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FCI's grain stocks to touch 80 mn tonne by June-end

PressTrust of India

June 01, 2012

Anticipating another season of bounty in the state's wheat fields, the Madhya Pradesh government is inviting private partners this

The government's foodgrain stock is likely to touch 80 million tonnes by the end of this month, which is two-and-a-half times more than the required norms. As per government rules, the strategic and buffer stock of wheat and rice in the country by June 30 should be 31.9 million tonnes, which includes 26.9 million tonnes as buffer stock and another 5 million tonnes as strategic reserve "We expect the foodgrain stock in the country to touch 80 million tonnes by June end. The foodgrain stock in the country as on May 31 is 75 million tonnes," a senior Food Ministry official said.

According to the Food Corporation of India (FCI), the foodgrain stocks rose by 21% to 71.21 million tonnes as of May 1 from 59.2 million tonnes in the year-ago period. FCI, the nodal agency for procurement and distribution of foodgrains, has maintained maximum foodgrains stock in northern and southern parts of the country. The government's grains inventory has build up due to record production and procurement in last few years. This year FCI is targeting to buy a record 35 million tonnes of rice and 32 million tonnes of wheat. The country is poised for an all time record harvest of rice and wheat at 103.41 million tonnes and 90.23 million tonnes, respectively, this year

Future Group ties up with agri company to produce healthy foods

TNN

June 1, 2012

Kishore Biyani led- Future Group and LT Group, maker of Dawaat basmati rice, announced on Friday that they have struck an agreement wherein the LT Group will utilize the integrated food park facilities that are being developed by Future Ventures for the purposes of setting up a milling, processing and storage facilities for sona masuri rice. Both the groups will jointly develop and market healthy snacks to be manufactured at Daawat Foods facilities, a subsidiary of LT Foods under a private label brand. In addition, they will develop and market a wide range of organic staple foods being processed by Nature Bio Foods in its facilities in North India. The integrated food parks being set up by Future Ventures aims to provide end-to-end infrastructure and facilities for the food industry.

Kishore Biyani, founder and group CEO, Future Group said, "We are excited to have LT Foods as a partner in our integrated food parks. Food consumption in India is largely in commodities and there lies a huge opportunity to provide customers with branded, value-added products that offer superior quality and health benefits and benefit everyone in the ecosystem."

Farm growth falls in FY12 on high base effect

Business Standard

June 01, 2012

India's farm growth fell from seven per cent in 2010-11 to 2.8 per cent in 2011-12, owing to low emphasis on non-cereal crops and waning of the low base effect of the drought in 2009-10 on farm production. The growth, below the long-term trend of about 3-3.3 per cent, prompted many experts to question the policy of over-emphasis on cereals. "Despite the record grain production in 2011-12, if the growth numbers show a declining trend, it means Indian agriculture needs to move away from just cereals. And, for that to happen, we need more private investment in farming through adequate incentives for marketing and distribution," Ashok Gulati,

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chairman of the Commission for Agricultural Costs and Prices, told Business Standard. Others believe the below-par performance in 2011-12 shows the low base effect of the 2009-10 drought had ended, and the high base effect of 2010-11 had played its part. In 2010-11, growth in agriculture, forestry and fishing rose sharply after a drought had dragged it down to about 0.4 per cent in 2009-10. That financial year, foodgrain output dropped to 218 million tonnes. In 2010-11, output rose to 245 million tonnes, as the base was low. Farm growth in the last financial year stood at about 253 million tonnes. The fall in annual farm growth to 1.7 per cent in the fourth quarter of 2011-12, against 2.8 per cent in the third, was attributed to seasonal factors.

Ramesh Chand, director of National Centre for Agriculture Economics and Policy Research, said farm production usually dropped in the fourth quarter of a financial year, as the kharif output was exhausted and the rabi output was yet to arrive. The third advanced estimate for crop production for 2011-12, released in April, had pegged the country's overall foodgrain production at a record 252.56 million tonnes, about three per cent more than last year

Food for work under NREGA will help use surplus: K V Thomas

Business Standard

June 03, 2012

As the government grapples to handle mounting stocks of food grains, the food ministry wants to ensure that the least quantity of grain is left in the open before the onset of monsoon. In an interview with Sreelatha Menon and Sanjeeb Mukherjee, Food And Consumer Affairs Minister K V Thomas explains how this will be done. There has been some talk that the present storage scenario has been created because of a sharp hike in the minimum support price (MSP), which prompted farmers to plant wheat and rice in additional areas. Do you agree?

Between 2008-09 and 2011-2012, foodgrain procurement as percentage of production has risen 25 per cent in case of wheat and 23 per cent in case of rice. During the same period, wheat and rice production increased 12 per cent and seven per cent, respectively. The main reason for a higher increase in procurement is consistent increase in the MSP in the last few years. The MSP of paddy has doubled between 2005-06 to 2011-12 and the same is the case with wheat. The other reasons are bonuses over and above the central MSP declared by some states on their own, and high rate of taxes on foodgrain procurement. All these factors have driven away private traders from the main grain markets of the country, making the government a sole purchaser of almost all the surplus. This, in turn, might have contributed to creating this unusual situation.

What is the status of the public distribution system (PDS) reforms in the states? Gujarat and Odisha have found e-solutions. How soon do you expect others to pick up?

Targeted PDS, or TPDS, is the shared responsibility of the Centre and the state governments. The Central government allocates highly subsidised food grains and makes them available to the states through the Food Corporation of India. Thereafter, it is the primary responsibility of the state governments to lift the grains on time and ensure delivery to fair price shops, and then to the final beneficiary, according to the entitlements.

As a result of the close coordination between the Centre and the states and the wide-ranging reforms, there has been a revival of TPDS. A study done by scholars such as Jean Dreze, Reetika Khera and others in nine states have found that major initiatives in the recent past to improve PDS are showing results. Most sample households are getting bulk, if not whole, of their entitlements. Most importantly, days when half of the PDS grain was diverted to the open market are gone. All these show that there has been an improvement in the PDS operations.

However, we are not sitting on that. The ministry has embarked on a massive drive for modernisation of PDS. Computerisation of

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PDS has been declared a Mission Mode Project.

By October this year, we hope to complete digitisation of all beneficiary data base, while computerisation of supply-chain management will be completed by March 2013. By the end of March 2014, all the ration shops across the country will be automated. Initiatives taken by Odisha and Gujarat are part of this nationwide effort.

The draft food security Bill talks of local distribution of grains. Do you have a strategy for this? Has any state begun this process? In some countries, food is collected locally and given away in various government-sponsored schemes, such as school feeding. Do you see that happening here?

Some states have adopted innovative ways to ensure distribution of food grains in a transparent manner, involving panchayat leaders, village elders and gram sabha in monitoring. In Chhattisgarh, for instance, there is a 'Chawal Utsav' on the 7th of every month when distribution of food grains takes place. In Nashik, a system of periodic distribution of grains through the village community has been adopted. The Centre on its part has been constantly advising the states to adopt decentralised procurement system, which ensures local preference for grains are met more economically.

On local supply of food grains for government-sponsored programmes, I would say under the Integrated Child Development Services Scheme, states have the option to source the foodgrain requirement from either the central pool or purchase it locally. More than 10 states and union territories are purchasing the grains locally. The draft National Food Security Bill also contains provision for support to local distribution models.

The food Bill has been delayed. When do you expect it finally?

After introduction of the food Bill in the Lok Sabha on December 22, 2011, it has been referred to the Standing Committee on Food. It is hard to fix a time frame for the Standing Committee. But, internally, we are gearing up to implement the Bill, and as soon as it becomes a law, we will implement it.

Are there plans to include vegetables, milk and eggs in the ambit of procurement and distribution? Is any state doing it?

No, there is no proposal before us to procure vegetables, milk or eggs for PDS. The government has been considering food for work under MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) at the highest level, according to the rural development minister. When are you expecting a decision? Your storage facilities are already bursting at the seams.

In view of the high level of stocks in the central pool, various options for liquidating these is being considered, and payment of a part of MGNREGA wage in terms of foodgrains is one of the option. I have written to the minister for rural development in this regard and I am awaiting his reply. From our side, we are keen to get this approved, as it would help in absorption of the stocks.

On storage, what kind of long-term planning does the ministry have to address issues related to stocking grains?

Well, let me assure you that we are doing everything to shore up the storage facility for grains in the country. In 2012-13, an additional 3.8 million tonnes (mt) of storage capacity will be created, which is a part of the total 15 mt of new storage capacity being created under the PEG (private entrepreneurship guarantee) scheme across the country.

Last year, we created new capacity of 2.8 mt under the same scheme, of which almost one mt is already in use. In addition, the government is in the process of creating two mt of modern silos, within the overall storage capacity and construction of this is expected to start from mid-next year.

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Why is an emerging economy like India doing so badly on human development index?

Economic Times

June 3, 2012

Even at 6.3%, India's growth rate could be a matter of envy for many countries. Still, the second-fastest growing economy in the world, India is worried about how to boost growth. But it's time the government began worrying about India's invisible underbelly, which is doing a lot of damage to the country's image. In a damning report on the country's human rights record, released ahead of the UN review of India's human rights record two weeks ago, the Working Group on Human Rights in India and the UN has exposed our pathetic record.

The report blasts the government's economic policies for ignoring the poor. "The country's economic policies, driven by the neo-liberal economic paradigm, continue to perpetuate 'exclusion' and violate Fundamental Rights and Directive Principles of the Constitution," says the report, which is a scathing attack on India's performance on the human development index. India ranks 134 out of 187 countries on UNDP's Human Development Index and 129 out of 147 countries on the Gender Inequality Index, behind Pakistan, Bangladesh and Rwanda. India has the worst child mortality sex ratio in the world. At the heart of India's skewed development story lies the paradox between India's phenomenal GDP growth and its abysmal score on human development.

"India is simultaneously the richest and the poorest of countries. While the country's wealth may have increased, there is no willingness to invest a part of it for a better life for the poor," says Harsh Mander, member of the National Advisory Council. But poverty is not the only issue raised by the report. In addition to detailing custodial torture, the Armed Forces Special Powers Act and statesponsored militia such as the Salwa Judum, the report also looks at the violation of the right to food and housing. "By mid-2011, India's urban slum population was estimated at 158.42 million," says the report, which also points to a survey which says around 42% of children under five are underweight and more than 59% are stunted.

India has for long, been unwilling to spend on education. The Right to Education Bill was in danger of being shelved on grounds that it was too expensive for the government. India's low scores on human development have much to do with the absence of safety nets for the urban poor. "There are no entitlements for the urban poor; no urban equivalent of the National Rural Health Mission or the National Rural Employment Guarantee Scheme," says urban studies expert Gautam Bhan.

While successive governments have tried to sell the 'India Shining' story to the people, Madhu Kishwar of the Centre For The Study of Developing Societies believes that India is shining only for a few. "A mild, half-hearted attempt at economic reforms enabled the corporate sector to turn world-class in less than two decades. And yet the government refuses to extend the new economic reforms and liberalization to the farm sector, which has been crippled by the bureaucratic controls that the corporate sector was earlier subjected to during the License Raj," she says. But it's not just people who have been ignored by the government. India treats its environment poorly too. The country ranks 125 out of 132 countries in Yale University's Environmental Performance Index, behind the likes of Pakistan, Maldives and Kyrgyzstan. "I fear that India is moving backwards rather than forward in conserving its incredible environment and natural resources. The loss and degradation of native forests continue apace in many parts of the country, while hunting threatens scores of wildlife species," says William Laurance, an environmental scientist at James Cook University, Australia, amongst those who had disputed India's claims of increasing forest cover.

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A good monsoon doesn't always mean lower commodity prices

Hindu Business Line

June 3, 2012

Increased production spurred by good rains does not necessarily result in lower prices at the farm-gate. A good monsoon always brings cheer around the country. With the average Indian family budgeting 30 per cent of its income on food, normal or deficient rainfall could mean the difference between full plates and empty stomachs. The agriculture sector accounts for 17 per cent of the Gross Domestic Product and provides livelihood to 60 per cent of Indian citizens. In this regard, given that more than 177 out of 612 districts in India are dominantly rain-fed, the monsoon is of great significance for the Indian economy from a production perspective.

But despite popular perception, rainfall does not appear to play a decisive role in prices of agricultural produce. Increased production spurred by good rains does not necessarily result in lower prices at the farm-gate. Neither does a situation like the drought of 2002 always result in a spiralling increase in the prices paid to farmers for agri-commodities. The trend of recent years points toward inflation being driven by factors beyond production and the main culprits are commodities outside the public distribution system (PDS). Large food stocks have co-existed with high food inflation, indicating that the shift in consumption pattern is mainly driving inflation in food products. Manufactured items such as edible oil, dairy items and grain mill products, besides cereals and pulses, fruits and vegetables have registered a steep increase in demand. The resulting increase in prices has contributed to food inflation in the country. Speculative trading and hoarding too skews the demand-supply dynamics. The government has also increased the focus on irrigated agriculture, thus reducing the impact of rainfall on agri-prices.

Given below is the price behaviour of some crops that figure in Indian consumers' diets to discern the relationship between rainfall and product prices. Groundnut: This commodity is used for making edible oil, besides being consumed and exported. It has a weight of 0.39668 per cent in the wholesale price index. It is mainly grown in Gujarat, Andhra Pradesh, Chhattisgarh and Himachal Pradesh. In 2003-04, the price of groundnut rose by 4 per cent following the drought of 2002. But in 2009-10, prices rose by nearly 9 per cent; Gujarat received rainfall that was 34 per cent below normal in this year. In 2010-11, when rainfall was normal, the wholesale price rose by almost 13 per cent.

Gram: With a weight of 0.33490 in the wholesale price index, this commodity is mainly grown in the states of Maharashtra, Uttar Pradesh, Orissa and Madhya Pradesh. In 2003-04, the price of gram declined by 2 per cent in Maharashtra despite the drought in the previous year. But it had declined by 2 per cent in 2002-03 as well. The price of gram fell by nearly 10 per cent in 2008-09 (a normal rainfall year) and by another 6.8 per cent in 2009-10, a deficient rainfall year. In 2010-11, the wholesale price of gram fell by 1.4 per cent amid excess rainfall.

Maize: This crop has a weight of 0.21727 in the wholesale price index and is mainly grown in the states of Andhra Pradesh, Karnataka, Bihar, Madhya Pradesh and Himachal Pradesh. In 2003-04, the price of maize declined by 7.6 per cent in Madhya Pradesh despite drought in the previous year. In 2008-09, maize prices in the State rose by 133.8 per cent compared with the previous year due to 21 per cent deficient rainfall in Western Madhya Pradesh, though eastern Madhya Pradesh received surplus rain.

They increased by another 11.6 per cent in 2009-10, when western MP received a 27 per cent below normal monsoon and eastern MP got 33 per cent less rain. In 2010-11, wholesale maize prices rose by 10.1 per cent, though the state witnessed normal rainfall.

Potato: This commodity has a weight of 0.20150 in the wholesale price index. The major producers of this crop are the states of Uttar Pradesh, Punjab, Haryana, West Bengal, Madhya Pradesh, Bihar, Andhra Pradesh, Tamil Nadu, Gujarat, Assam, Karnataka and Uttaranchal. In 2003-04, the price of potatoes in Tamil Nadu surged by 22 per cent following a drought in the previous year. The prices declined by 2.8 per cent in 2008-09 when the country received normal monsoon, but then spiked 20 per cent in 2009-10, even though the state experienced a normal monsoon.

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Prolonged dry spell, delay in monsoon trigger worries

The Hindu

June 3, 2012

The prolonged dry spell is triggering worries among policy makers in New Delhi, compounded by the delay in the arrival of the South-West monsoon. The epicentre of this worry has been a contiguous stretch, extending from Saurashtra, Kutch, Gujarat, western Madhya Pradesh, western Marathwada, Vidarbha, Telangana and north interior Karnataka, that has seen a prolonged dry spell post-monsoon last year. This entire belt is the country's key crop area for crops such as soyabean, cotton, groundnut, pulses, coarse grains and even sugarcane. "The rains are delayed and the earth is really parched. We are hoping for a good spell of rains," said Dr Ashok Gulati, Chairman, Commission for Agriculture Costs and Prices (CACP).

"However, I am more worried about the break in rains about a month later with the likely appearance of El Nino. If El Nino appears, it could spell a disaster for farmers. It is not a panic situation, but we are watching it closely," Dr Gulati said. El Nino triggered by warmer conditions in the Pacific Ocean induces drought-like conditions in countries including India. The prolonged dry spell in the past seven-eight months has also resulted in reduced water storage across various reservoirs in the country. According to the Central Water Commission, the current water storage in the 84 major reservoirs decreased to 32.70 billion cubic metres (BCM), lower than last year's level of 39.84 BCM. However, the current storage is more than the average of last 10 year's storage of 25.28 BCM. "Although the delay in arrival of monsoon by five days is not a gap, it is still a cause of worry," said Mr B.V. Mehta, President, Solvent Extractors Association of India.

The prolonged dry spell has hit the early sowing of oilseeds mainly groundnut in Gujarat. The early sown groundnut, mainly done using stored water, accounts for about 30 per cent of the normal crop area. As oilseeds have fetched higher prices last year, Mr Mehta expects the total area to go up by 3-5 per cent this year. On the possible occurrence of El Nino, Mr Mehta said the prolonged dry spells during monsoons have been predicted "we are keeping our fingers crossed".

ALL-INDIA WEIGHTED RAINFALL

	Actual	Normal*	% departure
Post Monsoon (Oct-Dec 2011)	65.8	127.2	-48
Winter (Jan-Feb 2012)	38.8	40.9	-5
Pre-Monsoon (Mar-May)	89.4	128.8	-31
Total	194	296.9	-35

* Long Period Average

Flour millers come together to launch fortified flour in Udaipur open market

June 4, 2012

Udaipur witnessed one of the biggest-ever food fortification drive in the open market with four flour millers launching fortified wheat flour together to prevent rising cases of Anaemia and Vitamin deficiencies among the masses. The iron, Vitamin B12 and folic acid-fortified wheat flour were rolled out in the open market at an average price range of Rs. 16 per kg, which is comparable with the usual non-fortified flour available everywhere in the city. The quantity of flour put together by all the flour millers (Shree Suraj Karni, C.M foods, KGM Agro Foods and Agarwal Rolling Flour Mills) will be around 8802 metric tons per month, a spokesman said.

