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Approved By:

Thom Wright

Prepared By:

Santosh Singh, Amit Aradhey, Radha Mani

Report Highlights:

Welcome to Hot Bites from India, a weekly food and agricultural news summary. This report includes information gathered by local agricultural analysts and/or reported in the local media.

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General Information:

POLICY

EXPORT GROWTH DIPS TO 44% IN AUG TO \$24 BILLION

Trade has slowed down considerably. There was a sharp slowing in exports in August 2011 compared to July when they had grown by almost 82 per cent. The trade deficit has also widened to \$14 billion. (Source: [The Hindu Business Line 10/4/11](#)) Also see [The Financial Express 10/4/11](#);

FOOD INFLATION LIKELY TO SINK ON ABUNDANT SUPPLY

The futures market show that prices of cereals, cooking oils and sugar are likely to drop on the back of the abundant harvest that started on October 1, 2011. (Source: The Economic Times 10/3/11)

ECONOMY

INDIA HAS 3 MILLION 'AFFLUENT' FAMILIES

India and China have overtaken Europe in the number of affluent households while the US remains the most prosperous country in the world, according to the market research firm TNS. (Source: [The Indian Express 10/7/11](#))

PACKAGE FOR EXPORTERS NEXT WEEK, TO INCLUDE INTEREST SUBSIDY

To cushion the impact of global economic slowdown on the country's exports, the government will unveil some sops for exporters next week. The package, sources said, would include interest subsidy and extension of various Focus Product and Focus Market schemes to the labour-intensive sectors (including agriculture, textiles). (Source: [The Financial Express 10/7/11](#))

GRAIN AND FEED

INDIA IDENTIFIES TARGET MARKETS TO BOOST ITS BASMATI EXPORTS

INDIA will target markets as far flung as China, Mexico and the Commonwealth of Independent States (CIS) to boost its sales of basmati rice. India exported 2.2m tonnes of basmati rice to more than 100 countries in 2010/11, but wants to boost its share of 60% of global basmati exports. (Source: The Public Ledger, 10/04/2011)

RICE OUTPUT MAY CROSS TARGET ON RAINS AND HIGHER SOWING

Rice output in India, the world's second-largest grower, is likely to cross the record target of 102 million tons in the crop year through June 2012, aided by higher planting and plentiful monsoon showers, driving overall grain supplies to a record, although pulse production may lag last year's level.

(Source: [Financial Express](#), 10/5/11)

AGRICULTURAL SITUATION

MONSOON WITHDRAWAL PROCESS STILL OBSTRUCTED

The monsoon withdrawal process continues to be stalled along the Uttar Pradesh, Madhya Pradesh and Gujarat alignment. (Source: [Business Line](#), 10/04/11)

COFFEE

INDIA ACHIEVES RECORD YEAR IN COFFEE EXPORTS

INDIA boosted coffee exports 33% to a record 358,278 tons in the year ending September 30, the state-run Coffee Board said, helped by huge stocks carried over from the previous year and lower supplies from competitors. Coffee exports in value terms soared to \$1.048bn from \$577.98m in the year earlier as prices rose. (The Public Ledger, 10/03/2011)

OILSEEDS

INDIA TO HIKE PRICE OF REFINED PALM OIL IMPORTS

INDIA is likely to make imports of refined palm oil costlier by raising its base price, government and trade sources said, responding to tax changes by Indonesia that have put at risk the survival of Indian refiners. But the government is unlikely to make any changes in the import duty of 7.7% levied on refined palm oil for fear of stoking already high inflation, especially during the festive season, when demand for edible oils is higher. (Source: The Public Ledger, 09/30/2011)

DISTILLED SPIRITS

A WINE STORY LOSES ITS SPARKLE

With the government doling out lavish incentives, a total of 72 wineries came up in Maharashtra by 2008. Three years on, around 30 have shut shops with production exceeding demand. (Source: [The Indian Express](#) 10/7/11)

SEAFOOD

SEAFOOD EXPORTERS EYE CHINESE MARKET

As purchases from Europe and the US dwindle, Indian seafood exporters are turning more to China. Already, China is the top buyer and with the ongoing economic distress in the US and Europe, China could further raise its share in the Indian seafood market. (Source: [The Economic Times](#) 10/4/11)

