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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.

DISCLAIMER: The information contained in this report is not a statement of U.S. Government policy. The views and opinions reported by different news organizations do not reflect the policies of the U.S. Department of Agriculture or the U.S. Embassy in New Delhi.

General Information:

POLICY

CALL TO INCREASE AGRICULTURAL OUTPUT

The Union Agriculture Minister has laid emphasis on getting remunerative prices for agricultural produce to farmers and called for bringing together the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) with farmers to help augment the agricultural output. (Source: The Hindu, 09/19/2011)

INDIA TO TOPPLE JAPAN AS WORLD'S 3RD-LARGEST ECONOMY

India might become the world's third largest economy in 2011 by overtaking Japan in terms of gross domestic product (GDP). India is now the fourth-largest economy behind the US, China and Japan. (Source: Economic Times 9/20/11)

INDIA TO ALLOW FREE FLOW OF FOOD FOR UN AID PROGRAMME

India will not impose export duty and other restrictions on food purchases by the United Nations World Food Program, joining a global initiative to tackle scarcity of food and volatility in its prices. "The issue was discussed at the G-20 and the government will support the proposal," a finance ministry official said. India has also decided to support creation of an international information system on crop production. (Source: Economic Times 9/20/11)

FOOD INFLATION TO STAY HIGH ON MSP, LABOR COST & PURCHASING POWER

Lack of adequate support infrastructure, increasing incomes, higher labor costs and rising procurement prices could combine to thwart the government's strategy to check food inflation through improved supplies. (Source: Financial Express 09/20/2011)

FARMING AND INDUSTRIAL SLOWDOWN

Recent trends in non-farm sector output reflect deceleration in growth. Non-food agriculture is more likely to be affected by the deceleration in industrial production than the food sector. Demand for agro inputs would moderate as sales of agro-based industries take a hit. (Source: The Hindu Business Line 9/21/11)

RS 31/DAY ENOUGH FOR FAMILY OF 5: PLAN PANEL

The country's top-most planning body, the Planning Commission, in its affidavit filed in the Supreme Court said the urban poverty line is fixed at an expenditure of Rs 4,284 per month while it is Rs 3,905 a month in rural areas. (Source: Hindustan Times 9/21/11)

POULTRY

AFTER 3 YEARS, BIRD FLU IS BACK IN WEST BENGAL

Avian influenza has resurfaced in West Bengal after a gap of 3 years. According to senior Government officials, incidents of avian influenza have been confirmed in poultry samples collected from two villages in the Tehatta Block 1 of the district. (Source: The Hindu Business Line 9/21/11)

GRAIN AND FEED

WHEAT EXPORT MAY BE CAPPED 500,000 T

Wheat exports from India may be capped at 5,00,000 tons this year as shippers fail to secure supplies from the open market. India scrapped a four-year ban on wheat exports on September 8 after the nation harvested record crops for a fourth year, boosting state stockpiles to more than 33 million tons. Failure to release state reserves may push up domestic wheat prices. (Source: Finanacial Express, 09/20/2011)

COTTON

CENTRE LOOKS TO BUY 1/3 COTTON CROP

The Central Government is preparing to procure 1/3rd of India's cotton harvest this year amidst fears that cotton prices will fall below minimum support prices and cause widespread farmer distress. This will be largest ever procurement exercise for cotton (13.5 million bales out of a total crop of 5.5 million bales) and will cost the exchequer Rs. 130 billion. (Source: Economic Times 9/19/11)

OILSEEDS

PMO TALKS OILSEEDS, PULSES IN FARM PUSH

A review meeting of the agriculture sector chaired by the Prime Minister's Principal Secretary T.K.A. Nair suggested specific measures to boost agriculture production, especially that of oilseeds and pulses. The Prime Minister's Office also directed the Indian Council of Agricultural Research to develop high yielding varieties that can withstand higher temperatures and other abiotic stress. (Source: Economic Times 9/18/11 (see attached clipping)

SUGAR

PAWAR, THOMAS DIFFER ON SUGAR OUTPUT FOR NEXT YEAR

The agriculture minister and the food minister have differed on the MY 2011/12 (October/September) sugar production estimates. The agriculture ministry has pegged sugar production at 25.5 to 26 million tons while the food ministry has projected 24.6 million tons. This development may have an implication on sugar exports, which are currently controlled through quotas. (Source: The Asian Age

9/23/11)

