US DRY BEAN COUNCIL

MONTHLY REPORT

JANUARY 2016

PRESENTED TO

USDA/FAS FOOD & GRAIN DIVISION
14th & 15th INDEPENDENT AVENUE, SW
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PREPARED BY

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TRADE SERVICE TO INDIAN PULSE TRADE

Shakun, kept in touch via emails and phone calls with Indian pulse trade during the month of January 2016. Three Newsletters were sent in this month on a regular basis to importers, brokers, and wholesalers.

Shakun, kept in touch with Indian Pulse trade and IPGA for information on PPQ issues and market intelligence on Indian pulses market.

Shakun, also kept in touch with few food manufacturers, retailers, & food service companies via emails.

PREPARATION FOR COMING USDBC TEAM

Final preparations have been made for welcoming the team members from USDBC to attend the IPGA Conclave in Jaipur this month.

ECONOMIC SCENARIO-INDIA

India the Asia's best performer yet challenges remain:

The Indian government has initiated various reforms and it will continue to enact incremental rather than big bang reforms over the coming years. But lack of majority on Upper House will remain a hurdle to the implementation of large-scale reforms.

The opinion is broadly constructive on the Indian economy, and it will become the fastest growing major economy in Asia owing to the government's pro-business initiatives and accommodative monetary policy by the central bank. We expect the country's manufacturing and services sectors to continue to perform strongly. However, weakening agricultural growth and slowing reform momentum, notably in the infrastructure sector, will weigh on overall economic growth, and we maintain our FY2015-2016 (April 2015-March2016) real GDP growth forecast to 7.3%.

AGRICULTURAL SCENARIO-INDIA

Cartel hoarding dal stocks abroad to jack up prices: IB

The Intelligence Bureau (IB) has alerted the government about importers of pulses resorting to cartels to make a killing this year on red lentils (masoor). The report has named companies that are buying lentils in large quantities and cornering stocks in Canada, which is the largest exporter of red lentils to India.

According to rough estimates, last year dal importers had reportedly made around INR 3,500 crore by creating acute shortages and jacking up prices of Pigeon peas.

In fact, most of the 1.3 lakh tonnes of pulses seized in recent months were shipped around April-May, when prices were close to INR 100 a kilogram, and were kept in warehouses, mostly in Maharashtra. Sources said the IB referred its report to the Centre earlier this month on the cartels' plan to raise prices of lentils. It has mentioned that the most important cartel in this sector is allegedly led by an Indian commodity trading firm along with other Indian and international players in the field.

The report says the plan includes amassing stocks in Canada by offering prices higher than those prevailing there and delaying the lifting of stocks from the Mumbai port, thereby causing an upward trend in satta (futures). The IB has said the Indian firm with the most important cartel is allegedly buying lentils at INR 12,000- 15,000 per MT, more than the prevailing prices in Canada. The IB agency has also reported that a leading global supplier of African agricultural products, has allegedly parked thousands of tonnes of lentils and yellow peas in Dubai. "While steps must be taken to ensure that traders don't exploit the situation, we must also realise how the traders are a hundred steps ahead of us. They have better assessment of the likely harvest and map the potential country where the produce is available. They buy most of the produce by the time we start planning," said an official, adding that the cartels are in operation since there are only a few players in import of pulses.

IB's Chart for how to make a killing:

Annual Domestic requirement of pulses 22-23 million MT	Major exporters of red lentils are: Canada 80%, USA 13% Australia & Nepal 7%
Domestic production at peak was 19.3 million MT. Due to deficit rains production decreased to 17.2 million MT in 2014-2015	Cartel corners stocks of lentils in Canada by buying more at a higher price & delay in shifting cargo to ports

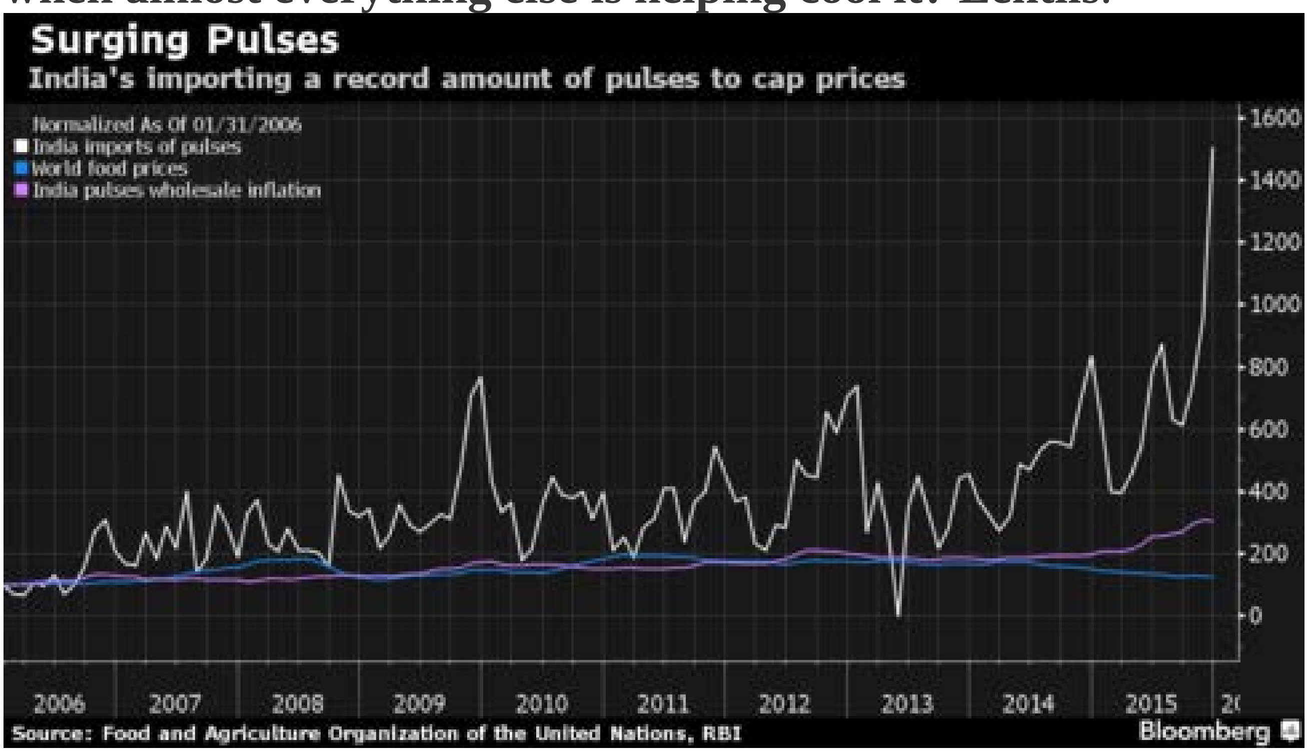
What are ways out?