COTTON

HIGH GLOBAL COTTON OUTPUT ESTIMATES DAMPEN EXPORTS

Despite cotton exports being allowed under the open general license (OGL) from October 1, there seem to be few takers for these. Falling prices have affected Indian exporters following reports of high crop estimates from all producing countries. (Source: [Business Standard](#), 10/4/11)

OTHERS

ESTABLISHMENT OF THE BORLAUG INSTITUTE FOR SOUTH ASIA (BISA) WITH CENTERS AT PUNJAB, BIHAR, AND MADHYA PRADESH

The Government of India has approved the proposal of the Ministry of Agriculture, Department of Agricultural Research and Education to accept the proposal of CIMMYT to establish an international institute 'BISA' in India with centers at Ludhiana (Punjab), Pusa (Bihar), and Jabalpur (Madhya Pradesh). The establishment of BISA in India will enable India to harness the best of international science, in meeting food security challenges. (Source: [Press Information Bureau](#), 09/30/2011)

NEWS IN DETAIL:

EXPORT GROWTH DIPS TO 44% IN AUG TO \$24 B

Arun S.

New Delhi: Trade has slowed down considerably. There was a sharp slowing down in exports in August 2011 compared to July when they had grown by almost 82 per cent. The trade deficit has also widened to \$14 billion.

According to data released by the Commerce Ministry on Monday, exports in August 2011 rose 44.25 per cent to \$24.31 billion, while imports increased by 41.82 per cent to \$38.35 billion. The Commerce Ministry had said last month that the period ahead will be tough for exports because of the poor demand in traditional markets such as the US and the European Union. The Government is working out an incentive package for exporters.

Exports soared by 54.2 per cent to \$134.5 billion during April-August, while imports during the same period jumped by 40.4 per cent to \$189.4 billion. The trade deficit widened to \$54.9 billion during April-August 2011 from \$47.7 billion in April-August 2010.

The main drivers of export growth so far this fiscal were readymade garments, electronics, petroleum products, engineering, gems and jewellery, while that of imports were machinery, petroleum products, chemicals, electronics, coal, gold and silver.

Plea for interest subvention scheme

Oil imports grew by 48.7 per cent to \$10.3 billion in August, while they grew by 27 per cent to \$52.3 billion during April-August. Non-oil imports, including capital goods, increased by 39.4 per cent to \$28 billion in August, while they grew 46.2 per cent to \$137 billion during April-August.

Mr Ramu S. Deora, President, Federation of Indian Export Organisations (FIEO), said, “We may have to face further decline in export growth in the third and fourth quarters due to the recessionary trend in advanced economies.”

He said the Government should reintroduce the interest subvention scheme for exporters in the medium- and small-scale export category so that exporters can sustain the competitiveness.

The main drivers of export growth so far this fiscal were readymade garments, electronics, petroleum products, engineering, gems and jewellery.

FOOD INFLATION LIKELY TO SINK ON ABUNDANT SUPPLY

Nidhi Nath Srinivas

The festive cheer could spread to the consumer wallets as futures market shows that prices of cereals, cooking oils and sugar are likely to drop on the back of abundant harvests that started trickling in from October 1. The end to the virtually continuous price spiral over last one year is important at a time when majority consumers spend half their income on food. According to initial agriculture ministry estimates, oilseed, rice, and sugarcane harvests are expected to be up almost 4 percent, thanks to soyabeans that could touch a record 11 million tonne this year. India's rice production too is expected to rise by 6 million tonne – enough to supply ration shops for three months, to touch 87 million tonne. This is mainly due to an increase of 3 million hectares in paddy acreage. Similarly, sugar production is slated to reach 26.50 million tonne, the highest in last three seasons, due to larger acreage of sugarcane. Added to this new supply are ample unsold stocks from last year's harvest. The government's rice stocks are now a record 27 million tonne. About 5 million tonne unsold stocks are lying with sugar traders and mills across the country. Traders said during August, 1.56 million tonne vegetable oil was in the trading pipeline and lying at port, up 4% over the same month last year.