RETAIL

RETAIL HONCHOS BAT FOR FDI IN MULTI-BRAND
The government may be adopting a yo-yo approach to opening foreign direct investment (FDI) in multi-brand retail, but industry captains at the India Retail Forum said FDI should be opened up immediately, given the liquidity crunch in the market. (Source: Business Standard, 09/22/2011)

AGRICULTURAL SITUATION

MONSOON MAY EXIT NORTH-WEST BY WEEKEND

The Indian Meteorological Department (IMD) has identified conditions indicating the withdrawal of the monsoon from parts of north-west India by this weekend. An update said that weather remained mainly dry over Punjab, Haryana, west Rajasthan, Saurashtra and Kutch during the 24 hours ending Wednesday morning. (Source: The Hindu Business Line, 09/22/2011)

OTHER

ONION EXPORT BAN GOES; FLOOR PRICE SET AT $475/T

The Empowered Group of Ministers (EGoM) revoked the onion export ban on Tuesday, but retained the minimum export price (MEP) of $475 a ton that was fixed on September 4. The ban has been lifted mainly in view of agitation by farmers in Maharashtra. (Source: The Hindi Business Line 9/21/11)

NEWS IN DETAIL:

CALL TO INCREASE AGRICULTURAL OUTPUT
Special Correspondent

Union Agriculture Minister Sharad Pawar has laid emphasis on getting remunerative prices for agricultural produce to farmers in view of rising prices of farm inputs, such as seeds, pesticides, fertilisers and fuel, and called for bringing together the MGNREGS and farmers to help augment the agricultural output.

Addressing a national convention for felicitation of farmers for innovations here , Mr. Pawar said the Union Government's budgetary allocation for the agriculture sector was of the size of Rs.28,000 crore, while farmers' loans worth Rs.70,000 had been waived. For improving the quality of life of farmers, loans of Rs.4,40,000 crore had been disbursed across the country, he added.

Mr. Pawar said the farm sector was experiencing shortage of labourers after the implementation of the flagship employment generating scheme, MGNREGS, and suggested that the labourers engaged under the scheme could be asked to work at agricultural farms during the sowing and harvesting periods.

Asking Rajasthan Chief Minister Ashok Gehlot to submit the State Government's suggestions in this regard, Mr. Pawar said a “productive way” could be evolved for increasing agricultural output through an effective implementation of MGNREGS.

The Rajasthan Government's Agriculture Department and the Centre for International Trade in Agriculture and Agro-Based Industries (CITA) jointly organised the convention for honouring the farmers for their innovative practices and scientific research to enhance the crop yield, improve the seed varieties and scale up soil productivity.

Twenty-eight farmers from 18 States were honoured for their achievements on the occasion, while 496 innovative farmers of Rajasthan received various prizes of State, district and panchayat samiti levels.

In addition to Mr. Gehlot, Goa Chief Minister Digambar Kamat, Rajasthan Agriculture Minister Harjiram Burdak, CITA Director and former Rajasthan Chief Secretary M. L. Mehta and several agricultural scientists attended the convention.

INDIA TO TOPPLE JAPAN AS WORLD'S 3RD-LARGEST ECONOMY
Rishi Shah, ET Bureau Sep 20, 2011, 07.00 a.m IST

NEW DELHI: India might become the world's third largest economy in 2011 by overtaking Japan in terms of gross domestic product (GDP) measured according to the domestic purchasing power of the rupee, otherwise called purchasing power parity.

India is now the fourth-largest economy behind the US, China and Japan. Numbers from 2010 show that the Japanese economy was worth $4.31 trillion, with India snapping at its heels at $4.06 trillion. But after March's devastating tsunami and earthquakes, Japan's economy is widely expected to contract while India's economy will grow between 7% and 8% this fiscal. "India should overtake Japan in 2011 to become the third-largest economy in the world at purchasing power parity," said Sunil Sinha, head of research and senior economist at Crisil.

INDIA TO ALLOW FREE FLOW OF FOOD FOR UN AID PROGRAMME
20 Sep, 2011, 02.58AM IST, ET Bureau

NEW DELHI: India will not impose export duty and other restrictions on food purchases by the United Nations World Food Programme, joining a global initiative to tackle scarcity of food and volatility in its prices.

"The issue was discussed at the G-20 and the government will support the proposal," a finance ministry official said. Finance Minister Pranab Mukherjee will discuss food security issues with the G-20 finance ministers on the sidelines of the upcoming World Bank and International Monetary Fund annual meetings in the US.

