

## ECONOMY GROWS 8.2% IN Q3 ON GOOD AGRI SHOW

Economic Times

March 01, 2011

Indian economy expanded 8.2% in the third quarter of the current financial year on the back of robust growth in agriculture and services sectors. The growth number was in line with expectations, but lower than 8.9% growth recorded in the previous two quarters, government data showed. Farm output grew 8.9% over the year-ago period, boosted by strong monsoon rains, while the manufacturing sector experienced a slowdown at 5.6%. The decline in investments, which grew 5.99% in the quarter compared with 17.84% in the previous quarter, remained a concern.

## COMMESES WELCOME SOPS TO FARMING, WAREHOUSING SECTORS

Economic Times

March 01, 2011

Commodity exchanges on Monday welcomed several incentives given by the Finance Minister in the Union Budget 2011-12 to the farming and warehousing sectors. "Increased credit flow to farming, cutting of interest rates on farm loans, classifying cold storages as infrastructure sector and exempting cold chain equipments from excise duties are welcome steps," MCX's CEO Lamon Rutten said. "The Finance Minister has not been tempted into short-term measures by today's inflation challenges, but instead has just presented us with a soundly growth-oriented budget. His budget facilitates higher capacity-creation through increased investments, and will ensure that inflationary pressures will be countered by strong supply side response.

"Several incentives to farming and warehousing sectors will help improve the agricultural value chain and unlock the contribution that farmers can make to India's economic growth in the years to come. These measures will also play a supportive role in helping more efficient price discovery for the commodity market which is expecting more policy reforms through the passage of the FCRA Amendment Bill 2010," Rutten said. "It is heartening to note that government has recognised the need for overcoming shortcomings in distribution and marketing in agri sector and farmers to get remunerative prices with competitive prices for the consumer. Details to achieve this would have given a definite direction to the policy," NCDEX MD & CEO R. Ramaseshan said.

## WHEAT DARA EASES ON REDUCED OFFTAKE

Business Standard

March 01, 2011

Wheat dara prices fell by Rs 20 per quintal in the wholesale grains market today due to reduced offtake by flour mills against adequate stocks. Elsewhere, other grains continued to trade in a narrow range on lack of worthwhile buying activity and settled around previous levels. Traders said reduced offtake by flour mills against adequate stocks position mainly led to fall in wheat dara prices. Also, expectations of a bumper crops this season also influenced the wheat prices, they said. In the national capital, wheat dara (for mills) fell by Rs 20 to Rs 1,320-1,325 per quintal. Atta chakki delivery followed suit and traded lower by Rs 20 to Rs 1,325-1,330 per 90 kg, while atta flour mills declined by Rs 20 each to Rs 680-700 per 50 kg.

## Following are today's quotations in Rs per quintal:

- Wheat MP (desi) 1,710-1,860, wheat dara (for mills) 1,320-1,325 chakki atta (delivery) 1,325-1,330, atta Rajdhani (10 kg) 175, Shakti bhog (10 kg) 175, Roller flour mill 680 -700 (50 kg), Maida 790-820 (50 kg) and Sooji 820-840 (50 kg).
- Basmati rice (Lal Quila) 9,500, Shri Lal Mahal 9,300, super basmati rice 9,000, Basmati common 5,600-5,700, rice Pusa-(1121) 4,250-5,250, Permal raw 1,875-1,925, Permal wand 2,075-2,175, Sela 2,100-2,200 and Rice IR-8 1,775-1,800.
- Bajra 835-845, Jowar yellow 875-975, white 1,700-1,750, Maize 1,185-1,195, Barley (UP) 1,260-1,280 and Rajasthan 1,080-1,090.

## GOVT PLANS TO PROCURE 59 MN TN OF WHEAT, RICE THIS YEAR

Press Trust of India

March 01, 2011

Rice procurement is estimated at 32.75 million tonnes in the ongoing marketing season that started in October last year, marginally higher than the previous year, Parliament was informed today. Food Corporation of India had procured 32.03 million tonnes of rice in 2009-10 marketing year (October-September). In a written reply to the Lok Sabha, Food Minister K V Thomas said that wheat procurement in 2011-12 marketing season (April-March) is estimated at 26.2 million tonnes against 22.52 million tonnes in the previous year. Higher procurement is expected on the back of bumper production of wheat and rice in 2010-11 crop year (July-June). Wheat production is estimated at record 81.47 million tonnes in 2010-11 against 80.8 million tonnes in the previous year, while rice output is set to increase by five million tonnes to 94 million tonnes

**100% FDI in Cold Storage** - 100% Foreign Direct Investment (FDI) is allowed under automatic route in storage and warehousing including warehousing of agriculture products with refrigeration (cold storage). Also, the existing policy allows for 51 % Foreign Direct Investment (FDI), in only single brand retail trade, subject to specified conditions. Government has received suggestions from associations, trade bodies for allowing FDI in multi brand retail. The objective is to enhance the operational efficiency of back-end infrastructure in the retail sector, reduce wastage in the agricultural sector, enhance benefit to producers, integrate the retailer in the value chain and benefit consumers through greater competition. Towards this end, the Department of Industrial Policy and Promotion has released a Discussion Paper titled "Foreign Direct Investment in Multi-Brand Retail Trading", with the aim of generating informed discussion on the subject and obtaining the views and comments of various stakeholders.

## NO MOVE TO BAN FORWARD TRADING IN ESSENTIAL COMMODITIES: GOVT

Economic Times

March 01, 2011

The government today said there is no proposal to ban futures trading in essential commodities to control inflation. "No study has identified forward trading as one of the reasons for spurt in agri-commodity prices," Minister of State for Consumer Affairs, Food and Public Distribution K V Thomas said in a written reply to the Lok Sabha. The minister pointed out that the FMC had suspended futures trading in some commodities, but prices continued to rise even after suspension. "... No purpose will be served by banning forward trading in essential commodities. Accordingly, the government does not propose to ban forward trading in essential commodities," he added. The minister noted that the committee set up by the government under the chairmanship of Abhijit Sen and the analysis done in the annual report of the RBI for 2009-10 have come to the conclusion that forward trading is not the reason for any inflation

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in prices of commodities in India. The RBI report has attributed inflation primarily to structural constraints in augmenting supplies, coupled with rising demand in the fast-growing economy, Thomas added. At present, forward trading is suspended in thoor, urad and rice, Thomas said, adding that trading is allowed in wheat, chana, barley, potato, mustard seed, refined soya oil, refined mustard oil, gur and sugar. On a question whether small and marginal farmers have benefited from forward trading in essential commodities, Thomas replied that these farmers have small or no marketable surplus of food crops and small quantities of cash crops. "Hence, only a small percentage of farmers are involved in marketing their produce," Thomas said.

"Given the standard size of futures market contracts and mark-to-market daily obligations, it is not possible for them to trade in futures contracts in the present circumstances till the relatively more easily manageable 'option' contracts are permitted in commodity exchanges," he added. The minister informed that the "easily manageable 'options' contract" will be possible after amendment in the Forward Contracts (Regulation) Act. Commodity exchanges are working on several models of "aggregation", in which organisations such as farmers' groups, Regional Rural Banks (RRBs), Farmer's Cooperative Marketing Boards (FCMB), etc, are trying to provide an interface between farmers and the exchanges, he added. Thomas cited the example of rubber producer cooperatives in Kerala on the issue of farmers participating in futures trading with organisational support. However, the futures market has been benefiting the farmers indirectly to some extent, as they are now able to bargain for a better price, Thomas said.

## HIGHER MSP ALONE CANNOT BOOST FARM GROWTH: CACP

Press Trust of India

March 02, 2011

A higher support price for farmers' produce cannot ensure agriculture growth unless non-price factors like irrigation and storage facilities are put in place, the Commission for Agriculture Costs and Prices (CACP) said. The CACP, which was founded in 1965, is a statutory body and advises the government on the pricing policy for major farm items.