This abundance is weighing down on prices in the commodity market throughout September. Take the edible oils complex that has shed up to 7% in the wholesale markets of Madhya Pradesh and Maharashtra over last one month. The trend is mirrored in the futures market. On NCDEX, as the start of September, soyabean October futures were quoted at Rs.2,461/mt but dropped to Rs.2,411 by month end. Rapeseed October contract was quoted at Rs.2,992/mt at start of the month but ended September at Rs.2,950. Soyabean October contract began September at Rs.665/10kg but dropped to Rs.661 by month end. Only palm oil showed an upward trend, reflecting international prices. At the start of the month, the October contract was quoted at Rs.471/10 kg and it closed at Rs.482 at the month end.

Wheat futures too show that the market is heading down and expects no turbulence at all for next six months. On August 27, wheat was trading at Rs.1,163/quintal. It had dropped to Rs.1,119 by September 30. Traders have priced March 2012 wheat contract at Rs.1,176/mt, according to NCDEX data. “The market sentiment in rice is weak and traders are not interested in bulk buying,” said a wholesaler in Delhi. Sugar futures have traded close to near contract lows for several weeks in August-September. “Prices will move up slightly now because of festival demand,” said a trader. The dullness in food prices comes not a moment too soon for consumers. Latest food ministry data shows that families below poverty line are buying almost every grain of rice being sold through ration shops. “Obviously, open market prices are unaffordable for daily wagers and urban poor,” said a trader in Mumbai. Moreover, in some commodities local supply remains far from adequate. The summer pulses harvest is expected to be down 10% despite the farm ministry's best efforts.

INDIA HAS 3 MILLION 'AFFLUENT' FAMILIES

Agencies; Posted: Friday, Oct 07, 2011 at 0053 hrs IST

New Delhi: India and China have overtaken European countries in the number of affluent households while the US remains the most prosperous country in the world, according to market research firm TNS.

According to TNS's "Global Affluent Investor" study, India, China and Brazil have overtaken many European countries in this measure of consumer wealth with three million affluent households each in these countries which have over \$ 100,000 investible funds.

"India and China have already surpassed major European markets like Germany and France. It's interesting to see that the entrepreneurial spirit of people in these markets is already paying off in terms of personal wealth," TNS Director Business and Finance Reg van Steen said.

While the US is ranked as the world's most prosperous country, with 31 million affluent households, UAE and India appear in the top five countries where the affluent have more than \$ 1 million investable assets on average, alongside Singapore and Hong Kong.

The only Europeans to feature in top five are the Swedish, while the UK and France are the least likely in Europe to have these levels of investable assets, the study said. The study also highlighted that while incidence of affluence would be higher in small, wealthy countries like Luxemburg (29 per cent) and Singapore (20 per cent), this falls to around 1 per cent in India and China.

"This demonstrates a great contrast in wealth distribution within emerging markets, even where the actual number of affluent households is high and highlights a need for very precise marketing strategies to reach the right audience," it said.

The study also revealed regional contrasts in terms of what the affluent actually invest in. While the Chinese, Indian and German affluent are keen investors in precious metals, this falls to just 3 per cent in Sweden, Norway and the Netherlands, and 2 per cent in Denmark and Israel.

PACKAGE FOR EXPORTERS NEXT WEEK, TO INCLUDE INTEREST SUBSIDY

FE Bureau; Posted: Friday, Oct 07, 2011 at 0450 hrs IST

New Delhi: To cushion the impact of global economic slowdown on the country's exports, the government will unveil some sops for exporters next week. The package, sources said, would include interest subsidy and extension of various Focus Product and Focus Market schemes to the labour-intensive sectors.

"There will be some new incentives for labour-intensive sectors like carpets, leather and textiles which are under pressure," sources said. The proposed incentives, which are likely to be under the Focus Market Scheme, would allow exporters to get duty credit of 3% on the value of consignments. Under the Focus Product Scheme, exporters can avail of duty credit of 5%.

Commerce and industry minister Anand Sharma is likely to announce the new set of incentives on October 13. The ministry is scheduled to have meetings with the export promotion councils on October 7 and Board of Trade is slated to meet on October 11.

Sharma has had interactions with the finance ministry on the additional sops. North Block, sources say, has already agreed for an interest subvention for the export credit in the range of 2-3% and the Reserve Bank of India is likely to notify this soon.

