctioned to an exporter in the pre-shipment stage. This facilitates the exporter to purchase raw materials and manufacture or produce goods according to the buyer's requirement and get it packed for export.

Packing credit limit covers all the working capital needs of the exporter including raw materials, wages, packing costs and all pre-shipment costs. Packing credit limit is available generally for a period of 90 days and the exporter has to pay a lower rate of interest compared to overdraft or cash credit facility. However, the silver lining is that basmati rice exports are expected to grow 10%.

"India's basmati rice is gaining popularity in Iran. Exports are expected to rise 10% which may take our overall exports of basmati rice to 34 lakh tonne," said Jindal.

For the tea trade, a falling rupee has not augured well. "Importers are offering less dollars for new contracts that are being entered now following a drop in rupee value.

Orthodox teas, which were fetching $5 per kg in the global markets, are now being offered a price of $4 per kg. Similarly, CTC teas, which were garnering $4 per kg, are now fetching $3.2 per kg," said AN Singh, chairman, Indian Tea Association. A decline in tea prices in dollar terms will increase India's competition with Kenya in the world tea market.

Kenya's production has been good this year and the African nation has been loading teas in the world markets at an average price of $2.8-$3 per kg. "Though Indian tea companies will have some profit in near term, low prices will create more competition for Indian teas in the long term," said Singh.

[Back to top]

Russia lifts ban on import of rice from India

PTI

New Delhi, 10 September 2013: Russia has lifted an eight-month-old ban on the import of Indian rice and peanuts, effective from this month, a move that would help traders regain their lost market.
The Russian federation had imposed the ban due to the presence of khapra beetles pest in rice and aflatoxin contamination of peanuts.

"Russia has cancelled the temporary restriction on import of rice, rice cereals and peanuts from India. Exporters can resume export of these products effective from September 1," a senior government official told PTI.

Russia decided to remove restrictions after its officials visited processing units in India in June. The delegation was convinced about the safety measures that were put in place here while processing these food items, the official said.

The resumption of trade comes as the country seeks to boost exports to address the current account deficit.

India, the world's second-biggest producer of rice, had shipped 61,000 tonne of rice and 3,700 tonne of peanuts in the last financial year, earning $31 million from the export of the two food items.

[Back to top]

Fresh troubles in the offing for India's basmati exports

Sutanuka Ghosal, Economic Times

Kolkata, 27 March 2014: India's basmati exports to Iran have slumped as the Islamic nation has introduced a new set of standard for basmati rice imports. Iran is the largest importer of basmati rice from India and in the current fiscal the country is expected to import 10 lakh tonne of basmati.

Talking to ET, MP Jindal, president, All India Rice Exporters Association said: "Iran has revised their accepted level of arsenic in basmati rice from 150 ppm to 120 ppm (parts per million). Due to this change in the accepted level of arsenic, basmati exports to Iran has temporarily slumped. In addition, the documentation process has also become time consuming. These two issues have slowed down exports to Iran." The rice trade will need time to reduce the arsenic content in basmati rice. In the meantime, exporters have become active to see that business with Iran does not suffer and so they have decided to take a delegation to Iran next month to sort out the issues with Iranian authorities. "We are hopeful that exports will resume from April. Iran is a major market for us," said Jindal.

India is expected to export 40 lakh tonne of basmati rice in the current fiscal. Of this, 10 lakh tonne is expected to be imported by Iran and the rest 30 lakh tonne is expected to go to Europe and Saudi Arabia. "Next year, we are expecting to export around 43 lakh tonne of basmati rice," said Jindal. Rising income levels in the Middle East have also helped boost demand for basmati rice, traders said.

The total rice exports from India is expected to be around 100 lakh tonne in the current fiscal. The international price of basmati is at $1,450 per tonne in the current fiscal compared to $1,100 per tonne in 2012-13. In rupees, prices are in the range of 5,400 to 6,200 per quintal compared to Rs2,500 to 3,500 per quintal in 2012-13.

Earlier, Western sanctions forced India to trim oil purchases from Iran but the latter remained a loyal and large customer. As sanctions stalled dollar payments in 2012, Iran started settling part of its oil debt in rupees and Iran was making use of rupee transactions to buy goods from India.

The rupee trade gave India an edge over other rice suppliers such as Pakistan which do not have such huge debts with India. This enabled India to establish a near monopoly in exports. Jindal also pointed out that brown basmati rice is gaining ground in EU. "Better marketing and consumer awareness is driving brown basmati sales. However, it will be difficult for us to give the numbers now. But definitely the segment is growing," the AIREA president added.

[Back to top]

Rice & sugar to the rescue, even as overall exports stagnate

Banikinkar Pattanayak & Sandip Das, Financial Express

New Delhi, 23 April 2014: Even as India's overall exports are crawling, exports of farm items that have seen a phenomenal rise in recent years are keeping pace and increasing their share in the country's foreign trade. Exports of farm items and allied products accounted for 14.4% of the country's exports (of $312.35 billion) in FY14, compared with 13.9% in FY13 and 12% in the previous year. While a sustained rise in exports has been in evidence for the last two to three years in respect of many farm products, rice and, of late, raw sugar exports accelerated further.

India's merchandise exports witnessed a drop in four out of the 12 months in the last financial year, and the annual growth was a mere 4% despite a low base (exports declined 3.2% in FY13). While a sharp increase in demand from the US and some countries in West Asia, Africa and Europe has led to a 29% annual increase in rice exports in FY14 to Rs42,668 crore, the country's raw sugar exports jumped dramatically in the first half of the current marketing year that started on October 1.

India, the world's second-largest sugar producer and the biggest consumer, exported 1.45 million tonnes of both raw and refined sugar during the October-March period (valued at close to Rs4,000 crore), compared with just 35,000 tonnes a year before. This time around, the jump in exports of sugar, which have traditionally been influenced by inconsistent government policies, was partly because mills scrambled to cash in on a subsidy for raw sugar production and also to reduce a glut in refined sugar.
As for rice exports, the demand for basmati, which accounts for over 65% in the overall value of export of this grain, is mainly from Iran, Saudi Arabia, the UAE, the US and Europe. Non-basmati varieties are in great demand in some African countries, including Benin, Senegal and South Africa, besides the US. That per-unit export realisation has also risen is evident from the fact that the increase hasn't kept pace with the rise in rupee value of exports. Rice exports reached 10.4 million tonnes last fiscal, only marginally higher than shipments of 10 million tonnes in FY13.

Rice exports, in fact, have been rising steadily since the government lifted a 4-year ban on non-basmati rice exports in September 2011.

What triggered the export boom is also a relatively stable and liberal policy regime in recent years when it comes to shipment of farm products. There has been lesser instances of a sudden imposition of bans and restrictions on farm items in recent years.

Also, processing and packaging has improved, resulting in importers accepting the standards of Indian products. Indian exporters of grain, meat products, guargum and fruit and vegetables have gained the confidence of consumers in many countries.

"The sharp rise in demand from Iran and devaluation of the rupee against the dollar has helped the country's export earnings," Vijay Setia, former president of the All India Rice Exporters Association (AIREA) and an exporter, told FE. Setia said the export of basmati rice would have increased by an additional 2-3 lakh tonne in the last fiscal if imports by Iran had not slowed down during the last few months of the year. Commerce ministry sources said that Iran in a bid to curb further rice import for protecting domestic growers have put stringent sanitary restrictions on Indian exports.

“While it is great to see India emerging as the largest exporter of rice, we should remember part of this is due to highly subsidised water, power and fertilizers. Exporting a kg of common rice is like exporting 3,000-5,000 litres of water. I would suggest a 5% export duty on common rice to recover part of that scarce water/power," said Ashok Gulati, chair professor–agriculture, Indian Council for Research on International Economic Relations.

“Sugar mills exported in large volumes to cut a glut in the domestic market following a fourth straight year of surplus production. Raw sugar exports did particularly well in March as the government incentivised its production and, thereby, exports as the sweetener variety is hardly consumed domestically. The exports will get a boost if the food ministry announces the subsidy for raw sugar production for April and May immediately, without delay,” said Abinash Verma, director general of the Indian Sugar Mills Association.

[Back to top]

India may lose top rice exporter spot to Thailand

Reuters

Mumbai, 24 April 2014: India's rice exports could slide by nearly a quarter this year and knock the country off its perch as top exporter of the grain, due to stiff competition from Southeast Asian rivals that have recently slashed prices, sector executives said.

A drop in Indian exports could help Thailand trim a record inventory, chalked up under a controversial rice-buying scheme. Thailand might also be able to reclaim its status as the world's biggest rice exporter, which it lost to India two years ago. It will also leave more rice in Indian hands at a time when the country's stocks are bulging and it faces the prospect of a record harvest, creating problems of storage.