"Price is an important and critical instrument to improve production, but price alone is not sufficient to change the situation of agriculture where it is today," newly appointed CACP Chairman Ashok Gulati told PTI. He stressed that non-price factors such as good seeds, water management and good storage facilities need to be put in place to achieve the desired growth of 4 per cent in the agriculture sector.

## PARLE-G WORLD'S NO 1 SELLING BISCUIT:

Economic Times

March 03, 2011

Parle-G, the glucose biscuit brand from Parle Products, has consolidated its position as the world's largest selling biscuit brand, says a report by Nielsen. The study, for last year, says Parle-G has topped brands like Kraft's Oreo, Wal-Mart's private labels and Mexico's Gamesa in volume sales to lead the 11,295-crore Indian biscuits category.

The Nielsen study adds India is the world's leading market for biscuits, ahead of the US, Mexico, China, Argentina, France, Italy, Germany, Turkey and Spain.

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## FAO CONCERNED OVER SURGING FOOD PRICES

Hindu Business Line

March 03, 2011

Unexpected rise in oil cost could further exacerbate global food prices that touched a record high in February this year, UN body FAO said on Thursday even as it forecast the global wheat output to rise by around three per cent in 2011. Global food prices soared for the eighth consecutive month in February this year on back of rising prices of almost all the commodities except sugar, Food and Agriculture Organisation (FAO) said. Food price index, a measure of the monthly change in international prices of a basket of food commodities, averaged 236 points in February, up 2.2 per cent from January. This is the highest record in real and nominal terms since FAO started monitoring prices in 1990, FAO said on its Web site. "Unexpected oil price spikes could further exacerbate an already precarious situation in food markets," FAO Trade and Market division Director David Hallam said.

"This adds even more uncertainty concerning the price outlook just as planting for crops in some major growing regions are about to start," he added. Amongst the items, Cereals and Dairy products registered major surges, it added. FAO expects tightening of global demand-supply balance in 2010-11. "...global cereal stocks this year are expected to fall sharply because of a decline in inventories of wheat and coarse grains. International cereal prices have increased sharply with export prices of major grains up at least 70 per cent from February last year," it added. The increase in cereal prices in February mostly reflect gains in international maize prices, driven by strong demand amid tightening supplies, the world's apex agriculture body, said. In case of dairy products, firm world demand continues to underpin prices. However, the recent earthquake in New Zealand, a major supplier, does not seem to have affected global availability of dairy products, it added. FAO expects winter crops in the Northern Hemisphere to be generally favourable and forecast the global wheat production to increase by around three per cent in 2011.

## CONTINUATION OF DRIZZLING MAY DELAY WHEAT HARVESTING: GOVT

Press Trust of India

March 03, 2011

The government today said any continuation of the current drizzle beyond a few days may delay wheat harvesting which is expected to commence in the third week of this month. "The current drizzling rains are good for wheat crop. If it continues in the coming weeks then harvesting may delay," Minister of State for Agriculture Arun Yadav told reporters on the sidelines of Krishi Vigyan Mela. Wheat harvesting normally begins after the festival of Holi on March 20, he said. Echoing similar views, Indian Agricultural Research Institute (IARI) Director H S Gupta said, "This year, cold temperature and intermittent drizzling has continued till now and it is proving beneficial to the wheat crop". "But now, the rains should stop for good harvest to take place by the end of this month," he noted. On wheat output, Gupta said. "So far, the weather indicates that production will not be less than 82 million tonnes and is expected to touch 84-85 million tonnes".

The government has pegged a record wheat production of 81.47 million tonnes for this year, as against 80.8 million tonnes last year. Inaugurating a three-day farmers' fair organised by the government's research body IARI, Yadav said, farmers should take advantage of new schemes announced in the Budget and improve farm production. Noting that mela provides a window of opportunities for all stakeholders including farmers to know about new technologies developed for improving farm output, he said similar melas should be organised at state levels. Minister of State for Food Processing Harish Rawat said such melas help address

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the challenges faced by the farm sector. Over one lakh farmers from across the country are expected to participate in the fair. The special feature of the mela is facility of one-to-one interaction with farmers to sensitize them about the latest technologies.

## COFFEE DAY GROUP PLANS MASSIVE FORAY INTO FOOD PROCESSING

**Business Standard**

**March 03, 2011**

Coffee Day Group, which runs India's largest chain of coffee bars, is looking at a massive expansion in the food processing sector. The Group which owns expansive coffee estates in Chikmagalur district of the pristine Western Ghats already has a sizeable presence in banana cultivation and which is being processed. Senior company officials told Business Standard that the company is actively exploring other fruits and vegetables which can be grown in large volumes, processed and exported in addition to catering to domestic consumption. This move by Coffee Day Group to diversify into food processing, follows a series of measures which will take Coffee Day Group, from a coffee bean exporter & retailer to a diversified entity straddling – hospitality, logistics, furniture, financial services, granites, waste management and commercial realty development. The Coffee Day Group recently acquired control of Sical Logistics, enabling backward integration for a range of its activities besides also for third party logistics. Company officials further detailed that around Rs 200 crore has been earmarked for food processing initiatives and plans are being rolled aggressively to tap the market which has significant potential.

Coffee Day Group with this diversification will be taking on the established players like Avantha Group, which has a significant presence in the gherkins exports, besides other players including Karuturi Global which is starting to expand its presence in this segment. Coffee Day Group is entering this sector when it is growing at a healthy 14% annually and a market which is now worth Rs 3,50,000 crore. Even as this foray is being strategized, Coffee Day Group is pushing ahead with its plans for a strong presence in the furniture segment. According to industry information, Coffee Day Group is looking to build on IKEA model. Much of Ikea's furniture is designed to be assembled by the consumer rather than being sold pre-assembled, which reduces the costs substantially. Industry information indicates that Coffee Day Group has leased land banks in Guyana to source wood for this foray. The furniture business of this group already has a captive base in the 1,000 odd cafes run by Café Coffee Day. The company also recently signed a pact with Future Group to retail some range of furniture. Coffee Day Group has been aggressively rolling out initiatives across a range of its businesses ever since it raised Rs 1,200 crore through three marquee private equity investors - Standard Chartered Private Equity, KKR and New Silk Route. While the company is planning strategic diversifications, it is also consolidating its presence in the flagship coffee retailing business and is looking at opening around 350 cafes during this year, taking the number close to 1,500 during Cy11. It is also understood that Cafe Coffee Day, which has grown by sheer word of mouth and has hardly advertised, is looking at coming out with a television commercial shortly.

## CADBURY LAUNCHES OREO BISCUITS

**Hindu**

**March 03, 2011**

Cadbury India, as part of the Kraft Foods Group, on Thursday introduced its popular Oreo biscuits in India.

**Leadership** - "Oreo enjoys market leadership in many markets including the U.S. and China...introducing Oreo marks the beginning

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of our journey in this growing category. The Indian biscuits market continues to show remarkable growth, a testament to rapidly developing consumer tastes that provides us the perfect opportunity to enter this category," said Anand Kripalu, President (South Asia and Indo-China), Kraft Foods, and MD, Cadbury India.

## GM TECH PART OF SOLUTION TO FOOD SECURITY: SYNGENTA

Press Trust of India

March 03, 2011

Identifying Genetically Modified (GM) technology as crucial to achieve food security, seeds and pesticide manufacturer Syngenta on Thursday said it is working closely with Indian research organisations to develop GM corn, rice and vegetables seeds. "GM technology in seeds is a part of the solutions to attain food security and we are working with Indian research institutions on corn, rice and vegetables," Syngenta Asia Pacific Corporate Affairs Head Andrew McConville told reporters here. Stating that for the company India is important along with other emerging economies such as Brazil, Russia and China (BRIC countries), Mr McConville said "We are working in collaboration with ICAR and Punjab Agricultural University (PAU), especially in the field of rice." Syngenta has a global turnover of around \$11.6 billion. It has major presence in 14 countries, particularly in Europe. Asked about widespread protests over BT Brinjal and other GM crops in India on medical grounds, Mr McConville said "farmers should be given a choice to go for an agricultural practice best suited to them". Laying emphasis on the latest bio—tech practices, he said, "More than 25 countries are using GM crop technology. GM corn is very successful in Phillipines...India should not shut its eyes to the technology," McConville said.