The sops would be specifically targeted at the sectors hit hard by the demand crunch in global markets. Federation of Indian Export Organisations (Fieo) president Ramu Deora said, "In the backdrop of uncertain economic conditions in the US and Europe, we are hopeful that the benefits under the Focus Product and Focus Market schemes would be extended to markets like China, Indonesia and the Middle-East."

Deora also said that labour-intensive sectors like agri-commodities, carpets, leather and textiles do need the support in turbulent times. The government had announced fiscal incentives worth R500 crore to exporters of select products earlier this year. Similar sops worth R 600 crore were announced in January 2010 too.

During the April-August period this fiscal, India's exports grew 54.2% to \$134.5 billion. However, commerce secretary Rahul Khullar had said the high export growth rate would not be sustainable due to the uncertain economic conditions in the Western markets.

INDIA IDENTIFIES TARGET MARKETS TO BOOST ITS BASMATI EXPORTS

Tuesday October 04 2011

INDIA will target markets as far flung as China, Mexico and the Commonwealth of Independent States (CIS) to boost its sales of basmati rice.

India exported 2.2m tonnes of basmati rice to more than 100 countries in 2010/11 but wants to boost its share of 60% (Pakistan accounts for 40%).

"India is looking for new international markets for its quality basmati rice in China and Mexico," a senior official of Agricultural and Processed Food Products Export Development Authority (Apeda) said, adding CIS countries like Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine could be other targets.

Basmati exports last fiscal year were 8% higher than a year before, when the country shipped 2.02m tonnes overseas. Annual production now stands at around 4.5m tonnes.

RICE OUTPUT MAY CROSS TARGET ON RAINS AND HIGHER SOWING

Banikinkar Pattanayak; Posted: Wednesday, Oct 05, 2011 at 0016 hrs IST

New Delhi: Rice output in India, the world's second-largest grower, is likely to cross the record target of 102 million tonne in the crop year through June 2012, aided by higher planting and plentiful monsoon showers, driving overall grain supplies to a record, although pulses production may lag last year's level, government and industry sources said Tuesday.

The country expects to produce 87.10 million tonne of rice during the summer. It produced 95.3 million tonne of rice in 2010-11.

“Area under paddy has gone up significantly this year and this will have a salutary effect on production. Monsoon rains, too, have been better than expected in most parts of the country. These apart, there have been less instances of floods and droughts this year. All these things will contribute to production overshooting the target,” an official source said.

In contrast, as much as 69% of the country received normal rainfall until September 28 this season that started in June, while 23% witnessed excess rainfall. Good showers brightened summer paddy planting, with the crop coverage surging by 9.5% to 38.36 million hectare as of September 30 since sowing started in June from a year earlier.

A senior industry executive said with the paddy area rising significantly this summer, even if all natural calamities of 2010-11 are repeated this year, rice output will still exceed the target.

India’s rice production hit a peak of just over 99 million tonne in 2008-09 but output fell short of targets in 2009-10 and 2010-11 due to crippling droughts as well as floods in some parts, which had forced the government to maintain more-than-three-year-old curbs on the export of non-basmati rice until recently to keep domestic supplies steady.

Higher rice output will push up overall grain production to a new high in 2011-12, initially estimated at around 245 million tonne, and extend almost stable grain prices for another year, helping the government in its battler against food inflation.

Moreover, India needs over 60 million tonne of rice and wheat stocks a year to meet its obligation under the proposed Food Security Act, and an increase in output will help the government in one of its biggest populist drives, especially when it is struggling to prevent an erosion of its image in the public glare.

Higher rice output will also encourage the government to announce favourable export policies after curbing the shipments for more than three year now. However, pulses output may fall from the last year’s record level of 18.29 million tonne due to a dip in planting, the sources said. Pulses sowing fell by 9% to 11.01 million hectares until September 30 from a year earlier as farmers shifted to paddy and cotton in many regions anticipating higher returns. “Although bulk of the pulses are produced in the rabi season, it’s difficult to offset completely the huge kharif deficit as the sowing during the rabi season last year was also very good,” another industry executive said. However, pulses supply will still be adequate as the country has piled up adequate stocks due to the bumper output last year as well as some imports, he added.