"We are almost out of the market now. Thailand and Vietnam are selling aggressively and it is difficult for Indian exporters to match those prices," B V Krishna Rao, managing director at Pattabhi Agro Foods, India's biggest non-basmati rice exporter said. "Thailand will again become the world's biggest rice exporter. Our non-basmati rice exports could drop to 4 million tonnes (mt)."

India toppled Thailand in 2012 to become the world's biggest rice exporter, after the government lifted a four-year-old ban on non-basmati rice shipments in 2011 to trim a growing mountain of the grain following bountiful harvests. In the 2013-14 financial year that ended on March 31, India's total rice exports stood at a record 10.5 mt, comprising four mt aromatic basmati rice and 6.5 mt of the non-basmati variety.

While India's shipments of the basmati variety are likely to remain steady in 2014-15 at around four mt, total rice exports could drop to eight mt due to the slide in exports of non-basmati rice, officials said. Desperate for revenues, Thailand has this year been selling larger quantities of the grain from state warehouses at low prices to private traders. Thai-origin rice was offered at the lowest price in an international tender from Iraq's state grains buyer to purchase at least 30,000 tonnes, European traders said on Tuesday.

The push could boost Thailand's rice exports to nine mt in the 2014 calendar year from 6.7 million a year ago, according to a March report issued by a US Department of Agriculture attache in Thailand. India's exports in the 2014 calendar year are expected to be lower than that, industry executives said.

Thailand is now offering five per cent broken rice at $390 to $395 a tonne free-on-board basis, compared to India's offer price of $400.

The Southeast Asian nation usually charges a premium over Indian rice due to its longer grains.

"India and Thailand are quoting nearly the same price for five per cent broken rice. Thailand's prices need to go up by $40 a tonne to make Indian exports viable," said M Adishankar, executive director at Sri Lalitha, a leading rice exporter based in the southern Indian state of Andhra Pradesh.

Problem of plenty

Since the first week of February, Thailand has cut export prices of five per cent broken rice by nearly 12 per cent, compared with a two per cent drop in export prices from Vietnam, the world's second-biggest exporter. Indian prices rose two per cent during the same period as the rupee strengthened.

"For some grades Thailand has been offering discounts compared to Indian prices. Indian exporters can't lower prices substantially due to the appreciating rupee," said M P Jindal, president of the All India Rice Exporters Association.

A strong rupee cuts the returns of exporters. The Indian currency has risen nearly three per cent since the start of February.

The imposition of a 110 per cent import duty on rice last year by Nigeria, a major importer of the grain from India, could further hamper exports from the South Asian country.

India mainly exports non-basmati rice to African countries such as Nigeria, Senegal and Benin, while Iran, Saudi Arabia and United Arab Emirates are key buyers of its basmati rice.

"Shipments to Nigeria are hit due to the new duty structure," said Adishankar of Sri Lalitha.

Other African buyers are switching to Thailand as the government has been aggressively selling stocks from its warehouses, the exporters said.

Slowing exports will add to India's problem of plenty in foodgrains. Rice inventories with India's state-run agencies have already jumped above 30 mt as on April 1, government data shows, against a target of 14.2 mt. Moreover, the country is estimated to produce a record 106.19 mt rice in the year to July 2014.

"Slowing exports mean more and more farmers will sell their crop to the government, but it doesn't have enough storage space," said a rice miller based in Kakinada, Andhra Pradesh.

[Back to top]

Soyameal exports up four-fold to 1.94 lt in October

PTI

New Delhi, 12 November 201: Soyameal exports have jumped nearly four-fold at 1.94 lakh tonne (lt) in October as crushing operations of soyabean started early in the current marketing year, according to industry data. “Export of soybean meal during October was 1.94 lt as compared to 0.51 lt in October 2012 showing an increase of 280.4%," Soyabean Processors' Association of India (SOPA) said in a statement.

SOPA spokesperson and co-ordinator Rajesh Agrawal attributed the sharp jump in soyameal exports to early start of crushing operations in 2013-14 marketing year that started last month.

Japan was the major importer last month with a quantity of 1.04 lt, followed by Iran.

[Back to top]

Soyameal exports flat in November on sluggish crushing

Business Line (The Hindu)

New Delhi, 9 December 2013: Soyameal exports were flat in November rising marginally to 5.19 lakh tonnes (lt) against 5.17 lt in the corresponding period a year ago on account of lower crushing as farmers continue to hold back their produce expecting better prices.

However, exports for the first two months of the oil year starting October 2013 were 7.14 ltagainst 5.68 lt in the corresponding period last year, registering a 25.70 per cent growth.

For the current financial year so far, the exports have registered a growth of 13.16 per cent over corresponding last year. Soyameal exports during April-November 2013 were 15.90 lt against 14.05 lt in corresponding last year.

The Soyabean Processors Association of India expects overall meal shipments to remain around four million tonnes (mt) in the current fiscal. “Exports could have been higher if crushing operations were normal,” said Rajesh Agrawal, spokesperson for SOPA. “Market arrivals of soyabean continue to be poor as crushing is not going on as much as it should have been,” he said.

Under normal circumstances soyabean crushing during November should have been around 15 lt, but the industry has been able to crush only around 8-9 lt this year due to lower arrivals. Also, high bean prices are seen hurting the profitability of oil meal processors. Soyabean prices in Indore which ruled around Rs 35,000 a tonne in early October are currently ruling higher by over 10 per cent at around Rs 38,880. Iran was the largest buyer of the Indian soyameal during November with shipments to the West Asian nation estimated at 1.87 lt.

France and Japan were the other top buyers with shipments estimated at 88,000 and 72,565 tonnes respectively. Excess rains this year have shrunk the soyabean crop size, which is now pegged at 12.2 mt compared to the earlier estimate of 12.9 mt.

The higher than expected crop losses in States such as Madhya Pradesh, Maharashtra and Rajasthan forced the SOPA to revise downwards its earlier projections.

[Back to top]

Soyameal exports drop 8% in Dec as farmers hold stock

Financial Express

New Delhi, 8 January 2014: After a near 26% rise in the first two months of the marketing year that started in October, India's soyameal exports dropped 8% in December as farmers held back stock, compounding worries of exporters facing stiff competition in a market already awash with South American supplies.

India — the world's fourth-largest soyameal supplier — exported 4,70,799 tonne in December, compared with 5,10,698 tonne a year before, according to Mumbai-based Soybean Processors Association of India (SOPA).

The exports in the first three months of the marketing year, however, remained up 9.7% at 1.18 million tonne, thanks to higher shipments in the previous two months. These data do not include supplies to Nepal, Pakistan and Bangladesh by rail or road.

Exporters, already feeling the heat due to lower prices overseas following a bumper South American harvest, fear outbound shipments will suffer despite a weak rupee if the farmers continue to hold soyabean stock or seek higher prices, trade executives said. At around $575 a tonne, the price of India's soymeal is already higher by roughly $20 than South America's.

“Lower arrival of soyabeans in the domestic market and falling profitability in crushing affected exports. Farmers held back soyabean stock last month on anticipation of higher prices,” said Rajesh Agrawal, co-ordinator of SOPA. India exported 3.47 million tonne of soyameal in the 2012-13 marketing year, compared with 3.62 million tonne in the previous year.

Domestic farmers feel prices would move up in the coming days, as the industry expects a 5.8% drop in production from an estimate earlier this year.

According to SOPA's revised estimate, soyabean output may drop to 12.23 million tonne in 2013-14, compared with 12.98 million tonne estimated earlier, thanks to excess showers in key producing regions.

Soyabean is crushed into soyameal for animal feed and into soyaoil for cooking and alternative fuel. Soyameal is added to poultry feed as a form of protein to boost the birds’ growth.

The country typically exports around 70% of its annual production. India will likely produce a bumper 11.34 million tonne in 2012-13 on good planting, compared with 10.65 million tonne, according to the SOPA estimate.

India competes with Brazil and Argentina for soyameal exports to countries including Japan, Vietnam, South Korea and China. However, suppliers in India usually have an edge over their South American rivals in terms of freight differential due to the country’s proximity with key buying nations, the executives said.Still, a bumper South American crop has potential to depress global prices and severely dent India's competitiveness.

[Back to top]

Spice exports see 9% drop

George Joseph, Business Standard

Kochi, 21 October 2013: India suffered a setback in the export of spices, especially chilli - the single-largest exported spice - ginger, turmeric and garlic. Overall, shipment during the April-June 2013 period dropped nine per cent at 177,625 tonnes against 195,248 tonnes in the corresponding period of the last financial year. This is mainly because of the economic slowdown persisting in major markets such as Europe and the US, affecting the shipments.