India has also decided to support creation of an international information system on crop production. The Agricultural Market Information System, designed on the lines of the Joint Organisations Data Initiative (JODI) on oil, will provide accurate and timely information on crop production, stocks, trade and prices to help curb price volatility.

The G-20 is also proposing a pilot programme for small, targeted, regional, emergency, humanitarian food reserves and a rapid response system under the aegis of the Food and Agriculture Organisation (FAO) to prevent food scarcity. The Development Working Group under the G-20 will also formulate an action plan on food and water security.

Mukherjee, whose five-day US visit begins on September 21, will also meet the finance ministers of Brazil, Russia, China and South Africa - which with India form the BRICS group - to discuss the global economic situation and the group's policy response.

The finance minister will also attend the G-24 meeting, called to discuss recovery, growth and development in the backdrop of the current global environment.

The G-24 meeting, which will also look at ways of enhancing the group's effectiveness, will close with South Africa's finance minister Pravin J Gordhan handing over the group's presidency to Mukherjee.

Mukherjee will also attend the first joint conference of the International Monetary and Finance Committee (IMFC) and the World Economic Forum, which will have 24 ministers and 24 chief executive officers.

The finance minister will seek investments in India's infrastructure sector, where the government plans to put in $1 trillion in the 12th Plan period.

Mukherjee will also address the US-India Business Council-FICCI roundtable meeting in New York and the India-US CEOs Forum meeting in Washington.

FOOD INFLATION TO STAY HIGH ON MSP, LABOR COST & PURCHASING POWER
Sandip Das; Posted: Tuesday, Sep 20, 2011 at 0001 hrs IST

New Delhi: Lack of adequate support infrastructure, increasing incomes, higher labour costs and rising procurement prices could combine to thwart the government's strategy to check food inflation through improved supplies, feel experts.

Weekly food inflation hovers around the double-digit mark, marginally falling to 9.47% for the week ended September 3 from the previous figure of 9.55%. Finance minister Pranab Mukherjee has stated food inflation would see a gradual moderation in the months ahead.

"While there has been a jump in purchasing power leading to higher demand of food, the inefficient supply and storage system has not been able to match up, which has pushed up prices," Ramesh Chand, director, National Centre for Agricultural Economics and Policy Research, told FE. He said as the minimum support prices (MSP) for farmers have doubled over the last five years, procurement cost has risen sharply. “Food inflation is unlikely to moderate unless the government creates better supply and storage system for grain,” he observed.

The sharp rise in retail prices of onion, potato and milk in the last two months has been attributed to the lack of cold storage facilities and constraints in supply management.
Official data showed onion turned costlier by 42.98%, potato 21.16% and fruit 22.64%. Overall, vegetable prices rose 17.47%. Milk became 10.02% costlier and cereals 5.02%.

“Food prices can never go below MSP; it is not realistically possible. As MSP rises, naturally the prices will also increase. In the last five years, MSPs have doubled. Purchasing power is rising too. People will get food grains at reasonable prices,” said food minister KV Thomas.

“Cost of labour has gone up significantly in the last few years adding to the cost of production, which is reflecting in the rise in retail prices,” PK Joshi, senior programme coordinator, International Food Policy Research Institute (IFFRI), said.

However, the Prime Minister's Economic Advisory Council (PMEAC) had exuded confidence that food inflation would moderate over the next months as supplies improve.

“I expect food inflation to come down in the coming weeks...as the monsoon has been good. We are almost towards the end of the monsoon and all indications are that agricultural production will be good this year,” C Rangarajan, chairman, PMEAC had observed recently.

FARMING AND INDUSTRIAL SLOWDOWN
SHASHANKA BHIDE

Recent trends in non-farm sector output reflect deceleration in growth. A combination of slowing growth and high inflation is clearly not the desired outcome of policy. Although day-to-day or month-by-month numbers are not quite enough to determine the prospects for the year as a whole, the overall scenario that is emerging is clearly one of slower growth — not just here but also at a global level.

In the Indian context, slower growth has become necessary to bring down the high inflation rate. Elsewhere, there are active attempts to raise output growth and prices have remained low. The divide between advanced economies and India in terms of policy choices is stark.

The high inflation here has been led by high commodity prices, and is now being passed on to manufactured products. Even with modest global inflation rates, high food prices remain a concern. Whatever little growth we see at the global level has put pressure on food prices.