“So I expect pulse rates not to go up very sharply in 2011-12 although some price increases are inevitable. But if output falls next year, then we will have to import in large volumes and domestic prices will be affected accordingly,” he said.

India meets around one-fifth of its annual requirements through overseas purchases. Domestic pulse prices have remained subdued for almost a year now due to a record production in 2010-11.

MONSOON WITHDRAWAL PROCESS STILL OBSTRUCTED

Vinson Kurian

Thiruvananthapuram, Oct. 2:

The monsoon withdrawal process continues to be stalled along the Uttar Pradesh, Madhya Pradesh and Gujarat alignment. But the dry northwesterlies fanning into the Bay of Bengal have cut a trough across the Bay, held in place by two circulations over Assam and Meghalaya to the northeast and north Tamil Nadu in the southwest.

This trough coupled with an east-west shear zone (featuring opposing winds in the higher levels) over the south peninsula has been causing some weather in the region.

Global models suggested the trough would move closer to the coast and bring more organised rains into peninsular later during the week.

An India Meteorological Department (IMD) update said that the 24 hours ending Sunday morning saw fairly widespread rainfall being reported from Andaman and Nicobar Islands from the remnant monsoon circulation.

The rains were scattered over the Northeastern States, Madhya Maharashtra, interior Karnataka and Tamil Nadu. Isolated rain fell over the western Himalayan region, sub-Himalayan West Bengal, Sikkim, Konkan, Goa and Kerala. Meanwhile, northwest India too is expected to witness its share of weather with the arrival of a western disturbance later during the week. The IMD said that the westerly system would affect western Himalayan region and adjoining plains from Tuesday.

A forecast valid until Wednesday said that the remnant monsoon circulation would continue to cause fairly widespread rain or thundershowers over Andaman and Nicobar Islands. Fairly widespread rain or thundershower would also occur over Nagaland, Manipur, Mizoram and Tripura on Monday and Tuesday. Scattered rain or thundershowers are likely over the rest of the Northeastern States, sub-Himalayan West Bengal and Sikkim. Towards the south, scattered have been forecast over Konkan, Goa, Madhya Maharashtra, south Andhra Pradesh, interior Karnataka, Tamil Nadu, Kerala and Lakshadweep.

INDIA ACHIEVES RECORD YEAR IN COFFEE EXPORTS

Monday October 03 2011

INDIA boosted coffee exports 33% to a record 358,278 tonnes in the year ending September 30, the state-run Coffee Board said, helped by huge stocks carried over from the previous year and lower supplies from competitors.

Coffee exports in value terms soared to \$1.048bn from \$577.98m in the year earlier as prices rose. Shahadev Balkrishna, chairman of the Karnataka Planters' Association, said: "There was a substantial jump in production of robusta and international prices have (been) firm this year."

The carry forward stock rose to 30,000 tonnes in 2010/11, from about 7,000 tonnes a year ago, Mr Balkrishna said. Production of robusta coffee in 2010/11 was 207,860 tonnes, up 6.5% on a year earlier.

India is the world's fifth-biggest producer of coffee but accounts for only 4.5% of global output. It exports 70% to 80% of its production with coffee consumption primarily in the south and modern coffee shops just starting to make inroads in urban areas.

"There was a shortfall in other producing countries. It boosted demand for Indian coffee," said an

exports manager at a leading coffee exporting firm.

Global coffee consumption is likely to outstrip production in 2011/12, leading to a "tight situation" with supplies, outgoing International Coffee Organisation acting executive director Jose Sette said on Friday. He said global coffee production in 2011/12 was seen around 129.5m bags (each of 60 kg) and consumption at about 134m bags.

Exporters said volatility in prices and a debt crisis in the eurozone could slow the pace of exports, but they will certainly rise further in 2011/12. Italy, Germany and Belgium are the top three buyers of Indian coffee.

"This year we are expecting higher production. It will help us in raising exports," the exports manager said, as global supplies elsewhere will be tight.

The Indian Coffee Board has forecast output of 322,250 tonnes for 2011/12, up 6.7% on the year. In London, January robusta coffee eased 1.34% to \$1,986 per tonne during morning trading.