### Wheat

Share • print • T+ as on : 03-03-2011

	Current	%change	Arrivals Season cumulative	Modal	Price Prev.Modal	Prev.Yr%change
<b>Wheat</b>						
Gondal(Guj)	1211.00	-	18601.50	1275	-	-13.56
Junagadh(Guj)	806.60	-	5194.50	1000	-	-
Rajkot(Guj)	651.50	-	92828.30	1210	-	-16.55
Jamnagar(Guj)	527.00	-	69842.60	1220	-	-
Sanawad(MP)	450.00	-	167326.00	1280	-	11.60
Kodinar(Guj)	400.00	-	1019.00	1050	-	-
Agra(UP)	400.00	-	86360.00	1265	-	-1.94
Washim(Mah)	300.00	-	3569.50	1229	-	-1.68
Khirkia(MP)	236.40	-	236.40	1180	-	-
Aligarh(UP)	230.00	-	151000.00	1240	-	NC
Amreli(Guj)	227.20	-	6917.50	1085	-	-23.59
Kota(Raj)	200.50	-	123939.90	1230	-	-10.22
Ghaziabad(UP)	200.00	-	12113.00	1285	-	-4.10

Kanpur(Grain)(UP)	200.00	-	26960.00	1260	-	-
Khargone(MP)	162.00	-	1509.00	1269	-	10.25
Asansol(WB)	160.00	-	7529.00	1380	-	-
Samsi(WB)	150.00	275	1767.30	1270	1270	-
Gorakhpur(UP)	135.00	-	16882.15	1250	-	-1.96
Bangalore(Kar)	117.00	-	4674.00	2000	-	-
Sangli(Mah)	101.30	-	1886.20	1950	-	-
Kosikalan(UP)	90.00	-	23210.00	1250	-	-1.19
Itarsi(MP)	85.60	-	1374.30	1230	-	-
Latur(Mah)	76.70	-	1675.40	1450	-	-
Himatnagar(Guj)	75.00	-	23990.80	1285	-	-11.07
Palitana(Guj)	73.00	-	8822.00	1375	-	-3.51
Beldanga(WB)	37.00	-	3850.00	1350	-	3.85
Charra(UP)	30.00	-	26411.00	1240	-	NC
Muradabad(UP)	30.00	-	10167.80	1240	-	-3.13
Banapura(MP)	25.40	-	3674.40	1210	-	-
Harsood(MP)	25.10	-	84.22	1160	-	-
Dehgam(Guj)	25.00	-	5171.60	1275	-	0.16
Gajsinghpur(Raj)	25.00	-	10514.60	1240	-	3.68
Aurangabad(Mah)	22.50	-	1986.90	1350	-	-3.57
Visnagar(Guj)	20.00	-	8810.30	1345	-	-7.24
Jalgaon(Mah)	19.00	-	670.40	1491	-	-
Ajmer (Grain)(Raj)	18.80	-	6060.10	1600	-	-
Magroni(MP)	18.20	-	18.20	1260	-	-
Nobarangpur(Ori)	18.00	-	406.35	1100	-	-
Bankura Sadar(WB)	18.00	20	4434.00	1350	1350	3.85
Kasganj(UP)	17.50	-	27942.00	1210	-	-2.42
Bishnupur(WB)	17.00	6.25	4174.50	1350	1350	8.00
Bindki(UP)	14.10	-	127.80	1200	-	-
Lalsot(Raj)	13.50	-	1254.70	1275	-	-0.39
Tonk(Raj)	13.00	-	6337.00	1280	-	-0.39
Bhiloda(Guj)	12.00	-	4136.00	1325	-	-
Haveri(Kar)	12.00	-	1379.00	1363	-	-
Sillod(Bharadi)(Mah)	12.00	-	65.50	1260	-	-
Azamgarh(UP)	12.00	-	369.00	1280	-	-
Khategaon(MP)	11.03	-	23475.18	1200	-	14.29

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# Milling & Baking FORUM

Monthly News

Page No. 8

Month March

Bareilly(UP)	11.00	-	2728.60	1220	-	-
Morbi(Guj)	10.80	-	6248.20	1372	-	2.24
Padampur(Ori)	10.00	-	213.80	1500	-	-
Sohela(Ori)	10.00	-	145.00	1500	-	-
Jhansi(UP)	10.00	-	4345.50	1220	-	-
Vakener(Guj)	9.00	-	4885.60	1300	-	-0.38
K.Mandvi(Guj)	8.80	-	74.66	1210	-	-
Nadia(WB)	8.50	-	958.50	1290	-	-4.44
Shrirampur(Mah)	8.10	-	780.20	1375	-	1.85
Isagarh(MP)	8.00	-	8.00	1365	-	-25.21
Hasanpur(UP)	7.00	-	6202.50	1260	-	-7.35
Rampurhat(WB)	7.00	-	3081.00	1250	-	-
Pathardi(Mah)	6.70	-	57.80	1325	-	1.92
Chalisgaon(Mah)	6.00	-	293.00	1450	-	-
Indus(WB)	6.00	20	1074.50	1330	1330	6.40
Matar(Guj)	5.50	-	2141.40	1230	-	6.40
Piplya(MP)	5.00	-	2656.40	1150	-	-
Divai(UP)	5.00	-	11440.00	1240	-	-
Alleppey(Ker)	4.00	-	119.00	2300	-	-
Dondaicha(Sindhkheda)(Mah)	4.00	-	217.60	1250	-	3.85
Paithan(Mah)	3.50	-	209.80	1690	-	-
Rampur(UP)	3.50	-	391.10	1250	-	-
Gevrai(Mah)	3.10	-	243.00	1400	-	7.69
Ahmedgarh(Pun)	3.00	-	261.40	0	-	-
Khairagarh(UP)	3.00	-	2066.95	1320	-	7.32
Upleta(Guj)	2.50	-	26.30	1250	-	-
Kalvan(Mah)	2.50	-	1718.60	1225	-	-
Fatehabad(UP)	2.50	-	120282.20	1260	-	2.86
Jahanabad(UP)	2.50	-	357.00	1150	-	-
Lakshar(Utr)	2.50	-	317.00	1200	-	-
Jalaun(UP)	2.30	-	1698.70	1170	-	-
Madhupur(Jha)	2.10	-	27.87	1480	-	-
Deesa(Bhildi)(Guj)	2.00	-	673.10	1350	-	-
Osmanabad(Mah)	2.00	-	60.30	1400	-	-
mroha(UP)	2.00	-	497.00	1250	-	-
Dhanura(UP)	2.00	-	660.00	1250	-	-

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Raiganj(WB)	2.00	-20	1527.80	1310	1330	11.02
Kalol(Guj)	1.50	-	3105.70	1350	-	NC
Nagpur(Mah)	1.50	-	912.90	1440	-	-
Halvad(Guj)	1.26	-	2169.86	1160	-	-
Basti(UP)	1.20	-	14285.60	1230	-	-0.40
Visakhapatnam(AP)	1.00	-	105.00	2000	-	-
Manawar(MP)	1.00	-	14.00	1280	-	8.47
Fatehpur(UP)	1.00	-	1.70	1200	-	-
Patharia(Mah)	0.70	-	5236.20	1831	-	-
Murim(Mah)	0.60	-	2.60	1500	-	-

## WORLD FOOD PRICES MAY GAIN FURTHER: UN

**Business Standard**

**March 04, 2011**

World food prices rose to a record in February and grain costs may continue to rise in the next several months, with only rice keeping the world from a repeat of the crisis three years ago, the United Nations said. An index of 55 food commodities rose 2.2 per cent to 236 points from 230.7 in January, the eighth consecutive gain, the UN's Food and Agriculture Organization said on Thursday. Wheat rose as much as 58 per cent on the Chicago Board of Trade in the past 12 months, corn gained 87 per cent and rice added 6.5 per cent. "I've never loved rice more than now," said Abdolreza Abbassian, a senior economist at the FAO in Rome. "Probably rice is the commodity which is separating us from a food crisis." Rising food costs contributed to riots across North Africa and the Middle East in the last several months that toppled leaders in Egypt and Tunisia. Prices surged as bad weather ruined crops from Canada to Australia and Russia banned grain exports after its worst drought in a half century. Global food prices probably will rise in the first half of this century because of an expanding population and higher incomes, slower crop-yield growth and the effect of climate change, Ross Garnaut, the Australian government's climate-change adviser, said yesterday.