AGRICULTURE PROSPECTS

The combination of slower growth and high inflation has been a frequent occurrence in drought years, leading to a decline in farm output and high prices. Non-farm output suffered, as farm sector-induced inflation led to other disruptions. Now, non-farm output growth is decelerating and the price rise is yet to abate. How would this affect the farm sector? The farm sector is more vulnerable to shocks of output on the supply side, but now the demand side shocks are becoming less rare than earlier.

It is rainfall and expected prices of output at the time of sowing and input prices paid that generally determine the outlook for farm output in any given season. The introduction of new varieties and investment in irrigation and so on are also important, but the process of production is not really affected by other factors such as industrial growth. Will the slowdown in industry affect the fortunes of agriculture?
A good harvest is likely to be a prop for some non-farm sectors, but the impact of slowing industrial growth on the farm sector plays itself out through many channels.

Farm output is not the only indicator of the health of the sector. Farm income is a more comprehensive measure of the sector's performance. Farm income is affected by what happens in sectors other than agriculture: demand for farm output comprises both a quantity effect and also a price effect. Demand for some of the agro-based inputs would moderate as sales of these agro-based industries decelerate. Weak demand conditions may have a similar impact on the prices of farm commodities.

NON-FOOD PRODUCE

There is also the fact that one of the triggers for the slowdown, the cost of credit, affects farmers as consumers even if their credit cost with respect to production is insulated from the rise in interest rates. Growth of real income may decline, even if output levels do not decline.

In this sense, non-food agriculture is likely to be more hit by slower industrial production than the food sector itself. Farm exports may also be affected by weak growth in the importing countries.

Unfortunately, the shift in private investment from non-farm sectors, where prospects are less bright, to agriculture is not easy. The increased cost of investment funds also deters new investments. The options open to those who have the financial savings are limited to investments in farm input industries.

GOVT SUPPORT

The main impact of the slowdown in the industrial and non-farm sector will be felt by way of government finances. The ability of the government to provide input subsidies or even price support is dependent on revenues from the non-farm sector. The industrial slowdown would clearly affect government revenues. The widening budgetary deficits are likely to limit outlays on subsidies and particularly Plan expenditures. The government's attention is likely to shift to protecting growth of output of non-farm sector and employment there.

There are always the immediate policy priorities and the longer term perspectives. While moderation in growth may have been needed to cool down inflation, the longer term perspective requires us to invest in improving supply of farm output so that food supply is adequate and affordable.

Policies to help the farm sector and enhance the synergies between the farm and non-farm sectors should focus on efficient transport and distribution systems, as well as efficient storage systems. Market prices will have to include all these costs of investment in supply systems at some point in time. However, it is necessary to nudge the system to build this infrastructure now.

RS 31/DAY ENOUGH FOR FAMILY OF 5: PLAN PANEL
Bhadra Sinha, Hindustan Times

New Delhi: Is a daily expenditure of Rs 31 enough to sustain a family of five in a city like Delhi and Mumbai? Country's top-most planning body, Planning Commission, says yes. In its affidavit filed in the Supreme Court, the panel quoting the Tendulkar Committee's recommendations said the urban poverty line is fixed at an expenditure of Rs 4,284 per month while it is Rs 3,905 a month in rural areas.

It means that the money is enough for a family of five to incur expenses on health, food and education. A family spending more would fall in the above poverty line (APL) category.
Jean Dreze, member of the Sonia Gandhi headed National Advisory Council, while questioning the adequacy of Tendulkar committee report said in the committee's poverty-line basket, the allowance for health expenditure is less than one rupee a day — barely enough to buy an aspirin.

The panel had filed the affidavit after the Supreme Court asked the commission to revise norms of per capita amount looking to the price index of May 2011 in the Right to Food case. The poverty line is based on expenditure as on June 2011.

Another NAC member Aruna Roy said the affidavit was reflective of the government's lack of empathy for the poor. "It is obvious that this extremely low estimated expenditure is a threshold aimed only at artificially reducing the number of persons "below poverty line" so as to reduce government expenditure on the poor," she said in a signed statement.

The SC had in July perused the Planning Commission's affidavit and expressed its reservations at the fact that the poverty line at the national level fixed by the body, that is Rs 579 per capita per month consumption expenditure for the urban areas and Rs 447 per capita per month for the rural areas, are fixed at 2004-05 prices.

