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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, # 15

2006

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**Report Highlights:**

\*Government to import three million tons of wheat\*, \*Phytosanitary norms on wheat imports eased\*, \*Wheat worries\*, \*GOI revises reference prices for imported vegetable oils\*, \*GEAC clearance only for GM Soyoil imports\*.

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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.

### **GOVERNMENT TO IMPORT THREE MILLION TONS OF WHEAT**

The government has decided to import three million tons of wheat, in addition to the 500,000 tons already contracted, to replenish the depleted government wheat stocks. It also decided to pay a bonus of rs. 500 (\$11) per ton, on top of the rs. 6,500 (\$146) per ton minimum support price, to farmers who sell their wheat to the Food Corporation of India or state government agencies. This bonus will be retroactive to March 20, 2006, when the new wheat procurement operation started. The Food and Agriculture Minister announced these decisions after consultations with the Chief Ministers of wheat-producing states and the Prime Minister. He said wheat procurement by the government at the support price has remained low because the private trade is buying wheat and paying prices marginally higher than the support price. (Source: Business Standard, 04/22/06)

*Post Comment:* For a detailed analysis on India's wheat procurement situation and import requirements, see GAIN reports IN6034 and IN6036.

### **PHYTOSANITARY NORMS ON WHEAT IMPORTS EASED**

The government has decided to relax phytosanitary norms for imported wheat, in order to allow more countries to bid on India's expected upcoming tender. The new tender for three million tons is expected to be floated shortly, with the entire quantity going through the State Trading Corporation of India. "Broad basing the norms will allow both Australia and the United States to bid in the new tender. That will also allow better price discovery for India," sources said. The present sanitary and phytosanitary norms were finalized in 2003 after taking into account India's ecological and health concerns. However, there has been extraordinary pressure from American companies and government, including a meeting of the US Ambassador with the Cabinet Secretary, to protest these norms. (Source: Economic Times, 04/24/06)

*Post Comment:* There is no official confirmation regarding these alleged "relaxations."

### **WHEAT WORRIES**

"If the overall foodgrain situation in the country leaves a lot to be desired, the wheat scenario is turning increasingly murky and scary. It is a sad commentary on the policies of successive governments that wheat production has shown little growth last six years. At the current rate of production and consumption, the country may well end up a major importer in two or three years. The Agriculture Minister has announced imports of 3 million tons of wheat this year to augment supplies and contain prices. By announcing it now, if he is hoping to 'talk the market down' and facilitate additional procurement, he may be mistaken. Disturbing is the proposed routing of such large purchases through government agencies. Imports should be open to all, including the private sector, rather than be restricted to State enterprises, whose functional transparency and efficiency are suspect." (Source: Editorial, Business Line, 04/26/06)

**GOI REVISES REFERENCE PRICES FOR IMPORTED VEGETABLE OILS**

In tune with international prices, the Government of India lowered the tariff value (the reference price for tariff calculations) for the palm oil group by a uniform \$10 per ton, and for crude degummed soybean oil by \$6 per ton. The revised tariff values can be seen in the following table:

Edible oil	Previous Tariff Value (\$/Ton)	Present Tariff Value (\$/Ton)
Crude Palm Oil	430	420
Crude Palmolein	452	442
RBD Palm Oil	445	435
RBD Palmolein	455	445
Other Palm Oil	438	428
Other Palmolein	454	444
Crude Degummed Soybean Oil	524	518

The government notification is available at: [www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/csnt45-2k6.htm](http://www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/csnt45-2k6.htm)

**GEAC CLEARANCE ONLY FOR GM SOYOIL IMPORTS**

In reply to a clarification sought by the Solvent Extractors Association, the Ministry of Environment and Forests clarified that all soyoil imports (refined or degummed) derived from genetically modified soybeans are subject to Section 11 of the 1989 Rules of the Environment Protection Act. The 1989 rules say that "all food stuffs, ingredient in food stuffs and additives including processing aids containing or consisting of genetically engineered organisms or cells, shall not be produced, sold, imported or used except with the approval from Genetic Engineering Approval Committee (GEAC)". The Ministry further stated that no request for commercial imports and marketing of GM foods has yet been received. To get GEAC approval, every importer has to file an analytical report of crude/de-gummed/refined soybean oil from the country from where it is imported. Also, the method of disposal of by-products, a food safety study conducted in the country of origin, and whether it has been approved and is in commercial production in the country of origin, will have to be specified. (Source: Financial Express, 04/28/06)

*Post Comments:* Imports of all soyoil stemming from biotech soybeans will have to receive approval from the GEAC before importation. If strictly enforced, this may affect imports of soyoil from South America and the United States. India annually imports around 2 million tons of crude soybean oil, mostly from Argentina and Brazil.

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

REPORT #	SUBJECT	DATE SUBMITTED
IN6033	Weekly Highlights & Hot Bites, #14	04/21/06
IN6034	Indian Wheat Imports likely to be Massive	04/25/06
IN6036	India: Grain and Feed – Monthly Lock Up Report: May	04/28/06

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