**More people** - Food production will have to climb by 70 per cent between 2010 and 2050 as the world population expands to 9 billion and rising incomes boost meat and dairy consumption, the FAO forecasts. Producing 1 kilogram (2.2 pounds) of pig meat can take 3.5 kilograms of feed, US Department of Agriculture data shows. The UN's food-price index rose from 176 points from a year earlier, with all five food groups advancing. The dairy index climbed to 230 points in February from 221.3 in January. Milk futures traded in Chicago jumped 15 per cent last month following a 26 per cent surge in January, the biggest monthly gain since March 2004. Whole-milk powder prices rose to a record in its biweekly auction, Fonterra Cooperative Group Ltd, the world's biggest dairy exporter, said March 1. The FAO's sugar-price index slipped to 418 points from a record 420.2 points in the previous month. The UN agency's index is trade-weighted, with the sweetener accounting for 7 per cent. Raw-sugar prices climbed 37 per cent in New York in the past year.

**Meat prices** - The gauge for meat, which makes up 35 per cent of the overall index, rose to 169 points from 165.9 points. Meat is a "significant" part of the diet in developed countries, which may see more inflation from food than in 2007-08, according to Ken Ash, trade and agriculture director at the OECD. A gauge of cooking oils and fats gained to 279 points from 277.7, the FAO said. Its cereal-price index climbed to 254 points from 244.8 in January, below the peak level of 274.3 in April 2008, the report showed. Countries

probably spent at least \$1 trillion on food imports in 2010, with the poorest paying as much as 20 per cent more than in 2009, the UN has said. Surging food and energy costs are stoking emerging-market inflation and have the power to topple governments, Nouriel Roubini, the New York University economist who predicted the financial crisis, said January 26. Food prices' effect on poor consumers is less severe than three years ago, when costs also surged, because rice rose less than other grains, according to the Organization for Economic Cooperation and Development. Rice is the staple food of more than half of the world population, according to the International Rice Research Institute.

## RAINS GOOD FOR WHEAT: YADAV

Financial Express

March 04, 2011

Prolonged winter season coupled with recent rains in major wheat growing regions of north and central India is likely to push up country's wheat production to a record level of more than 82 million tonne this year. "So far the weather has been kind this year" Arun Yadav, minister of state for agriculture said on Thursday after inaugurating Krishi Vigyan Mela, adding that the current spell of light rain was good for wheat crop. He said that he expected a better harvest this year. However, he cautioned that if rains continue in the coming weeks then harvesting might get delayed. Wheat harvests in India usually starts in the last week of March. Major wheat-growing regions of the country witnessed intense cold wave during December-January. Temperature in Punjab and Haryana, which produce around 80% of the total wheat produced in the country had been hovering around 5 to... 7 degrees below normal, during the last winter months. Yadav said the recent incident of frost in Madhy Pradesh has not largely impacted the wheat crop. Madhya Pradesh produced about 10% of the country's wheat production. Recently, Madhya Pradesh state agriculture minister Ramkrishna Kusumaria had said, "We will have a bumper production this year and the production in the state is likely to cross last year's output of 84 lakh tonne as acreage has gone up in the state". HS Gupta, director, Indian Agricultural Research Institute also, stated, "Weather is fine for wheat crop, unlike last year and the recent rains in north India is proving beneficial to wheat crop." Due to good weather condition, production this year will be above 82 million tonne. But definitely it will be not less than 82 million tonne, Gupta said. But the rain should stop now to harvest takes place by the month end, he...added . Riding high on expansion in area under wheat and favourable weather, the government has pegged a record production of 81.47 million tonne for this year.

### BOUNTIFUL

Year	Production (million tonne)
2006-2007	75.81
2007-2008	78.57
2008-2009	80.68
2009-2010	80.71
2010-2011*	81.47

\* Estimate Figure

Source: Department of  
agriculture and cooperation.  
Pulses importers association

## CADBURY INDIA TO LAUNCH OREO COOKIES, ENTERS BISCUIT MARKET

Economic Times

March 04, 2011

Cadbury India will launch Oreo cookies, a billion dollar brand owned by its US-based parent Kraft Foods, as it looks to gatecrash into the Rs 13,000-crore biscuits market dominated by Parle and Britannia. The locally-manufactured Oreo will be launched in April, almost a century after it was introduced in the US market. "Oreo is the No.1 biscuit brand in the world by value and enjoys leadership in several markets including the US and China," Anand Kripalu, president, Kraft Foods for South Asia & Indo-China , said in a media statement. In January, Kraft Foods had sued Britannia for trademark and copyright violations of Oreo cookies. In a suit filed in the

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Delhi High Court, Kraft said Britannia's Treat-O biscuit is a copy of its cream-filled sandwich cookies. The US firm also sought an injunction to prevent Britannia from manufacturing, selling, marketing or advertising any product with any distinctive element of Oreo cookies. Britannia is expected to file its response next month. Oreo is present in the Indian market through the import route, but hardly had sales traction due to its premium sticker price. But now, Kraft has slashed its price tag to Rs 5 for 3 biscuits; Rs 10 for 7 biscuits; and Rs 20 for 14 biscuits so that it is within the reach of a wider consumer base. Yet it won't be easy for the world's largest selling biscuit to attract price-obsessed Indian consumers, feel industry experts.

## MP EXPECTS BUMPER WHEAT OUTPUT, MLAS QUESTION CROP LOSSES

**Business Standard**

**March 05, 2011**

Contrary to the ongoing debate in the state Assembly over Rabi crop losses and state government's tall claims of crop losses, districts like Ashoknagar, Vidisha and Guna in Madhya Pradesh are expecting a bumper wheat crop this year. Farmers have said crops like Masoor and Chana is either affected or badly damaged in some areas but wheat crop is bumper. The 300 km-stretch of Bhopal Vidisha, Mungawali, Ashoknagar and Chanderi that connects state capital to Uttar Pradesh border has reported hardly any crop losses. The wheat growers there prefer lok-1, 306 and Sharbati varieties. Farmers said the crop was in good condition and would be ready to be reaped in fifteen days from now. On the other hand, a number of member of legislative Assembly from various districts today raised questions over crop losses and compensation to farmers. In almost all replies the Revenue Minister Karan Singh Verma informed the house the department was gathering information, "It is a time-consuming process as our field staff has to visit each field to assess the losses. To which deputy leader of the main Opposition party Congress Choudhury Rakesh Singh raised objections and pointed out how serious the government was over the issue. Speaker Ishwar Das Rohani also asked the government to furnish details about crop losses as soon as possible. An insider in the agriculture department who is associated with survey activities informed Business Standard, "The state is well within its target of 9.3 million tonne of wheat production this year. As far as crop losses are concerned, the damage is not more than 25 per cent in most of the cases."