Leading exporters told Business Standard that the off-take by Europe has fallen drastically and this will continue in the remaining months of the current financial year, causing a drop in the overall export. High prices of Indian spices, especially pepper and chilli, also keep importers from the Indian market. Rise in local demand keeps the prices high in India, whereas other major producing countries offer lower tags than India.

However, on value terms, India recorded a 13 per cent growth. This is because of the rise in the prices of major spices such as black pepper, coriander and value-added products. Total export kitty increased to Rs 2,711.48 crore during April-June this year from Rs 2,398.52 crore in the year-ago period. In dollar terms, the growth was nine per cent at $484.11 million.

According to the Spices Board's latest exports data, it is chilli which suffered the most as the cumulative volume dropped 19 per cent. Chilli exports were 65,500 tonnes during the period against 80,676 tonnes in the year-ago period. On value terms, the drop was 12 per cent at Rs 558 crore during the first quarter of FY14, against Rs 635.18 crore in the year-ago period. This is mainly due to the drop in demand across the globe, especially in Europe and in the Gulf region, exporters said.

They pointed out that most of the spices are facing serious problem on the export front as European and US buyers are showing less interest in importing spices from India. In the case of ginger, the drop was 53 per cent, while 30 per cent decrease was reported in turmeric. Ginger export was just 3,700 tonnes in the first quarter of FY14, against 7,870 tonnes in the year-ago period. In the case of turmeric, the figures were 17,500 tonnes and 24,982 tonnes, respectively. Garlic dropped 56 per cent at 3,750 tonnes valued at Rs 16 crore in the first quarter of FY14, against 8,599 tonnes valued at Rs 20.65 crore reported in the year-ago period.

Notably, outstanding growth was recorded in the case of nutmeg and mace and cardamom (small) during the period. As much as 1,200 tonnes of nutmeg and mace were shipped during the period, against 407 tonnes in the year-ago period. On the other hand, 505 tonnes of cardamom were shipped in the first quarter against 198 tonnes during the Q1 of FY13.

In the case of spice oils and oleoresins, 2,815 tonnes valued at Rs 373 crore were exported against 1,851 tonnes valued at Rs 283 crore, recording an increase of 52 per cent and 32 per cent, respectively. As much as 4,400 tonnes of pepper valued at Rs 175 crore were exported, showing an increase of 12 per cent in volume and 10 per cent in value.

A sharp rise in the prices of coriander lifted the value of exports by 65 per cent, although volume of exports increased just three per cent. Ten thousand tonnes of coriander valued at Rs 80.78 crore were exported against 9,735 tonnes valued at Rs 48.88 crore. Export of celery recorded an 87 per cent increase, while that of cumin increased 25 per cent, according to the Spices Board data. About 4,550 tonnes of curry powder/paste were also exported, earning Rs 72 crore in the first quarter of FY14.

[Back to top]

Spices exports swell 43% to Rs 6,118 crore

George Joseph, Business Standard

Kochi, 3 December 2013: Marking a 43 per cent jump in value terms and a 20 per cent rise in volumes, spices exports increased from 314,835 tonnes valued at Rs 4,286 crore during the April-September 2012 period to 378,755 tonnes worth Rs 6,118 crore during the same period this year, according to Spices Board data.

Notably, out of the 18 items in the export basket, only four recorded a decline during the period.

A 300 per cent increase was recorded in the 'other seeds' segment, which includes mustard, aniseed, ajwanseed, poppy seed, among others. In this segment, 12,300 tonnes valued at Rs 63.75 crore were exported against 3,077 tonnes valued at Rs 18.90 crore in the year-ago period.

In quantity terms, export of mint-based products witnessed a 158 per cent growth, nutmeg and mace registered a 120 per cent expansion and celery reported a 138 per cent growth.

In the first six months of the current financial year, 10,650 tonnes of mint products valued at Rs 1,334.37 crore were exported compared with 4,130 tonnes valued at Rs 793 crore in the year-ago period, registering a growth of 158 per cent in quantity and 68 per cent in value terms.

In the case of pepper, a 36 per cent rise was recorded during the April-September 2013 period at 10,200 tonnes valued at Rs 423 crore. Plus, 21,300 tonnes of coriander valued at Rs 172 crore were also shipped, registering a growth of 40 per cent in volume and 117 per cent in value.

Curry Powder

During the period, 9,950 tonnes of curry powder and paste valued at Rs 165 crore were exported compared to 6,591 tonnes worth Rs 107 crore during the year-ago period. Export proceeds from spice oils and oleoresins, where India dominates with around 65 per cent of the global market, has increased 31 per cent at Rs 807.72 crore. Volume increased to 5,765 tonnes from 4,040 tonnes.

Chilli, garlic drops

However, India suffered setback on the export of chilli - the largest export item from India volume-wise - cardamom, garlic and ginger during the first half of FY14.

While chili exports dropped three per cent at 134,500 tonnes valued at Rs 1,194 crore, garlic exports showed a decline of 36 per cent in volume terms at 7,500 tonnes worth Rs 34.12 crore. Ginger registered a 53 per cent fall at 5,550 tonnes valued at Rs 91 crore.

[Back to top]

Sugar industry says exports crucial to reverse current bearish trend

Vishwanath Kulkarni, Business Line (The Hindu)

New Delhi, 10 November 2013: While the Food and Agriculture Organization (FAO) has struck a bullish note on sugar in its recent outlook, the Indian industry is striking a different note.

The industry feels that unless 3-4 million tonnes are shipped out of the country, sugar prices are unlikely to stabilise, reversing the downtrend.

FAO last week said that global sugar prices would rise in the coming days on unfavourable weather conditions impacting harvest in Brazil, the largest sugar producer.

Global Prices

"Sugar quotations increased by 9 per cent from July to October 2013. Although early in the season, the size of the production surplus remains uncertain, indications are that it will be much smaller than early estimates and not as large as the past two years. If these early assessments prove true as the season progresses, it will certainly lend some upward support to world sugar quotations," it said.

Global raw sugar prices averaged 19.31 cents a pound during January-June, down 20 per cent over the corresponding period a year ago. However, in September, prices averaged at around 17.4 cents a pound and rose to around 18.7 cents a pound in October.

FAO estimates the global sugar output for 2013-14 at 180.2 million tonnes, marginally higher than last year. It expects bulk of the growth in global output to come from developing countries, such as India, Thailand and Pakistan.

However, FAO said: "India's competitiveness on the international market is being constrained by rising production costs and falling world prices, which may limit further gains in world markets". It has pegged India's sugar output at 25.5 million tonnes for the 2013-14 season, while forecasting exports at 2.1 million tonnes.

Unviable Exports

The Indian industry has begun the 2013-14 season with a huge opening balance of 8.5 million tonnes, which is weighing on sugar prices that are in the bearish phase.

Mills are under pressure to liquidate stocks – that's resulting in excess market supplies dragging the price. "Exports are currently not viable from India, but sugar can be pushed out, provided there is some support from the Government, say, in terms of transport subsidy for both inland and oceanic freight," said Abinash Verma, Director-General of Indian Sugar Mills Association.

The Government had provided export subsidy in 2006-07 to ship out about 60 lakh tonnes of sugar. Mills in coastal areas then received a subsidy of Rs 1,350 a tonne, while those in the hinterland got Rs 1,450. "A subsidy of Rs 1,000-1,500 is good enough to help us export the surplus sugar," said Verma. Also, the Government could help millers by providing interest-free loans to tide over the current crisis.

Earlier, the Government had extended such interest-free loans in 2007-08 to an extent of Rs 3,500 crore. Sugar mills currently owe about close to Rs 4,000 crore to farmers for cane purchases made last year.

Crushing for the current season is yet to start, as mills are seeking clarity on cane pricing, while farmers are demanding a higher price for their produce. An estimated half a million tonne raw sugar from the new crop has already been contracted for exports, mainly from Maharashtra.

[Back to top]

Govt clears export subsidy for raw sugar

Business Standard

New Delhi, 16 January 2014: A Group of Ministers headed by Agriculture Minister Sharad Pawar on Thursday approved a cash incentive for export of four million tonnes of raw sugar for two years. The idea is to help mills reduce their surplus stock.

The amount of subsidy has not been decided. The ministry of food and consumer affairs will calculate and circulate a cabinet note on the subject. “We have decided to give incentives to promote raw sugar as a new product,” Food Minister K V Thomas told reporters after the meeting.

The group was set up on the direction of Prime Minister Manmohan Singh. In 2007-08, a similar subsidy was given but for all kinds of sugar. This time, it is to be limited to raw sugar and to adjusting the difference between production cost and the international sale price.

