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Agricultural Situation

Weekly Highlights & Hot Bites, #9

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Report Highlights:

Noted farm scientist calls for agri-biotech policy, *Decision soon on fresh trials for GM mustard*, *Over 100,000 acres covered under Bt cotton*, *India ranks fifth in retail marketing*, *Uniform tax on booze likely*, *Export prices of rice and wheat hiked*, *Plantation sector urged to utilize WTO safety shields*, *Pant warns on non-tariff trade barriers*, *India should be the voice of developing world*.

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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NOTED FARM SCIENTIST CALLS FOR AGRI-BIOTECH POLICY

Dr. M.S. Swaminathan, a world renowned Indian farm scientist, has suggested that the Indian government should come out with a clear-cut policy statement on agricultural biotechnology to put at rest controversies regarding the genetically modified (GM) seeds. He opined that although India's goals in fields like space technology, information technology, and some other hi-tech areas were unambiguous, it is not so in the case of modern farm technology (biotechnology). He cautioned that while the world is witnessing a gene revolution, India could not afford to lag behind. Pointing to India's formidable strength of public sector agricultural research network in molecular biotechnology, he discounted the fears that Indian farmers would become slaves of multinational GM seed companies. (*Source: Business Standard 11/26/02*)

DECISION SOON ON FRESH TRIALS FOR GM MUSTARD

The Genetic Engineering Approval Committee (GEAC) will meet soon to decide whether there is a need for further open field trials of Pro Agro Company Private Limited's bioengineered mustard hybrids before considering its commercial release. While the chairman of the GEAC had in an earlier press statement ruled out the need for conducting fresh trials this season, the Director General of Indian Council for Agricultural Research (ICAR) had stated that the clearance for commercial cultivation of GM hybrids cannot be accorded on the basis of the company's trials. Dr. Singh insisted that no variety or hybrid can be released for commercial planting without passing through ICAR's multi-location varietal release mechanism. (*Source: Business Line 11/26/02*)

OVER 100,000 ACRES COVERED UNDER BT COTTON

The South India Cotton Association(SICA), quoting latest reports, said that about 55,000 farmers in major cotton growing states had planted 104,269 acres with Monsanto Bt varieties. Maharashtra leads with 41,229 acres, followed by Karnataka 16,950 acres, Gujarat 16,140 acres, Tamil Nadu 12,560 acres, Madhya Pradesh 8,990 acres, and Andhra Pradesh 8,400 acres, SICA said in its latest market report. (*Source: Business Line 11/22/02*)

INDIA RANKS FIFTH IN RETAIL MARKETING

India ranks fifth among 30 emergent markets for new retailers, estimates global consultancy major A.T. Kearney, with the Indian retail market forecast to grow at 30 percent annually over the next five years. Its Global Retail Development Index 2002, released at a retail convention organized by the

FICCI, gave India 63 percent score along with Vietnam. China with 72 percent was the most favored nation. The index reveals that India holds a significant promise for new retailers despite complex tax structure, restrictions on foreign direct investment, and heavy regulations. The presence of a few retailers in India and lack of modern retail space availability offer attractive opportunity for those willing to navigate the challenges says A.T. Kearney.

(Source: Pioneer 11/16/02)

UNIFORM TAX ON BOOZE LIKELY

The central and state governments are working on a uniform policy on taxation and excise administration on alcoholic beverages including imported liquor. The Ministry of Food Processing Industries has drafted a model excise act rewriting archaic norms related to licensing, bonding, labeling, taxation, etc. so that net taxes are uniform in all states. A number of state governments have expressed their willingness to support the move. The act proposes to keep taxation lower on beer and wine vis a vis hard liquor and spirits. The development is expected to bring cheers to manufacturers, importers as well as retailers. (Source: Economic Times 11/20/02)

EXPORT PRICES OF RICE AND WHEAT HIKED

The GOI has decided to increase the sales price of wheat and rice for exports effective January 1, 2003. Sales price of wheat effective January 1, 2003 will be rs. 4,810 (\$99.8) for old crop and rs. 4,950 (\$102.7) for the 2002 crop compared with the existing rs. 4,560 per metric ton for old crop and rs. 4,600 for new crop. Price of luster lost wheat (feed grade), however, will remain unchanged at rs. 3,960 (\$82.2). Sales price of white rice for exports will be rs. 6,260 (\$129.9) for old crop and rs. 6,510 (\$135.1) for new crop compared with the existing uniform rate of rs. 5,910 per metric ton. Price of parboiled rice will be rs. 6,615 (\$137.2) per ton for old crop and rs. 6,865 (\$142.4) per ton for new crop compared with a uniform rate of rs. 6,265 per ton now. (Source: Business Line, 11/18/02)

PLANTATION SECTOR URGED TO UTILIZE WTO SAFETY SHIELDS

Mr. Arum Shourie, the Union Minister of Disinvestment holding additional charge of Commerce and Industry exhorted the domestic plantation industry to make use of the WTO safeguard provisions if imports threaten the domestic industry's survival. He mentioned that among the four plantation crops affected by low prices (coffee, tea, natural rubber, and cardamom), the worst hit is coffee. (Source: Business Line, 11/23/02)

PANT WARNS ON NON-TARIFF TRADE BARRIERS

Speaking at an international workshop on "Environmental Requirements and Market Access: Addressing Developing Country Concerns", Deputy Chairman of India's Planning Commission, Mr. K.C. Pant, remarked that the developed countries had imposed a plethora of environment and health requirements on trade, which were often used as non-tariff barriers. Mr. Pant said that the restrictions were with regard to product standards and regulations, voluntary measures, standards set by private sectors, buyers' requirements, and supply chain management. Mr. Pant voiced the need for continuous dialogue and consultations between the developed and developing countries to evolve

a world trading system that was fair, transparent, and equitable and provided opportunities for poorer countries to increase their share in world trade as envisioned by the Marrakesh Agreement. (Source: Business Standard, 11/28/02).

INDIA SHOULD BE THE VOICE OF DEVELOPING WORLD

In a special lecture on "Making Trade Work for the Poor People" organized by the National Council of Applied Economic Research, Mr. Nicholas Stern, Chief Economist and Senior Vice President, World Bank, exhorted India to speak up and act for developing world as a whole in the upcoming Doha Development Round, where two areas for deeper liberalization are agriculture and services - both critical to India's export sector. Mr. Stern mentioned that India has demonstrated its leadership in WTO negotiations when India played a major role in the Doha Ministerial on numerous issues, ranging from TRIPS and health to implementation related issues and concerns. Pointing out that India's trade barriers remain among the most restrictive in the world, hurting its own poor people, he remarked that India stands to benefit significantly by further lowering tariffs. (Business Line, 11/29/02).

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