DGFT should seek details of import, quantity and time line of delivery. Allow more PSU's to import pulses rather than leaving to handful players.

Source: Times of India, dated January 26th, 2016

India Is Paying a High Price for Its Love of Lentils:

Which commodity is pushing Indian inflation higher when almost everything else is helping cool it? Lentils.



Indians, who eat the protein-rich seeds at almost every meal, don’t produce enough to meet demand. Poor monsoon rains have made it worse, compelling Prime Minister Narendra Modi to step up imports. The 46 percent surge in pulses accounted for about a fifth of consumer-price inflation last month, according to BNP Paribas SA’s Richard Iley. Not to worry, he writes. If the previous three similar episodes of the past decade are to be trusted, the current bout of price madness should be over soon and open room for the central bank to cut rates again.

Source: Sandrine Rastello , Bloomberg Business

WHOLESALE MARKET SCENARIO FOR PULSES-Second & Third week –January 2016:

Indian Rupee touched INR 68 for 1 US Dollar and Most of the markets hit fresh rock bottom.

Fourth week: Sluggish demand and rise in arrival of new crops have pounded majority of pulse seeds and pulses in Indore wholesale market.

Source: Various Traders in wholesale market

MYANMAR A MAJOR EXPORTER OF BEANS TO INDIA

In December, 2015 Myanmar (Burma) exported a total of 28,105 MT of beans and pulses, a decrease of 55 percent compared to December 2014 beans and pulses exports of 62,707 MT. India accounted for 85 percent (23,764 MT) of the total beans and pulses export. As CY 2015 ends Myanmar exported 951,085 MT a decrease of 18 percent compared to CY 2014 beans and pulses export of 1,156,421 MT. India accounted for 78 percent (741,935 MT) of beans and pulses export.

Confirmed trade sources from the Myanmar Pulses Beans & Sesame Merchants Association (MPBSA) said that traders from India have been buying Matpe from farmers with advancement payment for contracted sales

Source: International Food Trade Magazine

RETAIL MARKET POSSIBILITIES IN INDIA

Government's Investor Friendly Initiatives will Triple India Retail Food Market in 4-5 Years. Indian retail food market has the potential to not only double but triple in the next 4-5 years by 2020, aided by the government's initiative to bring in systematic change despite resistance. Outlining the government's initiative, "Next 4-5 years are going to see phenomenal growth that will make a difference to the economic health of the country. India will be a growth story of the world five years from now as the risks for the investors will be lesser than the gains."

Government wants retail entrepreneurs to go beyond the urban market to the semi-urban and rural market to ensure that their retail business is successful, if they strategize in all the three markets, also called upon the retail investors to join the government initiative of Make in India and take the market and the 8 million kirana stores (Neighborhood grocery stores) along with them as they are part of the value chain

The assurance was announced for the delegates at the India Food Forum that the government will do everything possible to respond to the retail industry's demand to reduce the existing number of 46 licenses required to operate a retail store.

Source: Union Minister of State, for statistics and program implementation at the 3-Day India Food Forum 2016 held in Mumbai.

India Food Report at the India Food Forum was also released, which was compiled by inputs from Nielsen, A T Kearney, Accenture, PWC, Technopak, IMRB, GS1, Institute for Competitiveness, IFC, Troika, PRICE, Wazir, Maple Capital Advisors, D'Essence Hospitality Advisory, IBEF, NRAI, IMT, IIM, Rama Bijapurkar, Dr. Rajesh Shukla and Harish Bijoor to name a few.

The Report reveals that India's Food Retail sector comprising Food & Grocery and Food Service is valued at 1NR 25,12,962 crore (2014) and holds a 65 per cent share in the country's total retail market. Out of this, Food & Grocery Retail is worth INR 23,03,496 crore and Foodservice market is valued at INR 2,09,466 crore.

The average rate of growth during the past four years in F&G has been 15 per cent per annum and in Foodservice it has been 22 per cent per annum. The respective growth rates are expected to take these retail markets to INR. 54,20,789 crore and INR 6,90,672 crore by 2020.

Source: Progressive Grocer Bureau