"When private millers come together with public interest on their mind, it always creates a huge impact. This not only helps in increasing penetration but also ensures availability of the product for the people", said Dr. Dharendra Kumar, Project Director, Project Management Unit (PMU), Institute of Health Management Research (IIHMR), Jaipur. The millers are already supporting to the Government's initiative to provide fortified wheat flour to the people living above the poverty line, but with this initiative people who do not go to ration shops but buy from their local groceries can now consume fortified wheat flour.

The flour launch is a part of India's biggest food fortification project going on in the state. This project is spearheaded by IIHMR Jaipur, with technical and financial support from the international developmental agency, Global Alliance for Improved Nutrition (GAIN). GAIN is partnering with the state government, wheat flour millers and other stakeholders and providing financial and

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technical support to deliver micronutrient fortified wheat flour. To evaluate nutritional status among children, a study was conducted in pre-schoolers (2-6 years) from ten different slums of Udaipur City*. Its major findings are:

| More than 50% of these pre-schoolers showed symptoms of protein energy malnutrition and Anaemia.

| 22% had pigeon chest deformity due to Vitamin D and Calcium deficiency.

| Majority of the children (66%) were under weight.

| Majority of these pre-schoolers was wasted (30%) or wasted and stunted (42%). This malnutrition was either of PCM (Past Chronic Malnutrition) or CLM (Current Long duration Malnutrition) type.

* Tripathi MS, Sharma V. Assessment of nutritional status of pre-schoolers in slum areas of Udaipur City, Indian J Public Health. 2006
Shree Suraj Karni Rolling Flour Mills and C.M. Foods Pvt Ltd rolled out "Sudarshan" and "Gangaur Double" fortified wheat flour respectively in the open market on 2nd June, while KGM Agro Foods Pvt Ltd and Agarwal Rolling Flour Mills rolled out the products "Swastik" and "Vinayak" respectively in the open market today, on 3rd June.

Rajasthan has very high levels of stunting (40%), wasting and under-nutrition (37%) amongst children and high levels of Anaemia across all age and income groups, with 79% of children below 3 years of age, 62 % pregnant women and even 21% men being Anaemic. "Fortified wheat flour could go a long way in dealing with this situation. It is high time to take up the issue of Micronutrient Malnutrition seriously, or else their impairing effect might become out of control in the state", says Mr. Naresh Agarwal from Shree Surjan Karni Rolling Flour Mills.

Mandatory folic acid fortification in Australia

June 2012

Australian millers are required to add folic acid (a form of the B vitamin folate) to wheat flour for bread-making purposes. Folate, which occurs naturally in foods like green leafy vegetables, is necessary for healthy growth and development. Folic acid is particularly important to the healthy development of babies in early pregnancy. A baby's growth is the most rapid in the first weeks of life, often before a woman is aware she is pregnant. The neural tube closes and fuses very early in pregnancy. If it doesn't close, the result is a neural tube defect (NTD) such as spina bifida. Folic acid taken at recommended levels for at least one month before and three months after conception can prevent most NTDs. FSANZ has prepared advice for women who are planning pregnancy or who are pregnant.

What foods are fortified with folic acid?

All plain, fancy and sweet breads, rolls and buns; bagels; focaccia; English muffins; flat breads made with yeast; and flour mixes or flour for domestic bread making must contain folic acid. Other types of packaged flour don't have to. Organic bread is not required to contain folic acid. Bread made from other cereal flours or meals such as rice, corn or rye (provided they do not contain any wheat flour) do not have to contain folic acid, though manufacturers may add it if they wish. Some manufacturers also voluntarily choose to fortify other foods with folic acid e.g. breakfast cereal. Manufacturers must list folic acid in the ingredient list on the labels of foods fortified with folic acid. It is sometimes listed as folate. Unpackaged bread, including bread made at the point of sale doesn't have to have ingredient information. This information may be available on request.

Is mandatory folic acid fortification safe?

Based on all available scientific evidence, adding folic acid to bread is safe. Many countries, including the United States and Canada, have mandatory fortification of flour with folic acid and two thirds of the world's population has access to folic acid-fortified flour.

What's happening in New Zealand?

The New Zealand Government has deferred implementing mandatory folic acid fortification until 2012. Visit the Ministry for Primary Industries for more information.

Stock Markets Commodities Today's Pick Gold Forex

June 8

Dara and desi wheat prices ruled flat on Friday as bulk buyers continued to keep away from the market.

According to Mr Satish Kumar, a trader, not much trading is taking place in the market.

After witnessing a fall earlier this week, prices of dara, used for milling, remained unchanged and quoted at Rs 1,160-1,170 a quintal. Similarly, desi wheat ruled flat. Tohfa variety ruled at Rs 2,250 a quintal, Bhojan King was quoted at Rs 2,140, Rasoi bhog was at Rs 1,850 while the Nokia variety traded at 2,080 a quintal.

On the National Commodity and Derivatives Exchange, wheat for June delivery decreased by Rs 8 to Rs 1,146 a quintal; it had touched a low at Rs 1,141 a quintal earlier on Friday. Spot wheat prices on MCX decreased by Rs 0.8 to Rs 1,305 a quintal.

Flour Prices : With a steady trend in wheat, flour prices too ruled flat and quoted at Rs 1,200 for a 90-kg bag. Chokar continued to rule firm and sold at Rs 650-660 for a 49-kg bag.

Storage woes : With the monsoon is likely to hit the region within the next 10-15 days, Government-owned procurement agencies have not made adequate arrangements to protect the procured wheat, yet. "This is our worst-ever storage nightmare, we don't have enough tarpaulin to cover the wheat stocks," said an official of the District Food and Supply Department in Karnal. "We have asked the department for more tarpaulin and the day we get the required tarpaulin, we will start covering the wheat stocks," he said.

Wheat is lying under the sun on the plinths in the State and if agencies fail to cover the wheat stocks on time, the State Government should get ready to see unprecedented levels of food grain rotting this year, said market experts.

Iran needs additional 2 mln T wheat -French lobby

Jun 6 2012

Iran needs to buy some 2 million tonnes of milling wheat in the next few months after having already imported 3 million so far this year, a member of the French grain exporters' lobby said, as the country dodges sanctions to shop for wheat at a frantic pace. Iran has ordered a large part of its expected yearly wheat requirement in a little over one month and has paid a premium in non-dollar currencies to work around Western sanctions and avoid social unrest. "According to the people we spoke to at the Iranian millers chamber, 3 million tonnes of wheat has arrived since the start of the year," an official with France Export Cereales said. Members of the industry group were in Iran last week to promote French wheat through a technical seminar with over 140 millers and bakers. It was the sixth seminar of the kind in Tehran.

"They (the Iranians) estimate their needs at a total 5 million tonnes," with the additional imports over the next few months, the

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official added. Official tenders and traders' reports show that the Iranian government and private buyers have purchased over 2 million tonnes of bread wheat from Germany, Canada, Brazil, Australia, Russia, Kazakhstan and even the United States, but the exact volumes and delivery dates are not clear. Iran also has approached Pakistan and India, but doubts have been expressed over whether the barter deals announced will be reached. Iran's import needs depend on the progression of its own harvest, which started early last month in the southern part of the country and should last until September. Some European traders questioned the lobby's figure of 3 million tonnes already imported, saying it could not be matched by exporting countries' shipping data.

"Deliveries are not working that well," one said. "I doubt there is already 3 million tonnes in the country." Traders said the Middle Eastern country's total needs this season could reach as much as 8 million tonnes.

FEED WHEAT SHORTAGES : Food shipments are not targeted under western sanctions aimed at Iran's disputed nuclear programme, but financial measures have frozen Iranian firms out of much of the global banking system. The French lobby official said that state buyers he met explained that GTC (Government Trading Corporation) purchases made in recent months were linked to a shortage of feed grains - maize (corn), barley and feed wheat - as the sanctions made it difficult for private buyers to find supplies. "A lot of (milling) wheat was used to feed animals at the cost of human food. As a result GTC was forced to react and buy milling wheat on the world market to ensure supplies," he said. "They did not give us the feeling of trying to build (extraordinary) stocks but rather to react to feed grain supply difficulties due to financial sanctions," he said, adding that GTC officials did not seem worried about obtaining supplies. Iranian officials told the French delegation that they were seeking to maintain a sufficient level of wheat stocks, because the country had imported little wheat last season and did not want to have to deal with a shortage.

The French lobby said Iranians had cited 3.5 million tonnes as an estimate for these stocks, while traders say this is a minimum now while trade financing is difficult. "Iranians are constantly buyers," one trader said. "The harvest will be normal. Why would they want to buy so much if it wasn't for building stocks, and as soon as possible?" Iran has a large livestock farming sector and needs to import grain to feed its population. Its wheat harvest is expected to reach 14 million tonnes, which would be within the average of 13-15 million tonnes, the French official said. Last month, the United Nations' food agency FAO had said Iran's 2012 wheat output would probably fall below 2011 levels to 13.5 million tonnes, hit by erratic rainfall in the main wheat producing areas.

"Human (wheat) consumption is estimated at 14-14.5 million tonnes, so Iran is bound to import," the lobby member said, pegging annual food needs at 1 to 2 million tonnes, which would include imports of top quality milling wheat to improve flour. (Writing by Sybille de La Hamaide; Edited by Muriel Boselli and Jane Baird)

China grain imports to rise, India eyes more export

Business Recorder

June 09, 2012

China will import more corn and soybeans next season to keep pace with growing domestic demand, while fellow emerging giant India is trying to export more of its record wheat and rice crops to reduce its surplus, officials said on Thursday. China, already the world's largest soybean importer, is expected to increase its imports of the oilseed to 57.5 million tonnes in 2012/13 from 55 million in the current season, the state-owned China Grain Reserves Corporation (Sinograin) said. That is partly due to expectations for a smaller domestic crop this year, forecast to drop to 14 million tonnes from 14.5 million in 2011/12, Bingzhou Cheng, director-general of Sinograin's general affairs department, told the International Grains Council's (IGC) annual conference. Corn imports by China were projected to rise to 5 million tonnes from 3.5 million in 2011/12, with a forecast rise in the local crop to be outstripped by rising industrial and animal-feed demand, he said.

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"It is foreseeable that corn consumption in China will maintain rapid growth," he said, speaking via an interpreter. Booming demand for corn, mainly to feed livestock reared to meet rising meat demand in China, has become a focal point for global grain markets. Other forecasters see China's corn imports needs as bigger than Sinograin's estimate, with the China National Grain and Oils Information Center (CNGOIC) last month forecasting 6 million tonnes in 2012/13 and the IGC and the US Department of Agriculture both projecting 7 million tonnes.

As a sign of mounting industrial demand for grains, use of grains and soybeans for animal-feed making and other industries exceeded that for food for the first time in 2011, Cheng said. Sinograin forecasts a higher Chinese corn crop of 192.5 million tonnes this year, up slightly from 191.75 million in 2011, as record local prices encouraged farmers to plant more, he said. The soybean crop would fall to 14 million tonnes from 14.5 million. India is aiming to export more of an estimated wheat export surplus of five to six million tonnes after shipping about one million tonnes so far this season, an official with India's Department of Food and Public Distribution said on Thursday.

India is currently holding a tender to export wheat from its public stocks as the country tries to lighten reserves swollen by a record crop last year. Wheat inventory at government warehouses surged to a record 50.2 million tonnes on June 1, raising concerns a significant amount of grain will rot. Nilambuj Sharan, a director at the Department of Food and Public Distribution, told the IGC conference that India expected to remain in surplus for grains in the coming years. "If there is any surplus, exports would be allowed," he said. Indian government sources have said there have been talks about possible wheat exports to Iran under a bilateral deal with the sanctions-hit country, but Sharan said he was not aware of any special export arrangements for Iran. India has also exported five million tonnes of rice so far in 2011/12 and had the potential to export more after a record crop in 2011, he said

A failed food system: India's grain piles up, yet the poor go hungry

The New York Times

June 08, 2012

Ranwan, India: In this north Indian village, workers recently dismantled stacks of burned and mildewed rice while flies swarmed nearby over spoiled wheat. Local residents said the rice crop had been sitting along the side of a highway for several years and was now being sent to a distillery to be turned into liquor. Just 180 miles to the south, in a slum on the outskirts of New Delhi, Leela Devi struggled to feed her family of four on meagre portions of flatbread and potatoes, which she said were all she could afford on her disability pension and the irregular wages of her day-labourer husband. Her family is among the estimated 250 million Indians who do not get enough to eat. Such is the paradox of plenty in India's food system. Spurred by agricultural innovation and generous farm subsidies, India now grows so much food that it has a bigger grain stockpile than any country except China, and it exports some of it to countries like Saudi Arabia and Australia. Yet one-fifth of its people are malnourished - double the rate of other developing countries like Vietnam and China - because of pervasive corruption, mismanagement and waste in the programs that are supposed to distribute food to the poor.

After years of neglect, the nation's failed food policies have now become a subject of intense debate in New Delhi, with lawmakers, advocates for the poor, economists and the news media increasingly calling for an overhaul. The populist national government is considering legislation that would pour billions of additional dollars into the system and double the number of people served to two-thirds of the population. The proposed law would also allow the poor to buy more rice and wheat at lower prices. Proponents say the new law, if written and executed well, could help ensure that nobody goes hungry in India, the world's second-most populous country behind China. But critics say that without fundamental system reforms, the extra money will only deepen the nation's budget deficit and further enrich the officials who routinely steal food from various levels of the distribution chain. India's food policy

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has two central goals: to provide farmers with higher and more consistent prices for their crops than they would get from the open market, and to sell food grains to the poor at lower prices than they would pay at private stores. The federal government buys grain and stores it. Each state can take a certain amount of grain from these stocks based on how many of its residents are poor. The states deliver the grain to subsidized shops and decide which families get the ration cards that allow them to buy cheap wheat and rice there. The sprawling system costs the government 750 billion rupees (\$13.6 billion) a year, almost 1 per cent of India's gross domestic product. Yet 21 per cent of the country's 1.2 billion people remain undernourished, a proportion that has changed little in the last two decades despite an almost 50 per cent increase in food production, according to the International Food Policy Research Institute, a research group in Washington.

The new food security law could more than double the government's outlays to 2 trillion rupees a year, according to some estimates. Much of the extra money would go to buy more grain, even though the government already has a tremendous stockpile of wheat and rice - 71 million tons as of early May, up 20 per cent from a year earlier. "India is paying the price of an unexpected success - our production of rice and wheat has surged and procurement has been better than ever," said Kaushik Basu, the chief economic adviser to India's Finance Ministry and a professor at Cornell University. "This success is showing up some of the gaps in our policy." The biggest gap is the inefficient, corrupt system used to get the food to those who need it. Just 41.4 per cent of the grain picked up by the states from federal warehouses reaches Indian homes, according to a recent World Bank study. Critics say officials all along the chain, from warehouse managers to shopkeepers, steal food and sell it to traders, pocketing tidy, illicit profits.

Poor Indians who have ration cards often complain about both the quality and quantity of grain available at government stores, called fair price shops. Other families do not even have ration cards because of the procedures - and often, bribes - required to get them. Some are denied because they cannot document their residence or income. And critics say more people would qualify if the income cutoff were raised; in New Delhi, it is 2,000 rupees (\$36) a month, regardless of family size, a sum that many poor families spend on rent alone. Ms. Devi, who lives in the Jagdamba Camp slum in south Delhi, said she was denied a ration card four years ago. She said her family's steadiest income is a disability pension of 1,000 rupees a month she gets because of burns suffered in an accident a few years ago. While her husband sometimes earns up to 3,000 rupees a month as a labourer, she says she should be entitled to subsidized grain since they must often get by on 2,000 rupees or less.

"Sometimes, we just have to sit and wait," she said. "My mother-in-law gets subsidized food and she gives me some when she can." Indian officials say they are addressing the system's problems. Some states, like Tamil Nadu and Chhattisgarh, have made big improvements by using technology to track food and have made it easier for almost all households to get ration cards. Other states, like Bihar, have experimented with food stamps. Reformers argue that India should move toward giving the poor cash or food stamps as the United States, Mexico and other countries have done. That would reduce corruption and mismanagement because the government would buy and store only enough grain to insure against bad harvests. And the poor would get more choices, said Ashok Gulati, chairman of the government's Commission for Agricultural Costs and Prices. "Why only wheat and rice? If he wants to have eggs, or fruits, or some vegetables, he should be given that option," Mr. Gulati said. "You need to augment his income. Then, the distribution, you leave it to the private sector." But most officials say they are worried that if India switched to food stamps, men would trade them for liquor or tobacco, depriving their families of enough to eat. "It has to improve, I have no doubt about it," said K. V. Thomas, India's minister for food, consumer affairs and public distribution. "But this is the only system that can work in our country."

Officials say Parliament is likely to vote on a new food policy at the end of the year. In the meantime, the government is working on temporary solutions to its grain storage problems, putting up new silos and exporting more rice. Still, much of it is likely to keep sitting on the side of the road here in Punjab. "It's painful to watch," said Gurdeep Singh, a farmer from near Ranwan who recently sold his wheat harvest to the government. "The government is big and powerful. It should be able to put up a shed to store this crop."

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Centre likely to sell 3 million tonne wheat in open market

Hindu Business Line

June 8, 2012

The Centre could offer three million tonnes of wheat through the open market sale scheme. "Wheat could be offered to mills and other bulk users at Rs 1,170 a quintal in any part of the country," said a trade source. A decision on the open sale and the price is likely to be taken by the Empowered Group of Ministers on Tuesday. Flour mills, in particular, could opt to buy wheat from the scheme, though stocks could be from last year's crop.

The Centre will be interested to sell the stocks in view of its warehouses bulging with stocks. As on June 1, rice and wheat stocks with the Centre were 82.41 million tonnes (mt) with wheat accounting for 50.17 mt and rice the rest. This is far higher than the norms set by the Centre for buffer stocks that can be used in the event of any food emergency. The open sale and exports of wheat to countries such as Bangladesh, the Gulf and Malaysia present an interesting scenario in the wheat markets. The situation could take an interesting turn once the Centre ends procurement for buffer stocks.

According to trade sources, wheat prices in the open market are likely to rule around the minimum support level (MSP) of Rs 1,275 a quintal even after the procurement ends. "At least 1 mt of wheat have been exports. There are chances for export of an additional 1 mt," said Mr S. Pramod Kumar, Executive Director of Bangalore-based Sunil Agro Foods.