INDIA TO HIKE PRICE OF REFINED PALM OIL IMPORTS

Friday September 30 2011

INDIA is likely to make imports of refined palm oil costlier by raising its base price, government and trade sources said, responding to tax changes by Indonesia that have put at risk the survival of Indian refiners.

But the government is unlikely to make any changes in the import duty of 7.7% levied on refined palm oil for fear of stoking already high inflation, especially during the festive season, when demand for edible oils is higher.

With Indonesia, the biggest producer, now nearly halving export taxes of refined palm oil in mid-September, Indian industry officials are pushing New Delhi to raise the base price, or tariff value, for refined palm oil.

India has already begun importing more refined, bleached and deodorised (RBD) palm olein from Indonesia ahead of a major Hindu festival in October, Diwali, potentially leaving domestic refining capacity idle.

The food ministry has already endorsed the industry demand and the proposal is now with the finance ministry. "The government is likely to accept the food ministry's proposal of a hike in base price (of refined oils)," two government sources told Reuters.

Importers are currently taxed 7.7% duties based on the tariff value set at \$484 a tonne, irrespective of purchase price - a low price to pay and bring in processed edible oils at a time when food inflation is hovering at double-digit levels.

India has kept tariff value, or the base import price, for edible oils unchanged last five years.

"A decision on the base import price hike on refined palm oils is expected in the next 10 to 15 days," said an industry source.

A WINE STORY LOSES ITS SPARKLE

Atikh Rashid

Pune: In the year 2008, Nashik, a district in northwestern Maharashtra known to produce quality grapes, earned a sobriquet — that of the ‘wine capital of India’. None could contest that as of the total 79 wineries in the country, Nashik alone had 34. Its contribution, along with that of neighbouring Pune and Solapur, made Maharashtra produce 95 per cent of the country’s wine in its 72 wineries.

Observers said whatever was happening in Maharashtra, especially Nashik, was nothing short of revolution and the wine movement in the state will catch more sparkle with the passage of time. But today, in 2011 — barely three years later — the phenomenal wine story has gone sour with more than 40 per cent of the wineries shutting shop.

“As of now, about 28-30 wineries of the total 72 have stalled production completely. Around 20 are functioning at 70 per cent of their crushing capacity and a dozen at 20-30 per cent of the crushing capacity,” informs Secretary, All India Wine Growers’ Association, Rajesh Jadhav.

SEAFOOD EXPORTERS EYE CHINESE MARKET

Madhvi Sally & PK Krishnakumar, ET Bureau Oct 4, 2011, 05.23am IST

KOCHI/AHMEDABAD: As purchases from Europe and the US dwindle, Indian seafood exporters are turning more to China. Already, China is the top buyer and with the ongoing economic distress in the US and Europe, China could further raise its share in the Indian seafood market.

"China is quite active in the market. They are reducing cost by going for direct purchase, avoiding middlemen. By the end of the current fiscal, their share in Indian seafood by value could rise beyond the current 15%," said N Ramesh, director of marketing, Marine Products Export Development Authority. Though the EU accounts for a major share of 27% in value terms, its offtake is showing signs of a gradual decline.

HIGH GLOBAL COTTON OUTPUT ESTIMATES DAMPEN EXPORTS

Rajesh Bhayani / Mumbai October 04, 2011, 0:58 IST

Despite cotton exports being allowed under the open general licence (OGL) from October 1, there seem to be few takers for these. Falling prices have affected Indian exporters following reports of high crop estimates from all producing countries.

Earlier, 10 million bales of cotton were allowed to be exported till the end of September, the last cotton year. Traders had met this deadline.

India’s benchmark Shankar-6 variety is quoted at 110 cents at the global index for cotton prices – Cotlook Index. The price, at the current exchange rate, works out to Rs 42,688 per candy. Exporters say if prices fall or the rupee loses further against the dollar, profit margins will take a beating. Cotton exports will only be viable if the prevalent rate to procure cotton in the domestic market remains at Rs 39,000 per candy (provided the exchange rate and global market remain at the same level).

“Exporters are staying away for the time being, because of the volatile currency and falling prices in the global market,” said an exporter. While nearly 10 million bales of cotton shipments were completed last weekend, new exports will take off slowly. From October, cotton exports have been placed under OGL.