Officials said the food ministry had proposed an incentive of Rs 2,390 a tonne on raw sugar, with the burden shared by the Centre and state governments; it would cost at least Rs 1,000 crore over two years. However, the panel is believed to have disfavoured this and asked for a reworking of the amount, they said.

The Indian Sugar Mills Association had suggested an incentive of Rs 3,500 a tonne, which would cost the exchequer Rs 1,400 crore. It noted the global price was Rs 22,500 a tonne, against the domestic production cost of Rs 26,500 a tonne, sources said. “The government should move fast in notifying the subsidy, as the sugar season will come to an end in two to three months,” a sector official said. Mills are facing a cash crunch as prices have come below the cost of production, in view of surplus availability. They also have huge cane payment dues, projected to reach Rs 15,000 crore by the end of the 2013-14 sugar season in September.

[Back to top]

CCEA defers subsidy on raw sugar exports

PTI

New Delhi, 4 February 2014: The Cabinet Committee on Economic Affairs (CCEA) today deferred a decision on fixing subsidy for exports of raw sugar, amid differences between food and agriculture ministries.

The Food ministry has proposed a cash subsidy of Rs 2,000 per tonne, while the agriculture ministry wants Rs 3,500 a tonne for exports of four million tonnes of raw sugar in the next two years. A Committee of Secretaries of ministries concerned would rework the quantum of subsidy tomorrow and the proposal is likely to come before CCEA later this week. "The proposal was taken up for discussion. But a decision was postponed," Food Minister K V Thomas told reporters after the CCEA meeting. "Our proposal is Rs 2,000 per tonne of export subsidy on raw sugar.

The Agriculture Ministry wants Rs 3,500 per tonne. The quantum of subsidy would be re-calculated," he said. The Committee of Secretaries of food, agriculture, commerce and finance ministries would meet tomorrow to re-calculate the subsidy of raw exports, he added.

That apart, the minister said, that the Commerce Ministry has also raised some concerns whether the subsidy is WTO compliant.

"The Commerce Minister was also not present in today's meeting," Thomas said citing another reason for deferring a decision.

Another minister present in the meeting said: "There is going to be some further little consultation between the Food Minister and the Agriculture Minister. I think it (proposal) will be come back on Thursday (in CCEA)."

Thomas said the subsidy would be Rs 800 crore on the basis of food ministry's proposal of Rs 2,000 per tonne, while the exchequer would have to bear Rs 1,400 crore if Agriculture Ministry's demand is considered.

The Food Ministry has proposed a cash incentive to sugar mills for exports of 4 million tonnes of raw sugar in two years as the industry is facing a liquidity crunch with prices of sweetener being lower than the cost of production.

Sugarcane price arrears to farmers has reached about Rs 10,000 crore from about Rs 3,000 crore at the start of the current marketing year in October 2013. In December, government had approved Rs 6,600 crore interest-free loan to sugar industry for making payment to sugarcane farmers.

India is the world's second largest sugar producer and biggest consumer. Production is estimated at 25 million tonnes in the 2013-14 marketing year (October-September) as against 25.1 million tonnes in the previous year. The annual domestic consumption is seen at 23.5 million tonnes.

[Back to top]

CCEA clears Rs 3,333 a tonne raw sugar export subsidy

Business Standard

New Delhi, 13 February 2014: The Cabinet Committee on Economic Affairs (CCEA) on Wednesday decided to give mills a subsidy of Rs 3,333 a tonne on the export of raw sugar for February and March. The decision followed a stormy meeting that lasted about an hour.

Food Minister K V Thomas told PTI the finance ministry would be consulted to ensure the framework of the subsidy complied with World Trade Organization norms. The subsidy would be paid through an escrow account.

The decision, deferred thrice because of a disagreement between the agriculture and food ministries over the amount, was finally taken after a compromise, a senior official said, adding the matter might be brought back to the Cabinet in April.

At a subsidy of Rs 3,333 a tonne, the government would incur an expenditure of about Rs 1,300 crore on the export of four million tonnes (mt) of raw sugar through the next two years, provided the subsidy isn't changed in April.

Officials said in its revised proposal, the food ministry had favoured raising the subsidy from Rs 2,000 a tonne to Rs 2,800 a tonne, with prospective effect. But if the subsidy is provided from October 1, 2013 (the beginning of the 2013-14 sugar season), it should be capped at Rs 2,000 a tonne. The subsidy was for the export of four mt of raw sugar for two years.

The agriculture ministry had struck to its assessment that any subsidy below Rs 3,500 a tonne wasn't feasible, as international prices of raw sugar were much lower than the cost of production in India.

Last week, the CCEA had deferred a decision on granting the cash subsidy because of differences over the amount of subsidy. Following this, a few meetings were held between Thomas and Agriculture Minister Sharad Pawar, as well as between officials of the food, agriculture and finance ministries.

However, no conclusion was reached. Subsequently, the matter was refereed to the CCEA. Subsidy of Rs 2,000 a tonne would have cost the exchequer Rs 800 crore, while subsidy of Rs 3,500 tonne will cost it Rs 1,400 crore.

The subsidy will be adjusted from the Sugar Development Fund through two years. The export subsidy is part of a package to bail out the sugar sector, which has been facing losses due to mounting cane arrears and falling prices.

The Indian Sugar Mills Association has welcomed the decision.

[Back to top]

Raw sugar export subsidy under WTO scrutiny

Amiti Sen, Business Line (The Hindu)

New Delhi, 19 March 2014: India's recent decision to give subsidies to exporters of raw sugar is facing international flak with many countries questioning its validity under global trade rules. Major nations such as Australia, Colombia and Brazil, which export agricultural products, have said that the subsidies would affect their interests and distort the world market.

In February, the Cabinet approved a subsidy of Rs3,333 a tonne for export of raw sugar in response to rising stocks of white sugar in the country. The incentive is valid till this month-end. The incentive will then be reviewed by the Government before it decides if the subsidies should continue.

Under pressure

"The pressure being piled on India at the WTO is largely to ensure that the subsidies do not get extended for a longer period of time," a Government official told *Business Line*.

The opposing countries, in separate representations to the WTO, have asked India to explain the legal validity of the move under multi-lateral trade rules that do not allow new subsidies for exports. The issue will be taken up at the meeting of the Committee on Agriculture on Friday where India, the world's second largest producer of sugar, will have to explain its move.

"India's defence is that WTO rules prohibit export subsidies only on finished products and raw sugar is a semi-processed item. It is, therefore, exempt from such restrictions," a Government official told *Business Line*. But other exporting countries, including the world's top sugar producer Brazil, are not willing to buy the argument.

Brazil, in its submission, has pointed out that developing countries are allowed flexibilities for giving export subsidy (under Article 9.4 of the Agreement on Agriculture) only to meet marketing or transportation costs and there was no legally-binding decision by the WTO to extend its scope. It also said that in case India says that the subsidies are for reducing marketing or transportation costs, it should give evidence of how it is happening.Australia, Colombia and the European Union have asked India to specify the quantities of export that has already happened at the subsidised price and the period for which the subsidies will continue.

Output, exports

White sugar stocks in the country at the beginning of the current sugar year (October2013-September 2014) was a whopping 8.8 million tonnes (mt). Sugar output in the on-going year is expected to be 25 mt against domestic demand of 22 mt.

Due to low global prices, Indian mills have exported less than 0.8 mt of raw sugar this season.
If the Government continues its subsidy programme for the remaining months of the season, exports could touch an estimated 4 mt.

[Back to top]

Sugar export subsidies ‘will not cross $ 80 million’

Amiti Sen, Business Line (The Hindu)

New Delhi, 24 March 2014: India’s export subsidies on sugar announced last month will not exceed $80 million and is essentially designed to encourage diversification away from white sugar to raw sugar, the country has clarified to the World Trade Organisation.

This would translate into roughly 1.4 million tonne of subsidised sugar exports going by the current exchange rate and the subsidy amount of Rs3,333 a tonne. Defending its action at a recent meeting of the WTO Committee on Agriculture (CoA) where several members including Brazil and Australia attacked the sops, India said the subsidies were aimed at discouraging white sugar production of which there was a glut in the global market, a WTO official told *Business Line*.

While the WTO does not allow any new export subsidies, some allowance is made for marketing and transportation. There are disciplines in place for members to gradually eliminate existing subsidies.

Drawing flak

Coming down heavily on India at the CoA meeting last Friday, Australia said the Rs3,333/tonne incentive payment is equivalent of 14-16 per cent of the world price and threatens to seriously destroy trade as India is the third largest exporter of sugar. It demanded that India immediately discontinue the subsidies.

