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Report Highlights:

Foreign Direct Investment (FDI) in retail sector may begin with food, *India readying for tough WTO talks in Hong Kong*, *"Deceptive Sense of Bounty:" Editorial maligns US-India Agricultural Knowledge Initiative*, *The Indian Council for Agricultural Research under attack*, *India building defenses against wheat epidemic*, *Food industry to follow new ISO norms from October*, *Packaged food to carry calories count soon*, *Monsanto India to set up corn drying unit*.

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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FOREIGN DIRECT INVESTMENT (FDI) IN RETAIL SECTOR MAY BEGIN WITH FOOD

In order to blunt the opposition to FDI in retail from the left-leaning parties supporting his coalition government, Prime Minister Singh plans to restrict FDI in retail to the food sector initially. Opening the food retailing sector to FDI will likely improve infrastructure (including cold chain), improve the 40 percent post-harvest wastage of fruits and vegetables, encourage contract farming, and benefit farmers further by allowing them to sell directly to retailers (currently prohibited by most states' laws). Nearly 98 percent of all retail trade in India takes place in the unorganized sector, of which 40 percent is food. The Prime Minister is counting on the larger number of farmers, who would benefit from these changes, to blunt the political resistance from small traders, who may not be as keen to see FDI in food retailing. (Source: Economic Times, 09/13/05)

INDIA READYING FOR TOUGH WTO TALKS IN HONG KONG

Indian Commerce Minister Nath held a strategy session with his WTO negotiating team to determine the approaches and goals they will take at the upcoming WTO talks in Hong Kong. India plans to balance offensive (e.g., services) and defensive (e.g., agriculture) tactics. In agriculture, India aims to strengthen the G-20 core group stance on phasing out trade-distorting export subsidies by developed countries with an end-date. Pressure will also be applied on the "EU-US Duo" to phase out domestic support for their "rich farmers." (Source: Hindustan Times, 09/14/05)

"DECEPTIVE SENSE OF BOUNTY:" EDITORIAL MALIGNS US-INDIA AGRICULTURAL KNOWLEDGE INITIATIVE

An editorial in a leading Indian newspaper criticizes aspects of the recently announced US-India Agricultural Knowledge Initiative (AKI) while supporting the overall idea. The editorial lauds the scope of activities to be conducted under the AKI, which could include reducing post-harvest losses, turning laboratory successes into commercial successes for farmers, and training in sanitary and phytosanitary standards, among others. But it states that the United States has nothing to offer the Indian farmer in the area of biotechnology, and that any collaboration in this area between the two countries would be meaningful only if "technologies were to be available free of patents." Rather than a lack of knowledge on the Indian side, the author maintains that factors plaguing the Indian agricultural sector include a) the lack of credit and crop insurance, b) spurious seeds, c) substandard inputs, d) the absence of any sort of agricultural extension service, and e) the "appalling state" of the Indian agricultural research system. (Source: Times of India, 09/12/05)

THE INDIAN COUNCIL FOR AGRICULTURAL RESEARCH UNDER ATTACK

Secretary Singh from the Ministry of Agriculture "minced no words as she asked states and the Indian Council of Agricultural Research (ICAR) to pull up their socks and get down to work." "ICAR should get its act together and get something out", the secretary further said. The ICAR and the state agricultural universities, which are largely dependent on ICAR for

funding, are carrying out agricultural research but virtually no hybrids or new technologies are reaching farmers. (Source: Times of India, 09/16/05)

Post Comment: The ICAR is coming under increasing attack from all quarters, including two blue ribbon commissions who recommend significant restructuring of the flagging research bureaucracy. Recently, the growth of the agricultural sector has significantly slowed, continuing a downward trend for the past 20 plus years, which has put a strong drag on overall economic expansion. The ICAR is attracting a lot of the criticism for the poor performance of the agricultural sector.

INDIA BUILDING DEFENSES AGAINST WHEAT EPIDEMIC

India is racing to get three new varieties, which are reportedly resistant to the latest strains of the wheat stem rust disease, into the fields across north India. The government has been alert to the new threat emerging from Africa as tests have confirmed that PBW 343, the leading wheat variety in the wheat belt of north India, is vulnerable to Ug99, the new strain of stem rust. The Indian Council of Agricultural Research has been working since 2002 to develop varieties resistant to Ug99. Scientists fear that even a ten percent drop in yields due to introduction of the stem rust could bring India from current self-sufficiency to 'a begging bowl' situation. (Source: Times of India, 09/14/05)

FOOD INDUSTRY TO FOLLOW NEW ISO NORMS FROM OCTOBER

Producers, processors, distributors and exporters of food products are set to adopt the new food safety management system developed by the International Organization for Standardization (ISO) from the first week of October. The new system will incorporate the requirements of ISO 9001 and the Hazard Analysis Critical Point (HACCP) developed by the Codex Alimentarius Commission. The Bureau of Indian Standard has adopted this system, and implementation of the safety standards will be statutory for Indian companies. (Source: Financial Express, 09/11/05)

PACKAGED FOOD TO CARRY CALORIES COUNT SOON

The Union Minister for Health and Family Welfare informed that the government is drafting an order that will make it mandatory for packaged food items to display their caloric value. So far only ingredients are mentioned. All canned and packaged raw and processed food as well as bottled items will have to provide a full break-up of the nutrient and caloric value. The move follows a recommendation from the Central Committee for Food Standards and will help ensure that packaged food is safe. (Source: Financial Express, 09/11/05)

MONSANTO INDIA TO SET UP CORN DRYING UNIT

Monsanto India Ltd. will be setting up a corn-drying unit in Hyderabad that is expected to start in the next 18-24 months. Sources report that the company has earmarked Rs. 500 million (\$11.5 million) for the project. The drying unit will basically cater to the company's growing corn hybrid seed business. (Source: Asian Age, 09/12/05)

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