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Weekly Highlights & Hot Bites, #44

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Report Highlights:

Study says Foreign Direct Investment (FDI) in Retail will create eight million jobs, *FCI rules out wheat imports*, *Maharashtra's grapes turn sour*, *Government to set up expert panel to monitor Avian Influenza*, *Increased soybean oil imports hurting farmers*, *Greenpeace demands ban on Genetically Modified food trials*, *Authority to protect farmers' rights to be established*, *Snacks to boost demand in packaged food sector*.

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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STUDY SAYS FOREIGN DIRECT INVESTMENT (FDI) IN RETAIL CREATE EIGHT MILLION JOBS

A study by Pricewaterhouse Coopers indicates that increased employment, efficiency in agriculture, and increased exports are the benefits of modern trade for India. An additional eight million jobs are projected to be generated through direct and indirect employment with the development of an organized retail sector. Allaying fears that FDI in retail will create unemployment by wiping out the existing small grocery stores, the study says that only those working in about 100,000 mid-category stores will be displaced in the medium term, but that there will be redeployment of this workforce in the long run. (Source: Financial Express, 11/24/05)

FCI RULES OUT WHEAT IMPORTS

The Food Corporation of India (FCI), the government's grain procurement and distribution agency, said that there is no need for the country to import wheat, due to sufficient stocks and stable prices. "The chances of wheat imports are nil," said Chairman of the FCI. "Stock levels do not support the idea of imports," he said. He said government agencies had 8.1 million tons of wheat and 11.6 million tons of rice on November 18. "If you take consumption of around 1.5 million tons of wheat a month, we will be left with at least one million tons in April," he said. Additionally, a good wheat crop is expected next year because of ample soil moisture after widespread monsoon rains in September. (Source: Business Standard, 11/23/05)

Post Comment: For Post's analysis of the wheat situation, which differs from FCI's, please refer to GAIN report IN5127.

MAHARSHTRA'S GRAPES TURN SOUR

Grapes could "turn sour" for the state of Maharashtra, which accounts for 90 percent of the country's production, despite a projected bumper crop. Maharashtra growers blame it on the government's policy of unrestricted grape imports from the United States and Australia. They also blame the government for not doing anything to open up new markets for Indian grapes. An official of Mahagrapes, a Maharashtra grape grower association, alleged that when Americans and Australians want to supply grapes to India, quarantine issues are cleared quickly, but no reciprocal arrangements are made for exports to their markets. (Source: Economic Times, 12/01/05)

Post Comments: India's imports of grapes are arguably too small to affect the domestic market for local grapes. India's imports of grapes during Indian fiscal year 2004/05 (April/March) was 1,110 tons, compared to the domestic production of approximately 1.3 million tons. Additionally, the retail price of imported grapes is arguably too high (Rs. 250-300 per kg) to affect the price of local grapes (Rs. 20-50 per kg). However, Maharashtra grape growers, a politically strong lobby, have been quite vocal trying to stop the import of grapes.

GOVERNMENT TO SET UP EXPERT PANEL TO MONITOR AVIAN INFLUENZA

A top government official said that the Indian government would set up a high-level expert committee to keep a close watch on bird flu cases and to suggest preventive measures. As part of the surveillance program, the federal government has asked state governments to strictly monitor deaths of poultry and other birds. State animal husbandry departments have also been asked to keep a close eye on migratory birds.

The Secretary of the Department of Animal Husbandry and Dairying ruled out the possibility of Avian Flu entering India through imported poultry products, since imports from flu-positive countries are banned. (Source: Financial Express, 11/14/2005)

INCREASED SOYBEAN OIL IMPORTS HURTING FARMERS

The Chairman of the Soybean Processors Association of India (SOPA) suggested that the government renegotiate the bound tariff for soybean oil (currently at 45 percent) to safeguard the interests of soy farmers. According to him, the current market price of \$261/ton for soybeans is much less than last year. He indicated that low tariffs on soybean oil and weak international markets have a negative impact on domestic soybean prices. In order to alleviate this situation, he said that farmers should increase crop productivity and that the government should protect farmers from low international soybean oil prices. (Source: Business Standard, 11/22/05)

GREENPEACE DEMANDS BAN ON GENETICALLY MODIFIED FOOD TRIALS

Greenpeace-India's "bio-hazard hotspot map" of India indicates that there are 21 genetically modified crops at different stages of experimentation in India, despite damaging evidence in other countries. It also claims that there is no transparency regarding health and safety issues that involve genetically modified products entering the food chain. Greenpeace-India has asked the government to take a precautionary approach to the commercial approval of these crops, and has sought the intervention of the Health Minister. The Minister is reported to have agreed to the need for a "guarded approach" to biosafety issues. (Source: The Hindu, 11/30/05)

AUTHORITY TO PROTECT FARMERS' RIGHTS TO BE ESTABLISHED

The Indian government has announced the creation of a "Protection of Plant Varieties and Farmers' Rights Authority." The Authority will regulate all matters pertaining to plants and seed varieties in the country, said an official statement. The authority will also act as the national registry for documenting, indexing, and cataloguing all flora of India, including extant varieties, farmers' varieties, and land races. See GAIN report IN3125. (Source: Financial Express, 11/14/05)

SNACKS TO BOOST DEMAND IN PACKAGED FOOD SECTOR

Convenience, variety, and health concerns are likely to drive the demand for packaged food in India. A joint study by the Confederation of Indian Industries and AC Nielsen found that the greatest scope for innovation in the immediate future is with respect to snacks and ready-to-eat meals. With lifestyles changing rapidly, consumers are in need of, and are willing to spend on, options that offer convenience, variety, health, and luxury. (Source: Business Line, 11/21/05)

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IN5127	Grain & Feed Monthly Lock-up Report - December	11/30/05
IN5128	January-August Rice Exports	12/01/05

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