



IndiaNews

FOOD & FOOD INGREDIENT REVIEW
December 2003 January 2004

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A Happy New Year to all our readers!

As the New Year unfolds, the new buzzword in Indian media is “feel-good factor”. Everyone is talking about it. In the first week of January, Indian share markets reached a record high. Bombay Stock Exchange index touched an unprecedented high of 6,000. But, the feel-good phenomenon had started before that. The primary reason for the exhilarating mood is the bountiful monsoon. There are other reasons too. Inflows on account of investment flows as well as export proceeds have soared with the general strength of the economy. BPO (business process outsourcing), a dirty word in UK and USA due to loss of jobs in those countries, is sweet music in India.

BPO rush had started with call centers, but now it is moving higher up the value chain. Collaborative research outsourcing and contract research in the field of biotechnology are predicted to boom in the years ahead.

As jobs move to India from the developed world, Indian cities are going through a metamorphosis. Huge malls are coming up at a speed that could not have been imagined a few years ago. Retail chains are dreaming big. Eating out is becoming more common and, as a result, the restaurant business is booming. Sales of wines and scotch whisky are growing.

In the midst of this upbeat mood, growing amity between India and Pakistan has made Indian food and food ingredient industry jump up with joy. The northern part of India and Pakistan have similar food habits. So anything that sells in India has, generally speaking, a market in Pakistan. Moreover, there are many products, which are consumed in Pakistan in huge quantities, but are produced only in India and not in Pakistan. Tea, betel leaves, areca nut and spices are some examples. Exporters of all such commodities have already started taking the first cautious steps.

Another area where India may help Pakistan is in machinery for food sector. The visit of a Pakistani delegation to purchase machinery for producing parboiled rice may herald a new beginning.

Mutual exploration exercises of Indian and Pakistani trade will pick up momentum in the months to come, if announcement of setting up a free trade zone named SAFTA is implemented as per schedule. India and Pakistan have been sworn enemies for a bit too long. Probably, geography and mutual trade interests will help overcome the schism generated by politics.

In the meanwhile, the two countries have to face trade developments that affect both of them, albeit differently. European Commission’s withdrawal of duty concession to cheaper varieties of basmati will hurt Pakistan more than it hurts India. Some rice exporters in India are rubbing their hands with glee without realizing that their happiness may be short-lived. Some others have seen the writing on the wall and have started looking at possibilities of exporting other naturally scented rice varieties.

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Talking of trade developments, shrimp farmers and exporters in coastal areas of South India had a major worry on their hands. A dumping suit in USA threatened to put brakes on shrimp exports. The Indian side has a valid defense – India exports only black tiger shrimps that are not produced in USA. However, all legal proceedings are inherently unpredictable and terribly expensive. So, all that Indian aquaculture industry can do, at the moment, is to pay exorbitant fees to lawyers and sit with crossed fingers.

This is typical of a world that is fast turning into a global village. Developments in far-off USA affect a small shrimp farmer in South India. Indian farmers are learning to live with this new reality. For example, farmers in 43 villages of Andhra Pradesh are going to grow residue-free chillies; just as food and spices units are gearing up to satisfy stringent EU norms on pesticide residues.

India is globalizing slowly, but surely. The complexity of past, present and future offers a kaleidoscope of colours, patterns, sounds, smells and flavours. Confusing – at times yes; but boring and monotonous – no, never! For the past one year, we have tried to present to you an overview of Indian food and food ingredient industry. Every two months, as we presented news, we have tried to find order and direction. Even in the selection of news, we have tried to take a strategic perspective of someone just waiting to jump in at the right time.

As we hand over the first issue of the New Year to you, we resist the temptation to feel good and invite you to let us know your reactions, comments, criticism and suggestions about IndiaNews. Please write to info@giract.com We shall seriously listen to all that you say and shall make our best efforts to serve you even better in the New Year. Once again, wishing you a very happy New Year!

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