## OPEN MARKET WHEAT FINDS TAKERS

**Financial Express**

**March 05, 2011**

Falling stocks of wheat with private traders' some weeks before the harvest season has meant that the government's open market sale scheme (OMSS) for bulk buyers is gradually finding takers, despite higher prices. According to latest data from the Food Corporation of India (FCI), between January and June flour millers and other bulk buyers lifted 4.93 lakh tonnes of wheat against approval of 5.62 lakh tonne. A trader from Delhi said that while the market price of wheat at present is around R1,325 per quintal, the OMSS price has been fixed at Rs. 1,282 per quintal by FCI has been fixed at R1282 per quintal. But along with the additional tax component such as 4% VAT and 2.5% market tax, the trader ends up paying R84 per quintal more for FCI wheat. "With acute shortage of wheat supplies in the market, traders are buying OMSS wheat despite higher prices," a Delhi trader told FE on condition of anonymity. At present, FCI has wheat stocks of more than 19 million tonnes, which is far above the strategic reserve and buffer stocks norms. The country is expected to harvest a record wheat crop of close to 82 million tonne during next few weeks. Given that FCI and state government agencies are facing an acute storage crunch, the government had been trying to sell part of excess stocks through OMSS. Moreover, state governments have been slow in lifting wheat stocks allocated under the OMSS' retail scheme, citing

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infrastructure constraints. Out of total allocation of 1 million tonnes this year, only 14,000 tonnes have been lifted by states for distribution to retail consumers. Meanwhile, in a move to allow more time to traders to lift allocated wheat under OMSS, FCI has modified the guidelines by allowing buyers seven working days instead of seven days (including holidays) after the acceptance of tenders to take delivery of stocks. "Earlier, because of public holidays, traders had to pay holding charges in case of failure to take delivery with seven days," an FCI official said. FCI last year had allowed small traders to lift wheat (3 to 9 tonnes per day per depot) directly from FCI godowns....

## AGRICULTURAL OUTPUT TO RISE BY 3.8% IN FY12: CMIE

**Business Standard**

**March 06, 2011**

India's agriculture output is expected to rise by 3.8% in 2011-12 on assumption of favourable weather conditions, Centre for Monitoring Indian Economy (CMIE) said in its monthly review here. "We project that agricultural output will grow for the second consecutive year in 2011-12. It is expected to rise by 3.8%, over an estimated 6.5% growth in 2010-11," CMIE said. Our projection is based on the assumption that weather conditions will be favourable during the fiscal. Production of major crops is projected to grow by 3.1% in 2011-12, while output of minor crops is projected to expand by 5%, it said. Foodgrain production set to grow by 3.7% to 236.9 million tonnes in FY12. It will surpass the record level of 234.5 million tonnes achieved in 2008-09. Higher output of rice and wheat will power this growth. Rice holds a share of 40% and wheat 35% in total foodgrain output. Wheat output has been growing consistently for the last seven years and this trend is expected to continue in 2011-12 fiscal. Wheat output is expected to touch record levels of 82.3 million tonnes in FY12. This increase will be largely driven by wider cultivation in the country's key wheat granaries-Uttar Pradesh, Madhya Pradesh, Punjab and Rajasthan. In 2009-10, acreage of wheat was an impressive 286.8 lakh hectares. Coverage during the ongoing rabi season has been even more remarkable. By January 2011, it had crossed 290 lakh hectares. This, complemented by a prolonged cold wave in north and central India, is expected to boost production. In 2010-11, wheat production is expected to grow by 1.1 per cent. Prospects for the rice crop are positive for 2010-11 and 2011-12. Output is expected to grow in both the years on account of increased acreage and yield. Pulses production is also expected to touch record levels in 2011-12. High accruals from pulses will motivate farmers to enhance coverage in 2011-12 as well. Hence, we project that pulses production will expand by 19.3 per cent in 2011-12, CMIE said. Oilseeds production is expected to revive in 2011-12, after declining for two successive years. The demand-supply gap in oilseeds has inflated prices considerably for the last three years. Conducive weather conditions alongwith incremental returns, has encouraged farmers to increase the acreage of oilseeds in 2010-11. Hence, output is projected to recover by 15 per cent in 2010-11. In 2011-12, it is projected to grow by 2.9 per cent as steady demand will lead to healthy coverage.

## DROUGHT IMPACT ON CHINA'S WHEAT OUTPUT LIMITED: OFFICIAL

**Economic Times**

**March 06, 2011**

Drought in China's major wheat producing areas is expected to have limited impact on the winter wheat crop, which only accounts for about 20 per cent of the country's total annual grain output, a senior agricultural official said on Sunday. "The unfavorable factors (from the drought) can be eliminated through efforts," Chen Xiwen, deputy head of the central government's rural work leading panel, told reporters. The drought in 75 per cent of the drought-hit wheat areas has been relieved since the Lunar New Year holiday

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last month, thanks to the government's anti-drought measures and three major precipitations, Chen said. The country's State Administration of Grain last week said that China will reap another bumper harvest this year despite the a winter drought in its main growing areas. Chen also said he is confident that China's grain prices will remain "basically stable" through government measures that include boosting grain production. China's grain prices rose by less than 20 per cent year-on-year since the start of 2011, while global grain prices surged by 100 per cent during the same period, he said. Some traders and analysts saw China's drought as a sign of a possible weakening in its wheat position, which helped spur US wheat futures. Chinese officials have repeatedly stressed China's overall grains self-sufficiency and said China, the world's largest wheat producer, holds abundant wheat stocks.

## ACREAGE OF WHEAT, PULSES GOES UP

The Hindu

March 06, 2011

The area under wheat this rabi season is higher than last year by 10.46 lakh hectares raising hopes of a record wheat crop. According to officials of the Ministry of Agriculture, wheat has been sown in 294.06 lakh hectares as against 283.60 lakh hectares last season. Pulses' acreage has also shown remarkable improvement with 153.43 lakh hectares cultivated this year compared to 140.57 lakh hectares last year.

**Drop in rabi rice** - The area under rabi rice is lower at 39.79 lakh hectares compared to 40.57 lakh hectares last year, although sowing is still on in the southern States and in West Bengal. Coarse cereals acreage stood at 60.90 lakh hectares (against 65.78 lakh hectares last year) on account of a decline in the cultivation of sorghum (jowar) and maize. Some area had been diversified to wheat this year, sources said. The good news is that the overall cultivation of rabi crops at 548.18 lakh hectares is higher than last year by 18.14 lakh hectares.

## INDIA WHEAT, NON-BASMATI RICE EXPORT BAN MAY CONTINUE: USDA

Economic Times

March 06, 2011

India is unlikely to lift ban on export of wheat and non-basmati rice in the wake of high food inflation and food security concerns, the US Department of Agriculture (USDA) has said in its latest report. India had suspended wheat exports in early 2007 and non basmati rice in 2008 due to high inflation in the country. "The government of India may continue to ban exports of wheat and non-basmati rice due to ongoing food price inflation and food security concerns," the report said. Pegging India's wheat output at 83 million tonnes (MT) in 2011-12 marketing year (April-March), the USDA said, "Despite forecasted record production, strong government procurement and abnormally high stocks, the government is unlikely to lift the ban on wheat exports due to continued food inflation concerns". Currently, food inflation is still ruling high at 10.39 per cent for the week ended February 19. According to the USDA, with the expected continuation of the export ban, overseas sale of wheat from India in the 2011-12 marketing year would be 3,00,000 tonnes and mostly confined to neighbouring countries like Nepal on humanitarian grounds. Similarly, rice exports from the country are pegged at 2.5 Million Tonnes (MT) for the current year, which includes basmati rice, premium non-basmati and some concessional exports to neighbouring countries on humanitarian grounds, it said. The USDA has forecast rice output from India at 94.5 MT, as compared to 89 MT last year. Wheat output in last year was 80.8 MT. India's domestic wheat and rice demand is estimated at 84.5 MT and 96 MT, respectively for 2011-12 marketing year. India's wheat ending stocks are seen more than double

the government's desired stocks of 7 MT as on March-end of 2011, while rice ending stocks as on October 1, 2011 are expected to be three times higher than the desired stock of 7.2 MT, it said. Presently, the government's rice procurement is underway and will continue till September 2011. Wheat purchases would start from next month and total purchases are likely to be higher than 25.5 MT on record output and good MSP, the USDA added. On domestic prices of these two staples, the USDA said local prices of rice and wheat are expected to remain steady this year on sufficient domestic supplies and expected continuation of the export ban.