Prices may decline : One of the fears in the market is that wheat prices could decline once the Food Corporation of India (FCI) and agencies nominated by it wind up operations to procure for buffer stocks. Reports from some parts of Haryana say that the agencies have stopped buying wheat from farmers due to lack of storage space. The FCI and other agencies have procured a record of over 35.6 mt wheat this year since April 1 against 26.7 mt during the corresponding period last year. Overall, 28.3 mt were procured last year.

"Arrivals are negligible. Looks procurement could be wound up in Punjab and Haryana around June 15," said Mr Kumar. "Arrivals are low in Punjab and Haryana. Some amount of wheat is coming in Bihar and the State Government is procuring it," said Mr Raj Narayan Gupta, a miller in Uttar Pradesh. "Currently, supply is only from Uttar Pradesh, Bihar and Rajasthan. With arrivals being low, it is unlikely that wheat prices will drop after procurement ends," said Mr Kumar. "Wheat availability in market may be low despite record production. There is no crop now in Gujarat and production in Maharashtra is low," he said. Wheat production this year is projected at a record of around 90 mt against 86.7 mt last year. Trade sources said that growers may not be willing to offload their produce at price lower than the MSP.

"Export window is open. It will cap any fall in price," said Mr Kumar. The futures market, too, seems to indicate of price fall being capped with contracts from September onwards ruling above Rs 1,200 a quintal. Contracts up to August are, however, ruling below Rs, 1,200.

India's Wheat Exports Seen at 5 Million Tons Amid Record Crop

Jun 7, 2012

India may export 5 million metric tons of wheat in the 2012-13 marketing year after a record-high national harvest, said N. Sharan, a director in the country's Department of Food and Public Distribution. India, the world's second-biggest wheat producer, began allowing exports of the grain in September, Sharan said in an interview today after a speech at the International Grains Council's annual conference in London. India banned private companies from shipping wheat in early 2007 and non-basmati rice in April 2008

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to bolster domestic supplies amid a global food crisis. Since September, the country has shipped about 4 million tons of rice, Sharan said. "Tenders have been floated and we're doing pricing" for wheat, he said. "Once we get a suitable price, it will be exported." The U.S. Department of Agriculture estimates that India's wheat harvest will total 91 million tons in the 2012-13 year, a fifth consecutive record. The country's crop is second only to China's.

India wheat unlikely to fall further

June 11, 2012

Indian wheat futures are expected to remain steady at lower levels this week and a further correction is unlikely despite a record surplus for the second straight year, analysts and traders said. "Wheat futures are trading at over 100 rupees lower than the minimum support price. Further decline in wheat futures is unlikely though higher availability from the record harvest could prevent upward movement in prices," said Manjit Singh, a trader from the northern state of Punjab, a major wheat grower.

Government agencies procure agri-commodities from farmers at a pre-agreed price, known as the minimum support price.

Last year, the government said it would pay 10 percent more to farmers for wheat in 2012 and raised the minimum support price to 1,285 rupees per 100 kg. India is expected to produce a record 90.23 million tonnes of wheat in 2012, according to farm ministry data. The estimated output is higher than the 86.87 million tonnes produced in the previous year. The country consumes about 76 million tonnes of wheat a year. It grows one wheat crop, which is planted in November-December and harvested in March-April. On Monday, the most-traded wheat July futures on the National Commodity and Derivatives Exchange was trading down 0.17 percent at 1,165 rupees per 100 kg at 0952 GMT, after hitting a fresh contract low at 1,163 rupees.

Wheat declines; maida, sooji up

EconomicTimes

June 11, 2012

Prices of Urad dal, moong dal, maida and sooji increased, while that of wheat declined in the wholesale foodgrains market here today. Prices of all other commodities remained unaltered. Urad dal, moong dal went up by Rs 100 per quintal each to Rs 5,300 and Rs 6,500, respectively.

Maida (90 kgs) and Sooji (90 kgs) moved up by Rs 50 each to Rs 1,750 and Rs 1,950, respectively. However, wheat declined by Rs 100 per quintal to Rs 1,850. The following are the wholesale rates of various agri-commodities today (in rupees per quintal, except where stated otherwise): Tur dal Rs 6,800, urad dal Rs 5,300, moong dal Rs 6,500, gram dal Rs 5,300, sugar Rs 3,000, wheat Rs 1,850, maida (90 kg) Rs 1750, sooji (90 kg) Rs 1,950.

Wheat stock awaits nature's onslaught, colossal loss

TNN

June 11, 2012

Even as people across the state eagerly wait for year's first major showers to give them relief from the intense heatwave, officials of the Regional Food Controller's office of Faizabad wish exactly the opposite. The reason behind officials' negative mindset regarding monsoon, is that if it rains, then wheat worth more than rupees 10 crore purchased by the government to allot to the poor and distribute it through PDS will get wet and subsequently spoiled. Officials have been unsuccessful in arranging space to store the wheat in safe places before the purchase is made.

Thousand of metric tonnes of wheat is lying unattended under open sky. In Faizabad division, which consists of Faizabad, Ambedkar

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Nagar, Barabanki, Sultanpur and CSM Nagar, as many as 297 wheat purchase centres have been established and according to the official sources till June 4; 2,32,419 metric tonne wheat have been purchased. The purchasing of wheat by the government agencies is in full swing, but the departmental officials are least bothered about the storage. All the godowns of Food Corporation of India, Central Warehousing Corporation in Faizabad district are over-loaded much more than their capacities. Talking to TOI, regional food controller of Faizabad division, Ravi Shankar Pandey, said, "Some storage space has been arranged in the godowns of local sugar mills and rice mills to store about 15,000 metric tonne of wheat. However, these are still not accommodating the total purchased wheat. I hope within a week, we will be successful in storing all wheat in godowns." Now the ground reality is that thousand metric tonnes of wheat can be found lying under open sky without any security and safety.

Millers, traders urge government to offload wheat stocks

Times of India

Jun 10, 2012

The Confederation of Northern India Roller Flour Mills Association has urged the government to offload the huge stocks of wheat it currently holds through the open market sales scheme (OMSS) in the northern region. The association, which has members from UP, Rajasthan, MP, Punjab and Uttarakhand, said in north India huge quantity of wheat is stored in open storage and monsoon rains pose a huge risk. It said if wheat is released under the OMSS only in north India, millers and traders will arrange to transport it to the region and other parts of the country and this will ease the burden on Food Corporation of India (FCI).

The association also said a single rate for wheat under OMSS across the country will not be in the interest of the government as the logistics/transportation problems will be on FCI. It said if the wheat is not transported to other parts of the country, the actual release of wheat in other areas will be low and the purpose of offloading wheat by the government will be defeated. "In other parts of India except north India, godowns of wheat are covered, storage conditions are good, losses are minimal and it is therefore advisable that those covered godowns be used for storage of wheat while open godowns/caps in northern India maybe emptied fast and release of wheat ex-north India will help the Government of India," the association said in its appeal. It said that in the mid 1990s the government and FCI faced a similar problem of plenty of wheat in north India and to ease the pressure it released the foodgrain under OMSS only for the region.

Storage problem haunts Madhya Pradesh after record grain purchase

Times of India

June 10, 2012

Massive procurement of wheat has posed serious storage problem for various state governments, who are now urging the Centre to intervene to help them tide over the crisis. Latest figures show that Madhya Pradesh is fast catching up with Haryana and may end up as the second largest procurer of wheat. Bihar, which has notched up robust growth, however, has slipped on procurement of wheat and has so far (up to June 7) bought less than the quantity procured last year. Officials say procurement in some states is still on.

MP, which was once a laggard, has achieved an impressive turnaround and is set to procure record wheat this year. The massive procurement has been aided by the Rs 100 bonus over and above the minimum support price of Rs 1,285 per quintal. But underlying MP's success story is a problem, now all too familiar in other states. Official sources say the state had initially set a production target of 7.4 million tonnes which was later upgraded to 11 million tonnes. But it was later decided to settle at a target of 8.5 million tonnes. However, data available up to June 7 shows that the state had already procured 8.5 million tonnes of wheat. This is almost at the production level of the state.

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So, like other northern states, MP too is facing the problem of plenty and senior officials say that a large quantity of grains would be destroyed unless urgent steps are taken to offload the stocks. Approaching monsoon rains pose a huge threat to the wheat stored in the open and officials estimate that in the "worst case scenario" at least 30%-40% of grains would be wasted if massive efforts are not mounted to solve the problem. There seems to be a consensus among experts that at least 10% of grains would be wasted if timely intervention is not made. Experts say the practice of offering incentives as in the case of MP this year creates distortions in the food economy. Such practices shut the door on private trade and smothers competition. It also adds to the carrying cost of foodgrains.

Over dependence on wheat and rice leads to limited attention on other crops. Besides, bumper procurement has yet again emerged as a fresh policy headache for the government already struggling with a slowing economy. "We welcome MP government's move to give support to farming community. But they will do much greater justice to peasantry if the support is in investment, especially water for irrigation, and which is crop-neutral," Ashok Gulati, chairman of Commission for Agricultural Costs and Prices (CACP) told TOI. "The country's needs today are more edible oilseeds and pulses, as the imports of edible oils and pulses are touching Rs 50,000 crore. But MP is stuck with self-invited wheat surpluses through bonus, which are becoming unmanageable. Hope they will soon realize it is not in the best interest of the country or peasantry," Gulati said.

Officials are also surprised at the stagnant procurement scenario in Bihar. The data shows that up to June 7, Bihar had procured 0.29 million tonnes of wheat compared with 0.55 million tonnes it procured in the same period last year. Punjab tops the list with a procurement of nearly 13 million tonnes of wheat up to June 7 compared with 9.5 million tonnes procured in the same year-ago period. According to the third advance estimate released in April foodgrain production is estimated to 252.56 million tonnes in 2011-12 compared to 244.78 million tonnes in the previous year.

Total production of rice is estimated at 103.41 million tonnes, which is an all-time record while wheat is estimated at 90.23 million tonnes, also a new record. The target for wheat production in 2011-12 was set at 84 million tonnes by the government. The government has faced strong criticism for its failure to handle the storage situation. It is now working on several options to handle the problem. Food minister K V Thomas has said that a suggestion has been made to Malaysia to import wheat in large quantities from India. Exports to other countries through the diplomatic route are also being explored but a final decision is yet to be taken.

Release excess food grain for the poor

Times of India

June 11, 2012

The Communist Party of India (Marxist) (CPM) on Monday asked the government to release excess food grain stored in central pool for sale at subsidized rates to the poor. "The total stock of foodgrains in central pool has reached 7.11 crore tonnes in May," it said in a statement. "This is 5 crore tonnes in excess of the buffer stock norm.

"Much of these stocks are also rotting in the absence of adequate warehousing space. Yet the government refuses to offload these stocks of wheat and rice at cheap prices to the poor and malnourished. "The government is more interested in exporting foodgrains, even by incentivizing private traders," it said. The CPM asked the central government to release these food stocks at below poverty line (BPL) prices through the PDS and under special schemes for the drought-affected areas and to the poor and the destitute.

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Delhi to bring back low-price fortified wheat in markets

The Hindu

June 12, 2012

'Bhagidari atta' to be rich in fibre and nominally priced " With a huge wheat harvest across North India and massive pile-up of stocks in godowns not resulting in a drop in the price of flour, the Delhi Government has decided to step in yet again with the sale of its "Bhagidari atta" for providing people with wheat flour at a reasonable price. Delhi Food & Civil Supplies Minister Haroon Yusuf, who had a meeting with several mill owners on Monday, said the Government would be reintroducing its wheat flour scheme through a tender process for which the request for quotation (RFQ) would be issued in a week or 10 days.

"The scheme is likely to be launched from mid-July or early August depending on when the tendering process gets over. The tender document would specify that the bidders would have to procure the wheat through the open market sale scheme (OMSS) of the Government of India," he said. Stating that the scheme first launched in 2009 was a raging success as nearly 2.20 lakh tonnes of wheat flour was sold through it over two years, the Minister said it was due to the great demand for this scheme that the Government has again decided to revive it after a gap of about six months. While the sale price of wheat had been kept at Rs.139 for 10 kg the last time round the scheme was launched in November 2009, Mr. Yusuf said this time the rates have still not been decided. But he assured that in keeping with the objective of the scheme to lessen the financial burden on the common man, the flour would be very reasonably priced.

For wheat distribution, the Government would be pressing trucks into service and they would undertake the sale in every Assembly constituency. "Three points would be identified in each of the 70 Delhi Assembly segments and apart from that all the 70 premises of the State Food & Civil Supplies Department, 14 of the National Consumer Cooperative Federation and 80 outlets of Kendriya Bhandar will be used for sale of wheat flour." The Minister added that the wheat flour would be fortified and iron and folic acid added to it during the grounding process. He said a number of conditions have also been specified in the tender to ensure optimal quality. "Flour mills would be required to maintain specified levels of cleanliness, they would need to own laboratories to carry out sample tests of every batch of wheat and to get various clearances." Incidentally, Delhi had last introduced the scheme when the price of flour crossed Rs.20 per kg in the retail market. Even now the price in the open market is in the range of Rs.20 to Rs.22 per kg. For cutting down the costs of flour production, the millers had then resorted to extracting up to 92 kg of flour from 100 kg of wheat by maintaining high level of healthy fibre in it as against the norm of producing around 87 kg from 100 kg of wheat.

IGP to conduct online educational flour milling program

World-Grain.com

June 12, 2012

U.S. The International Grains Program (IGP) will be conducting an online flour milling course that will be delivered over a six-week period from June 18-July 27. The flour milling course, which is conducted by IGP, will consist of 12 hour-long prerecorded lectures presented by Mark Fowler, IGP's associate director and technical milling specialist, and Chris Miller instructor and research associate for the Department of Grain Science and Industry. This course will be delivered via Kansas State University's online learning platform, K-State Pro. Brandi Miller, IGP's distance education program coordinator, will facilitate the technological aspects of the course. According to Fowler, "Lecture content-wise, the online course is comparable to our introductory milling courses. This course was specifically designed to open doors for those international professionals who don't have the time or resources to travel for an on-campus course." Each participant who completes the course will receive one Continuing Education Unit (CEU) from Kansas State University.

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Foodgrain stocks up 26% at 82.32 million tonne as of June 1

PressTrust of India

June 13, 2012

The government's foodgrain stocks has risen by 26% to 82.32 million tonnes as of June 1, 2012, from 65.37 million tonne in the year-ago period. The stocks of wheat rose to 48.97 million tonne as of June 1 from 37.83 million tonne in the same period last year, Food Corporation of India (FCI) said on its website.

Rice stocks rose to 32.14 million tonne from 27.64 million tonne in the same period, it added. Wheat and rice reserves with the government are, however, more than double than the required norm as of July 1. As per government rules, the strategic and buffer stock of wheat and rice by June 30 should be 31.9 million tonne, which includes 26.9 million tonne as buffer stock and another 5 million tonne as strategic reserve. FCI, the nodal agency that undertakes procurement and distribution of foodgrains, has maintained maximum foodgrain stocks in northern and southern parts of the country. The government's grains inventory has build up due to record production and procurement in last few years.

Iranian delegation in India to explore wheat imports

EconomicTimes

June 13, 2012

An Iranian delegation is in India on a week-long visit to explore possibility of importing wheat from India, which has surplus stocks after record production. Iran is keen on importing the Indian wheat now, but faces the hurdles of quality guidelines. Suspecting a fungal disease, Iran in 1996 had banned Indian wheat. The West Asian nation had suspected that Indian wheat was infested with 'Karnal bunt' -- a fungal disease.

"Iran is concerned about Karnal bunt disease. The two-member expert team is here for a week till June 18 to assess the quality norms and see if there is any possibility to import," a senior Agriculture Ministry official told. At present, the team is in Haryana and will also be visiting Punjab and Madhya Pradesh to check whether the quality of wheat sample tested in quarantine labs and the grain lying in government godowns are still the same, he said. Noting that Iran presents huge opportunities in wheat exports if it removes the ban, the official said however, the deal with the West Asian nation is unlikely to happen during the current visit.

The Agriculture Ministry is coordinating with the Iran government with regard to the quality issue in wheat exports because Iranian traders have made import requests to the Agricultural and Processed Food Products Export Development Authority (APEDA). APEDA is the export promotion body for farm items. Karnal bunt, a fungal disease of wheat, was first reported in 1931 from Karnal, Haryana. The disease primarily spreads through contaminated seeds.

India, which lifted four-year-old ban on wheat exports in September 2011, wants to export wheat as its godowns are overflowing due to record production of 90.23 million tonnes.

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India stresses on importance of collaboration with US in food and drug regulation

EconomicTimes

June 13, 2012

The Union Minister for Health and Family Welfare, Ghulam Nabi Azad has stressed on the importance of collaboration with the USA in food and drug regulation as this will provide exposure to the Indian regulators to international best practices in this area. Azad was speaking at the headquarters of the US Food and Drug Regulatory Administration (FDA) at Maryland. The minister is member of the high level Indian delegation visiting the USA. While interacting with the high officials at the US FDA, Azad highlighted the importance of drug and food regulation in the lives of common people and presented an overview of the Indian food and drug industry.

He stated that the Indian food industry is estimated to be worth about US \$ 135 billion. There has been rapid growth in the sector, especially the processed food industry, he added. He also said that the Indian pharmaceutical industry, estimated to be worth about US \$ 20 billion, is ranked third globally in terms of its volume and 13th in terms of its worth. The Union Minister noted that India is regarded as the 'pharmacy of the developing world' due to the focus on accessibility and affordability. The minister also spoke on the drug and food regulatory framework in India. He explained the roles of the Union and State governments in the regulatory framework of food safety, as it is a concurrent subject within the Constitution of India.

The role of the Central government includes making regulations on food standards and other quality parameters; playing advisory role in implementation of the Act by States and Union Territories; amending rules and standards; ensuring that the import of food articles is safe, wholesome and comply with the provisions of Indian Food Laws; and notifying referral food laboratories to test the samples, while the State governments enforce the regulatory standards by lifting samples for testing and carrying out other regulatory functions.

The Union Minister also stressed on the need to make the regulatory mechanisms within the country more effective.