World’s top sugar producer Brazil asked how India could justify the subsidies since there has been no consensus to extend special provisions for developing countries. Other members that questioned the subsidies include Colombia, the EU, Paraguay, Thailand, El Salvador, Canada, the US, Pakistan and New Zealand.

The subsidy amount of Rs3,333 of raw sugar export announced by the Cabinet last month is for exports made in February and March. Fresh calculations will be made for April based on existing exchange rate.

Rising inventories

Meanwhile, India’s white sugar stock is on the rise. At the beginning of the current sugar year (October-September 2013-14), stocks were at 8.8 million tonnes (mt). Sugar output in the on-going year is expected to be 23.8 mt, according to industry estimates, against a domestic demand of 22 mt.

[Back to top]

Food Ministry starts review of raw sugar subsidy amidst WTO pressure

Anindita Dey, Business Standard

Mumbai, 22 April 2014: The department of food has started a review of the Rs 3,300 crore raw sugar subsidy scheme announced towards end of last calendar year, albeit maintaining that the scheme will continue for remaining months till the new cabinet comes in place.

According to sources close to the development, the review is aimed at reworking the amount of subsidy downside based on new rates of benchmarks - exchange rate tariff and international prices which has substantially changed since the time when the scheme was announced. However, till date the final notification for the scheme has not been released.

Sources said that the scheme can at least run for two months – April and May 2014 of which more than 20 days of April 2014 are already over. The review follows strong objection raised by the members of the World Trade Organization (WTO) stating that this will distort global trade as India is the third largest exporter of sugar in the world. The subsidy was given for promoting raw sugar export by Indian millers.

Meanwhile, the government of India has decided to strongly defend its stance on the raw sugar exports on the ground that the export subsidy is not intended for exporters or industry but for farming community or cane millers. According to sources close to the development, the subsidy to be given for export of raw sugar will be passed on to the cane growers for diverting the sugarcane produce from processing white sugar to raw sugar which is not the usual practice in India. Explaining this, sources said, usually in India there is no demand or consumption of raw sugar and the entire cane is processed for sugar or jaggery or mollases etc. On the other hand, there is surplus stock of sugar in the country which is why the sugarcane farmers are not in the position to get proper remuneration as the cost of production is higher than the market price.

Therefore a conscious decision has been taken by the government to divert the domestic production to the export market where the demand is for raw sugar and not processed sugar, said sources. The subsidy thus is intended for helping the millers/ farmers to divert manufacturing of sugar to raw sugar. Thus the concern of the world community is not correct in stating that the raw sugar subsidy will distort the global prices as they are not intended for the exporters but for the cane millers and farmers.

Last year, the Cabinet Committee on Economic Affairs (CCEA) has also approved Rs 6,600 crore interest-free loans to the sugar industry with interest subvention of 12% to be borne by the Sugar Development Fund.

The loans will be provided by banks to sugar mills exclusively for making payments to sugarcane farmers, including arrears. The loans are equivalent to the excise duty paid by the mills in the past three years and the mills have to repay the loans in five years. These mills could avail of a moratorium on repayment for the first two years. The decision was taken to help the sugar industry tide over the cash crunch.

[Back to top]

Sops for raw sugar exports cut by Rs 1,000 a tonne

Business Line (The Hindu)

Chennai, 13 May 2014: The Centre has cut the incentive for raw sugar exports by over Rs 1,000 a tonne to Rs 2,277, drawing protests from millers.

In a notification issued last week, the Centre reduced the incentive from Rs 3,300, aimed at encouraging exports of raw sugar in order to overcome glut in the domestic market. While fixing the incentive at Rs3,300, the Food and Consumers Affairs Minister KV Thomas had said that the facility would initially be extended for two months (February and March) and then, it would be recalculated every two months taking into account the average exchange rate of the rupee.

According to the notification, the revised incentive will be valid till May 31.

Mills disappointed

Expressing surprise over the move, Indian Sugar Mills Association Director-General Abinash Verma, in a letter to the Food Secretary, said that the industry is disappointed over the cut in the incentive rate.

Pointing out to the Gazette notification issued on February 28, Verma said the average exchange rate of rupee was to be calculated based on the dollar price during the seven days preceding April 1.

When the incentive was approved by the Government, the rupee traded at 62.44 against the dollar. Since then, the rupee has gained and ruled at 60.32 in the last week of March. Therefore, the rate should have been Rs 3,800 and not Rs 2,277, Verma said.

“Since there is no other criteria prescribed in the Gazette Notification of February 28, there cannot be any other position whatsoever than to either retain the original rate of Rs 3,300 or to increase it. Therefore, the notification of May 7, reducing the incentive rate is not as per the law prescribed by the Ministry,” the ISMA official said in the letter.

Based on the notification, exporters and buyers from other countries had entered into sugar deals in the belief that the incentive of Rs 3,300 a tonne holds for raw sugar exports. But a sudden change in the Government’s stand without any notice was in contravention to the provisions of the February 28 notification. It has created confusion in the market and millers were feeling betrayed. The Government’s action to cut the incentive was wrong especially when there was sugar surplus, which need to be exported.

In a quandry

Sugar prices have dropped in the last one month and continue to rule below the cost of production, Verma said, adding that cane arrears to farmers have surged to over Rs 12,000 crore.

The ISMA official wondered how the Government arrived at the figure of Rs 2,277 and sought to know the reason for the cut in the incentive.

“What will happen to sugar mills which have dispatched or exported sugar after April 1 considering the Gazette Notification of February28, which is the only rule or order of the Government in public domain till now, and have done so on the clear understanding that the incentive rate would be Rs 3,300/tonne. Who will compensate the losses to these sugar mills?,” asked Verma.

On April 20, PTI, quoting official sources, said that the Government had decided to continue the incentive for raw sugar exports at Rs 3,300 a tonne during April-May.

Surging stocks

Some four lakh tonnes of sugar were expected to be exported during April-May with some consignments already reaching the destination or on the way.

The issue has also figured at the World Trade Organisation with countries such as Australia questioning the move to offer incentives for exports. However, India has held firm and said that there was no going back on its commitment to encourage raw sugar exports. The Government came up with the incentive to cut production of white sugar. White sugar stocks in the country have been on the rise.

At the beginning of the current sugar year (October-September 2013-14), stocks were 8.8 million tonnes. Sugar output in the on-going year is expected to be 23.8 million tonnes, according to industry estimates, against a domestic demand of 22 million tonnes. The stocks are expected to go up and to combat a glut situation. The Cabinet cleared the Food Ministry’s proposal to allow exports of raw sugar.

[Back to top]

Tea Board urges branding as export strategy

Mahesh Kulkarni, Business Standard

Bangalore, 5 September 2013: To increase export, the Tea Board of India has proposed encouraging producers to come up with specific brands aimed at foreign markets.

“We have failed in branding Indian tea in export markets because we are bulk exporters. We don’t export good packaged tea in value-added form. Tea is consumed all over the world in blended form. There is no English morning tea without Assam tea in it. But we have not marketed it as Indian tea in international markets,” said Tea Board Chairman M G V K Bhanu.

In a presentation at the 120th annual conference of United Planters’ Association of South India in Coonoor earlier this week, he said India couldn’t succeed in branding tea for specific markets within the country, as well as abroad. However, he expressed confidence the country could capture a higher share in the export markets by exporting branded tea in the coming years.

The Tea Board is targeting export of 230 million kg this financial year, a 4.5 per cent rise on previous year. In 2012-13, exports were 220.46 million kg. India’s output rose 3.6 per cent to 1.13 billion kg in 2012-13 from 1.09 billion kg the previous year.

“We cannot export all sorts of tea. We will encourage exporters to focus more on export of high-quality, high value-added teas. While continuing our efforts, we have identified five focus markets for exports---Kazakhstan, Iran, US, Egypt and Russia. We will take up many new initiatives such as branding of Indian tea for these markets. We will extend all assistance to exporters to achieve the desired targets,” Bhanu said. “We have achieved tremendous success in these five focus markets. However, we have not succeeded in creating an Indian international brand.”

Bhanu said the board was stressing on increasing exports to Iran to 25 million kg this year from 17 million kg last year, growth of 45 per cent. It was also trying to increase exports of orthodox tea.
The Tea Board had entered into a dialogue with various stakeholders of the industry for the branding initiative, he added. The board would take the help of India Brand Equity Foundation (IBEF) to create a brand for foreign markets, he said. IBEF is a trust established by the department of commerce that aims to promote and create global awareness of the ‘made in India’ label in markets abroad and facilitate dissemination of knowledge of Indian products and services.