## UAS DHARWAD KISAN MELA BEGINS TODAY

Hindu Business Line

March 06, 2011

The University of Agricultural Sciences (UAS) Dharwad is holding rabi-summer kisan mela on Monday to showcase the recent technologies to the farming community in north Karnataka. According to Dr R. R. Hanchinal, Vice-Chancellor, UAS, Dharwad, the one-day mela is organised for the first-time this year on a trial basis. In this mela, nearly 4,000-5,000 farmers, farm women and extension workers from seven districts of northern Karnataka are to participate. The mela is to witness field demonstrations on recently developed technologies, which are laid out for the benefit of the farming community. Also technical information is expected to be provided on research and extension activities concerned to rabi-summer crops conducted at different centres of UAS, Dharwad.

## FOODGRAIN MERCHANTS AGAINST FURNISHING PAN CARD DETAILS

The Hindu Business Line

March 06, 2011

The Tamil Nadu Foodgrains Merchants Association has appealed to the Joint Commissioner, Commercial Taxes Department, to rescind the circular that insisted on furnishing PAN Card details. A circular has been forwarded to association members by the Joint Commissioner, requiring all traders with TIN Card, disclosing the identity of tax payers, to submit details of PAN (Permanent Account Number) before March 31, said the association President, Mr S. P. Jeyaprakasam, in a statement here.

## UNIQUE FARM CROPS ON DISPLAY AT 'KRISHI MELA'

Hindu Business Line

March 06, 2011

Over 5-feet long gourd, cabbage weighing 10 kg, medicinal properties rich white brinjal and pint-sized summer squash. These were some of the unique farm crops on display at the three-day-long 'Krishi Mela' (Agricultural Fair) ending. Private farmers, different offices of IARI (Indian Agriculture Research Institute) across the country and companies engaged in the making of agri equipment are showcasing their rich items at over 200 stalls. "Pusa Krishi Vigyan Mela" has been organised by IARI. Demonstrating his 5-feet 6-inches long gourd, Kapoor Singh Grewal, a farmer from Jhajhar in Haryana, said he used cowdung fertiliser and pure water to grow the produce in his field. "I took care of the produce like my child for nearly five months to get this big-sized long gourd," Grewal told PTI. The normal size of long gourd varies from 1-1.5 feet. Though Grewal's stall is located on the rear side of the fair, a long queue of curious visitors could be seen throughout the day there. Another item which is attracting the attention of visitors is a hefty cabbage named "Pusa Drum Head", weighing around 10 kg. The normal cabbage weighs about 500-700 grams. The seed of the produce has

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been developed by IARI, Kullu in Himachal Pradesh, Mr Pritam Kalia, Agriculture Department Head-IARI, said. IARI, Pusa has also developed a new variety of white brinjal which has medicinal qualities. Another matchless type of vegetable is pint-sized summer squash. Yellow in colour, the summer squash weighs around 200 grams, against the normal weight of this veggie ranging from 2-3 kg, an official at the IARI Pusa Delhi stall said. "We have put our new varieties of produce including cabbage, white brinjal and summer squash in the field located by the side of the mela ground for farmers to have a look at them from their own eyes," Mr Kalia said. He said the trial was on for the cultivation of some foreign variety vegetables like Chinese Cabbage and Swiss Chards in our own climate. "After successful field trial, seeds of these veggies will be made available to the farmers," he added. Protein rich 'Roasted Soya', another item developed by the IARI Pusa, is drawing crowds towards it. "The aim of the fair is to provide latest information about cultivation of these veggies and cheap farm equipment to the farmers to enhance their earnings," Mr J.P.S. Dadas, Senior Scientist, IARI, PUSA, said.

## OREO COOKIES AND INDIA'S SWEET TOOTH

March 07, 2011

Now the world's biscuit makers are hoping to dip their hands in the metaphorical cookie jar – by selling some old favourites to Indian families. After its run away success in China, Kraft foods has launched Oreo cookies in India. India's Rs. 108bn (\$2.4bn) biscuit market is dominated by local manufacturers Parle-G and Britannia industries, which together have over a 70 per cent share of the market, according to Euromonitor. They mostly sell plain-vanilla glucose biscuits in rural areas, but consumer preferences are shifting, statistics reveal, with filled biscuits registering growth of 21 per cent in 2010. This growth is expected to continue in the next few years.

**Gigi Tan of Euromonitor told beyondbrics:** With rising consumer confidence and increased spending due to the better economic growth in 2010, consumers are expected to indulge more with particular benefit to filled biscuits which are dominated by Cadbury India Ltd with its Bytes brand. Unlike China where Oreos were made less sweet to cater to local taste, in India, manufacturers will stick to the original recipe, which suits the local sweet tooth. Priced at Rs.5 for a pack of three, the world's biggest cookie brand hopes to rival local biscuit brands such as Parle G's Hide & Seek, a chocolate chip cookie and Britannia's cream-filled British favourite, the bourbon biscuit. Kraft foods, targeting consumers in India's cities, will rely on Cadbury's distribution network to get Oreos in 1.8 million stores across the country by the end of April this year. The move will allow them to reach impulse buyers through small grocery stores, reaching the 10 million families that account for 70 per cent of sales in the sector, according to Kraft Foods' spokesperson in India. The cookies, the company hopes, will be savoured by sweet-toothed children as snacks in school lunches, on the way to class and over tea at home. As incomes rise, the cream-filled biscuits traditionally viewed as an indulgence could become impulse buys for children, helping biscuit manufacturers to translate India's demographic dividend into a financial one.

## UAS DHARWAD GAINS FROM AGRI BUDGET

Business Standard

March 08, 2011

The University of Agricultural Sciences (UAS) in Dharwad stands to gain from the maiden agriculture budget presented by chief minister B S Yeddyurappa. The CM has allocated a whopping Rs 50 crore to the UAS (Dharwad) for taking up advanced research

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activities to enhance production of crops. Vice Chancellor R R Hanchinal told Business Standard on Monday that out of the total fund of Rs 50 crore, Rs 40.75 crore would be utilised for farmer-oriented development activities and certain quantum of funds would be used for Integrated Farming System (IFS). Under the special component and tribal welfare programme of the state government, demonstration of IFS in districts of north Karnataka for empowering the scheduled castes and scheduled tribes would be implemented. This programme would be implemented effectively through Transfer of Technology Centre(ToTC) situated in the jurisdiction of UAS Dharwad and UAS Raichur. Under this system, different components like seeds of field crops, growing perennial tree species like mango, sapota, curry leaf, vermin compost units, dairy animals, honey production units would be incorporated to obtain sustainable income for creation of employment opportunities, he asserted. Similarly, the Union government in principle has agreed to give Rs 60 crore for holding IFS demonstration in 25,000 hectare. Besides, the UAS has been sending SMS (short message service) to more than 5,000 farmers in every district regarding the measures to be taken to control pest attacks, yield enhancement, manure supply and yield rates in respective APMS. Now, this measure would be extended to more farmers, he maintained.