Minimum Support Price for Kharif Crops for 2012-13 season approved

The Cabinet committee on Economic Affairs today approved the Minimum Support Prices (MSPs) for Kharif Crops of 2012-13 Season. The MSP of Paddy (Common) has been fixed at Rs.1250 per quintal and of Paddy (Grade A) at Rs.1280 per quintal, which represents an increase of Rs.170 per quintal over the last year`s MSPs. The MSPs of Jowar (Hybrid) and Ragi have been raised to Rs.1500 per quintal providing an increase of Rs.520 and Rs.450 per quintal respectively. The MSPs of Bajra and Maize each have been raised by Rs.195 per quintal and fixed at Rs.1175 per quintal each. The MSP of Jowar (Maldandi) has also been raised by Rs.520 per quintal over the last year`s MSP and fixed at Rs.1520 per quintal.

The MSP of Urad has been raised from Rs.3300 per quintal to Rs.4300 per quintal. The MSPs of Groundnut-in-shell, Sunflowerseed, Sesamum and Nigerseed have been increased by Rs.1000, Rs.900, Rs.800 and Rs.600 per quintal over the last year's MSPs and have been fixed at Rs.3700, Rs.3700, Rs.4200 and Rs.3500 per quintal, respectively. The MSPs of Soyabean (Black) and Soyabean (Yellow) have been increased by Rs.550 per quintal each over the last year's MSPs and fixed at Rs.2200, Rs.2240 per quintal respectively.

MSP of Cotton (Medium Staple) has been raised from Rs.2800 to Rs.3600 per quintal and Cotton (Long Staple) has been raised from Rs.3300 to Rs.3900.

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India may offer wheat to firms, poor as stocks rot

Jun 14, 2012

The Indian government appears likely to offer 3 million tonnes of wheat to commercial biscuit makers and flour mills and another 10 million tonnes at cheap prices to the poor before its huge stockpiles start to rot. A ministers' meeting to decide on offering wheat to businesses, including biscuit maker Britannia Industries, and to state governments for distribution was scheduled for late Thursday but then called off for procedural reasons.

Ministers will soon meet again, government sources said. India, the world's second-biggest rice and wheat producer, is grappling with storage problems due to bumper harvests in recent years. Grain stocks at government warehouses were at a record 82.4 million tonnes on June 1 against 63.0 million tonnes of storage space, forcing authorities to store grains in the open.

Officials concede that 6 million tonnes of grains could rot due to lack of storage space, but analysts say the losses could be higher as more than 19 million tonnes lie in the open. But the response by local buyers to any offer is likely to be tepid because of pricing. The government will not sell below the price it paid for the wheat, which was 12,850 rupees per tonne in 2012. That equates to about \$230 per tonne, not including freight and storage costs. Wheat can currently be bought on the global market for about \$250 per tonne. In 2011/12, the government managed to sell only about 1 million tonnes of wheat to bulk buyers after offering more.

Any extra allocation to states for subsidised sale to the poor will be in addition to 55 million tonnes of grain already earmarked under the food welfare programme for the fiscal year from April 1, 2012. The government is also likely to allow exports from government warehouses and decide on incentives for overseas sales to try to bring down the stockpiles. (Editing by Jo Winterbottom and Jane Baird)

Use of PDS on decline in Gujarat'

Indian Express

June 17, 2012

Gujarat is the only state in the country where households purchasing food grains through the Public Distribution System (PDS) is seeing a decline, in both rural and urban areas. "Using the National Sample Survey data, we found that Gujarat's per capita off take stood at 33 grams per day, which is far lower than states like Tamil Nadu, Andhra Pradesh, Himachal Pradesh and Karnataka, which, in spite of a lower proportion of population under the poverty line, have a more developed system of public distribution," says professor Niti Mehta, acting director of Sardar Patel Institute of Economic and Social Research (SPIESR).

While the proportion of households reporting grain purchases from PDS in Gujarat is around 18-20 per cent of the population, states like Himachal Pradesh, Kerala and Tamil Nadu have more than 50 per cent of the households buying PDS foodgrain. "The consumption of PDS foodgrain in Gujarat is not only low, but unlike other states unchanged in the 10 year period at 31-32 grams/day," said Mehta while presenting a study on 'Food security aspects and diversification of demand in the context of Gujarat' at a seminar here.

Wheat procurement swells to record 36.55 mt this year

Business Standard

June 17, 2012

A record production of wheat has helped procurement of the essential staple rise by 34% to a record 36.55 million tonnes (mt) this

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year so far. The government had purchased 27.22 mt of wheat in the 2011-12 wheat marketing season (April-March). Total wheat purchase in this marketing season has already surpassed the government's target of 31.8 mt. As per the latest government data, wheat procurement as on June 15, 2012, stood at 36.55 mt, while the arrival stood at 38.79 mt.

Punjab and Haryana had procured nearly 12.82 mt and 8.66 mt of wheat, respectively, in the current season. Wheat purchase in Madhya Pradesh stood at 8.49 mt this year while in Uttar Pradesh it was at 4.03 mt this year. Wheat production of India, the world's second-largest producer, is estimated at a record 90.23 mt in the 2011-12 crop year (July-June). The minimum support price of wheat stands at Rs 1,285 per quintal

Centre to construct 20 lakh tonne storage capacity for wheat in Haryana

ET Bureau

June 16, 2012

The Union Ministry of Food and Public Distribution will construct storage houses with storage capacity of more than 20 lakh tonnes in Haryana. This is to ensure their safe storage in view of the bumper production of wheat in the country. Union Ministry of Food and Public Distribution, secretary, Sudhir Kumar said this after inspecting silos constructed by Adani Group in Solumajra, Kaithal on Saturday. He said that proper storage facility is very necessary to store the foodgrains for longer period of time and to save them from ill effects of adverse climatic changes. "Keeping in view technical advancements in storage procedure, there is ardent need to construct modern storage houses. Such modern storage houses will save the foodgrains from damage caused by extreme weather conditions," he said. The Ahmedabad based Adani group had constructed the wheat storage house at Solumajra as pilot project in the year 2005. The storage house constructed over an area of 22 acres has capacity to store about 2.25 lakh metric tonnes of wheat.

Wheat down on record procurement

Press Trust of India

June 18, 2012

Wheat futures prices today declined by Rs 10 to Rs 1,150 per quintal as speculators indulged in reducing positions, driven by record procurement of grain this year. Supply pressure in the spot markets also put pressure on the wheat futures here. Wheat procurement swells to record 36.55 mt this year Foodgrain stocks up 26% at 82.32 million tonne as of June 1. At National Commodity and Derivatives Exchange, wheat for delivery in June traded Rs 10, or 0.86%, lower at Rs 1,150 per quintal, with an open interest of 2,430 lots. The July contract shed Rs 2, or 0.17%, to Rs 1,167 per quintal, with an open interest of 17,870 lots. Analysts attributed fall in wheat prices at futures trade to off-loading of positions by speculators after procurement of grain reached a record 36.55 million tonne this year so far on the back of record production. Meanwhile, total wheat purchase in this marketing season (April-June) has already surpassed the government's target of 31.8 million tonne

India wheat prices seen steady at lower levels

Indian wheat futures are likely to remain stable at lower levels this week and are unlikely to fall further despite weak demand and higher supplies from a record harvest for the second year running. "Wheat prices are moving in a range for last two weeks, and we expect prices to consolidate at this level only," said Prasoon Mathur, senior analyst with Religare Commodities. On Monday, the key July contract on the National Commodity and Derivatives Exchange (NCDEX) was trading down 0.17 percent at 1,167 rupees per 100

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kg at 1010 GMT. The contract hit a fresh low 1,150 rupees per 100 kg in the previous week and is unlikely to break this level in the current week, Mathur said. India is expected to produce a record 90.23 million tonnes of wheat in 2012, according to farm ministry data. The estimated output is higher than the 86.87 million tonnes produced in the previous year.

Greening India's agricultural economy

Hindu Business Line

June 17, 2012

That India faces the daunting challenge of feeding its large and growing population with rising purchasing power amid current low level of per capita food availability has by now become a clichéd statement. With a population of over 120 crores (1.2 billion) expanding at about 1.5 per cent a year and, thereby, adding roughly 1.8 crore (18 million) mouths to be fed year after year, the demand for food can only keep rising. Even as food and nutrition security remains under stress, it is imperative that the poor are lifted out of their poverty soon. The vantage position of agriculture to deliver 'growth with equity' is by now well recognised. At the same time, demands on resources are set to propel higher, driven by demographic pressure and emerging constraints in the availability of natural resources such as water and land. So, can we have a 'Green economy' that pursues growth while also promoting sustainable development through more efficient use of resources?

In a recent policy brief titled 'Ensuring Food and Nutrition Security in a Green Economy', the International Food Policy Research Institute (IFPRI), has pointed out that the objective of a green economy is to simultaneously work toward economic development, environmental protection and greater social welfare. In particular, it can be achieved by reducing reliance on fossil fuel and non-renewable resources. Like many emerging economies, India is already facing the serious challenge of satisfying the basic needs of people - provision of adequate and nutritious food, water, energy and housing at affordable prices.

While population growth and rising incomes drive demand for food higher, rapidly changing food habits especially among the burgeoning middleclass are set to transform the composition of the traditional food basket. Importantly, with supply growth trailing demand growth and production costs escalating, food prices will rise significantly. This is sure to have adverse consequences for the poor, whose food and nutrition intake already stands diluted. With higher incomes, the emerging middleclass can afford to consume more fruits and vegetables, and more meat which requires much more water and land to produce.

In addition, as people demand more perishable and processed foods, food safety risks along the supply chain increase. These risks may also increase with more intensive crop and livestock farming through contamination with chemicals or pathogens, the IFPRI report pointed out. Interestingly, while intensifying food production can boost the country's food security and serve the poor, it can also cause land degradation, water pollution, depletion of water resources, and new pest problems.

Under Indian conditions, the frontline States of Punjab and Haryana are classic examples of how grain mono-cropping over long years has resulted in soil degradation and alarming decline in water table. Indeed, experts assert, an ecological disaster is waiting to happen. The unintended consequences highlight the need for adequate agricultural extension, effective regulation, careful pricing policies, the correction of inappropriate incentives, and policy responses that make intensive agriculture compatible with sustainable management of natural resources and the environment, the policy brief has asserted. This is significant for India in that our farm policies must discourage sustained mono-cropping of grains and encourage crop rotation, enforce water use efficiency by pricing it appropriately and more efficient nutrient use as also have a more rational, well-dispersed national procurement policy for fine cereals.

Experts argue that agriculture in a green economy has immense potential to address the unsustainable use of natural resources for food production; and a strategy to develop a green economy can support poverty reduction as well as food and nutrition security, if it

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is both pro-poor and pro-agriculture because, in low-income countries, the agriculture sector employs almost two-thirds of the labour force and generates about a third of the gross domestic product. As for India, nearly 55 per cent of the population is said to be dependent directly or indirectly on agriculture and allied activities for a living and the contribution of this sector to GDP is about 16 per cent. Smallholders represent the bulk of the poor and half of the world's hungry; they also depend on natural resources and ecosystem service for their livelihoods; and so a sustainable management through a green economy is bound to directly benefit them, experts point out. According to IFPRI, an integrated approach to economic development, sustainable use of natural resources and food production will avoid solutions with adverse consequences for any one sector.

Triple-win situations: In agriculture, such 'triple-win' situations can be achieved through practices that reduce negative environmental effects while increasing productivity and smallholder income. Important technologies include plant breeding and slow-release fertilisers that increase nutrient-use efficiency, integrated soil fertility management, precision agriculture, integrated pest management, and further expansion of alternative wet and dry irrigation for rice production (particularly in Asia). For a green economy, there are additional factors to be considered. To fully reflect the value of natural resources and set appropriate incentives, the full cost of environmental degradation as well as all benefits of ecosystem services should be taken into account by decision makers. New indicators to evaluate cross-sectoral impacts - food and nutrition, agriculture and natural resources - are necessary. Multiple stakeholders, especially smallholders, consultations are critical. The transition to a green economy is an opportunity to reconcile economic needs with environmental concerns while promoting food and nutrition security for poor and vulnerable people in one coherent policy framework. By giving agriculture a central role in the green economy and managing this transition effectively, the nation can accelerate its efforts directed at hunger eradication and lifting people out of poverty.

Misdirected farm subsidies

Hindu Business Line

June 17, 2012

There can be no case for incentivising cultivation of a water-guzzling crop like paddy, or encouraging the use of urea over other fertilisers. Subsidies and other programmes of government intervention often run the risk of being misdirected, apart from aggravating existing market distortions. There can be no better examples here than decisions to hike the minimum support price (MSP) of paddy by 15-16 per cent and slash subsidies on all fertilisers, with the exception of urea. Take the MSP first. With rice stocks in public godowns currently more than 2.5 times the country's normative buffer and strategic reserve requirements, the right signal that ought to have been sent to farmers is to reduce paddy acreage. This is more so when India is desperately short of edible oil and pulses, with their combined imports crossing \$10 billion in 2011-12. The case for discouraging cultivation of a water-guzzling crop like paddy becomes even stronger, given a not-so-good monsoon so far.

Yet, the Government, last week, raised the MSP for this year's paddy by Rs 170 a quintal, over the existing Rs 1,080-1,110 range, depending upon the grades grown. The MSP should ideally cover only the farmer's actual paid-out costs and, maybe, also the imputed value of family labour. Adding opportunity cost of land and other notional expenses does not make it a 'support' price below which the farmer incurs losses. The Commission for Agricultural Costs and Prices has projected the paid-out costs, inclusive of family labour, for the 2012-13 paddy crop, at below Rs 850 a quintal. Paying an MSP above this level can be justified only if a crop is specially deserving of promotion, which certainly does not apply to paddy today: Its MSP should have been frozen. True, the Government has also hiked the MSPs for pulses and oilseeds by 30-40 per cent. But the notable increase in the MSP of paddy, in combination with more assured procurement, would render the latter irrelevant, and add to the already overflowing public foodgrain inventories.

Even worse is the decision to 'defer' a urea price increase, when subsidies on all other fertilisers have been lowered by up to a third,

for this fiscal compared to the previous year. As a result, since April 2010 when prices of non-urea fertilisers were decontrolled the cost of a 50-kg bag of di-ammonium phosphate has zoomed from under Rs 470 to Rs 1,200. It has shot up even more, from Rs 225 to Rs 850, for muriate of potash. Urea, by contrast, has seen only a marginal rise from about Rs 245 to Rs 270. This highly skewed subsidy regime has led to farmers consuming more urea. With the nutrient balance in Indian soils already heavily tilted in favour of nitrogen, its effects are the same as an MSP procurement system that actually encourages mono-cropping of rice and wheat. It is high time the Government wakes up to the fiscal and environmental implications of such policy-induced distortions.

High yield seed varieties, farm technologies boost wheat production in Punjab

EconomicTimes

June 19, 2012

High yield seed varieties and farm technologies has boosted wheat production in Punjab. The state recorded a bumper wheat production of 129 lakh tonne against the target of 108 lakh tonne this year. Favorable weather during the wheat season, development and popularization of improved varieties, production technology by Punjab Agricultural University (PAU), role played by the extension functionaries of PAU and state Department of Agriculture, hard work of farmers were the important factors.

"New high yielding varieties like PBW-621 (21.1 quintal/acre) and HD-2967 (21.4 quintal/acre) contributed toward enhancing wheat production," said PAU director of research, Dr SS Gosal. According to Dr MS Sidhu, Head, Dept of Economics and Sociology, the PAU recommended varieties (PBW-550, PBW-343, PBW-621 and HD-2967, etc.) covered 68% area of Punjab, during 2011-12. The enhanced production of wheat has made the state richer by Rs 2,570 crore, he said. Besides the seed varieties, the technology transfer by extension specialists of PAU and state department of Agriculture played a significant role.

Dr Gosal, highlighted that this year the conditions for the development of the dreaded yellow rust disease remained conducive. To protect the crop against the disease, PAU carried out the disease surveys and its centre for communication and international linkages released flash messages through radio, television, newspapers and other means enabling farmers to take up the recommended control measures, wherever needed.

Flour mill operators seek uniform policy on open wheat sale

Deccan Herald

June 18, 2012

Flour mill operators in north India on Monday asked the government to make a uniform policy for the entire country to offload surplus wheat through open market sale scheme for bulk consumers. Government godowns are overflowing with over 80 million tonnes of rice and wheat, while the storage capacity is 63 million tonnes. To clear excess stock, the food ministry has proposed a policy, which is yet to be cleared by an empowered group of ministers.

"The ministry has proposed a policy to release three million tonnes of wheat under the open market sale scheme at a uniform rate of Rs 1,170 per quintal. This will affect flour mill operators in north India," said Raj Kumar Garg, chairperson of the Confederation of Roller Flour Millers (north zone). He suggested that "instead of giving a single rate applicable across India, wheat prices should be reduced for north zone to the extent of freight subsidy given to other zones". "This will ensure a level-playing field," he added. "The price of wheat under this scheme should be lower for producing states than consuming ones," he said. Garg said the ministry's proposal to bear the entire freight cost under the scheme to southern states and not to northern states is "clear discrimination".

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"The scheme will lead to a freight subsidy of Rs 2,400 crore. This will not help in lifting wheat stock significantly under the scheme," Punjab Roller Flour Millers president Naresh Ghai said. Chandigarh Flour Millers Association president Vinod Mittal also said "there is no justification on the part of the government to propose a policy to sell wheat below the minimum support price of Rs 1,285 per quintal".

PAU inks MoU with FCI

Times of India

June 19, 2012

The Punjab Agricultural University (PAU) inked a Memorandum of Understanding (MoU) with the Food Corporation of India (FCI) on Monday to impart training to FCI's quality control and field staff and to identify collaborative research projects in the field of food grain quality control. Dr S S Gosal, Director of Research and A S Arunachalam, Deputy General Manager, FCI, Punjab, signed the MoU on behalf of PAU and FCI, respectively. PAU Registrar, Dr R K Mahey said the signed MoU aimed to provide training to the quality control staff of the FCI, based on the advancements across the world, on various procedures and techniques of handling and preservation of food grains, right from the stage of procurement to its final distribution. Besides, the basic objective of the MoU is to jointly identify research projects and the benefits and credits of collaborative work, he added, stating that the fruitful cooperation between the two will be of immense benefit to both in future.