A bench headed by justice Dalveer Bhandari did not appreciate the affidavit as the court had on May 14 specifically directed the Commission to revise the norms of per capita keeping the price index of May 2011 in mind. The direction was given after SC learnt the Tendulkar Committee had fixed daily earning of Rs 20 in urban and R1s 5 in rural to define a BPL family.
The committee had determined the poverty line at the 2004-05 prices.

The final poverty lines would be available after the completion of 2011-12 survey by the NSSO. According to the Commission, the poverty line would vary from state to state because of price differentials.

AFTER 3 YEARS, BIRD FLU IS BACK IN WEST BENGAL
Our Bureau

Kolkata: Bird flu or avian influenza has resurfaced in West Bengal again after a gap of 3 years.
The State government on Tuesday confirmed incidents of bird flu in Nadia district. According to senior

Government officials, incidents of avian influenza have been confirmed in poultry samples collected from two villages in Tehatta Block 1 of the district.

Samples collected from the villages were sent to the High Security Animal Disease Laboratory (HSADL) in Bhopal where they tested positive for the H5N1 strain.

“The State Government has ordered immediate culling of birds and destruction of eggs and feed material to control the spread of the disease. Around 50,000 birds will be culled,” a senior State Animal Resource Department official said. According to senior State government officials, culling of the entire poultry stock within a three kilometre radius of the affected villages will be carried out.

Surveillance will also be carried out across the affected villages as well as those within a 10-km radius, and in districts bordering Nadia. The West Bengal Government has been asked to furnish a daily report to the Centre.

PRECAUTIONS

The Centre has advised a series of strategic actions to be taken up immediately in the area by the Animal Husbandry and Public Health Departments. It has issued guidelines to ban the movement of poultry and its products in the infected areas; closure of poultry and egg markets and shops within a radius of 10 km from the infected site; ban on movement of farm personnel; restricting access to wild and stray birds, infected premises; disposal of dead birds and infected materials; clean-up and disinfection followed by sealing of the premises.

The Union Government will share costs of compensation on 50:50 basis with the State government for the loss of poultry on account of culling and destruction of birds.

WHEAT EXPORT MAY BE CAPPED 500,000 T

FE Bureau; Posted: Tuesday, Sep 20, 2011 at 0008 hrs IST

Wheat exports may be capped 5,00,000 Wheat exports from India, the second-largest grower, may be capped at 5,00,000 tonne this year as shippers fail to secure supplies from the open market, a traders' group said. “Though the government has opened up exports, the condition is that you have to buy the wheat from the open market,” Pravin Dongre, president of the India Pulses and Grains Association, said. “Availability is limited” in the open market, he said. India scrapped a four-year ban on wheat exports on September 8 after the nation harvested record crops for a fourth year, boosting state stockpiles to more than 33 million tonne. Failure to release state reserves may push up domestic wheat prices.

CENTRE LOOKS TO BUY 1/3 COTTON CROP

Nidhi Nath Srinivas

New Delhi: The Central government is preparing to mop up a third of India's cotton harvest this year out of fear that a drop in clothing demand could lead to crop prices diving below the minimum support price and causing widespread farmer distress.

This will be the largest ever procurement exercise for cotton and could cost the exchequer Rs.13,000 crore. Cotton is India's most important cash crop and contributes 30% of the agricultural GDP.

The chief secretaries of nine cotton growing states asked the union textiles ministry last week to procure at least 13.5 million bales out of a total anticipated crop of 35.5 million bales through government-owned Cotton Corporation of India in the new marketing season starting October 1.

"There is tremendous anxiety among state governments that farmers will not recover their cost of cultivation in the coming season," sources said.

Cotton's average cost of cultivation has risen 20% in two years, moving from Rs.2,111/quintal in 2009-10 to Rs.2,528/quintal this year, minister of state for agriculture Harish Rawat told the Rajya Sabha last month. The current MSP is Rs.2,800/quintal.

According to Andhra Pradesh government estimates, out of a total harvest of 6.5 million bales, 5.3 million bales could be up for sale below the MSP. The situation is expected to be similar in Maharashtra and Punjab.   Gujarat, Maharashtra and Andhra Pradesh are India's top three cotton growing states, followed by Punjab and Madhya Pradesh. State governments have, therefore, asked the Centre to expand its cotton procurement operations. The textile ministry had initially planned to procure 8 million bales through the CCI, with government-owned cooperative Nafed, under the agriculture ministry, buying another 3.5 million bales. However, the agriculture ministry show down this plan earlier this month on the grounds that Nafed did not have enough money in its kitty.   The textile ministry then proposed procurement 10 million bales using only the CCI. "Given the fresh demands made by state governments, even this plan will have to be expanded. States want us to buy 13.5 million bales in the next three months, when 40% of the harvest is for sale," the sources added.