## SCOTT J. MONTGOMERY NAMED FFI DIRECTOR

March 08, 2011

Scott J. Montgomery has been named Director of the Flour Fortification Initiative (FFI), a network of partners working to make the addition of vitamins and minerals to flour standard milling practice worldwide. He brings 30 years of cereal grain industry expertise to the leadership position, in addition to experience in working with the FFI Executive Management Team (EMT). "Scott has demonstrated his leadership skills, his ability to plan strategically, and his passion for improving people's health by fortifying flour," said Greg Harvey, Chief Executive of Interflour Group, one of Southeast Asia's largest flour milling companies, and Chairman of the FFI EMT. "We look forward to strengthening our network of partners under his direction." Montgomery received a bachelor's degree in milling science and management from Kansas State University in 1980, and worked for Cargill Incorporated from 1980 to 2010. He began as a trainee at the company's oilseeds processing plant in Washington, Iowa. He quickly moved into the wheat flour milling business, holding several supervisory positions across North America. This was followed by global operations responsibility for Cargill's wheat and maize milling operations and ultimately citrus operations in every region of the world. He retired from Cargill in 2010 as Vice President, Global Procurement Leader. In 2004, Montgomery joined the FFI EMT as a Cargill representative, and he served as the EMT chairman from 2006-2010. The EMT includes representatives from multiple-sector partners who provide strategic direction to FFI.

"Scott's clear understanding of industry concerns is a critical component to the FFI approach of partnering between public, private and civic sectors," said Nick Alipui, Director of UNICEF Programmes and Co-chair of the FFI EMT. "It has been a pleasure to work with Scott on the EMT, and I am delighted that we will continue to benefit from his industry knowledge to affect public health outcomes." After retiring from Cargill, Montgomery joined the FFI staff as the Industry Liaison. He will continue to serve in that role in addition to taking on the Director responsibilities. Montgomery will also have primary responsibility for FFI fund-raising efforts. Creating a global group to promote flour fortification was proposed in 2002 during a meeting of the Industrial Association of Operative Millers (IAOM), and an official FFI Leaders Group was formed in 2004. The FFI founder was Glen Maberly, a professor at Emory University in Atlanta, Georgia, who resigned in 2009 to become Director of The Centre for Health Innovation and Partnership in Australia. The FFI Global Secretariat remains at Emory University.

## WORST AGRARIAN CRISIS SINCE GREEN REVOLUTION

Tamilnadu News

March 08, 2011

"The reported number of suicides committed by farmers is double as compared to those involving others. Though, the rate of farmer suicide was less in Bengal, that is nothing to feel complacent about," veteran journalist P Sainath said on Monday. He was speaking during the Third Michael Sprinker Lecture on Death on the Farm: Agrarian crisis and inequality' at the Institute of Development Studies. Citing several stark contrasts in India, where the average CEO earns 30,000 times more than the average worker, he said, "While labour productivity rose 84%, real wages of labourers dropped 22%. The country imports wheat from Australia, which was importing wheat nine years ago from Punjab. It exports 20 million tons of grain at ` 5.45/kg, whereas the same grain is sold to the poor at Rs 6.15/kg." Drawing attention to the high suicide rate one in six hours among the farmers, he spoke of the "corporate takeover of Indian agriculture and the process of commercialization of the countryside and its consequence." "Farmer suicides the largest human tragedy in our country are the outcome of the farm crisis, driven by the government policies. The country is grappling with the largest agrarian crisis since green revolution," he added. And the direct consequence was food crisis. "The net per capita availability of food grain in the last five years is 436gm. In 1959, a decade after India's independence, the figure was 444 gm."

## UP TO PROCURE 3.9 MT WHEAT

Business Standard

March 08, 2011

Uttar Pradesh, India's leading wheat producer, is targeting to procure 3.9 million tonnes (MT) of wheat in the 2011-12 season beginning April 2011. This comes in the backdrop of bumper wheat production estimates for the coming season. According to the state agriculture department, the state wheat production is likely to increase by 4.5 per cent to 28.83 MT compared to 27.5 MT last year. The wheat acreage is estimated at 9.61 million hectares. The procurement season would start from June 30 and the government has directed food department officials to meet the target and ensure payment of minimum support price (MSP) of Rs 1,120 per quintal to farmers. A major portion of wheat produced is retained by farmers for personal consumption and only a portion of rabi crop gets to the market. Food Corporation of India (FCI) will procure another 100,000 tonnes of wheat. Last year, the wheat procurement by government agencies was rather poor and only 50 per cent of the 4 MT target was met. MSP then stood at Rs 1,100, but the state farmers had received payments at Rs 1,056 per quintal due to shrivelled crop following excess heat. However, the market rate last year revolved around Rs 1,200 per quintal. Meanwhile, Food Minister Ram Prasad Chaudhary directed the setting up of procurement centres for ensuring minimum commutation by farmers for selling wheat, and operationalise a 'single window' system towards that end for facilitating receipt, issue of coupon and acknowledgement are processed by one official at one place.

## RANGARAJAN SEES FOOD INFLATION AT 7% BY MONTH END

Financial Express

March 08, 2011

Prime Minister's Economic Advisory Council (PMEAC) chairman C Rangarajan is optimistic on food inflation declining to 7% by end of March. "The easing of food price inflation may not be fully reflected in the March inflation data, but the continued softening of items like vegetables would definitely bring down the overall food inflation," he said while talking to media at the Madras School of Economics. The food price inflation touching almost 16 % in January and dropping close to 11.5% in February was majorly due to

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spike in vegetable prices including Onion. With fresh arrival of vegetables post monsoon harvest in the market, the weight of vegetable prices on the overall food price basket would drastically come down, he added. He also said wheat from the central storage pool could be released under Open Market Sales Scheme (OMSS) by FCI to state public distribution systems that in turn can dispense OMSS wheat to the public in times of upward movement of prices. On the fuel price inflation and rising crude, he said at some point of time, the burden of oil price escalation has to be shared with the consumers. The fuel price inflation hovered around 12% to 12.6% during February. "It is inevitable that crude continues to trade high in the wake of crisis in West Asia. Crude crossing \$100 a barrel mark would tend to impact our import bill. The government may be forced to hike petrol prices to minimise the fuel price subsidy burden if the crisis remains unabated," he said. On MAT the PMEAC Chairman said, "The idea of MAT is universal in application when companies show their book profits"....

## COMMERCE DEPT WANTS WHEAT EXPORT BAN LIFTED

Economics Times

March 09, 2011

The commerce department will support a partial lifting of ban on wheat exports and also press for allowing exports of more varieties of superior non-basmati rice in the meeting of senior ministers on food later this month. "We have had a good crop, have overflowing stocks and international prices are high. There is no reason why some quantities of both wheat and rice can't be exported," a commerce department official said. The empowered group of ministers on food, headed by finance minister Pranab Mukherjee, will analyse the current situation for various farm products including wheat, rice, sugar and onions and take decisions related to their exports and imports. Agriculture minister Sharad Pawar has already made a case for export of both wheat and rice. With wheat selling at around \$350 per tonne in the global market and prices expected to rise further, exports could be a profitable option. Exporters could earn between 16-20 per kg against 12 per kg prevailing in the domestic market, the official said. India's wheat position is comfortable with a record production of nearly 84 million tonne being expected this year ending June 30. As domestic consumption is only around 82 million tonne and there is a stock pile of nearly 20 million tonne, the commerce department believes that some exports could easily take place. The EGoM, in its meeting last month, had partially lifted the ban on export of non-basmati rice by allowing export of 1.5 lakh tonne of premium rice varieties Sona Masoori, Ponni and Matta, all grown in the southern states of Kerala, Andhra Pradesh, Tamil Nadu and Karnataka. The exports are subject to a minimum export price of \$850 per tonne. The commerce department feels that premium varieties from other parts of the country including Sugandha, Sharbati and 999 should also be allowed to be exported.

## WHEAT FUTURES SHED 0.72% ON HOPES OF HIGHER PRODUCTION

Press Trust of India

March 09, 2011

Wheat prices fell by 0.72 per cent to Rs 1,218.80 per quintal today on expectations of higher production. At the National Commodity and Derivatives Exchange (NCDEX), wheat for delivery in March lost Rs 8.80, or 0.72 per cent, to Rs 1,218.80 per quintal, with an open interest of 4,540 lots. Likewise, wheat for delivery in April fell by Rs 6.40, or 0.55 per cent, to Rs 1,166 per quintal, with an open interest of 10,550 lots. Analysts said prospects of higher output due to favourable weather conditions in producing regions and wheat harvesting, which is expected to commence in the third week of this month, mainly weighed down on the grain prices at futures trade here.