Addressing the participants, Arunachalam said the MoU will remain in force for three years. Lauding PAU as a premiere university, he remarked that FCI was committed to forge ties with other institutes across the nation. The FCI has expertise in procurement and storage of food grains but lacks in research and development, he pointed out. Earlier, FCI had collaborated with PAU and CIPHET (Central Institute of Post-Harvest Engineering and Technology) to reduce post-harvest losses but the present MoU with PAU will be helpful in honing the skills of the trainees and in producing quality manpower, he added. There is a need for expertise in detection of wheat disease, Karnal Bunt and other pathogens, Arunachalam emphasised. Earlier, Additional Director of Communication, Dr. Jagtar Singh Dhiman welcomed the dignitaries and the senior FCI officials. He said PAU and FCI, established in 1962 and 1964 respectively, have played a vital role in agriculture

Wheat futures extended losses on record procurement

EconomicTimes

June 20, 2012

Amid record procurement by government agencies and ample stocks in the market, wheat declined further at futures trade today and fell by Rs 11 to Rs 1,177 per quintal. At National Commodity and Derivatives Exchange, wheat for delivery in August lost Rs 11, or 0.93 per cent, to Rs 1,177 per quintal, with an open interest of 7,520 lots. Similarly, wheat for delivery in July shed Rs 9, or 0.77 per cent, to Rs 1,156 per quintal, with an open interest of 17,630 lots. Analysts said the decline in wheat futures prices was due to supply pressure in the spot markets as procurement of grain reached a record 36.55 million tonne this year so far. The total wheat purchase in this marketing season (April-June) has already surpassed the government's target of 31.8 million tonne.

India can export up to 3 million tonne wheat to Iran: K V Thomas

EconomicTimes

June 20, 2012

India can export up to 3 million tonnes of wheat from the government stock to sanction-hit Iran if West Asian nation is satisfied with the

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quality of the grain, Food Minister K V Thomas said today. "A delegation from Iran was here for a week. After their field visit, they have taken samples to their country to finalise the quality issues," Thomas told reporters. "Our understanding is that the team felt positive about testing facilities in India. If Iran clears quality norms, especially Karnal bunt disease, there is a scope to export 2-3 million tonnes of wheat from the government stock," he added. Iran is keen on importing the Indian wheat now, but faces the hurdles of quality guidelines. Suspecting a fungal disease, Iran in 1996 had banned Indian wheat. The West Asian nation had suspected that Indian wheat was infested with 'Karnal bunt' -- a fungal disease. Karnal bunt was first reported in 1931 from Karnal, Haryana. The disease primarily spreads via contaminated seeds. The two-member Iranian delegation was in India for a week till June 18 to check whether the quality of wheat sample tested in quarantine labs and the grain lying in government godowns are still the same.

A senior Food Ministry official said that Iran is India's third largest crude oil supplier and New Delhi wants to strengthen its bilateral economic ties with export of farm commodities like wheat. "India will have an assured market for wheat if the quality issues are settled with Iran," the official said. India lifted ban on wheat exports in September 2011 on the back of record production in the two consecutive years. However, wheat shipments have not been impressive due to lower global prices. So far, only one million of wheat has been shipped out of the country. If the Iran government agrees to import wheat, then it would ease pressure on Indian government, which is battling to clear surplus stock to ease storage crisis.

India to sell 3 mln T wheat to private firms

Reuters

June 20, 2012

India will offer 3 million tonnes of wheat to local commercial biscuit makers and flour mills at \$210 per tonne, Food Minister K.V. Thomas said on Tuesday, as part of efforts to trim huge stockpiles vulnerable to rot and decay. The government would also supply 6 million tonnes of extra rice and wheat to states to offer the poor at cheap rates, Thomas told reporters after a ministers' meeting. The extra allotment to states for subsidised sale to the poor will be in addition to 55 million tonnes of grain already earmarked under the food welfare programme for the fiscal year from April 1, 2012.

Flour millers said the price offered by the government is about \$20 a tonne lower than their expectation. In 2012, the government paid about \$230 a tonne for wheat from local farmers and mill owners had not expected the government to offer a rate lower than that. Wheat can currently be bought on the global market for about \$250 per tonne. A ministers' meeting is soon expected to decide on wheat exports from government warehouses and whether to give any incentives for overseas sales due to unattractive global prices. "It is a sound strategy, as the price is attractive but the government has to ensure that there is no procedural delay which dissuaded flour millers from lifting stocks in previous years," said Adi Narayan Gupta, president of the Roller Flour Millers Federation of India. In 2011/12, the government managed to sell only about 1 million tonnes of wheat to bulk buyers after offering more. India, the world's second-biggest rice and wheat producer, has been facing storage problems due to record harvests in recent years

On June 1, India's state-run warehouses had a record 82.3 million tonnes of grain stocks against 63.0 million tonnes of storage space, forcing authorities to store grains under tarpaulin. Officials believe 6 million tonnes of grains could rot due to lack of storage space, but analysts say the losses could be higher as more than 19 million tonnes lie in the open. (\$1 = 55.99 Indian rupees)

Govt to release 5 MT of foodgrains, 3 MT wheat

Press Trust of India

June 19, 2012

Faced with severe storage crunch, the government today decided to allocate additional 5 million tonnes of foodgrains to poor families

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and allow sale of 3 million tonnes of wheat to bulk users at cheap rates which will cost the exchequer a total of Rs 10,000 crore. "The Empowered Group of Ministers (EGoM) has agreed to allocation of additional 5 million tonnes of foodgrains to BPL families. It has also agreed to allow 3 million tonnes of wheat through OMSS (Open Market Sale Scheme)," Food Minister K V Thomas told reporters here. For APL (above poverty line) families, Thomas said the government had allocated 2 million tonnes of foodgrains last fiscal, but only about 50 per cent were lifted by states. Hence, the EGoM allocated the remaining one million tonnes for this year.

The decision comes in the backdrop of government facing a storage crunch. Foodgrain stocks in godowns are piling up and hold a record 82 million tonnes against a capacity of 63 million tonnes. According to sources, the allocation of five million tonnes of foodgrains to BPL (below poverty line) families would cost exchequer Rs 8,500 crore, while the sale of three million tonnes through OMSS would have a subsidy burden of Rs 1,900 crore. Under public distribution system, BPL families get wheat at Rs 4.15 per kg and rice at Rs 5.65 per kg. The rate for APL is Rs 6.10 for wheat and Rs 8.30 for rice. The EGoM fixed the wheat price in OMSS at Rs 1,170 per quintal against the current support price of Rs 1285 per quintal. The entire freight cost would be borne by the government, sources said. India harvested a record rice and wheat production in the 2011-12 crop year (July-June) which led to bumper procurement and record stocks in government godowns

To cut excess stock, govt to disburse foodgrain through ration shops

BS Reporter

June 20, 2012

In its effort to ease the pressure on the front of foodgrain storage as monsoon advances, the government on Tuesday decided to distribute an additional eight million tonnes (mt) of the stock through ration shops and sell those directly in the open market to bulk consumers. The grain will be sold at prices much lower than their cost of procurement.

The measure, which is expected to further inflate the annual food subsidy by around 10,000 crore during the current financial year, was necessitated after a high-powered committee headed by Prime Minister's Economic Advisory Council Chairman C Rangarajan favoured distributing additional quantities through the public distribution system (PDS) to absorb excess stocks.

PROBLEM OF PLENTY

Grains to be sold at prices lower than their cost of procurement

Measure is expected to inflate the annual food subsidy bill by around Rs 10,000 crore in the current financial year

The annual food subsidy for 2012-2013 financial year was pegged at Rs 75,000 crore in the Union Budget

Additional 5 million tonnes of wheat and rice would be allocated to states for distribution to BPL families and 3 million tonnes of wheat for sale in the open market

The latest Union budget has pegged annual food subsidy for 2012-13 at Rs 75,000 crore.

On Tuesday, an empowered Group of Ministers (eGoM) met under the chairmanship of finance minister Pranab Mukherjee. It, according to a senior official who participated in the meeting, has decided to allocate an additional five mt of wheat and rice to states for distribution to families below the poverty line (BPL) families and three mt of only wheat for sale in the open market. "No fresh allocation has been made for APL (above the poverty line) families, but an old allocation of one million tonnes has been revived," he told reporters. The meeting was also attended by agriculture minister Sharad Pawar and food minister K V Thomas. Today's extra allocation is over and above the annual PDS allocation of 55 to 56 mt of foodgrain.

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Under the PDS, the government distributes 35 kg of wheat and rice every month to BPL families at cheap rates. While the wheat is sold at Rs 4.15 per kg, the price for rice is Rs 5.65. As for APL card holders, 15-35 kg of grains is distributed every month also at cheap rates. The country's foodgrains stocks as on June 6 is estimated to be over 82 mt, which is almost 10-12 mt more than that of last year. The stocks are far above the available storage space of around 66 mt. Experts say that if immediate steps are not taken to liquidate the grain inventory in the central pool, then huge quantities of grains will run the risk of getting damaged during the monsoon. To avoid such a calamity, the food ministry is working on a slew of proposals, which also include subsidised export of grains and export of value-added wheat products like flour. The Rangarajan-led high-powered panel had suggested distributing an additional 13 mt of grains through ration shops and export of two mt to wean away the excess inventories.

Officials said the eGoM has decided to sell wheat in the open market at Rs 1,170 per quintal till September, following which it would be raised to Rs 1,285 per quintal. "This is good price," said a senior official from a multi-national agro-commodity trading company. "However, given that Indian wheat is selling at around Rs 1,320 per quintal in the global markets, there could be a possibility of diversion of the government's own wheat from open market to export

ITC surges 3% on price hike of select Sunfeast biscuits

Moneycontrol.com

June 19, 2012

Shares of cigarettes to FMCG and hotels major ITC gained nearly 3% after the company increased prices of select Sunfeast biscuits by 10%, reports CNBC-TV18 quoting Nw18. At 15:03 hours IST, the share was trading at Rs 249.90, up 2.82%. Market capitalisation of the company currently stands at Rs 195,382.42 crore. Even its trading volumes rose 4% to 2,83,103 shares as compared to its 5-day average of 2,72,644 shares. The stock gained nearly 9% in last 15 sessions and 13% in three months.

Measures to Enhance Foodgrains Storage and its Quick Movement

In view of highest ever procurement of wheat Ministry of Food has taken several measures for storage and speedy movement of foodgrains from procuring states to consuming states. This include increase utilization of existing storage capacity, creation of additional capacity, evacuation plan for vulnerable stocks and monitoring movement on daily basis. This was announced by Union Food Minister Prof KV Thomas, while addressing a Press conference here today. He said record production of foodgrains and increase of MSP along with better outreach for the procurement operations have resulted in highest ever procurement of foodgrains this year. The Central Pool stocks as on 1.6.2012 was 823.17 LMT consisting of 501.69 LMT wheat and 321.48 LMT rice.

The Minister informed that central pool stocks of foodgrains are stored both by FCI and State Government and their agencies. Over the last five years, the storage capacity of FCI has increased from 238.94 LMT (as on 31.03.2008) to 336.04 LMT (as on 31.03.2012). This is an increase of about 40%. Wheat is stored both in covered and CAP and Katcha CAP storage of FCI and State Governments and their agencies. As on 1.6.2012, a quantity of 273.96 LMT wheat was in open storage both in scientific CAP (207.79 LMT) and kutchha (66.17 LMT). It can be seen that 87% of the total wheat stocks in central pool is stored in covered and CAP storage and can be considered as safe storage, whereas balance 13% is at a high risk since it is stored in Katcha places. Out of the Total stocks stored in katcha complexes, 65.66 LMT are stored in Punjab, Haryana, MP and Rajasthan. The Government is making all efforts to protect the foodgrains stored in katcha cap which are vulnerable. There has been a significant increase in the capacity utilization figures of FCI godowns. It has increased from 77% as on 30.4.2011 to 98% as on 31.5.2012

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As a special and contingent measure to cope with unprecedented stock position, instructions were issued by FCI on 18.5.2012 to increase the stack size to 162 MT in case of rice and 181 MT in case of wheat to attain higher level of capacity utilization. This step has been taken as a temporary measure to accommodate the stocks in covered spaces. This way FCI would be able to accommodate about 5 to 10 Lakh tonnes more stocks. FCI has been directed to plan for additional storage jointly with the State Governments and draw a list of locations including private storage spaces and abundant storage spaces of cooperative sugar mills etc. along with their capacities and conditions and use the same. All GM of regions facing problem of severe storage crunch have been allowed to hire part capacities completed under PEG scheme on Actual Utilization Basis (AUB). All GMs/EDs (Zone) of FCI have been delegated with powers for hiring of storage capacity from Central Warehousing Corporation (CWC), State Warehousing Corporation (SWC), State Agencies and Private Parties for storage of food grain as per requirement, wherever available in view of the increased procurement and urgent storage needs.

Based on the nature of place used for storage of wheat in katcha places, grading has been done in the following three categories High Priority complexes where the wheat stocks are stored on katcha grounds and low lying areas. The highest overriding priority is being given to these complexes for evacuation of the stocks. Medium Priority - complexes where the wheat stocks are stored on Roller Flour Mills, Rice Mills, Sugar Mills etc., has been graded as second priority. Low Priority- complexes where the wheat stocks are stored on road side within FCI/State Govts Godowns and are comparatively considered to be safer for longer storage than High and Medium priority Graded Complexes.

Priority for evacuation is being given according to the grading and movement is being monitored by FCI on daily basis. The Government has allocated total 59.8 million tonnes of rice and wheat under TPDS and other welfare schemes. This includes 6 million tonnes additional allocation this year for APL category, thereby increasing per family allocation to minimum 15 KGs in 22 States /UTs (as compared to 10 kgs. earlier). Also, five million tonnes additional allocation is being given for BPL families which will benefit 1.8 crores additional BPL families. Further, allocation of 1.54 million tonnes has also been made for the poorest/backward districts in 12 states as a part of the recommendation of CVC made last year. Furthermore, the Government is releasing 3 million tonnes of wheat under Open Market Sale Scheme. The center has also allowed advance lifting for 6 months to the states/UTs which is bound to improve offtake and ease pressure on requirement of additional storage.

The Food Ministry has requested the Food Secretaries of all the States to consider drawing up their own scheme under PPP for construction of godowns to meet its own storage requirements on the lines of the Private Entrepreneurs Guarantee (PEG) scheme formulated by the Government of India. The Ministry has also forwarded guidelines and requested the states for utilizing the scheme for financing warehousing infrastructure under Rural Infrastructure Development Fund (RIDF). An exclusive allocation of Rs.2000 crore was made for creation of warehousing infrastructure under Rural Infrastructure Development Fund (RIDF) for the year 2011-12. The funds have been utilized for projects in some of the states for creation of storage space of about 90 lakh tonne. The State Governments have been requested to get these projects expedited. For the current year, an allocation of Rs.5000 crore has been made. The scheme provides loan on low interest rates through RIDF not only to the State Governments but also to agencies of the State Government.

The States are being requested to take benefit under the Gramin Bhandaran Yojana operated by the Department of Agriculture & Cooperation wherein subsidy is given for construction of godowns. A total of 7,110 projects for a total capacity of 310 lakh tonnes have been sanctioned under this Yojana since its inception w.e.f April 01, 2001. The State Govts. are being requested to identify the godowns sanctioned under this scheme and use them on priority for storage of foodgrains. A capacity of 151.96 lakh tonnes is to be created in 19 States under the Scheme through private entrepreneurs and Central and State Warehousing Corporations. FCI has already sanctioned a total storage capacity of 112.54 Lakh MT as on 1.6.2012, out of which a capacity of 92.39 lakh MT has been sanctioned to the private entrepreneurs. CWC and SWCs have been sanctioned 5.40 Lakh and 14.75 lakh MT respectively. As on

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31.03.2012, a capacity of 28.17 Lakh MT has been shown as completed, out of this, 11.22 Lakh MT has been taken over and is being used for food grain storage. During the current financial year, another four million tonnes capacity is expected to be made available.

Wheat Procurement Crosses 370 Lakh Tonnes

Wheat procurement during current, Ravi Marketing Season 2012-13, has crossed the mark of 370 lakh tonne. Total 371, 97,161 tonne wheat has been procured by the various Government agencies by June 22, 2012 while procurement on the day of previous Ravi Season was 275, 04,417 tonne. Punjab has led the procurement by 128,26,540 tonne wheat followed by Haryana 86,65,380 tonne and Madhya Pradesh 84,92,820 tonne. Uttar Pradesh has also procured significant quantity i.e 45, 46,593 tonne

6.6 mn tonne of wheat under risk of damage in monsoon: Government

PTI

June 21, 2012

Over 6.6 million tonnes of wheat worth over Rs 1,100 crore of the government stock lying in the open runs high risk of damages during the monsoon season, the Food Minister K V Thomas admitted today. "We are concerned about 6.6 million tonnes of wheat kept open in unscientific way mainly in Punjab, Haryana, Madhya Pradesh and Rajasthan. We will give utmost priority to move this wheat to safe place in monsoon," he told reporters here. Thomas has also written to Prime Minister Manmohan Singh suggesting a cap on procurement. "We have to work out a mechanism to limit the procurement as per our needs," he said.

At present, the government has a stock of 82.3 million tonnes against the storage capacity of 64 million tonnes. Of 50 million tonnes of wheat procured by the government, 27 million tonnes is kept in the open, of which 6.6 million tonnes is lying in an unscientific way. Thomas noted that although storage capacity of FCI has increased by 40 per cent in last five years, there is still storage deficit as the government procurement reached an all-time high following record output of wheat and rice for the last two consecutive years.

He said that the Food Ministry in consultation with Food Corporation of India (FCI) has chalked out a plan to immediately evacuate the wheat under threat of damage. As a contingent measure, the FCI has been directed to raise stack size in case of both wheat and rice. "This way, FCI would be able to accommodate 5-10 lakh tonnes more stock," he said. FCI has been directed to hire private storage space including those of cooperative sugar mills. The government, on June 19, also decided to offload extra eight million tonnes of foodgrains via rations shops and in open market to ease the storage pressure.