At current MSP, the new proposal would require the CCI to invest Rs.13,000 crore. Banks have agreed to lend Rs.15,000 crore after getting a letter of comfort from the government. To put that in perspective, the Food Corporation of India, which procures wheat and rice from farmers, has a government-secured credit limit of Rs.35,000 crore.

"We may consider buying and holding cotton worth only Rs.8,000 crore at any point. This means CCI will have to continuously buy cotton from farmers and sell it to ginners instead of storing it in godowns for a longer period." the sources said.

Market watchers, however, say this strategy may be unworkable as ginners and mills don't usually buy from CCI during peak harvest months. "Why should mills buy cotton from CCI at above MSP when farmers are desperate to sell? There will be no takers for CCI cotton unless it is sold at a discount, said an Indore-based trader.

According to textile ministry estimates, there is expected to be a 15% drop in cloth production and 17% drop in yarn production in the 2011-12 marketing season due to a deceleration in clothing demand within India and overseas. Inter-governmental body, Internaitnoal Cotton Advisory Council, estimates that global cotton production would rise 11% this year while consumption will increase only 1.5%. That would create a excess stocks of 10 million tonne.

In India, with 5 million bales left unsold from 2010-11, and another 10 million bales of the new crop arriving in mandis, there could be 15 million bales available for mills between October and January. However, they have enough cotton to tide over October manufacturing.

PMO TALKS OILSEEDS, PULSES IN FARM PUSH
Our Bureau

New Delhi: The Prime Minister's Office has asked the department of agriculture to focus on ushering in the next phase of reforms by achieving self-sufficiency in key crops and ensuring creation of farm infrastructure.

A review meeting of the agriculture sector, chaired by the Prime Minister's principal secretary, TKA Nair, has suggested specific measures to boost production, especially that of oilseeds and pulses, a government official said.

The PMO asked the agriculture department to adopt the cluster approach, which was immensely successful in raising output of pulses and oilseeds by grouping as many 60,000 villages each for the two crops. Last year, the country produced a record 18.1 million tonne of pulses, but it was 2.5 million tonne short of meeting full demand. The production of oilseeds, too, was the highest at 31.1 million tonne in 2010-11. India imports nearly half of its domestic requirement of vegetable oils. Under the PMO-suggested plan, a group of farmers will be selected in these clusters for demonstration of improved technologies, the official said.

"It is good that the PMO is finally reacting to the need to address pulses and oilseeds," said YK Alagh, Chairman of an expert group on pulses in the agriculture ministry.

"But many measures are required, proper incentives need to be provided to farmers in terms of price support, a well-functioning procurement agency needs to be set up and tariff protection needs to be provided to farmers to strike a balance between prices and protection," he said.

In the ongoing eleventh plan, the country produced 20 million tonne of extra food grain under the national food security imission, but lacks adequate space to store this quantity. The pMO, therefore, asked the Food Corporation of India to fast-track new storage facilities with a total capacity of 15 million tonne in 19 states. It wants at least 4 mt of storage space to be ready by March. The country had a record harvest of 242 million tonne of grain in 2010-11, which is expected to be even higher this year because of the good monsoon.

The PMO also directed the Indian Council of Agricultural Research to develop high-yielding varieties that can withstand higher temperature and other abiotic stress factors emanating from climate change, the official said.

The review meeting was attended by the secretaries of the department of agriculture and other departments under the ministry. The secretaries of department of consumer affairs, department of food and public distribution and the ministry of food processingindustries also attended the meeting.

The PMO said that state-level officials had begun to take more interest in the sector after the department of agriculture decided to delegate decision-making powersunder the Rashtriya Krishi Vikas Scheme to chief secretaries of states.

It wants other departments to delegate similarly to incentivize states to bring agriculture to the centre of governmental efforts.

“Unless the government provides proper price support to the farmers and incentivize production for them, all these other measures are just an eyewash,” Vijoo Krishnan, joint secretary, all India kissan sabha.

PAWAR, THOMAS DIFFER OF SUGAR OUTPUT FOR NEXT YEAR

New Delhi: The agriculture minister, Mr. Sharad Pawar and the food minister, Mr. K.V. Thomas have differed on sugar production estimates, with the former pegging it at 25.5-26 million tonnes as against 24.6 million tonnes projected by the food ministry – a development that may have implications on the exports.