To recommend a strategy to increase consumption of tea in rural areas The board has constituted a committee headed by Hindustan Unilever. The panel includes other leading producers such as Tata Global Beverages and Girnar.

“In rural India, people think drinking tea is not good for health. They prefer a glass of milk over tea. We need to change their perception and establish the fact that tea drinking is not bad for the health. We need to produce good quality tea and supply it to markets all over,” Bhanu said.

[Back to top]

Tea exporters losing out to Kenyan rivals

Rutam Vora, Business Standard

Vadodara, 18 September 2013: Bumper Kenyan tea production, coupled with the quality issues faced by Indian tea, have hampered exports. According to trade estimates, tea exports from India during the first half of the current financial year dropped 15-20 per cent as compared to the same period last year.

Exporters have expressed concern over losing market share to Kenyan tea, while traders maintain that stricter compliance norms set by the Indian government for tea exports are also a factor. “Kenya is encroaching on India’s export market. It is time to boost our exports to fight competition from Kenya,” said Chetan Patel, Secretary of the Federation of All India Tea Traders Association (FAITTA).

However, with exports slowing, domestic tea prices have started showing signs of softening. “Prices may start falling as more tea will be available in the second half of the year,” said Patel. Experts see a silver lining as demand from overseas markets will help exports gain momentum in the second half. “The business is driven by demand-supply economics. We see more demand coming up over the next few months, so we are hopeful of exports rising,” said Azam Monem, Director, McLeod Russel India Ltd.

India exports 210-215 million kg every year. In 2011-12, the country exported 214.35 million kg, while in 2012-13 the figure was six million kg more at 220.5 million kg.

Traders and exporters have raised the issue of strict quality compliance for exports. “It is difficult for some of the finest tea gardens to pass all the 20 criteria set by the government. This has adversely affected exports, and it is visible from the data,” said a tea exporter from Mumbai. “Many companies are failing to meet the required quality norms. The 20-point quality compliance schedule is tough to meet,” said a member of the FAITTA.

Tea exporters find the exercise unnecessary as many countries are ready to accept Indian tea consignments without having been certified under the new norms. However, experts note that strict compliance is in the interest of the industry as it will ensure better quality.

According to Monem Indian tea’s image was suffering due to poor quality. “There are some cases of rejection. But that is in the interest of the industry as a whole,” he said.

[Back to top]

Darjeeling tea brews 10% jump in exports on new market push

Mithun Dasgupta, Financial Express

Kolkata, 8 October 2013: Amid fears of a severe impact of the Gorkhaland stir on the Darjeeling tea industry, there is some good news for the exporters of the world-famous aromatic tea.

Export of Darjeeling tea this year is expected to increase by 10% on the back of rising demands from two new markets — China and East European countries. UK, Germany and Japan have been the traditional markets for this premium brew with the US being the recent entrant. But China and East European countries are expected to provide Darjeeling tea exports a big boost this year.

According to Darjeeling Tea Association chairman S S Bagaria, export of the brew to China alone is likely to soar to 1 lakh kg this year from 40,000 kg last year.

“We have started to export Darjeeling tea to China from 2010. Consumptions of this beverage are increasing at a very encouraging rate there. We sold 40,000 kg in China during 2012. But this year exports till September stood at 60,000 kg. So, total export to the country during 2013 is expected to touch 1 lakh kg on the back of huge consumptions,” Bagaria told FE.

He said the demand for the brew was also increasing in East European countries, the other new market for the exporters. “We are exporting to the East European countries for the last two years. Last year, the total volume of export to these countries was 20,000 kg and this year it should increase,” he stressed.

Bagaria said Darjeeling tea producers were instrumental in creating awareness about the world-famous brew as well as popularising the premium beverage in China and East European countries. Indian Tea Association (ITA) chairman A N Singh, who is also managing director of Goodricke Group, seconded Bagaria, saying export prospect for this year was 'pretty good'.

“With black tea consumptions growing in China, definitely there are good demands for Darjeeling tea in that country,” Singh said, adding Goodricke was also trying to explore this new market.

[Back to top]

Row over export of fresh vegetables to Saudi Arabia

Dilip Kumar Jha, Business Standard

Mumbai, 9 November 2013: Saudi Arabia, the fifth-largest importer of fresh vegetables from India, has said pesticide residues in the commodity are higher than permissible levels. It has threatened to take strong action in the near future.

In an advisory to the Agricultural and Processed Food Products Export Development Authority (Apeda), the government of Saudi Arabia said high levels of pesticide residues were detected in two consignments of green chilli. "It has been brought to the notice of authorities of KSA (Kingdom of Saudi Arabia) that in some recent consignments of vegetables from India, there have been interceptions of higher than permissible levels of residues of pesticides. If the situation persists, the government of KSA will take strong action in the near future," the advisory said.

Saudi Arabia accounts for Rs 92 crore of annual imports of fresh vegetables from India. With Rs 284 crore of imports, Pakistan was the largest importer in 2012-13, followed by the UAE (Rs 255 crore) and the UK (Rs 151 crore). With Rs 143 crore of fresh vegetable imports, Nepal was fourth on the list.

“Volume is not a worry. The only worry is the action, as prescribed by the Saudi Arabian authorities. If they ban vegetable imports from India, other countries in West Asia may follow, impacting India's overall vegetables exports severely,” said Vinod Kaul, deputy general manager and head (horticulture), Apeda.

Though Saudi Arabian authorities haven't specified the permissible limit of pesticide residue, it is usually understood the specifications by the European Union are applicable. Specifications by Codex, as well as other global norms, are also understood to be applicable on fresh vegetable exports to Saudi Arabia.

In an advisory to exporters, Apeda has advised adherence to the import requirements of Saudi Arabia, adding products should be tested before exports. “As a region, West Asia is very important to us. We, therefore, do not want any strong action by Saudi Arabia, and its repercussion on other countries in the region. Hence, we have advised our members to test export oriented goods carefully before shipping,” said Kaul.

West Asia accounts for about a third of India's overall fresh vegetable exports. In 2012-13, total exports of fresh vegetables stood at Rs 1,334 crore, a rise of 2.7 per cent compared with Rs 1,299 crore in 2011-12.

[Back to top]

Vegetable oil imports fall 15.5% in August

PTI

New Delhi, 14 **September 2013**: Vegetable oil imports fell by 15.52% during the last month to 7.57 lakh tonnes due to volatility in the rupee's value, according to the trade data released Friday.

Imports of vegetable oils, comprising edible oil and non-edible oils, stood at 8.97 lakh tonnes in the same month last year.

"Import during August decreased due to rupee volatility," Solvent Extractors' Association said in a statement.

However, the total import of vegetable oils during November 2012-August 2013 increased by 8% to 87,92,383 tonnes compared to 81,62,545 tonnes in the year-ago period. The oil year runs from November to October.

"The rupee has suddenly fallen in the last few days and touched R68.36 a dollar on August 28, 2013 and now rested at R63.59 (September 12), putting pressure on import of vegetable oils," SEA said.
The association also noted that during the last one year, RBD Palmolein has fallen by $195 (19%), CPO by $171 (17%), crude soybean oil by $326 (26%) and crude sunflower oil by $202 (16%). Total stock, both at ports and pipelines, is estimated at 16,85,000 tonnes compared to 19,90,000 tonnes in the previous month.

[Back to top]

Vegetable oil import bill likely to be low

Rajesh Bhayani, Business Standard

Mumbai, 15 October 2013: Import of vegetable oil, one of the top commodities in India's import bill, has fallen in the first half of this financial year. According to data provided by the Solvent Extractors' Association of India (SEA), total imports, of edible and non-edible oil (refined and crude), fell 6.25 per cent in volume terms in the first half of the year. During the same period, oil prices fell two to 12 per cent in the international market, keeping a check on the overall bill.

B V Mehta, Executive Director of SEA, said in the 2011-12 oil year (November-October), the import bill was $10.2 billion. For the 2012-13 year, it is expected to stand at $9.6 billion, as prices, on average, have been 15 per cent lower year-on-year.

In the remaining part of financial year 2013-14, "prices in the international market will remain under check and may also fall marginally, as supplies are higher than demand. For India, a lower price could help improve consumption. In quantity terms, imports may rise but due to the overall lower price, the import bill, in dollar terms, is likely to remain under check in FY14", Mehta said.

In the first 11 months of the current oil year, vegetable oil imports rose 5.46 per cent to 9.66 million tonnes (mt), compared with 9.16 mt in the year-ago period. If the current trend continues, overall imports could break the psychological barrier of 10 mt this year.

In September, imports declined for a consecutive month, as traders refrained from fresh bookings, amid expectations of further appreciation of the rupee against the dollar. Total imports plunged 13.1 per cent to 8,63,917 tonnes from 9,93,912 tonnes in the corresponding month last year. In August, imports fell 15.5 per cent, data compiled by SEA showed.