## ADAPTATION TO CLIMATE CHANGE CRITICAL FOR FOOD SECURITY

Financial Express

March 28, 2011

For the first time in the recent years, finance minister Pranab Mukherjee devoted considerable amount of time on the importance of agriculture sector for the Indian economy in his recent Budget (2011-12) speech. He announced a number of scheme for augmenting production of foodgrain specially pulses and oilseeds. Indian Council of Agricultural Research (ICAR) is expected to play a key role in providing technological support in government's quest for augmenting foodgrain during decades. S Ayyappan, director general, ICAR spoke to FE's Sandip Das on challenges and opportunities in boosting production.

### On the vagaries of climate change and need for a sustaining growth in food production?

We need to response to the vagaries of weather or climate change by developing ranges of tolerant seeds which can deal with salinity, drought, erratic rainfall and other adverse impact of climate change. Adaptation to climate change is also critical for sustaining food security of the country.

## WHEAT AND RICE STOCK OVER 471 LAKH TONNES AS ON 1ST JANUARY, 2011

Rice Offtake in December 2010 26.76 lakh tonnes, Wheat 20.74 lakh tonnes.

The latest position in respect of total food grains stock held by FCI and State agencies, procurement and allotment and offtake of food grains under different schemes during the month of December 2010 is as under:

- The procurement of rice as on January 1, 2011 (KMS 2010-11) is 144.71 lakh tonnes as against 157.31 lakh tonnes procured last year. In respect of wheat, the procurement for RMS 2010-11 is 225.14 lakh tonnes as against 253.82 lakh tonnes procured last year.
- The total stocks of rice and wheat held by FCI and State agencies as on January 1, 2011 is 471.20 lakh tonnes comprising 255.80 lakh tonnes of rice and 215.40 lakh tonnes of wheat.
- The offtake of rice all schemes during the month of December 2010 has been 26.76 lakh tonnes. This comprises 21.16 lakh tonnes under TPDS and 5.60 lakh tonnes under other schemes during the month. In respect of wheat, the total offtake has been 20.74 lakh tonnes comprising of 17.00 lakh tonnes under TPDS and 3.74 lakh tonnes under other schemes.
- The total allotment of rice during December, 2010 under TPDS including BPL, APL and AAY was 22.88 lakh tonnes, against which the total offtake 21.16 lakh tonnes representing an over all percentage offtake of 92.5 percent. The BPL allotment of rice was 9.78 lakh tonnes, against which the offtake was 9.63 lakh tonnes representing percentage offtake 98.5 per cent. In respect of AAY the allotment was 5.75 lakh tonnes, against which the offtake 5.41 lakh tonnes, which represents 94.2 percent offtake. The total allotment of wheat under TPDS including BPL, APL and AAY during December, 2010 was 18.90 lakh tonnes, against which the total offtake was 17.00 lakh tonnes representing an over all percentage offtake of 90 per cent. The BPL allotment of wheat was 4.75 lakh tonnes, against which the offtake was 5.30 lakh tonnes representing an offtake of 111.6 per cent. In respect of AAY, the allotment was 2.78 lakh tonnes, against which the offtake was 2.68 lakh tonnes, which represents 96.3 percent offtake

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## ASHOK GULATI TO HEAD COMMISSION FOR AGRICULTURAL COSTS AND PRICES

Ashok Gulati, Director in Asia for the International Food Policy Research Institute (IFPRI), was appointed Chairman of the Commission for Agriculture Costs and Prices for the Ministry of Agriculture, Government of India. Based in New Delhi, he will be involved in developing appropriate price policy and marketing structures for major agricultural commodities in the country. Gulati's appointment begins on March 1. Bart Minten will be acting director of the New Delhi office; search for a new director will begin immediately. Gulati served as the IFPRI's Director in Asia since 2006. Prior to that (2001-2006), he was head of IFPRI's Markets, Trade, and Institutions Division. His research focused on agricultural markets and trade; the development of value chains; reforms in public irrigation and power systems; and the role of government, corporate, and civil society in the development of agriculture and rural areas in Asian countries with a view to provide food and nutritional security on a sustainable basis. During this time, Dr. Gulati produced nine peer-reviewed books in collaboration with his colleagues and published widely in national and international research journals. "In his ten years at IFPRI, Dr. Gulati has contributed significantly to our understanding of agricultural policy issues, especially in South Asia," said Shenggen Fan, IFPRI director general. "One of his most internationally influential works is a comparative study on India and China's agricultural and rural reforms. He rendered policy advice to the Government of India, and interacted closely with the corporate agri-business sector, farmer groups, and civil-society organizations. He worked tirelessly to build and expand IFPRI's New Delhi office and its research capacity." Previous to joining IFPRI, Gulati served as a member of the Economic Advisory Council of the Prime Minister of India.

## GOVERNMENT ALLOWS 100,000 TONS OF WHEAT EXPORT TO AFGHANISTAN

Relaxing the export ban on diplomatic ground, the Indian government on Monday allowed shipments of 100,000 tonnes of wheat to Afghanistan through Food Corporation of India (FCI). The government had prohibited wheat exports in 2007 to increase domestic availability. "The export of 1,00,000 MTs of wheat to Afghanistan, as a donation from government of India to the government of Afghanistan, will be permitted for export through FCI up to March 31, 2011," Directorate General of Foreign Trade (DGFT) said in a notification here. This quantity shall be exported by FCI out of the central pool stock during the financial year 2010-11, that is, up to March 31, it said. India is heading towards harvesting a record wheat output of 81.47 million tonnes this year. As on January 1, the government godowns have 21.5 million tonnes of wheat, against the buffer norm of 11.2 million tonnes. In another notification, DGFT said that it has extended a provision of honey exports to European Union (EU). "No blending of Indian honey shall be permitted with honey originating from any other country," it said. Earlier this provision was applicable on export of honey to the US only.

## INDIA'S BULGING GRAIN STOCKS RAISE EXPORTS HOPES

Govt may review wheat export ban after May; political compulsions may deter lifting of export curbs; wheat harvest to start from end-March. India's bulging grain stocks prior to end-March harvest season make a strong case for lifting export curbs, but analysts say it is unlikely due to political compulsions ahead of state elections in coming months. At 17.2 million tonnes, wheat stocks on 1 March were more than double the 8.2 million tones target, government sources said on Wednesday, while rice stocks rose to 28.75 million tonnes against a target of 11.8 million tonnes. The sources said they believe India, the world's second-biggest rice and wheat

producer, can now afford to allow grains exports, banned since 2007. India is on course for its second-highest food grains harvest in 2010-11, including a record 81.47 million tonnes wheat, which could help the government rein in food prices and allow overseas sale of wheat and rice. "Healthy stocks before the start of harvesting season could help lift the export ban on wheat," Veena Sharma, secretary of the Roller Flour Millers Federation of India, told Reuters. Sharma said the government might review its wheat exports ban decision in May, when the harvest season ends. India's food price index eased to 10.39% in the year to 19 February, having climbed to a year's high of 18.32% in late December, government data showed last Thursday. Analysts, however, said the export curbs are likely to stay. High food prices pose a political challenge, drawing voter ire ahead of state elections in coming months that will help determine the strength of the ruling Congress party-led coalition for the rest of its term. "I don't see an immediate withdrawal of the export ban on wheat despite the record production," said Veeresh Hiremath, senior analyst with the Hyderabad-based broking Karvy Comtrade. He also said the government would be keen to observe how procurement of the grain shapes up when harvesting commences later this month. State-run Food Corp of India, the main grain procurement agency, buys wheat from local farmers between March and May, while it procures rice throughout the year from October. The government buys rice and wheat from farmers to build reserves for emergency, run various welfare programmes and protect farmers from distress sale.

## END OF THE MONTHLY NEWS

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