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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, # 13

2006

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**Report Highlights:**

\*Soy Oil prices soar on speculation\*, \*Wheat Imports put the Government in a spot\*, \*India mulling barter of commodities with Pakistan\*, \*DGIR indicts MAHYCO-Monsanto on BT Cotton case\*, \*Fake BT Cotton seed seized\*, \*47 villages quarantined in Maharashtra due to AI, Culling on\*, \*"Cheap" dairy imports hurt Indian industry\*.

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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.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

### **SOY OIL PRICES SOAR ON SPECULATION**

The government notification for import of genetically modified organisms (GMOs) for purpose, among others, of food, feed and processing in bulk [<http://164.100.9.245/exim/2000/not/not06/not0206.htm>] has put vegetable oil market in a tailspin with speculators dealing in soybean oil having a field day. The notification has raised more questions than it has sought to answer. Market players are completely in the dark about the procedure to obtain approval, the time likely to be taken for granting such approval and related issues. There are also questions about the capability and wherewithal of Indian ports and customs houses to handle such consignments. Apparently there is lack of trained personal and sophisticated equipments to test GM traits. Tracking the flow of imported oil is another vexatious issue. Soy oil prices on the futures exchange in Indore (a major producing and processing area) have soared to a new high of over rs. 400 per 10 kg (\$899 per ton). (Source: Business Line, 04/12/06)

*Post Comment:* Please refer to IN6030 for details about the government notification. The Solvent Extractors' Association of India (SEA), a premier association of vegetable oil industry and trade, has sought government's clarification regarding this.

### **WHEAT IMPORTS PUT THE GOVERNMENT IN A SPOT**

The Agriculture Ministry's proposal to import wheat is raising farmers' ire in major producing states of Punjab, Haryana, Uttar Pradesh, and Madhya Pradesh. As wheat marketing begins, farmers are angry over the import of wheat at prices higher than the support price of rs. 6,500 (\$146) per ton. The Bhartiya Kisan Union, a farmers' organization, announced that it would blockade southern ports to prevent wheat imports. The BKU factions in Punjab would enforce a boycott of grain markets by farmers on April 17 and 18. (Source: Business Standard).

### **INDIA MULLING BARTER OF COMMODITIES WITH PAKISTAN**

India is considering barter of an array of commodities with Pakistan, said Indian Commerce and Industry Minister. According to the arrangement, India may offer sugar, molasses, and cotton in lieu of wheat from Pakistan. "The talks (with Pakistan) to barter commodities are in initial stages.... We have not decided the details," he said. (Source: Financial Express, 04/11/06)

*Post Comment:* Last week a senior Pakistani government official was quoted saying that Pakistan has received an Indian offer to barter wheat for sugar.

### **DGIR INDICTS MAHYCO-MONSANTO ON BT COTTON CASE**

The Director General of Investigation and Registration (DGIR) submitted before the Monopolies and Restrictive Trade Practices Commission (MRTPC) a report indicting Mahyco-Monsanto for engaging in illegal (restrictive and monopolistic trade) practices. Two farmers'

groups had filed the case against the company. The DGIR report stated that Mahyco-Monsanto was charging an excessively high royalty fee for its Bt gene, for which the company has not provided a satisfactory rationale. As there is no competition, the company is in a position to charge for the technology arbitrarily and unreasonably, thus establishing monopoly. Earlier in January, the seed company had suffered a setback when MRTPC issued a notice to it on a separate petition filed by the Andhra Pradesh state government. Monsanto recently reduced the Bt gene royalty value from Rs. 1250 to Rs. 900 per packet of Bt cotton seed. However, the Andhra government estimates that the reduced royalty is still over eight times more than what Monsanto charges to American farmers. (Source: The Times of India, 04/10/06)

*Post Comment:* Indian farmers love Bt cotton. Over one million farmers are benefiting from cultivation of Bt cotton. The average yield for Bt cotton is 58 percent greater than for conventional cotton; pesticide use is down 81 percent; and farmer profit is up 163 percent.

#### **FAKE BT COTTON SEED SEIZED**

An alleged racket in selling spurious Bt cotton seed in the state of Haryana was busted by the State Agriculture Department with the help of police. They seized 300 packets of hybrid cotton seeds allegedly meant for sale as Bt cotton seed. The seed samples were sent to the laboratory for testing. (Source: The Hindu, 04/12/06)

#### **47 VILLAGES QUARANTINED IN MAHARASHTRA DUE TO AI , CULLING ON**

Operation to cull about 310,000 birds following the third outbreak of bird flu in the Jalgaon district of Maharashtra began on April 8 after authorities quarantined 47 villages. About 90 teams from the Animal Husbandry Department have fanned across the affected areas to accomplish the task in five days. The operation would be extended to another 307 villages located in 3 to 10 km radius of the affected area. Of the estimated 310,000 birds to be culled, 120,000 layers are housed in commercial poultry farms and the remaining scattered in backyard rural houses. (Source: Business Line, 04/10/06)

#### **"CHEAP" DAIRY IMPORTS HURT INDIAN INDUSTRY**

Cheap, subsidized dairy products from western countries are blamed for "threatening" and "destabilizing" the Indian dairy sector after quantitative restrictions were lifted in 2001. (Source: Financial Express, April 12, 2006)

#### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
IN6028	Weekly Highlights and Hot Bites #12	04/07/06
IN6029	India: Sugar: Annual Report	04/10/06
IN6030	FAIRS Product Specific – Foreign Trade Policy Amendment Makes GMO Declaration Mandatory for Imported Food Products	04/11/06

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