In September, the import of refined oil stood at 20 per cent, offering a breather to domestic refiners. In May this year, the share of refined oil to the overall import basked had risen to 42 per cent, and this had forced domestic refiners to idle installed capacities and focus on the trading business. With a steady increase in imports, India's reliance on imported vegetable oil is rising. Imported vegetable oil is primarily used to produce edible oil. It is also used as a raw material in soapmaking. With an estimated 7 mt of production from domestic sources, India meets about 55 per cent of its annual consumption of 16.5 mt through imports, largely from Malaysia, Indonesia and Argentina.

[Back to top]

Vegetable oils imports remain stable at about Rs 55,000 cr in 2012-13

PTI

New Delhi, 18 November 2013: India's vegetable oils imports remained stable at about Rs 55,000 crore in 2012-13 marketing year ended last month despite five per cent growth in volume as global prices softened, according to industry body SEA.

Vegetable oil import rose by 4.77 per cent at record 10.68 million tonnes during 2012-13 marketing year (November- October) against 10.19 million tonnes (MT) in previous year due to stagnant domestic production and rising consumption.

"We imported vegetable oils worth Rs 55,000 crore in 2012-13 oil year, which is similar to the previous year's level. Global rates were lower by 15 per cent, compensating increase in volume," Solvent Extractors' Association Executive Director B V Mehta told PTI.

India meets more than 50 per cent of their domestic demand through imports. Palm oil is being imported from Malaysia and Indonesia, while soyabean oil from Argentina and Brazil.

Edible oil imports rose to 10.39 MT in 2012-13 from 9.98 MT in the previous year. Imports of non-edible oils increased to 2,93,534 tonnes, from 2,11,098 tonnes, during the period under review.

Besides rising demand and stagnant domestic output, SEA attributed the rise in imports of vegetable oils to inverted duty structure by Indonesia and Malaysia that led to sharp jump in imports of refined palm oil.

Domestic production of vegetable oils was stagnant at 8.09 MT compared to 8.15 MT in previous year.

"Local consumption of edible oils further increased due to increase in per capita consumption (3 per cent) and population growth (1.76 per cent). Also lower price of vegetable oils boosted the consumption," the association had said in a statement last week.

Import of refined palmolein during April to October'13 jumped to over 1.6 million tonne compared to 7,50,000 tonne during the same period of last year.

"Import of edible oil has sharply increased and nearly doubled in six years due to stagnant oilseed production and rising demand. Refined RBD Palmolein tripled in last six years," SEA said.

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[Back to top]

Veg oil imports up 18% in Dec at 10.67 lakh tonne

PTI

New Delhi, 14 January 2014: India's vegetable oil imports have risen 18% to 10.67 lakh tonne (LT) in December 2013, the second highest in a month since 1994, due to purchase of cheaper sunflower oil from overseas and anticipation of hike in import duty. Import of vegetable oils, comprising edible and non-edible oils, stood at 9.08 LT in December 2012.

“December 2013 has shown the second highest record import of vegetable oils at 10.67 LT, since 1994. In January 2013 import was 11.57 LT,” Solvent Extractors' Association of India said in a statement.

In the first two months of oil year, imports of vegetable oils rose by 25% to 20.12 LT as compared to 16.08 LT in the year-ago period.

Edible oil imports increased to 19.79 LT during the period, from 15.59 LT, but import of non-edible oils decreased to 32,357 tonne in the two months, from 49,235 tonne in the same period last year. Oil year runs from November to October. “In the last two months import has surged as sunflower oil was cheaper to soybean oil encouraged larger shipment of sunflower oil,” SEA said.

The industry body also said palm oil shipments were higher during the month in anticipation of likely increase in import duty. Moreover, price difference between RBD Palmolein and crude palm oil reduced to less than $10/tonne making RBD Palmolein more attractive over CPO.

India imported over 10 million tonne of vegetable oils in 2012-13 oil year, which is about 50% of domestic demand. The country imports palm oil from Malaysia and Indonesia, while soyabean oil is purchased from Brazil and Argentina. Import duty on crude edible oil is 2.5% and custom duty on refined edible oil has recently been increased to 10% from 7.5%.

During November-December 2013, import of refined oil has gone up by 74% to 3.72 LT, compared to 2.14 LT during the same period of the previous year.

Import of crude oil was up by 19% at 16.07 LT as compared to 13.45 LT during the same period of last year.

Current stock of edible oils as on January 1, 2014 at various ports is estimated at 7.45 LT and about 8.5 LT in pipelines.

[Back to top]

Vegetable oil imports decline 22 pct in January

PTI

New Delhi, 15 February 2014: Vegetable oil imports fell by 22% in January to 9.05 lakh tonnes due to sharp fall in shipments of crude palm oil, according to industry data released on Friday.

The country had imported 11.57 lakh tonnes vegetable oils (edible and non-edible) in the same month last year.

Imports fell in January as crude palm oil (CPO) shipments fell by more than 50% to 3.37 lakh tonnes from 7.21 lakh tonnes in January 2013.

However, import of RBD (refined) palmolein rose to 2.08 lakh tonnes in January from 1.53 lakh tonnes in the year-ago period."RBD Palmolein (finished product) is cheaper by $15/20 per tonne as compared to CPO, the raw material," Solvent Extractors Association of India said in a statement.

During November 2013 and January 2014, import of vegetable oil has increased by 5% to 29.17 lakh tonnes, against 27.66 lakh tonnes in the corresponding period of the previous oil year (November-October).

Out of the total import, edible oil stood at 28.51 lakh tonnes and non-edible oil at 66,644 tonnes. "In last two months, sunflower oil being cheaper to soyabean oil, encouraged larger import by India," SEA said. The association noted that in view of increased import of RBD palmolein in last two years, the capacity utilisation of domestic refiners reduced from 55-60% to 30-35% and many units closed down or are on verge of closure due to continuous disparity in processing of CPO.

India imports more than 50% of its domestic edible oil demand. Overseas shipments stood at over 10.6 million tonnes.

[Back to top]

Vegetable oil imports drop to 3-year low in Feb

PTI

New Delhi, 15 March 2014: The country's vegetable oil imports fell by 40% to a three-year low of 5.78 lakh tonnes in February this year due to sharp fall in shipments of palm oils, industry body SEA said on Friday.

The country had imported 9.69 lakh tonnes of vegetable oil in the same month of the previous year.

The Solvent Extractors Association (SEA) also expressed concerns over higher import of cheaper refined palm oil, leading to under-utilisation of domestic refineries. Many of them are on the verge of closure.

India meets about 60% of its annual vegetable oil demand of 17-18 million tonnes through imports. Palm oils make up 80% of the country's total vegetable oil imports.

According to the SEA: "Import during February is the lowest in last three years, mainly due to heavy disparity in import of palm products which led to drastic reduction inimport of crude palm oil (CPO)." Palm oil imports dropped significantly by 99% to 4.03 lakh tonnes in February this year from 8.05 lakh tonnes in the year-ago period, it said in a statement.

Among palm oils, crude palm oil (CPO) shipments fell by 60% to 2.69 lakh tonnes from 6.70 lakh tonnes, but import of refined crude variant rose by over 10% to 1.65 lakh tonnes from 1.48 lakh tonnes in the review period.

The SEA said import of RBD palmolein has risen as global prices of this refined variant have become cheaper by $15-20 per tonne as compared to CPO.

"In view of increased import of RBD Palmolein in last two years, capacity utilisation of domestic refiners reduced from 55-60% to 30-35% and many units are the verge of closure," it said.

Import of non-edible oils fell to 9,431 tonnes in February this year, compared to 14,999 tonnes in the same period last year, the SEA data showed. As on March 1, edible oils stock at various ports is estimated at 4.75 lakh tonnes, of which CPO is 2.40 lakh tonnes. About 7,70,000 tonnes of edible oil is in the pipeline.

Total stock, both at ports and in the pipeline, has drastically reduced by 2.70 lakh tonnes to 12.45 lakh tonnes due to lesser import in last two months, SEA said.

Early this year, the government had hiked the import duty on refined palm oil to protect the interests of local oilseeds farmers and refiners against cheaper imports.

During the November-February period of 2013-14 marketing year, total palm oil imports have fallen to 25.96 lakh tonnes, as against 31.03 lakh tonnes in the same period of previous year, the SEA data showed. India imports palm oil mainly from Indonesia and Malaysia.