The global cotton market was not attractive for Indian exporters, as the yield was expected to be much higher in all major producing countries this season, said a release from the International Cotton Advisory Committee.

Global cotton production is expected to rise by eight per cent from 24.9 million tonnes last year, to 26.9 million tonnes (124 million bales, one bale = 170 kg) in 2011-12. The increase in output will be driven primarily by China, followed by India, Pakistan, Australia and Turkey. China’s production is expected to rise by 13 per cent to 7.2 million tonnes, India’s by nine per cent to 6.0 million tonnes, Pakistan’s by 19 per cent to 2.3 million tonnes, Australia’s by 23 per cent to 1.1 million tonnes, and Turkey’s by 42 per cent to 641,000 tonnes.

India’s cotton crop estimates by all agencies also stood higher with the agriculture ministry expecting 36.1 million bales, the Cotton Advisory Board estimating 25.5 million bales and the Cotton Association of India estimating 36.3 million bales.

Arun Dalal, an Ahmedabad-based cotton trader, said: “Cotton prices could fall further as the arrivals of new cotton crop increases, but exporters are expected to enter the market when the price touches the Rs 38,000 marl. Mills are also looking to buy more from the coming season.” He said 600,000-700,000 bales of cotton would be exported over the next few months.

However, the over all scene for cotton is not so enthusiastic. Ginners are worried as cost of cotton ginning has been going up. Market price of cotton is expected to fall further as arrivals increase from 35,000 bales every day to 70,000 bales in another fortnight. Prices of cotton by-products are also falling. In the last one month, cotton seed prices have fallen from Rs 380 per 20 kg to Rs 325, cotton seed oil from Rs 820 per 50 kg to Rs 700 and oil cake from Rs 680 per 10 kg to Rs 580.

MCX launched cotton futures trading on Monday and prices quoted were ex-warehouse, Rajkot.

Delivery centres have been set up at many places by contract. MCX cotton futures recorded a volume of 9,600 bales valued at Rs 17.73 crore. Open interest was 1,575 bales.

ESTABLISHMENT OF BORLAUG INSTITUTE FOR SOUTH ASIA (BISA) WITH CENTERS AT PUNJAB, BIHAR, AND MADHYA PRADESH

Indian Council of Agricultural Research (ICAR) and International Maize and Wheat Improvement Centre (CIMMYT) signed here today an MoU to set up Borlaug Institute for South Asia. The Institutes will be established at Ludhiana in Punjab, Pusa in Bihar and Jabalpur in M.P.

Speaking on the occasion, the Minister of Agriculture and Food Processing Industries Shri Sharad Pawar said that the establishment of Borlaug Institute for South Asia in India will enable to harness the best of international science in meeting food security challenges and will become an agricultural hub for the South Asia region.

Shri Pawar said, “Ludhiana in Punjab is located in the agro-ecological zone which can be safely called the “wheat bowl” of India. This region had been at the forefront of Green Revolution and has been the

region of high productivity. However, the region is facing problems of high ground water withdrawal and the consequent water scarcity, and climate change effects such as terminal heat. Agricultural productivity in the region has hit a plateau. The Center of Borlaug Institute at Ludhaina will have to concentrate on these issues and introduce newer varieties that will be high yielding, more water and nutrient-efficient, terminal heat-resistant and, therefore, will produce more with fewer inputs.”

About Borlaug Institute at Pusa in Bihar Shri Pawar said, this center can concentrate on the research priorities of Eastern India and Maize-based agricultural systems should be the focus of research at this center. He said, Jabalpur in Madhya Pradesh is another strategically located agro-ecological zone of Central India from where substantial productivity gains in agriculture, particularly wheat and maize can come. This is also the region with substantial Kharif and Rabi fallows which can be put to cropping with judicious combination of crop, cropping system machinery and inputs, Shri Pawar added.

The Institute will create state of the art research facilities to support the maize and wheat R&D and broaden the range of varieties and tools available to farmers. It will also strengthen local crop breeding programmes to meet food production challenges.

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN1193	Weekly Hot Bites, #39	09/30/2011
IN1194	Cotton and Products Update – September 2011	10/03/2011
IN1195	Grain and Feed Voluntary Update – October 2011	10/04/2011

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