Wheat procurement at record 37.19 mn tonne

PressTrust of India

June 22, 2012

Helped by a record production of wheat, the government procurement of the key staple has increased by 35% to an all time high of 37.19 million tonnes in the current marketing season so far. The government had purchased 27.50 million tonne of wheat in the 2011-12 wheat marketing season (April-March). The procurement of wheat in this season has already surpassed the government's target of 32 million tonne. As per official data, wheat procurement as on June 22 was 37.19 million tonnes and the arrivals stood at 39.46 million tonne. Punjab and Haryana have procured nearly 12.82 million tonne and 8.66 million tonne of wheat, respectively, in the current season. Wheat purchase in Madhya Pradesh stood at 8.49 million tonne, while in Uttar Pradesh it was 4.54 million tonne.

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Wheat production in India, the world's second-largest producer, is estimated at a record 90.23 million tonne in the 2011-12 crop year (July-June). The minimum support price of wheat stands at Rs 1,285 per quintal. A record production of foodgrains in the last two consecutive years has led to storage problem. Food Minister K V Thomas yesterday said about 6.6 million tonne of wheat that is kept open in unscientific way, mainly in Punjab, Haryana, Madhya Pradesh and Rajasthan, runs a high risk of damage during the monsoon. Of the 50 million tonne of wheat procured by the government, 27 million tonne is kept in the open, of which 6.6 million tonnes is lying in an unscientific way.

European wheat prices rise, focus on US weather

June 22, 2012

Wheat prices in western Europe rose on Friday, boosted by strong gains in U.S. grain markets as dry weather in the Midwest growing region remained the key market focus.

* "The weather market has allowed us to get close to some major resistance levels," a French futures dealer said. "People are going to keep monitoring the U.S. weather and what will be particularly watched will be Monday's U.S. crop ratings."

* Benchmark November milling wheat on the Paris-based futures market was up 1.50 euros or 0.7 percent at 215.75 euros a tonne by 1206 GMT.

* Technical resistance between 216 and 218 euros curbed prices after the contract peaked at 216.00 euros on Thursday, a highest level in more than three weeks.

* Declining crop ratings for corn and soybeans in weekly updates from the U.S. Department of Agriculture have fuelled crop concerns and led operators to cut their yield forecasts.

* Operators were also keeping an eye on hot weather in the Black Sea region after forecasters cut crop estimates for major exporters Russia and Ukraine.

* "Russia has benefited from rains this week, but the crop is still in danger as most of the rainfall was seen in the north-east of the country, while half of the production and almost all the exportable wheat is in the southern regions, leading to questions as to the size of the country's new crop exportable surplus," UK merchant Gleadell said in a market note.

* In France, crop conditions were more favourable, with concern focused on heavy rain damaging some crops.

* "We should have some good yields," the dealer said. "There is a risk of disease (due to rain) but you don't get the impression people are panicking."

* In Germany, prices rose in tandem in to the rise in Paris with the market waiting to see if more rain will fall to improve Germany's harvest outlook and delay the start of harvesting.

* Standard milling wheat for September delivery in Hamburg was offered for sale up 0.5 euro at 220 euros a tonne with buyers at around 218 euros.

* Feed wheat for nearby delivery in the South Oldenburg animal feed grains market near the Netherlands was again quoted over milling wheat, but unchanged at 233 euros a tonne for nearby delivery with buyers at around 231 euros.

* "We have had a lot of rain in much of the country over the last three weeks and signs are that the crop is improving," one German trader said. "But more rain is still needed in the east and with cool and generally wet weather forecast for the near future, people are

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starting to expect the German harvest will start later rather than sooner.”

* "This concern about a later harvest start is helping to keep German prices over Paris.”

* Germany's leading grain trading house Toepfer International on Friday raised its forecast of the country's 2012 wheat crop to 22.71 million tonnes from 21.4 million tonnes it estimated in May. This would make the crop slightly above the 22.70 million tonnes harvested in 2011.

* Wheat in most of Germany has profited from repeated rain in the past few weeks following a very dry spring, Toepfer said in a report. Average German wheat yields are now expected but dryness could damage yields in the east, it said

* "In Germany, farmers are becoming more willing to sell the new crop," Toepfer said.

* Rain is forecast for some of the driest northeastern areas of Germany up to Tuesday

* Feed wheat futures in London were also higher with November up 0.25 pounds at 160.00 pounds a tonne.

* Rapeseed futures were also higher, in step with U.S. soybeans and also supported by a slight recovery in crude oil after an 18-month low.

Kerala mills body lauds uniform price for open sale of wheat

The Kerala Roller Flour Millers Association has welcomed the Central Government's move to allot 3 million tonnes (mt) of wheat to bulk consumers under the open market sale scheme at a uniform rate throughout the country. The Association President, Mr P.K. Ahammed, in a press release said that the decision will help domestic millers buy wheat at an affordable and uniform rate of Rs 1,170 a quintal. The Empowered Group of Ministers has also agreed to allocate 5 mt foodgrains to below poverty line-families and the carry forward of 1 mt to above poverty line-families this year.

Met Dept forecasts normal monsoon despite sluggish start

Hindu Business Line

June 23, 2012

The India Meteorological Department (IMD) has marginally downgraded its earlier monsoon forecast for the year, but expects normal rains for July and August. In its second-stage long-range forecast on Friday, IMD said the monsoon this year is most likely to be normal. The quantitative rainfall over the country as a whole is likely to be 96 per cent of the long period average (LPA), said Mr L. S. Rathore, Director-General, IMD. The weather body had earlier predicted in April that the country would receive 99 per cent rains of the LPA. The LPA pegged at 89 cm is the average of the rainfall received over the country during the four-month monsoon period for 50 years between 1951 and 2000. Normal monsoon means rainfall between 96-104 per cent of the LPA. For the month of July, IMD said the rainfall over most parts of the country is likely to be 98 per cent of the LPA. For August the prediction is at 96 per cent of the LPA with a model error of 9 per cent, said the IMD.

Good rains during these months are crucial for the country's agriculture as sowing of kharif crops is dependent on the monsoon. The north-west region that includes Punjab and Haryana is expected to receive 93 per cent of its LPA, while in Central India the rains are forecast to be 96 per cent. The Peninsula will receive 95 per cent of its LPA, while the North-East will receive 99 per cent of rains. Since the onset of monsoon over Kerala on June 5, the country has so far received a cumulated seasonal rainfall at 76 per cent of the

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LPA. The country has received a total of 73.7 mm rainfall as against the normal of 96.9 mm for the period of June 1-21. The advance of the rains has been affected by a string of atmospheric storms in the South East Asian region. Stating that the slow progress in monsoon is likely to continue over the next four to five days, Mr Rathore said there is no cause for concern as yet. The 24 per cent deficit rainfall has resulted in sluggish sowing of kharif crops like paddy, pulses, coarse cereals and oilseeds. Spread so far So far, the monsoon has covered extreme south Gujarat, most parts of Maharashtra, entire Andhra Pradesh, Orissa, West Bengal and Sikkim, Chhattisgarh, Bihar, Jharkhand, Bay of Bengal and some parts of east Madhya Pradesh and east Uttar Pradesh. IMD maintained that there is a strong possibility of emergence of El Nino during the second half of the season during September. El Nino, caused by warmer sea surface temperatures over Pacific Ocean is known to have strong influence on the monsoons, affecting the rains. IMD will issue the next forecast for the second half of the season (August to September) in July

Indian Fiber Weaves a Crisis

For more than a century, jute made the fortune of this city, the former capital of British India. Today, scarcity of the fiber, which is woven into rough-woven bags for commodities, is adding to India's failure to store its food amid widespread hunger. Across the country, government officials are rushing to store a record wheat crop before annual monsoon rains, set to begin any day. On Thursday, Food Minister K.V. Thomas admitted that 13% of the nation's 50.2 million tons of wheat stocks were under makeshift shelters and at risk of spoiling from water.

Jute Shortage Complicates India's Storage Problems

India's high level of food waste is a national embarrassment for a country whose prime minister, Manmohan Singh, this year acknowledged that malnutrition affects 42% of children. A dearth of warehouses, due to federal and state government bureaucratic inertia, is a crucial factor. Now, India's jute industry, which is based in the eastern city of Kolkata formerly Calcutta is increasingly viewed as part of the problem. India's government in the 1980s passed a law stipulating that 100% of the annual wheat and rice crop must be packed in jute bags. The move was meant to defend the jobs of 250,000 jute factory workers, and the five million Indian farmers who grow jute, from the onslaught of cheaper plastic sacking. But as India's wheat harvest has boomed, helped by higher quality seeds and greater availability of fertilizers, the jute industry, with its aging British-era machinery and regular labor strikes, has found it hard to keep up. India's annual wheat crop has risen 82% since 1990, while output of jute products, including sacking, is up by a little over a third in the period. In Madhya Pradesh, a large wheat-growing state in central India, government officials say they faced a shortage of jute bags this harvest that left them scrambling to buy plastic sacking for the crop an emergency measure allowed to cover only 20% of a state's harvest if jute bags aren't available.

Officials in Madhya Pradesh say the situation will only get worse in future years as harvest output increases. The government, they say, should revisit the law protecting the jute industry to allow greater use of plastic bags. "All this would be wonderful if the jute industry could cope with the demand," said Anthony de Sa, a senior bureaucrat charged with crop procurement in Madhya Pradesh. Officials and workers point to another problem: They say some jute sacks are of poor quality. "These bags are no good. Many tear as soon as we put them down," said a laborer who was bagging up wheat recently at a government warehouse about 60 miles outside Bhopal, the state capital of Madhya Pradesh. In Kolkata, the capital of West Bengal state, jute producers deny they have capacity constraints or quality issues. Producers blame Madhya Pradesh's government for underestimating the wheat crop, forcing the industry to rush through last-minute bag orders and causing a temporary shortage.

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Jute factory owners say they fear India's plastics industry, which for years has lobbied the government to stop protecting jute, will use the bag shortages to push their case. "The plastic lobby is very strong," said Rishav Kajaria, director of one of Kolkata's largest private-sector jute factories. "Madhya Pradesh has given them some more ammunition." Others sense an opportunity, too. Industry representatives from Bangladesh, which is the only other country with a major jute industry, met with Indian government officials in New Delhi in May to offer to export bags to fill the shortfall in Madhya Pradesh. But Indian officials told them they were unable to accept sacking from Bangladesh, as the jute law is meant to protect only Indian producers and farmers. "It's some kind of protectionism," said Mushtaq Hussain, who attended the meetings and is managing director of Golden Fiber Trade Center Ltd., a Bangladesh jute trading company. Indian producers retort that Bangladesh's jute factories, just under half of which are owned by the state, benefit from unfair export subsidies.

For years jute needed no special treatment by government. Farmers in Bengal have used fibers from the tall jute plant for centuries to weave into bags and clothing. In the 19th century, the British set up a factory in Dundee, Scotland, to process raw jute into yarn before weaving it into bags for storing coal and other commodities. Later, British entrepreneurs set up factories around Kolkata, building fortunes and fueling the city's growth. Many of today's largest Indian corporations, including those run by the Tata and Birla families, got their start trading jute. After the British left India in 1947, many of these traders took over the mills. Since then, the industry, and Kolkata, has been in a slow decline. The government nationalized many of the mills in the 1970s and the industry was crippled by strikes that still plague the 60 or so mills that operate today. The government later handed most mills back to the private sector. But New Delhi continues to play a large role in the industry, setting prices and buying almost the entire output of the nation's jute producers. Arti Kanwar, deputy jute commissioner, a Kolkata-based Indian bureaucrat whose office buys jute sacking from producers, said the government for years has supported the industry by procuring at above market prices.

But this year, she said, market prices rose above what the government pays due to large harvests. Some jute producers have reneged on contracts to sell to the government, exacerbating shortages, Ms. Kanwar added. In Madhya Pradesh, attention is already turning to the rice harvest, due in October. Paras Jain, the state's food minister, said he was going to ask the government to procure jute bags ahead of time to avoid problems. "We want the supply of bags in advance so we don't fall short," he said.

Nankhatai cookies back in the market

TNN

June 23, 2012

"If Chinese toys and products can dominate Indian markets, why can't Indian cookies like 'nankhatai' go international," said Vikas, a nankhatai vendor. The belief that 'nankhatai', the traditional Indian cookie is no more in vogue in an era of modern confectionaries and branded cookies, is proved wrong by the fact that the sale has once again increased in recent years. According to vendors, branded biscuits and cookies almost dampened the sale of 'nankhatais' some 7-8 years ago. "Some years ago, only plain 'nankhatais' made of suji and refined flour were in trend. Most of the bakery products like chocolate biscuits, dry fruits and cream biscuits with different flavours entered the markets, which destroyed the sale of nankhatais. However manufacturers of nankhatais, had started producing wide range of nankhatais with tinge of almonds, cashew, elaichi, coconut, butter, organe and other flavours," Vikas informed. At present, there are around 12-15 varieties of nankhatais available in the market. According to nankhatai manufacturer and seller Raju, the bakery biscuits are prone to attracting moisture during rainy season, whereas nankhatais last long. The crisp nankhatais are prepared on tandoor.

According to Govardhan, who is into the business of nankhatais since the past 40 years, the method of preparation is simple. The initial preparations of making the dough and cutting dry fruits are done is by women, the baking part is done by men. "There is no

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need to go to the big workshops of biscuits to bake the biscuits in oven after paying rent to the owner," he informed. The demand for flavoured nankhatais has also compelled new comers to try hand in this business. Jitendra, who prepares and sells biscuits around the year, said that there is no huge difference in the demands for nankhatais and cookies. As compared to bakery products of similar ingredients, the nankhatais cost less. "The cost of nankhatais start with Rs 40 per kg and no varieties cost more than Rs 200 per kg," said a seller. According to a buyer at one of the makeshift stall of nankhatai, the traditional cookies are eggless and liked by all at home, whereas elders at home do not prefer to eat modern biscuits. "Children are not so familiar with nankhatais like us, but they also like the taste specially of dry fruit ones," said another buyer. Most of the vendors of nankhatais are based in Varanasi while a few are from Jaunpur, Chunar, Azamgarh and nearby. Alok, a seller from Chunar, said, "Once the Rathyatra festival is over, Shraavan month will start followed by plenty of other fares and festival, so I will be staying here with my relatives and bake and sell nankhatais."

ITC hikes prices of Vivel soap, Sunfeast biscuits

The hotels to cigarettes diversified major ITC, has hiked prices of its Sunfeast biscuits (Dark Fantasy by 10 per cent, Bourbon by up to 18 per cent) and soaps (Vivel 90 gm soap by 5 per cent). When contacted by Financial Chronicle, ITC spokesperson refused to comment on pricing issues as a matter of company policy. FC has learned that the price of Sunfeast Dark Fantasy (both chocolate and vanilla flavours) biscuits has being raised from Rs 20 per 96 gm packet to Rs 22 per 96 gm pack.

In case of Sunfeast Bourbon dream cream, both price and weightage have been reworked from Rs 10 per 74 gm pack to Rs 12 per 75 gm pack and Rs 20 per 140 gm pack to Rs 24 per 150 gm pack. Sunfeast Dark Fantasy Choco Fills, which was earlier available at Rs 30 per 84 gm pack, will now carry the same price tag for a smaller 75 gm pack. In the personal care range too, the company has increased the price of Vivel Deo Spirit by Re 1 (from Rs 19 to Rs 20 per 90 gm pack). "With its premium offerings in FMCG space doing well, we believe the recent price hikes will have little impact on volumes. Launch of soap, shampoo, talcum powder and face wash in Vivel and Fiama Di Wills and variants in Sunfeast reflect ITC's focus on premium offerings. In Q4FY12, losses of FMCG business dipped 75 per cent with around 23 per cent rise in sales and 413 basis points margin expansion (YoY) (some seasonal benefit of stationary business)," said Abneesh Roy, associate director at brokerage Edelweiss Capital.

ITC is one of the fastest growing firms in the FMCG and foods space and has been giving a tough competition to dominant firms such as Hindustan Unilever thanks to its ability to subsidise the start-up losses of its new businesses from the profits of its tobacco business.

Grain price falls below MSP in spot market

Business Standard

June 21, 2012

The price of grain fell below the minimum support price (MSP) in the Delhi spot market yesterday due to a supply glut on bumper output and absence of large trading firms. The Food Corporation of India's much higher purchases than the earlier estimates, resulting in storage problems, added to the woes. Wheat for fair average quality variety was quoted at Rs 1,222 a quintal, substantially lower than the MSP announced by the government for the 2012-13 marketing season. The Centre had only last week raised the MSP for wheat by 15 per cent or Rs 165 to Rs 1,285 a quintal for the current marketing season. Similarly, the price of paddy slumped to Rs 990-1,020 a quintal and to Rs 1,240-1,250 a quintal for the common and fine varieties. On Thursday, a rise in the MSP for paddy had been announced, from Rs 1080 to Rs 1,250 a quintal for the common variety. The MSP for the fine variety has been

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raised to Rs 1,280 from last year's price of Rs 1,110 a quintal. While these are for the kharif season, open market prices for the earlier season's stock is creating anxiety among farmers.

The fall in the spot trading price of major grains indicates that traders have given a thumbs-down to the MSP rise, which is set to benefit only producers of a couple of states, including Punjab and Haryana, where FCI has been active in grain procurement. Distress sale, however, continues in other major grain producing states such as Bihar, West Bengal, Uttar Pradesh and Madhya Pradesh, where farmers continue to sell to the arhatiyas, the middlemen, at a substantially lower price than the MSP. The FCI's absence and private players finding it unviable to procure grain at the MSP in these states have pulled down prices of major foodgrain across the country. "Traders have realised only FCI can procure grains at the MSP, that too, with funds from the government. Since private players would have to go back to sell it in the open market, they do not feel much sense in their procurement. Hence, grain prices are likely to remain lower in the near future," said Vikash Gupta, proprietor of Superior Agro Crops Pvt Ltd, a Delhi-based grain trader.

Bulk traders such as Cargill, Adani and others remained absent from active buying, according to some traders in the Delhi grain market. Wheat prices on the National Commodity & Derivatives Exchange have plunged to trade at Rs 1,205 a quintal for delivery in September. The July expiry wheat contract is trading even lower, at Rs 1,168 a quintal. Grain prices are down, on a record harvest, with rice and wheat output estimated to be 102 mt (90.2 mt last year) and 88.3 mt (86.9 mt), respectively. To meet the annual procurement obligation, FCI requires an allocation between Rs 3,000 and Rs 4,000 crore. With the rise in MSP, the allocation is estimated to increase. Private sector entities such as the National Collateral Management Services Ltd (NCMSL) and National Bulk Handling Corporation, along with others, have offered to reduce the procurement cost by 10 per cent if they are allowed to procure on its behalf. "While procuring foodgrain from the market, the government must decide the objective for doing so -- whether it is being procured for food security and buffer norms for market intervention or release through the Public Distribution System at a subsidised rate for people below the poverty line. Mixing the two can create confusion," said Sanjay Kaul, managing director, NCMSL.