“My impression is that there is some mistake in the calculation. I will collect the proper figure by Monday and then give it to the food minister,” Mr. Pawar said when asked about his views on the latest sugar production data relased by the food ministry.

Mr. Thomas had said on Wednesday that sugar output is estimated to rise by only 1.2 percent to 24.6 million tonnes in the 2011-12 marketing year which starts next month. The data was based on the reports of the cane commissioners of 10 big producing states.

The food ministry’s projection is much lower than the estimates of Indian Sugar Mills Association , which has pegged output for 2011-12 (October-September) at 26 million tonnes. Asked whether the lower output estimate by the food ministry would delay exports, Mr. Pawar said, “Global prices will become unfavourable if there will be a delay. The government had to provide about Rs.1,500 crore to mills as export assistance a few years ago. We do not want that situation. I think production will be between 25.5 and 26 million tonnes. This year, monsoon has been good and reservoir position is good. So, the withdrawal (recovery rate) of sugar from cane will be higher than the current season,” he said.

Mr. Pawar and Thomas also differ on the timing of allowing sugar exports during next season. Earlierthis week, Mr. Pawar had said that the government should announce the export policy by October second week to give a clear-cut message to millers. But on Wednesday, Mr. Thomas had said exports would be considered after the festival season.

RETAIL HONCHOS BAT FOR FDI IN MULTI-BRAND
Raghavendra Kamath / Mumbai September 22, 2011, 0:04 IST

The government may be adopting a yo-yo approach to opening foreign direct investment (FDI) in multi-brand retail, but industry captains at the India Retail Forum said FDI should be opened up immediately, given the liquidity crunch in the market.

“If FDI is to be allowed in multi-brand retail, it could not come at a better time than this. It would certainly help in accelerating growth,” said Thomas Varghese, chairman of the Confederation of Indian Industry’s national committee on retail and chief executive officer of Aditya Birla Retail.

Kishore Biyani, group chief executive officer of Future group, said, “FDI will be a game-changer for Indian retail, but an even bigger boost will be the GST (goods and services tax), which I see getting implemented in 12 to 18 months.”

“The benefits from FDI in retail are clear and it’s high time it is opened up,” said Rajiv Kumar, secretary general of the Federation of Indian Chambers of Commerce & Industry.
He said Brazil and China had seen significant improvement in tax collection and employment after FDI was opened in retail. Global retailers such as WalMart, Tesco and Carrefour export goods worth $60 billion from China every year, according to him.

In India, these global retailers exported goods worth $725 million in 2010. Modern retail constitutes 6.5 per cent of the $435-billion overall Indian retail market.

Bijou Kurien, president and chief executive, lifestyle, Reliance Retail, said foreign capital would help domestic retailers with growth capital, technical knowhow and skill sets, among other things. “Funds are available domestically, but they are available to the extent of money needed by our retailers. That is why we need strategic investors, foreign funds or private equity investors,” said Kurien.

According to Abheek Singhi, partner and director, Boston Consulting, Rs 7,800 crore came after FDI was opened in cash and carry wholesale trading in 2006, while funds worth Rs 300-900 crore came in after FDI was allowed in the single brand retail.

But retailers such as Ajit Joshi, chief executive of Tata-owned consumer durable and electronics chain Croma, said given the recession in Western markets, international retailers might not be too eager to put in money elsewhere.

“There is a recession in the US and Europe. Are they (global retailers) ready to write big cheques given the problems in their home markets. They will look at setting their home markets right before venturing out,” Joshi said. “Indian IT (information technology) majors such as TCS (Tata Consultancy Services), Infosys and Wipro are supporting IT systems of overseas retailers. I do not think it is correct to say FDI will bring in technical know how.” Croma has a tie-up with Australia’s Woolworths for sourcing and logistics.

Raj Jain, president of WalMart India and managing director and chief executive officer of Bharti WalMart, said looking FDI only as a source of capital was wrong.

“None of the retailers will become successful unless they invest in their back-end significantly, which will reduce wastages, inefficiencies and reduce prices,” he said.

MONSOON MAY EXIT NORTH-WEST BY WEEKEND
Vinson Kurian

Thiruvananthapuram: India Meteorological Department (IMD) has identified conditions evolving for withdrawal of monsoon from parts of north-west India by this weekend.
An update said that weather remained mainly dry over Punjab, Haryana, west Rajasthan and Saurashtra and Kutch during the 24 hours ending Wednesday morning.

