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Report Highlights:

Exporters want less pesticide in basmati, *India ok's 500,000 tons grain exports to Bangladesh*, *Flour mills may stop wheat imports on soaring prices*, *Poor seeds, low returns limit hybrid rice area*, *Now Punjab farmers could be heading for Brazil*, *Reports on Indian meat inaccurate*, *Say cheese to milk this year*, *Carrefour not keen on farm infra investments*, *Retailers for non-food, food retail distinction*, *Indian railways to go green with four bio-diesel plants*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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EXPORTERS WANT LESS PESTICIDE IN BASMATI

With Europe and Gulf countries establishing stringent safety norms to ensure that pesticide residues in food crops are below prescribed limits, Indian basmati rice exporters have urged the Ministry of Agriculture to ensure that farmers use less pesticide. The request from the basmati exporters comes at a time when consignments of basmati rice from India have been held in European ports for inspection to ensure pesticide MRLs. The President of the All India Rice Exporters Association said that no consignment has been rejected yet, but exporters would like to take all necessary precautions to ensure quality and market access for basmati rice. Europe and Gulf countries are the main export destinations for Indian basmati rice. (Source: Financial Express, 08/12/2010)

INDIA OK'S 500,000 TONS GRAIN EXPORTS TO BANGLADESH

India has allowed the export of 300,000 tons of non-basmati rice and 200,000 tons of wheat to Bangladesh, a government statement said on Friday, as good rainfall and higher planting have boosted crop prospects. Indian grain will be shipped under a diplomatic deal by state-run Food Corp of India (FCI) at its "economic cost", which includes the price paid to farmers and the cost of storage and transportation, the government said. Government officials say if rice output from this year's summer-sown crop is good, India may further ease controls on grain exports. (Sources: Reuters, 08/06/2010)

Post Comments : The Government Notification to this effect were issued by the DGFT on August 6, 2020 (http://dgft.delhi.nic.in/; select 'Notifications'; then select 'Notifications 2009-2010', and then select notifications '55-2009-2014, and 56/2009-2014".

FLOUR MILLS MAY STOP WHEAT IMPORTS ON SOARING PRICES

Bread and biscuit makers in India may stop importing from Australia and Ukraine as global prices surge to a 23 month high after a heat wave slashed harvests in Russia. Millers in southern states bought about 50,000 tons of wheat in the last three months ending June 30, 2010 as imported wheat was cheaper than its local equivalent. With international prices firming up by $50 per ton, imported wheat is no longer profitable for Indian processors. The increased purchase of local wheat may however boost domestic prices, but the price increase may be marginal as India has enough stocks. (Source: Business Standard 8/10/2010 and Bloomberg Business Week 8/9/2010 Business Standard)

POOR SEEDS, LOW RETURNS LIMIT HYBRID RICE AREA

India's quest for increasing rice production by using hybrid varieties could hit a stumbling block because of lack of availability of quality seeds, poor extension services, over dependence on the private sector for hybrid seed production and lower price realization for farmers from hybrid rice has been reported by the Central Rice Research Institute (CRRI). The government had expressed interest in bringing out a second green revolution in eastern India through extensive use of hybrid rice as done in china. At present only 3 percent of the total rice producing area is under hybrid rice, mostly in Uttar Pradesh, Bihar, Jharkhand, Chhattisgarh, Punjab and Haryana. The Director of CRRI said that the hybrid rice technology has the potential to increase productivity by almost 1 ton per hectare but most of the hybrids currently available are suitable only for irrigated land. (Source: Financial Express, 08/11/2010)

NOW PUNJAB FARMERS COULD BE HEADING FOR BRAZIL

Punjab's Deputy Chief Minister is accompanying a delegation led by Union Agriculture Minister Sharad Pawar on an exploratory visit to Brazil at the end of August to explore the possibility of cooperation in the field of agriculture and allied sectors between the two nations. Among other areas, the delegation will also look at the possibility of providing Brazil with skilled farm labor. Backed by the Ministry of External Affairs, the delegation will talk to the Brazilian government about the possibilities of sending Indian farmers to work there. (Source: Tribune, 08/07/2010)

REPORTS ON INDIAN MEAT INACCURATE

Alaa Radwan, head of the Egyptian Chamber of Food Industries (ECFI), has denied that Indian meat was infected by sarcocystis worms. Radwan, on a trip to deliver the correct information on the state of the Indian meat imports to the Egyptian public, visited three slaughterhouses in India that produce over 70 per cent of the total meat exports to Egypt. India exports frozen meat to 65 countries. Egypt is the only country that sends a veterinary delegation to India on three month trip to inspect the meat exported to Egypt, according to Radwan. (Source:The Hindu, 08/09/2010)

SAY CHEESE TO MILK THIS YEAR

Normal monsoon, coupled with a good carry over stock of milk powder, is expected to stabilize milk and milk product prices in India. Milk prices have increased by 10-15 per cent in the first half of the current year. Prices of milk products are dropping in the International market, which may compel Indian exporters to lower prices or exit.