Total grain stock in FCI's central pool had swollen to 82.4 mt as on June 1, compared to 65.6 mt in the corresponding period last year. A quantity of 31.8 mt of wheat was initially estimated to be procured during the current rabi marketing season (RMS). However, as on May 24, a quantity of 32.3 mt had been already procured in the central pool as against a total procurement of 28.3 mt in the previous RMS. It is estimated the procurement during the ongoing RMS will be 36 mt, about 7.7 mt higher than last year. FCI should require 9.8 mt of buffer stocks and 2 mt of strategic reserves of rice as on July 1. Wheat stocks as on the same date ought to be 17.1 mt and 3 mt under buffer norms and strategic reserves, respectively. The available stock, therefore, is 250 per cent higher than the required buffer stock. FCI has procured 16.2 per cent additional rice (including unmilled paddy) at 32.15 mt this year, as compared to 27.7 mt last year. According to Kaul, it makes no sense for private players to stock grain for future sale. For stockists to make a profit, the spot price should remain higher than MSP, he said.

Will ensure minimum damage to grain stocks: Food ministry

BS Reporter

June 22, 2012

The food ministry on Thursday assured the nation all efforts were being made to ensure foodgrains were not damaged because of improper storage. This, despite the fact that due to poor storage facilities, 6.61 million tonnes remain vulnerable to the vagaries of the impending southwest monsoon. "I can assure all the best efforts are being made to ensure no grain is damaged in the monsoon," Food Minister K V Thomas told reporters. He added of the total foodgrain stock in central pool, estimated at about 82 million tones, about 87 per cent was in safe storage facilities. The rest faced high risks, since it was stored in katcha facilities.

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"We have prepared a comprehensive plan to ensure all the grain stored in katcha storage facilities is shifted from there at the earliest so that minimum grain is damaged," Thomas said, adding 1.7 million tonnes would be shifted in June, and 1.6 million tonnes in July. In shifting the grain, those stored in low-lying areas would be given priority, followed by those stored in rice and sugar mills. Stocks in the godowns of Food Corporation of India (FCI) and state governments would come next. "By the end of July, almost half the high-risk stocks would be shifted before the monsoon hits the northern parts of the country in full steam, as most of these stocks are in the northern states of Punjab and Haryana," Thomas said. He added the remaining stocks would be shifted in phases, since these were not as vulnerable as the rest.

He said along with augmenting storage space through the Private Entrepreneurship Guarantee Scheme, under which the Centre plans to add 15 million tonnes of additional storage space (space for four million tonnes has already been constructed), it had also planned an initiative with the rural development ministry. Under this, construction of grain storage facilities in villages and talukas would be carried out under the Mahatma Gandhi National Rural Employment Guarantee Scheme.

"We have, in principle, agreed to implement this programme. The finer details would be worked out soon," he said. Lamenting the fact that FCI had emerged the sole buyer of foodgrains in India in the last few years (which led to storage woes), the minister said a policy needed to be formulated to correct this. "I have written to the prime minister to formulate a policy, as in the last few years, FCI purchased 80-90 per cent of the grains coming to mandis. A few years earlier, it was 25-30 per cent," he said.

He added the recent decision of an empowered group of ministers to allocate an additional five million tonnes of grain for distribution through ration shops and three million tonnes for sale in the open market would also help create additional storage space. "We are working to make the scheme for open market sale more liberal, so that the entire allocated quantity is purchased by bulk consumers," he said, adding he had written to all chief ministers to take their Public Distribution System allocation for six months at one go. He said he was willing to work with them to resolve financial concerns.

Central Warehousing Corporation to invest Rs 100 crore to increase storage capacity

PTI

June 24, 2012

Central Warehousing Corporation (CWC) will invest Rs 100 crore this fiscal to create 2.10 lakh tonnes of foodgrains storage capacity. The public sector undertaking (PSU) had created 2.09 lakh tonnes of storage capacity in 2011-12 fiscal and 1.45 lakh tonnes in 2010-11 financial year.

Wheat exports hit a hurdle over Finmin objections

EconomicTimes

June 25, 2012

The food ministry's proposal to export 2 million tonne wheat from FCI godowns at subsidised prices has hit a roadblock after the finance ministry raised objections to the scheme. "The government will have to shell out an export subsidy of 750 crore for 1 million tonne, which is not justified," said an official in the finance ministry. After the PM's economic adviser Dr C Rangarajan recommended a subsidy for shipping out excess grains, the food ministry has been preparing a suitable policy, which has to be approved by the Cabinet Committee on Economic affairs. "At a time when prime minister Manmohan Singh has hinted at a substantial cut in subsidy

to rein in the fiscal deficit, the finance ministry's reservations may put a spanner in the food ministry's plan," the official said.

The commerce ministry, through government-run trading company State Trading Corporation, had invited bids to discover export prices. It received six quotes, ranging between \$150 (8,250) and \$230 (12,650) per tonne. Multinational trader Glencore International was the top bidder. These prices are significantly lower than the government's cost of 18,220 (\$328) a tonne for buying and storing the grain. Global wheat prices are expected to drop further in July after Russia's new harvest becomes available for export. "The government will have to pay the difference if exports have to happen. It is better to trade off the excess grain in domestic market at subsidised rates," said a commerce ministry official.

The government recently decided to push another 6 million tonne of grains to ration shops and sell 3 million tonne of wheat at below minimum support prices for bulk purchasers like biscuit makers and wheat flour companies to ease mounting pressure over its choked godowns after the record procurement of 82 million tonne.

Govt not worried abt monsoon; sees grain output at 2011 level

Press Trust of India

June 25, 2012

Food Minister K V Thomas today said there is no worry about monsoon and foodgrain production is expected to be at last year's level. On the back of good monsoon in 2011, the country harvested a record foodgrain production of 252.56 million tonnes. "We are concerned about the IMD report of average monsoon this year. However, we are not worried about it. We expect the foodgrains production to be similar to last year," Thomas told reporters on the sidelines of a seminar here. Recently, the India Meteorological Department (IMD) downgraded monsoon rainfall marginally to 96 per cent of long period average and forecast good rains in July and August. Monsoon rains arrived four days late in Kerala on June 5 and are yet to pick up.

According to the Agriculture Ministry, the planting of paddy in the ongoing kharif season has been slightly delayed across the country due to late monsoon. As on June 22, farmers have planted paddy in 18.7 lakh hectare, the ministry data said adding less sowing has been reported in case of other kharif crops. Farmers have sown oilseeds in 3.13 lakh hectare, coarse cereals in 5.59 lakh hectares, cotton in 21 lakh hectares and sugarcane planting in 51.52 lakh hectares so far in the 2012-13 crop year (July-June). The sowing of Kharif crops like paddy, pulses and oilseeds begins from April but gains momentum after the onset of South-West monsoon in June. Monsoon rains are crucial for agriculture as only 40 per cent of the cultivable area is under irrigation. The farm sector contributes about 15 per cent to the country's Gross Domestic Product (GDP), but it employs about 60 per cent of India's population

Wheat procurement swells to record 37.31 million tonne

Business Standard

June 25, 2012

Record wheat production in the country has given a boost to government's procurement of the key staple as it rose by 35% to an all time high of 37.31 million tonnes (MT) in the current marketing season so far. The government had purchased 27.55 MT of wheat in the 2011-12 wheat marketing season (April-March). The procurement of wheat in this season has already surpassed the government's target of 32 MT.

As per official data, wheat procurement as on June 25 was 37.19 million tonnes and the arrivals stood at 39.58 MT. Punjab and Haryana have procured nearly 12.82 MT and 8.66 MT of wheat, respectively, in the current season. Wheat purchase in Madhya

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Pradesh stood at 8.49 MT, while in Uttar Pradesh it was 4.64 MT. Wheat production in India, the world's second-largest producer, is estimated at a record 90.23 MT in the 2011-12 crop year (July-June). The minimum support price of wheat stands at Rs 1,285 per quintal. A record production of foodgrains in the last two consecutive years has led to storage problem.

Food Minister K V Thomas last week said that about 6.6 MT of wheat kept in the open and in an unscientific way, mainly in Punjab, Haryana, Madhya Pradesh and Rajasthan, run a high risk of damage during the monsoon. Of the 50 MT of wheat held by government, 27 MT is kept in the open, of which 6.6 million tonnes is lying in an unscientific way, he said

India wheat seen recovering on value buying

Jun 25, 2012

Indian wheat futures are expected to recover this week on value buying by traders following a sharp fall in its prices and improvement in wheat prices in the overseas market. "Besides concerns over lower-than-average monsoon, which is pushing the prices of all farm commodities, an improvement in international wheat prices could also push the prices of wheat up," said Faiyaz Hudani, senior analyst with Kotak Commodity Services. On Monday, the July wheat contract on the National Commodity and Derivatives Exchange (NCDEX) provisionally closed up 0.44 percent at 1,151 rupees per 100 kg.

The July contract could touch 1,190 rupees this week, Hudani said. European milling wheat futures surged to a one-year high for the benchmark new crop contract of 222.75 euros a tonne on Monday, buoyed by a sharp rise on U.S markets. India has not been able to export much wheat as the prices in the overseas markets were lower than the domestic market, however the rise in global wheat prices has revived hopes of higher shipment from India, Hudani said. India, the world's second-biggest rice and wheat producer, has been facing storage problems due to record harvests in recent years.

On June 1, India's state-run warehouses had a record 82.3 million tonnes of grain stocks against 63.0 million tonnes of storage space, forcing authorities to store grains under tarpaulin. Last year, it allowed wheat export after a gap of four years to trim its bulging stocks but due to low prices in the overseas market, India was able to ship only one million tonnes of wheat. Ministers are likely to decide soon on wheat exports from government warehouses and whether to give any incentives for overseas sales due to unattractive global prices. The government is exploring various ways to reduce inventories, which includes selling wheat to bulk users and is also trying to ship wheat to sanction hit Iran.

Packaging norms for biscuits, jewellery soon

Business Standard

June 26, 2012

The Union ministry of consumer affairs (MCA) plans to introduce uniform packaging norms for close to two dozen consumer products from September 1. Announcing this on the sidelines of a seminar on the role of standards in food safety, organised by the Bureau of Indian Standard (BIS) here on Monday, minister K V Thomas said the government had identified 19 products for this mandatory certification. Biscuits and jewellery are two of these; he would not say which the others were.

"We have fixed size and weight as the major criteria in the case of biscuits. For jewellery, mandatory hallmarking is a must," he said. Adding, "The government has deliberated for more than two years to come out with a uniform norm. The draft is ready; we require some approvals, which we are sure to get it soon. We hope, we would be able to introduce it on September 1." The draft order in

question has to be negotiated with the ministry of health and the process is on; the new rules can be notified by an executive order, not needing new legislative approval. BIS has introduced around 18,700 standards over the past 26 years. For food products in general, Thomas said the ministry had asked state governments to incorporate lessons on the impact of wastage in public functions in the curricula, to create awareness at the primary schooling level onwards.

Thomas said his ministry also wished to curb "misleading advertisements" in print and electronic media channels. "We know it would be a big loss of revenue for the press but we do not have any option but to curb misleading advertisements, which often lure consumers. Hence, these should be controlled," he said. He said the ministry was preparing changes to the BIS Act to find ways of implementing norms such as these.

Bakery industry to grow at 13-15%

June 25, 2012

Bakery products are flour-based food baked in an oven such as bread, cakes, pastries and pies. Bakery products are an item of mass consumption in view of its low price and with rapid growth and changing eating habits of people, bakery products have gained popularity among masses.

Industry Scenario : According to report by Research and Markets, the bakery industry has achieved third position in generating revenue among the processed food sector. The market size for the industry is pegged at US\$ 4.7 billion in 2010 and is expected reach US\$7.6 billion by 2015. It also mentions that the shining star of the sector remains the biscuits industry, which is expected to outperform the growth of the sector overall. The per capita consumption of bakery products in India, as it stands today, is one to two kg per annum, which is comparatively lower than the advanced countries where consumption is between 10 and 50 kg per annum. The growth rate of bakery products has been tremendous in both urban and rural areas. "The sector has indicated promising growth prospects and has been making rapid progress," adds the report.

Whereas, Rajiv Subramanian, principal, consumer & retail, Tata Strategic Management Group, has to say, "The Indian bakery sector consists of some of the large food categories like breads, biscuits, cakes etc. The branded packaged segment in this sector had a size of Rs 17,000 crore in FY2012 and is expected to grow at 13-15% in the next 3-4 years. Within biscuits, 3-4 large-sized players viz. Britannia, Parle, ITC, Cadburys comprise three-fourths of the market. The breads and cakes market is much more fragmented with multiple regional and local players. Britannia is the only national player straddling across the bakery segment. International players like United Biscuits, Unibic have gained prominence in the last few years in their specific product segments. Going ahead, the sector is expected to see some more of the international brands entering the Indian market."

Bunty Mahajan, owner and pastry chef, feels, "The segment has matured to a great extent in the past 3-4 years. This has happened due to two reasons. Firstly, due to the availability of better ingredients from chocolate, toppings, fillings, flavours etc. Secondly, education abroad has brought in many new players striving to produce products of international standard rather than products of mediocre quality. Number of players is increasing slowly. More and more people are starting to take this up as a profession from the house, after doing short/long courses at premier institutes like Le Cordon Bleu. In the years to come, we will see many of these newcomers expanding their horizons into the retail segment."

Vijay Rathi, director, Devashree Foods Pvt. Ltd, states, "There are very few organised players in the country and the whole industry is fragmented in stand-alone and every city has its own culture for bakery and eating habits of Indians are also diversified." He added that the industry was driven by owner managers and there was lack of trained staff. "Large players don't have nation wide presence.

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Bakery industry is a sunrise industry and there is good scope. Manufacturers should use good ingredients in their products, so that it will help them to grow the business," he said.

Innovations and R&D : Health and wellness as a trend is seen playing out in bakery like in most categories, with players bringing out healthier product options. Britannia's Nutrigo has introduced its range of ragi, oats and 5 grain biscuits. In breads also, the whole wheat/brown bread segment is seeing an upswing. "At the other end, players are also focussing on the indulgence segment with Cadburys Oreo and Sunfeast's Dark Fantasy Chocolate filled biscuits entering the shelves," said Subramanian of Tata Strategic. Rathi of Devashree said that manufacturers nowadays were looking for development in the mechanisms for bakery products as well as good ingredients.

While talking about new trends in the industry, Subramanian of Tata Strategic said that the broader food trends were also playing out here which included unbranded to branded, rural adoption, premiumisation, health & wellness and convenience. "These trends have manifested themselves in the various new launches/introductions that we have seen in the past few years by leading players be it Britannia's Nutrigo range, smaller packs of Good Day, ITC dark fantasy, Parle's Happy Happy and Parle-G Gold," he said.

Chef Mahajan states, "Indians have always had a sweet tooth. With more travel and exposure to the worldwide market, people have now started appreciating good quality products, good quality ingredients, exquisite finishing and are willing to pay the extra buck. Growth rate of cake shops is directly related to the spending power. People are less hesitant on spending money, leading to the possibility of higher prices, leading to the possibility of better products." According to Rathi of Devashree, convenience food is the need of the hour, as there is increase in number of middle class people and husband and wife both are working, so they opt for ready to eat food available in the market.

Factors for Growth : Recently, a lot of bakers have gotten into three dimensional cakes and theme cakes. Cutting off from the regularity, bakers are now looking at experimenting with many more ingredients like rice treats, and inculcating them into cake designs. Some bakers even make use of wooden planks for support. There is also something as sugar crystal sculptures, where they try and use them as per the theme of the cake, according to chef Mahajan. "The biscuit category is expected to continue its growth trajectory of 15% going ahead. Growth in bread would be relatively slower," informs Subramanian of Tata Strategic.

Challenges, Opportunities : The challenges would be category-specific. The biscuits category has seen rapid growth in the last few years. Implementation of packaging standardisation norms appears to be the big challenge. Volatility in input costs is expected to remain and this would add to the woes. In bread, profitability has remained the focal point for some time. Players have been looking to increase share of value-added products while focussing on operational efficiencies linked to daily distribution. The challenge for cakes would be to expand the consumption of packaged cakes. In fact, this challenge is also a significant opportunity for this particular segment. "With the right enablers from product and supply chain, this is a category waiting to explode," adds Subramanian. Chef Mahajan feels, "The cake business is not a very high revenue-generating business. With commercial property rates so high, it is very difficult to sustain and have profitable retail outlets. It is also very expensive in cities like Mumbai to expand the production unit due to the same reason."

Rathi is of the opinion that quality of flour and supply chain were key challenges for the bakery industry. Bakery manufacturers have to deal with quality of flour and other ingredients. Whereas opportunities are immense in this industry as disposable income has increased among the people.

Regulatory Aspect : Speaking on regulatory aspects, Subramanian of Tata Strategic said, "FSSAI is an important regulation for bakery. While FSSAI is a step in the right direction, greater clarity on the execution mechanism would need to be built. The implications of the packaging norms being proposed by the ministry of consumer affairs could be far reaching with many players

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already having indicated an implication on pricing. Maintaining the popular price points seem to be unsustainable and could impact demand." "Overseas experiences in terms of training and courses are eye-opening. The level of perfection they strive to achieve, the amazing systems they follow for smooth operations of the production unit, and the level of professionalism are all great learning experiences. There is much to learn from the international market," concludes chef Mahajan.

TN flour mills welcome uniform wheat price

Hindu Business Line

June 25, 2012

The Tamil Nadu Roller Flour Millers Association has welcomed the Union Government's move to allot 3 million tonnes (mt) of wheat to bulk consumers under the open market sale scheme at a uniform rate throughout the country. The Association President, Mr K.S. Kamalakannan, in a press release said that the decision will help bulk buyers to buy wheat at an affordable and uniform rate of Rs 1,170 a quintal for which the freight cost will be borne by the Government.

