USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.08

Voluntary Report - public distribution

Date: 9/5/2003

GAIN Report Number: IN3082

India

Agricultural Situation

Weekly Highlights & Hot Bites, No. 36

2003

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Report Highlights:
Grain stocks down almost fifty percent, *Government hikes wheat export prices*, *Rice export allocation before December unlikely*, *World Bank warns India against rising deficit*, *Deal to export 425,000 tons soy meal concluded*, *Palm oil may move from ports soon*, *Bangladesh: Concerns about rising imports*.

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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GRAIN STOCKS DOWN ALMOST FIFTY PERCENT

India's grain stocks declined by 49 percent to 30.5 million tons on August 1 from 58.8 million tons a year ago. Rice stocks more than halved to 8.1 million tons from 20.1 million tons a year ago, and are projected at 4 million tons on October 1. Wheat stocks fell by 43.4 percent to 22.4 million tons . Food Minister Sharad Yadav attributed the fall in stocks to lower procurement, higher offtake by the Public Distribution System , and record exports of 12.4 million tons in FY 2002/03 (Apr-Mar). He said total offtake from government stocks in FY 2002/03 was 24.6 million tons of rice and 25 million tons of wheat compared to 15.3 million tons of rice and 16 million tons of wheat in FY 2001/02. (Source: Business Standard, 08/30/03)

GOVERNMENT HIKES WHEAT EXPORT PRICES

Government hiked the sales prices of wheat for exports for the October–December quarter by rs. 475 ($10.3) per ton but kept rice prices unchanged. The revised prices per metric ton are: rs. 6025 ($131) for the 2003 crop; rs. 5,725 ($124.5) for the 2002 crop; rs. 5,585 ($121.4) for the 2001 and 2000 crops; rs. 5,385 ($117.1) for the 1999 crop; and rs. 4,985 ($108.4) for the 1998 crop. "Even though we are not making any fresh allocations for exports, new rates have been notified as most of the pending contracts will spill into the next quarter," said official sources. (Source: Business Standard, 08/30/03)

RICE EXPORT ALLOCATION BEFORE DECEMBER UNLIKELY

India is unlikely to resume rice exports before December as it wants to meet domestic demand from deficit regions. "We are still moving rice to southern India, mainly Karnataka. So, we are not likely to start exporting rice before December because the new crop will not be available till then," said Mr. V.K. Malhotra, Managing Director of the Food Corporation of India (FCI). FCI stopped fresh allocation rice and wheat for exports in July as inventories fell sharply and the requirement for rail cars to move grains for domestic distribution increased. (Source: Business Standard, 08/30/03)

WORLD BANK WARNS INDIA AGAINST RISING DEFICIT

The World Bank has warned India that the country's high fiscal deficit (11 percent of the GDP), coupled with political risks and regional instability, could slow down reforms, undermining growth prospects. "The present fiscal deficits continue to be a risk in a number of South Asian countries, particularly in India, as they can undermine the fiscal sustainability, contribute to the growing debt-GDP ratio, and lead to higher interest rates," World Bank said in its Global Economic Prospects. This could lead to divergence of public outlays from investment to interest payments and limit the scope of fiscal and monetary policies, the Bank said. "Political risks and uncertainties also remain a concern because of both internal and external factors. Heightened domestic and regional instability could undermine the growth prospects and slow the pace of economic reforms," the Bank added. (Source: Financial Express, 09/04/03)

DEAL TO EXPORT 425,000 TONS SOY MEAL CONCLUDED

An official of the Soybean Processors Association of India (SOPA) stated that exporters have so far concluded deals for 425,000 tons of soymeal exports from the new crop compared with 200,000 tons during the corresponding period of last year. The export contracts (mainly to Vietnam, Japan, Thailand, and Korea) were concluded at $180-198 per ton FOB. Traders expect soymeal prices to remain firm in the range of $190-200 per ton. According to them, the crop is progressing well and output is likely to cross 5.5 million tons.
(Source: Business Line 9/02/03)

PALM OIL MAY MOVE FROM PORTS SOON

Crude palm oil and palm olein deliveries to India were stalled following a new government rule, risking possible shortages during the upcoming festival season. The new rule announced by the government in early August, stipulates that imported crude palm oil and crude palm olein should have an acid value of 2 percent and carotenoid value of 500-2500 mg per kg, failing which importers would have to pay a higher duty of 70 percent instead of 65 percent. This new rule was imposed following allegations that some traders are reportedly mis-labeling refined oil as crude oil to escape a higher duty. Under pressure not to spoil the festival season, authorities have begun releasing a major share of the 100,000 tons of crude palm oil struck at the Kandla port, which failed to meet the new specification.
(Source: Financial Express 8/30/03)

BANGLADESH: CONCERNS ABOUT RISING IMPORTS

Bangladesh Prime Minister has expressed concern over the perpetual upward trend of imports resulting in a huge trade deficit and asked the concerned cabinet committee to find ways and means of curbing the unnecessary import of sugar, soybean, rice and wheat, in addition to some non-agricultural items. Imports of rice increased by 720 per cent to $242.8 million in the July-May period of 2003 compared to the corresponding period of 2002. During the same period, the import of sugar increased by 311 per cent to $127.5 million, the import of soybean by 53 per cent to $318 million, and the import of wheat by 46 per cent to $189.7 million. Reportedly, imports of these essential items may be included on the list for application of trade restrictions. (Source: The Daily Independent, 09/04/03)

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