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Report Highlights:

***India's love affair with junk food*, *Dabur foods plan portfolio expansion*,
Canadian body to fund food security projects, *Set up research center for safe use
of GM crops*, *GM pulses next in transgenic crop calendar*, *Government mulls
crude palm oil duty cut*, *Cheap vanaspati import feared from Sri Lanka*,
NCAER reviews growth forecast.**

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

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.

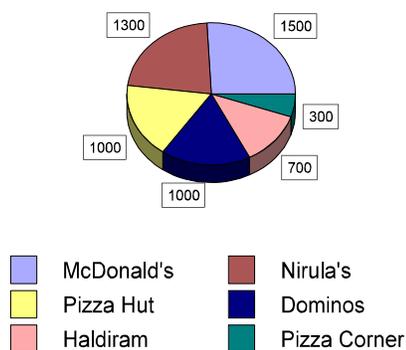
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INDIA'S LOVE AFFAIR WITH JUNK FOOD

The Indian fast food sector is growing at 25-30 percent annually, according to industry estimates. McDonald's opened 13 outlets in India in 2002. "The Indian market will be able to absorb hundreds of McDonald's", according to Mr. Vikram Bakshi, Managing Director of McDonald's in India. Pizza Hut added 16 new outlets in 2002. "We are poised for even faster growth in 2003", observed Raghuvesh Sarup, Senior Brand Manager, Pizza Hut. They plan to enter 22 cities with 55 more outlets in the next two years. Dominos opens 10 to 15 outlets annually in India, according to Arvind Nair, CEO, Dominos. In the rs. 360 billion (\$7.5 billion) food service market in India, quick service restaurants share is rs. 25 billion (\$518 million), says Kapil Chugh, KSA-Technopak, a market research firm. Both the MNCs and Indian chains are taking home the profits. "There are more consumers eating out today and the numbers are growing everyday. So are the number of outlets", says Taran Deep, Manager Corporate Communications, Nirula's. (Source: Times of India, 1/12/03)

India's Big Six in Fast Food

Annual Sales (Million Rupees)



DABUR FOODS PLANS PORTFOLIO EXPANSION

Dabur Food, one of India's leading food companies, is considering options to widen its food and beverage portfolio. A study commissioned by the group indicates that ready-to-eat foods and soups are expected to be growth areas in the food sector given the growing incidence of working couples. Real is the largest brand under Dabur Food and is the market leader in the fruit-based market beverage segment ahead of Pepsi's Tropicana. The study has also identified possibilities for targeting different age groups by increasing offerings of new fruit-based beverages like pink

guava, mango, pineapple etc. (Source: Business Standard, 1/13/03)

CANADIAN BODY TO FUND FOOD SECURITY PROJECTS

The Canadian International Development Agency (CIDA) will provide a C\$5 million assistance to implement a food security project in India. As part of the project, three Indian agricultural universities would collaborate with the McGill University, Canada, to develop scientific techniques to preserve foodgrains and vegetables. The main objective is to develop appropriate storage techniques and post-harvest technologies to preserve foodgrains and vegetables and commercialize them on a large scale at the farmers' level. Apart from getting their faculty trained overseas, the three Indian agricultural universities would also exchange technologies with the McGill University. The five year project is expected to take off on a full scale next year. (Source: Business Line, 1/13/03)

SET UP RESEARCH CENTER FOR SAFE USE OF GM CROPS

Dr M.S. Swaminathan, an eminent agricultural scientist presenting the Chennai Declaration, the outcome of an inter-disciplinary dialogue held on the occasion of the 50th year of the discovery of the gene structure, had said that the declaration calls for implementation of a national food policy and agricultural biotechnology policy. The declaration mentions that this policy should provide for an autonomous and professional biotechnology regulatory and advancement commission that can implement the national agenda, and resource allocation for this sector. It also calls for building expertise and infrastructure for critical and transparent scientific assessment of the food and environmental safety of genetically modified crop. As part of this agenda the declaration reiterates the need for a national research center for safe and responsible use of genetically modified crops be set up to provide scientific and technological support for the regulatory commission, and maintain a global database on bio-safety assessment and procedures legislation. (Source: Business Line, 1/13/03)

GM PULSES NEXT IN TRANSGENIC CROP CALENDAR

In his first interview after taking over as the new director-general of Indian Council of Agricultural Research (ICAR), Dr. Mangla Rai told reporters that India favors introduction of transgenic varieties in all crops and the emphasis is now on pulses (pigeon pea and chick pea) for commercial growth to reduce dependence on imports and to check the menace of a dangerous borer insect, *Heliverpa armigera*. However, he mentioned that it forms part of a larger project in which GM varieties are being developed for rice, potato, brinjal, tomato, sorghum, cauliflower amongst others. He maintained that the GM crops should be inferior in no attributes and superior in at least one to the conventional crops. (Source: Business Standard, 1/13/03)

GOVERNMENT MULLS CRUDE PALM OIL DUTY CUT

The government is reportedly examining a reduction in import duty on crude palm oil following a demand from Malaysian authorities and the domestic vanaspati industry. A top government official reportedly mentioned to the press that a cut of up to 10 percent in the customs duty on CPO from the present 65 percent is under very active consideration of the government, and

indicated that an announcement is expected in the Union budget. The Malaysian Primary Industries Minister Mr Yaik is expected to discuss the same issue with several Indian ministers including the Food Minister and the Finance Minister. The news report quoted the official as mentioning that the customs duties on other oils are likely to be left untouched. (Source: Business Line 1/13/03)

CHEAP VANASPATI IMPORT FEARED FROM SRI LANKA

While the vanaspati industry was relaxing after getting a respite from the cheap vanaspati imports from Nepal, it is facing fresh threat of a similar influx this time from Sri Lanka. Under the free agreement between Sri Lanka and India, Vanaspati imports from Sri Lanka would be cleared at a lower customs duty. In case of edible oil or vanaspati, South Asian Association for Regional Cooperation (SAARC) nations are not known to be major producers or exporters of such products. Hence, trade sources point out that multi-nationals who are strong in some of the SAARC countries will take undue advantage of the concessional duty facility and flood the country with low priced imported vanaspati thereby hurting the interests of the domestic manufacturers. (Source: Business Line, 1/10/03)

NCAER REVIEWS GROWTH FORECAST

The National Council of Applied Economic Research (NCAER), an Indian think tank, has forecast the economic growth rate for 2002/03 at between 4.9 to 5.2 percent, against its earlier forecast of 4.8 percent and the 2001/02 growth rate of 5.39 percent. Factors responsible for the revision include the depreciation of the rupee vis a vis US dollar by 3 percent; increase in agricultural prices by 4 percent, increase in domestic petroleum product prices by 4 percent, and increase in export growth rate by 15 percent in dollar terms. The Council said that while agricultural output is projected to grow between zero and one percent, industrial production, including construction, mining, and power sectors, is projected to grow by 6.5 to 6.6 percent and services sector by 6.9 to 7.1 percent. (Source: Business Line, 1/9/03)

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