A third of all food produced globally is wasted: United Nations

Times of India,

June 26, 2012

One-third of food produced globally every year does not reach human mouths - it is either lost in transit or wasted by consumers themselves. This amounts to a staggering 1.3 billion tonnes every year. These chilling figures are contained in a report called 'Avoiding Future Famines' released by the United Nations Environment Programme at the recently held Rio+20 summit on sustainable development. Consumers throw away 222 million tonnes of food in edible condition every year in North America and Europe. The total food production of Sub-Saharan Africa is 230 million tonnes per year. Based on a study last year by a group of researchers from Swedish Institute of Food & Biotechnology (SIK), and the Food & Agriculture Organization (FAO), the report says that food loss or waste occurs right through the food supply chain - from farm to dining table.

But in medium- and high-income countries, a higher share of food is really wasted, meaning it is thrown away even if still suitable for human consumption. In low-income countries food is mainly lost during the early and middle stages of the food supply chain; much less food is wasted by consumers.

'Americans throw away 25% of food' In Europe and North-America, a total of 280-300kg of food is wasted per capita every year. In Sub-Saharan Africa and South/Southeast Asia per capita food wastage is 120-170kg per year. This aggregate wastage figure is made up of loss or wastage at different stages: farming, post harvest, processing, distribution and consumption. In developing countries, more than 40% of the food losses occur at post harvest and processing levels, while in industrialized countries, more than 40% of the food losses occur at retail and consumer levels, according to analysis done by Jenny Gustavsson of SIK.

Per capita food wasted by consumers in Europe and North America is 95-115kg per year, while this figure is only 6-11 kg per year in sub-Saharan Africa and South/Southeast Asia. American consumers throw away 25% of all food they purchase while British consumers throw away roughly one-third of their purchased food due to factors such as over-purchasing in response to marketing offers and obeying expiration dates labelled on products, according to the UNEP report. The UNEP report suggests organizing small-scale farmers which comprise the bulk of producers in the developing countries like India so that they can pool resources and share centralized storage, transportation and marketing facilities.

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BIS Finalizes Standards for Street Food Vendors

Bureau of Indian Standards (BIS) has finalized an Indian Standard on basic requirements for street food vendors as food safety is a major concern with street foods. This was disclosed by Minister of Consumer Affairs, Food and Public Distribution, Prof Thomas at Mumbai yesterday. He said that street food sector has shown phenomenal growth recently. Readily accessible and affordable to urban populations, street food provides the energy and nutrient needs to large segments of workers and their families in the cities. This sector is also a source of livelihood for a large number of people. Hence the standard developed by BIS has immense potential to safeguard public health and also promote the confidence of the consumer over the entire spectrum of food industry.

Prof Thomas was addressing National Seminar on "Food Safety Role of Standards" at Mumbai. The seminar was organized with objective of creating awareness and to provide an insight into the concept of food safety with emphasis on the role of standards. Stressing over safety of food and quality, the Minister said that as awareness regarding food safety issues among our citizens and concerns about the hazards in food is showing an upward trend, the need to provide them with greater assurance about the safety and quality of food is also growing. Role of standards in the domain of food safety is immense. Standards promote public health and protect consumers from unsanitary, unwholesome, mislabelled or adulterated food; and provide a sound regulatory foundation for domestic and international trade in food. He said that in this background, the role of BIS, the National standards body of India is significant. BIS has also formulated about 1000 Indian Standards in the area of food products and food safety. This includes IS/ISO 22000: 2005 'Food Safety Management Systems Requirements for any organization in the food chain'. IS/ISO 22000: 2005 is an internationally harmonized standard and has emerged as the international benchmark for food safety.

Prof Thomas said that Similarly, the three Indian Standards recently formulated by BIS, Indian Standards on Good Manufacturing Practices (GMP), Good Hygienic Practices (GHP) and Food Retail Management (FRM) are also important in this respect as they are envisaged to act as foundations of Food Safety Management System. They delineate the basic conditions and activities that are necessary to maintain a hygienic environment throughout the food chain suitable for the production, handling and provision of safe end products for human consumption. He expressed hope that Implementation of these food safety standards can lead to exceptional improvements in food safety performance.

Fortified wheat flour for Jaipur open market

26 June 2012

Jaipur witnessed one of the biggest-ever food fortification drives in the open market with the Tuesday launch of wheat flour fortified with iron, Vitamin B12 and folic acid. The initiative by three private flour millers here is aimed at curbing the soaring cases of anaemia and vitamin deficiency among the population. The Jaipur Roller Flour Mills have launched the fortified brand Meera, Anand Flour Mills have the brand Aanand Bhog, and Rajputana Industries is selling the brand Shri Ram Bhog. "When private millers come together with public interest on their mind, it always creates a huge impact. They not only help in increasing penetration but also ensure availability of the product for the people," said Dharendra Kumar, project director at the Institute of Health Management Research (IIHMR), Jaipur.

The government is already providing fortified flour to people with ration cards but this initiative will make it available also at neighbourhood grocery stores. The wheat flour sells at government ration shops at less than Rs. 9 per kg, whereas the open market price ranges between Rs.13-16 per kg. On an average, 6,000 tonnes of flour are now being produced per month for the open market in Rajasthan. Nutritionists say that malnutrition is rampant in urban areas because children often eat junk foods which are unhealthy and

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fail to meet nutritional requirements. "We always come across children who seem healthy and their parents also feel likewise, but they have severe micro-nutrient deficiencies," said Atiya Nishat, a Delhi-based nutritionist. The flour launch is a part of India's biggest food fortification project, currently under way in Rajasthan. The project is directed by IIHMR with support from the international agency Global Alliance for Improved Nutrition. According to NGOs, Rajasthan has very high levels of anaemia across all age and income groups, affecting 79 percent of children below 3 years, 62 percent of pregnant women and even 21 percent of adult males

Call for more folic acid in flour endorsed by doctors

26 June 2012

The BMA called for the compulsory addition of folic acid to flour products to help prevent birth defects. Photograph: Charles Gullung/Getty Images. Doctors have recommended that flour should be compulsorily fortified with folic acid to try to reduce the number of babies born with birth defects, such as spina bifida. The British Medical Association's annual conference endorsed, by a large majority, the call for the governments in Westminster, Edinburgh, Cardiff and Belfast to legislate "to make it a requirement for folic acid supplements to be in flour and flour-based products".

The Food Standards Agency and the Scientific Advisory Committee on Nutrition, a group of independent experts that advises ministers, already support the move, but so far neither the previous nor current government has acted on their advice. Adults are recommended to have 0.2mg of folic acid a day, but women who are or are hoping to become pregnant are advised to consume 0.4mg of folic acid supplements between stopping their contraception and the 12th week after conception, to reduce the risk of their baby being born with neural tube defects.

The SACN believes the move would reduce the 700900 babies born each year with neural tube defects, which affect the central nervous system. Proposing the motion, Dr David Pring, from the BMA's Yorkshire region, said mandatory fortification of flour was needed because half of all pregnancies were unplanned, so those women may not have been having the recommended amounts. Dr Protap Gupta, another Yorkshire doctor, opposed the move. Too much folic acid could increase the risk of developing colorectal (bowel) cancer, he said. The SACN investigated such claims, but in 2009 said that there was not enough evidence to prompt it to change its view that fortification was worthwhile.

The 500 delegates at the BMA gathering in Bournemouth also called for the introduction of a 0.05% tax on all financial transactions in the UK in order to raise £30bn a year to be spent on public services, but especially the NHS (£10bn), climate change (£5bn) and overseas humanitarian aid (£5bn). Doctors demanded that local councils help to boost children's health and tackle obesity by stopping the sale of outdoor play spaces for property development.

"Governments must protect remaining outdoor space from sale and ensure that the built environment prioritises the provision of space in which to play outside. Investing in protecting open spaces is an investment in the health of the population," said Sue Robertson, a hospital doctor in Scotland, who made the call. "As well as promoting PE in schools, we must not forget the benefits of encouraging children to play outside. It's free, it's fun, it makes you feel better and everyone can do it. Children are becoming less active for a number of reasons, but primarily because there are less outdoor areas where children can play and many parents are concerned about the safety of those areas", she said. Delegates rejected proposals for two other public-health interventions: "fat taxes", to deter the consumption of unhealthy foods, and a ban on petrol stations being allowed to sell alcohol, to tackle drink-driving and binge-drinking.

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Demand for flour keeps wheat firm

Hindu Business Line

June 27, 2012

Flour prices increased by Rs 10 for a 90-kg bag following demand on Tuesday, while the dara wheat variety ruled firm. After witnessing an uptrend over the weekend, the dara variety sold at Rs 1,200-1,205 a quintal. The rise in prices is in line with expectations as demand for flour has increased in the region, said Mr Satish Kumar, a wheat trader. Flour prices have increased by Rs 40 a bag over the last four days, he said. Domestic demand for flour is keeping wheat firm and traders expect that prices will rule around current levels for the next few days, said Mr Kumar.

Around 40 tonnes of dara variety arrived from Uttar Pradesh and the stocks were directly offloaded at the mills. Mill delivery was at Rs 1,200 a quintal, while delivery at chakki was at Rs 1,205 a quintal. Desi wheat varieties were also firm. The Tohfa variety ruled at Rs 2,235 a quintal, Bhojan King was quoted at Rs 2,120 while the Nokia variety traded at 2,070 a quintal. Wheat futures are likely to recover this week on buying by traders, following an improvement in wheat prices overseas, say market experts. On the National Commodity and Derivatives Exchange, wheat for July delivery increased by Rs 3 to Rs 1,154 a quintal, after touching a high of Rs 1,157 earlier. Spot prices on the MCX went up marginally to Rs 1,222.10 a quintal. Following domestic demand, flour went up Rs 10 at Rs 1,240 for a 90-kg bag. On the other hand, chokar remained unchanged at Rs 640-650 for a 49-kg bag.

Govt inertia pushing wheat prices down

Hindu Business Line

June 28, 2012

Wheat prices are ruling below the minimum support price (MSP) of Rs 1,285 a quintal in several markets across North India, despite the Government procuring more than 40 per cent of the 2011-12 crop. Inadequate procurement infrastructure in States such as Uttar Pradesh and Bihar, coupled with the Government's recent moves to sell about three million tonnes at a subsidised price of Rs 1,170 a quintal to bulk users, has kept buyers away from the markets.

"When the Government is selling at a lower price, there is no question of prices going up in the market," said Mr Adi Narayan Gupta, President, Roller Flour Millers Federation of India. Millers expect the Government to sell more at lower prices as it grapples with storage issues. The Centre has procured over 37 million tonnes from the latest crop estimated to be a record of over 90 million tonnes. High taxes in Punjab, Haryana and Uttar Pradesh have kept private sector buyers away from mandis. A bonus of Rs 100 a quintal offered by M.P. and Rajasthan prompted farmers to sell their produce to Government agencies in these States. "The Government should have allowed exports when the procurement was going on," said Mr Ajay Jhakar, Chairman, Bharat Krishak Samaj. When faced with an unexpected gain in output and procurement touching a record high this year, the Government is struggling to handle the situation, said Dr Ashok Gulati, Chairman, Commission for Agriculture Cost and Prices (CACP).

17 nations keen to import wheat from India

Press Trust of India

June 28, 2012

Around 17 countries, including Japan, the Netherlands and Iraq, have evinced interest in importing wheat from India, the world's second biggest producer, a top government official said today. At present, the government is grappling with the problem of plenty due to record production in recent years. Its godowns are overflowing with a record 82 million tonnes of rice and wheat, against the

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storing capacity of only 64 million tonnes. The government is mulling export of 2 million tonnes of wheat from its stockpiles.

Representatives of various countries today had a meeting with the officials of External Affairs Ministry, the official told PTI. "It was a preliminary meeting. The representatives of countries enquired about the quality of wheat and modalities of shipment among other issues," the official said. The government had lifted ban on wheat exports in September 2011 but the shipments have not been picked up so far. Over one million tonnes of wheat have been shipped through private trade since September 2011.

The country is facing storage crisis and wants to clear wheat stock, especially that of 6.6 million tonnes lying open in unscientific way before monsoon picks up in the coming weeks. India is also in talks with sanction-hit Iran for export of wheat and is resolving the quality issues. Experts said that India is in a better position to export as the CIF (Cost, Insurance and Freight) of wheat grown in Australia and the US is close to \$315 per tonne. The country's godowns are full with rice and wheat stocks due to record procurement and production in the last few years. Wheat production is estimated to be bumper 90.75 million tonnes in 2011-12 crop year (July-June).

India sells first wheat cargo to Asia in 7 years

Economic Times

June 29, 2012

Agribusiness giant Cargill Inc has sold about 32,000 tonnes of Indian wheat to Indonesia in the first large shipment of the grain to Asia in at least seven years, traders said on Friday. Asian buyers, including top importer Indonesia, are looking to buy Indian wheat as rising global prices have made shipments from Australia, the United States and Canada expensive. The ship carrying Indian wheat from the western port of Kandla is scheduled to arrive at Indonesia's Tanjung Priok port in the first week of July. "This is the first cargo sold in Asia since India started exporting," said one Singapore-based trader who was aware of the deal. "It is just a trial, and if successful, it should open the gates for more deals." India lifted a ban on wheat exports in September but shipments from the South Asian nation have picked up in recent weeks as a rally in global prices and a weaker currency made Indian wheat competitive in the world market. India, the world's second-biggest wheat producer, is struggling to trim bulging stockpiles that have filled up its storage facilities after the bumper harvests of recent years.

Benchmark U.S. wheat corn and wheat futures rallied this week on concerns over supplies from top exporters the United States and the Black Sea region. Front-month wheat has climbed almost 20 percent in two weeks, its biggest two-week rally since August 2010, sparked by concerns over tightening world grain supplies. Cargill sold the Indian wheat cargo to Indonesia's Bogasari flour mills, the traders said. "Indonesia was one of the biggest buyers of Indian wheat when the country was last selling wheat in 2004 and 2005," said another Singapore-based trader. "Indian wheat is very competitive right now, there will be more deals."

India has been selling smaller cargoes in containers to Asia since September but this is the first bulk export since at least 2005, according to traders. India imposed a formal ban on exports in 2007. Indonesia is forecast to import 6.8 million tonnes of wheat in 2012/13, up from 6.4 million shipped a year ago, according to the U.S. Department of Agriculture. Indonesia buys the bulk of its wheat from Australia but rising prices have forced millers to turn to alternatives. Indian milling wheat was quoted this week at a discount of about \$30 to \$40 to Australian wheat in Asia following the rally in global prices and weakness in the currency of the South Asian nation. In the cash market, Indian wheat is quoted at around \$255 a tonne free on board (FOB), against \$295 a tonne being offered for Australian wheat.

In the Middle East, Indian wheat is being offered at around \$280 a tonne, including cost and freight (C&F), while rival Black Sea cargoes are being quoted at close to \$315 a tonne. As a result, the Middle East has bought around 200,000 tonnes of new-crop Indian wheat and more deals are likely, grains traders said on Tuesday.

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India Halts Wheat Export Proposal

The Indian food ministry's proposal to export up to two million metric tons of wheat at a minimum price of \$228 a ton has run into roadblocks as the finance ministry has raised objections over the low price, senior government officials said Thursday. The proposed price, based on the highest bid received against a tender issued last month for exports from federal stocks, is far below the government's cost of purchase of about \$300/ton. That means the government would have to give a subsidy if it wants to ship the grain. But offering an export subsidy won't be easy as opposition politicians can accuse the government of shipping the country's wheat cheap rather than supplying to the poor at home. "The finance ministry says the subsidy burden for exports would be too high," a government official said. To export two million tons, the government would have to bear a subsidy of 15.56 billion rupees (\$274 million), the official said. Last month, six companies bid in State Trading Corporation's wheat export tender with offers ranging from \$150 to \$230 a ton. Glencore, GLEN.LN +1.86%the highest bidder, had offered to ship 100,000 tons for \$228-\$230 a ton. Even if the food ministry's proposal goes through, India would be able to export no more than 100,000 tons of wheat against the tender at \$228 a ton.

"The proposal will still be going to the cabinet. Finally, it's up to them to decide," another government official said. The cabinet was to take up the proposal Thursday, but the meeting has been deferred to July 3, one of the officials said. Separately, a proposal is being sent to the cabinet to set up an expert panel to oversee the entire process of wheat exports, officials said. "It would help to ensure that the government gets the right price for exports. Hopefully, the price bids we receive in subsequent tenders would be better," the second government official said. India's warehouses are overflowing as a result of bumper crops over the past three years. The stockpile exceeds the storage capacity by about 20 million tons, leaving much of the excess grain in the open, where it's vulnerable to spoilage. Earlier this month, the government allowed subsidized sales of six million tons of grain and another three million tons of wheat for sale in the open market to trim its stocks before the new harvest in September-October.

India Food Security Law Likely Delayed as Changes Sought

The Wall Street Journal

June 29, 2012

India's draft food security law will likely be delayed as the country's food minister is planning to propose several changes, even as a parliamentary panel reviews the current version. Food Minister K.V. Thomas said Friday that he is planning to meet Prime Minister Manmohan Singh next week to discuss the changes, which are based on "a large number of suggestions" from various government bodies, relating to the scope of the law as well as to beneficiaries of a program the law will set in motion. The government had been planning to implement the law around the first quarter of next year, but any further changes will likely delay the launch. The law seeks to provide cheap food grains to the majority of the population, directing the lion's share of allocations to the country's poor, including 70% of India's rural population and 50% of its urban population. People classified as "priority sector" -- the most economically disadvantaged will get bigger portions of cheap wheat, rice and millet.

State governments will be responsible for identifying the beneficiaries, Mr. Thomas said. The program is expected to cost over one trillion rupees (\$17.6 billion) in the first year of implementation. Another government official said the cost of implementing the program is bound to increase, as the government recently decided to raise the purchase price for rice, the main summer-sown food grain, by as much as 15.7% to a minimum 1,250 rupees per 100 kilograms for the crop year beginning on July 1. "We are still working out the additional financial burden for implementing the food security law," he said, adding that the overall cost of summer-sown rice that the government purchases will likely increase by more than 150 billion rupees. Every year, the government announces the minimum purchase price for rice before sowing starts in July. Many fear that without any guarantee of a higher price, farmers could switch to different crops, impacting the production of rice.

END OF THE MONTHLY NEWS