Current meteorological conditions favour development of a seasonal anti-cyclonic circulation, which represents sinking motion of air (as against ascending motion in a low-pressure system) over Rajasthan by Friday.

ANTI-CYCLONE BREWING

Satellite imageries have revealed prevalence of dry air over Punjab, Haryana and west Rajasthan during the last two days. These conditions are favourable for the withdrawal process to begin from parts of north-west after two to three days, the IMD said. But the monsoon, which is still running a surplus of four per cent, continued to be active in the east and north-east.

ACTIVE IN EAST

A well-marked low pressure area over northwest Bay of Bengal and adjoining coastal areas of West Bengal and Orissa was presiding over the wet session. It is forecast to cross the Orissa coast by Sunday and fade out. In doing so, it could have made the way clear for flows to get directed into South China Sea and adjoining northwest Pacific. A weather warning by the IMD said that isolated heavy to very heavy rainfall would occur over north Orissa on Thursday and Friday. It would be isolated heavy over south Orissa, Jharkhand, Bihar and Gangetic West Bengal during this period.

FRESH STORM

In fact, the European Centre for Medium-Range Weather Forecasts sees the possibility of a fresh tropical storm being triggered in northwest Pacific by Monday (September 26).
It is forecast to travel west and lodge itself in the South China Sea and intensify into a tropical storm. After barreling into the Indo-china coast, it could send in a ‘low' hurtling towards the Bay of Bengal. This should in turn keep the Bay in churn and keep almost the entire east coast and peninsular India wet through the month-end.

ONION EXPORT BAN GOES; FLOOR PRICE SET AT $475/T
Our Bureau

New Delhi, Sept. 20: The Empowered Group of Ministers (EGoM) revoked the ban on onion exports on Tuesday. However, it retained the minimum export price (MEP) of $475 a tonne that was fixed on September 4, three days before the ban was imposed.

The ban has been lifted mainly in view of the agitation by farmers in Maharashtra. They have not been bringing their produce even since the ban was imposed on September 7. As a result, most of the

Agricultural Produce Marketing Committee (APMC) yards have been closed indefinitely.

The ban was imposed to check surging onion prices that hit almost Rs 1,300 a quintal before the ban. However, it served little purpose as prices shot up further to Rs 1,500 a quintal.
Farmers had boycotted the markets, saying the ban had led to a fall in prices that were lower than the cost of production.

With the Union Finance Minister, Mr Pranab Mukherjee, indicating that Tuesday's EGoM would lift the ban, there was some respite in onion prices. On Tuesday, the modal price, or the rate at which most trades took place, dropped to Rs 1,200 from Rs 1,250 on Friday at the Pune APMC.
The EGoM also finalised a revised open market scheme (OMS) for wheat and rice. On the other hand, it has extended the period for stock holding limit in case of sugar, pulses, edible oil and oilseeds.

Briefing reporters, the Minister of State (independent charge) for Consumer Affairs, Food, and PDS, Prof K.V. Thomas, justified the decision to revoke the ban on onion export by saying that prices were stable. However, onion cannot be exported below the price of $475 a tonne. This floor export price will be reviewed every week and any change will be made accordingly, Prof Thomas said.

The EGoM decided to extend the stockholding limit for sugar by two months till November 30. “This has been done keeping festival demand in mind. This will also help to keep a lid on prices,” Prof Thomas said. The Government expects sugar production to touch 240-245 lakh tonnes. With some exports expected to take place and no arrivals seen in October, the EGoM decided to extend the stockholding limit, the Minister said. The EGOM also approved the extension of stock limit for pulses, edible oil and oil seeds till September 30, 2012.

Revised Scheme

To check prices in the market, the EGoM finalised a revised scheme for wheat and rice sale in the open market. The allocation will be same but not the prices, Mr Thomas said. The new scheme will come into operation from October 1.

The allocation for the wheat and rice will be 10 lakh tonnes each. Earlier, the Government used to sell to the States at a price consisting of MSP and freight charge. This ranged from Rs 1,098 to Rs 1,590 a quintal Now there will no freight charge for the States and only MSP will be realised at Rs 1,170 a quintal. However, for traders there will be freight charge at 50 per cent. So, price range for traders would be Rs 1,170-1,425 a quintal.

On the other hand, the allocation price for rice will be Rs 1,492.50 against previous average price of Rs 1,541.07 . *Shishir.s@thehindu.co.in*

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