The country's leading milk powder consumer, National Dairy Development Board (NDDB), has decided to import 30,000 tons of milk powder and 15, 000 tons of butter oil from Fontera of New Zealand. It is expecting the full consignment by September- October when milk production would be at its peak in India. NDDB's large duty free import orders have raised concerns among the companies and the farmers. While higher milk procurement would ensure that prices do not rally, experts warn that realization for farmers could actually slip due to the huge inventory of milk powder which is lying unused with unions and cooperatives. (Source: Economic Times, 08/12/2010)

CARREFOUR NOT KEEN ON FARM INFRA INVESTMENTS

French retailer Carrefour SA has indicated difficulty in complying with certain mandatory clauses in the discussion paper regarding FDI in retail, put out by the Department of Industrial Policy and Promotion (DIPP). The company is keen to enter India in front-end retailing, and has pointed out that the clause seeking investments into agricultural infrastructure, if made into law, would limit foreign investments. Government sources told Business Line that the world's second largest retailer was willing to comply with regulations on local hiring and sourcing out of the country. It had, however, raised its reservations on the proposal asking foreign investors to invest in agricultural infrastructure. Though Carrefour's Executive Director of Growth Markets, Mr. Thierry Garnier, had met Indian Government officials recently and welcomed the DIPP's discussion paper on opening the sector, the company does not seem keen on the mandatory clauses. The official said that the clause in the discussion paper has been aimed at ensuring that farmers get the best price and consumers get the best product, besides aiding in reducing wastage. Carrefour has been exploring options to enter into a partnership with an Indian firm to sell directly to consumers. However, it is yet to announce a partner in India for its front-end retail business. The company plans to set up its first cash-and-carry outlet in India, by September this year. (Source: Business Line, 08/10/2010)

RETAILERS FOR NON-FOOD, FOOD RETAIL DISTINCTION

Taking a joint stance, India's organized retailers have sought to draw a distinction between non-food retail and food retail in response to the discussion paper on foreign direct investment (FDI) in multi-brand retail released by the department of industrial policy and promotion (DIPP) in July. By pushing this distinction, retailers have asked for allowing 100% FDI in non-food retail; food retail could be opened up to FDI in a calibrated manner. Most of the organized retail chains have in place different entities for food and non-food retail in the country. Food forms the bulk of the merchandise for traditional grocery stores across India. The supply chain for food retail is closely linked to the agricultural and rural sectors and is local/regional in nature. In non-food retail, the supply chain has become national and even international, according to the Confederation of Indian Industry (CII). According to the CII, food retail accounts for nearly two-thirds of the total retail market in India and comprises staples, dairy, fruits and vegetables. Non-food retail comprises apparel and textiles, footwear, hard consumer durables (appliances and electronics) and other specialty retail such as furniture, sports goods and furnishings. Other key suggestions made by the industry bodies in response to the DIPP paper include allowing FDI in development of infrastructure and supply chain and logistics creation as it is an integral part of the retail business. According to CII, modern retail has created 600,000 jobs in the last 10 years and can create an additional 6.5 million by 2018. (Livemint, 08/09/2010)

INDIAN RAILWAYS TO GO GREEN WITH FOUR BIO-DIESEL PLANTS

Indian Railways has planned to set up four bio-diesel plants to reduce its carbon footprint and take forward its experiment with non-conventional forms of energy. It is already planting saplings of jatropha, one of the sources of bio-diesel, on pilot basis in partnership with Indian Oil Corporation (IOC). The plants will mark the entry of railways in production of bio-diesel; however, it will be only for captive use and not for commercial sale of the fuel. As per a new railway policy, 10 percent bio-diesel has to be mixed with diesel for use in locomotives and therefore railways needs to have a higher stock of bio-fuel with an increase in diesel demand. Railways entered into an agreement with IOC in 2003. (Source: Financial Express, 08/10/2010)

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