[Back to top]

Vegetable oil import down 6% in November-March

Business Standard

Mumbai: 15 April 2014: Vegetable oil imports between November 2013 and March 2014, the first five months of the oil year, saw a drop of six per cent to 4.3 million tonnes (mt)compared to 4.6 mt in the same period last year, according to data issued by the Solvent Extractors' Association.

The imports saw a sharp increase in November and December but these got arrested after that. Now, the reports indicate a possible fall. March vegetable oil imports also saw a drop of six per cent, compared to the same period last year, to 835,424 tonnes.

The average stock in the ports and the pipeline was 1.4-1.5 mt in the +past six months but has been averaging 1.2 mt in the past two months.

Imports of RBD palmolein saw a jump, however, of 32 per cent between November and March, to 817,615 tonnes as prices were on the lower side. Crude palm oil imports were down 11 per cent from November to March, at 3.4 mt.

Total edible oil imports from November to March were 4.2 mt compared to 4.4 mt in the same period last year, while non-edible oil imports were 78,574 tonnes this year; last year, it was 127,242 tonnes. Availability of oilseeds was higher this year, leading to higher availability of vegetable oil.

Around 60 per cent of India's vegetable oil demand is met by imports. The picture this year is expected to be the same as last year. Domestic consumption is on the rise.

[Back to top]

India Raises State-Purchase Price of Wheat

Mukesh Jagota and Debiprasad Nayak, Dow Jones Institutional News

New Delhi, 17 October 2013: India Thursday increased by 4% the price that government agencies pay for procuring wheat, a senior official said, a decision that would help farmers but likely stoke already-high inflation and strain government finances.

A panel of ministers cleared a farm-ministry proposal to increase the price of wheat, the main winter crop, to 1,400 rupees ($22.86) per 100 kilograms, said the official.

The government offers a minimum purchase price for key staples under a decades-old policy that aims to prevent any shortage of rice and wheat, as well as to protect farm incomes. State-run granaries are overflowing due to bumper production in the past two years, and a portion of these stocks, stored in poor conditions, is now infested with parasites or has been damaged by rain.

According to data from the Food Corporation of India, the main grain-procurement agency, state warehouses are stocked with 38 million tons of wheat, more than double the minimum stocks the country needs to maintain under local rules.

Farmers may prefer selling to the government because of the higher price it offers, further complicating India's grain-storage problem.

Much of this grain is supplied through government welfare programs, and increasing the minimum price means the government's subsidy expenses would increase as well. Food subsidies account for more than 40% of all government subsidies.

Analysts said the rise in minimum purchase price would also increase the market price of the grain and add to food inflation. Food prices have pushed consumer inflation to 9.84% in September, according to the latest government data.

The ministerial panel has also increased the purchase price of rapeseed to 3,050 rupees per 100 kg from 3,000 rupees, said the official, who didn't want to be identified.

In India, sowing of winter crops begins in November, and harvest starts at the end of March or early April.

[Back to top]

State agencies float tenders to export 6.5 lakh tonnes of wheat

Vishwanath Kulkarni, Business Line (The Hindu)

New Delhi, 3 December 2013: Buoyed by the better-than-expected response to recent wheat tenders, State entities such as MMTC, STC and PEC Ltd have invited bids to ship out 6.5 lakh tonnes more, probably the highest volume on offer in a month. These tenders, which will be decided over the next 20 days, might pull down global wheat prices, analysts said.

PEC Ltd has invited tenders to ship out 1.2 lakh tonnes of wheat stored in Food Corporation of India (FCI) godowns at the Kandla Port. It has also invited bids for 35,000 tonnes of wheat stored in Vizag port, while MMTC has offered to sell 55,000 tonnes stored at Pipavav port. These tenders would be opened on December 12, and the wheat has to be shipped between December 22 and January 25.

PEC will also open tenders for 70,000 tonnes of wheat being offered from Krishnapatnam port on December 16.

STC has invited tenders for 2 lakh tonnes to be shipped out from Mundra Port and 70,000 tonnes from Chennai port, while MMTC has offered to sell 1 lakh tonnes stored at Kakinada.

The STC and MMTC tenders will be opened on December 23.This huge volume on offer indicates that pressure is building up on the State agencies not only to create storage space for the new crop, but also to take advantage of current global prices.

Analysts said these tenders may attract bids from more buyers, as wheat availability from Russia and Ukraine will be lower on account of snow.

In the bids opened a fortnight ago, buyers quoted up to 10 per cent higher than the floor price of $260 a tonne, largely in line with the prevailing global price.

On October 30, the Government had cut the floor price for wheat exports by $40 a tonne to $260 to make the wheat shipments more viable in the global market after the state entities received poor response to export 1.6 lakh tonne last month.

The Government has decided to ship out about 2 million tonnes of wheat to cut surplus stocks and create space for other cereals, such as rice, for which paddy procurement is currently on in States such as Punjab and Haryana.

On November 1, wheat stocks stood at 34 million tonnes, three times more than the target for the October -December quarter.

The State entities had exported 4.2 million tonnes of wheat in 2012-13 fiscal and the value of these shipments was $1.4 billion.

The average price fetched by the Indian wheat stood at $311.38 a tonne last fiscal.

[Back to top]

India's wheat, rice exports raise hackles at WTO

Sidhartha, Times of India

New Delhi, 3 February 2014: The US, Canada and Pakistan have questioned India's export of wheat and rice, suggesting that subsidized grains have been shipped out providing gains to local traders.

The queries at the World Trade Organization (WTO) come weeks after these countries reluctantly agreed to India's demand for renegotiating the agreement related to food subsidies that turned into a make-or-break issue at the Bali ministerial meeting in December.

The government has denied the suggestions and said that India is complying with all international norms. "We are on the right track," said a top government official, dismissing the charges.

On January 29, at a meeting of the WTO's committee on agriculture, the US and Canada asked India about reports that it exported two million tonnes of wheat because of surplus stock, sources familiar with the discussions said. Canada then went on to ask if the floor price had been lowered to $260 a tonne from $300 a tonne proposed earlier, which was lower than the Canadian export price.

Similarly, the US calculated the cost of wheat at the port at $310 a tonne and asked the government to supply data on the costs and the prices of the winning bid.

During the meeting itself, India tried to dismiss the allegations saying that the exports were contracted at $279-289 a tonne, which is higher than the floor price. But discussions could not be undertaken further as the US sent its questions late and India will furnish the data over the next few weeks.

Pakistan - which was part of the developing country alliance seeking easier regime for food subsidies before doing a U-turn - has raised questions over India's rice export figures and how basmati and non-basmati were graded.

Although the developed countries led by the US had opposed "renegotiating" the agreement on agriculture settled nearly two decades ago, one of the major concerns was over grains procured at a high minimum support price slipping into international markets.

In fact, India has explicitly assured that it restricted such practices but experts had warned that future exports would come under a cloud as the developed countries would raise the issue and go to the extent of seeking damages or restriction on shipments.

India, which was virtually isolated at Bali, managed to get a deal under which the cost of building stocks for food security will not be counted against a country's domestic support limits.

For India, the issue is especially critical as its procurement of staples may breach the prescribed cap in the coming years.

[Back to top]

India may suspend wheat exports mid-way

Dilip Kumar Jha, Business Standard

Mumbai, 20 March 2014: India might suspend exports of wheat even without achieving the scheduled target of 2 million tonnes due to fears of crop damage from the recent hailstorms across the country.

"The decision is underway. While the Ministry of Food has already taken final decision in this regards, it will communicate to the public sector grain procurement agency the Food Corporation of India (FCI) soon," an informed source said.

India has already accepted bids for 1.40 million tonnes of wheat exports so far this year out of the 2 million tonnes target set by the Food Ministry in August last year. The target was set to be achieved by June 2014 to earn Rs 3,400 crore from wheat exports at an average price of $300 a tonne, similar to last year's realisation. India's wheat export was recorded at over 4million tonnes last year.

But, because of price fall in global markets, the tenders including PEC and MMTC received poor response. Consequently, importers negotiated bid price upto $260 a tonne for some lots. FCI is a facilitator of wheat supply to these public sector grain trading agencies.

Sources said that proper assessment of the crop damage is yet to bedone. Hence, the government decided to suspend wheat exports temporarily. In case of insignificant crop damage, exports can be opened to meet the target, he added. Wheat, a 100 per cent rabi crop, is sown in India between October and December for harvesting between March and May.

Before hailstorms, Karnal (Punjab) -based Wheat Research Institute forecast India's wheat output at 95.6 million tonnes this year compared to 92.46 million tonnes in the previous year. Wheat prices in global markets jumped by $27 to trade currently at $273 a tonne due to fears of supply disruptions from Ukraine, one of the world's largest suppliers on the country's stand-off with Russia.

[Back to top]