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Report Highlights:

GOI imposes further restrictions on rice exports..., *...and curbs wheat purchases by the private trade*, *Inflation breaches RBI's tolerance limit*, *Farm loan waiver may hurt India's bargaining at WTO*, *New Bird Flu outbreaks in West Bengal*, *Bird Flu: Poultry sector seeks loan waiver*, *Bill to provide autonomy to the Forward Market Commission introduced in Parliament*.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade 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 and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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GOI IMPOSES FURTHER RESTRICTIONS ON RICE EXPORTS...

With a view to contain rice exports, the GOI's Director General of Foreign Trade issued an official notification on March 5, hiking the minimum export price of non-basmati, white milled rice to \$650 per ton from the earlier \$500 per ton. The minimum export price for basmati rice is established at \$900 per ton. Additionally the GOI also restricted export ports of rice to Kandla, Kakinada, Mumbai (Jawaharlal Nehru), and Kolkata ports, depriving exporters access to other ports in south India such as Kochi, Vizag, Chennai, Mangalore, and Tuticorin, and major ports for exports of non-basmati specialty rice such as Ponni. (Business Line, 03/07/08)

Post Comment: The official notification regarding this is available at:
<http://164.100.9.245/exim/2000/not/not07/not8207.htm>

... AND CURBS WHEAT PURCHASES BY THE PRIVATE TRADE

By invoking the provisions of Section 3 of the Essential Commodities Act, 1955, the GOI issued the Wheat (Stocks declaration by Companies or Firms or Individuals) Order 2008, which requires submission of returns by a company, firm, or individual who purchase wheat exceeding 10,000 tons (total purchases made throughout the country) during the 2008/09 (Apr-Mar) wheat marketing year. The submission of return should be made before the Secretary, Department of Food of the State from where the maximum quantity was purchased at such intervals as may be specified by the GOI. In case the purchase of wheat exceeds 25,000 tons (total purchases made throughout the country), the return should be furnished to the Under Secretary (Policy III) in the GOI's Department of Food and Public Distribution by the 10th of every month. (Financial Express, 03/08/08)

Post Comment: The official press release regarding this is available at:
<http://pib.nic.in/release/release.asp?relid=36085&kwd=>

INFLATION BREACHES RBI'S TOLERANCE LIMIT

Inflation continued its surging trend, breaching the Reserve Bank of India's (RBI) "self-imposed tolerance limit" of 5% to close the week ended February 23 at 5.02%. The spurt in the Wholesale Price Index (WPI) – based inflation rate, which touched a 9-month high, was driven by an increase in prices across the board, with food prices and manufactured products turning dearer. Voicing his concerns over rising inflation, RBI Governor Dr. Y.V. Reddy said the RBI would continue to focus on price stability while trying to achieve the objective of economic growth. Justifying the RBI's continued focus on inflation, Dr. Reddy said, "The large segment of the poor tends to reap the benefits of high growth with a time lag, while the rise in prices affects them instantly." (Business Line, 03/08/08)

FARM LOAN WAIVER MAY HURT INDIA'S BARGAINING AT WTO

The Rs. 600 billion (\$15 billion) agriculture debt waiver and relief package announced in the recent government budget for FY 2008/09 may win the government ballot points, but it could hurt India's bargaining power with the rich at the WTO. The loan waiver package will come under the international scanner as its announcement has coincided with the crucial Doha Round negotiations, where India has demanded that developed countries drastically cut their multi-billion dollar "trade distorting" farm subsidies. The developed nations could now brand the \$15 billion package as a huge farm subsidy. The Commerce Ministry is grappling with the issue of how to treat the loan waiver package so that it passes muster at the Doha Round negotiations. Sources said trade experts have advised the Agriculture Ministry to suitably rework the language of the scheme – such as an 'income safety net' for poor farmers – to align it with WTO norms, so as to keep it within a permitted set of "green box" subsidies. Otherwise, the country might need to offer more concessions to defend the debt waiver. Commerce and Industry Minister Nath had to recently fight off suggestions from EU Trade Commissioner Peter Mandelson that the loan waiver amounted to a subsidy. Nath had countered the allegation saying the \$15 billion loan waiver was 'distress relief' to farmers and not a 'subsidy'. (Indian Express, 03/14/08)

NEW BIRD FLU OUTBREAKS IN WEST BENGAL

According to the Ministry of Agriculture update of March 7, 2008, dead bird samples from Raghinathganj-II and Jiaganj blocks of Murshidabad districts in West Bengal tested positive for bird flu virus. However, no further reports of H5N1 were reported after March 7, 2008. Culling operations commenced on March 10, 2008, in a radius of five kilometers around the new foci of infection. The latest release from the Government of West Bengal reports the cumulative culling for poultry at around four million. Additionally, 1.49 million eggs and 80,033 kgs of feed were destroyed up to March 9, 2008. (Source: The Press Information Bureau, 3/10/08)

BIRD FLU: POULTRY SECTOR SEEKS LOAN WAIVER

The poultry sector of West Bengal wants the state government to take the new bird flu outbreaks seriously and ensure that culling operations are done efficiently. The National Egg Coordination Committee (NECC) has expressed concern over the latest reports of several birds having escaped from the previous culling after the state government declarations on the completion of culling operations. West Bengal used to meet its excess poultry products (40 million commercial eggs and 20 million broiler eggs) demand from the southern states. However, these states have to divert these eggs to other markets at a distress price after bird flu outbreak in West Bengal, resulting in a loss of \$750 million. The NECC has requested the government to extend the loan waiver to small and marginal poultry farmers and an interest subvention of eight percent to save them from this crisis. (Source: Business Line, 03/12/08)

BILL TO PROVIDE AUTONOMY TO THE FORWARD MARKET COMMISSION INTRODUCED IN PARLIAMENT

Dr. Akhilesh Prasad Singh, Minister of State for Food, Consumer Affairs and Public Distribution, introduced the Forward Contracts (Regulation) Amendments Bill 2008 in the Lok Sabha on March 13, 2008, that provides greater autonomy to the Forward Market Commission (FMC) and enables trading in commodity options. The Bill seeks to replace the Forward Contracts Amendments Ordinance, which was promulgated on January 31, 2008. With the introduction of intangibles, commodity exchanges can trade in options, weather

derivatives and index futures. The Bill seeks to increase the maximum number of FMC members from four to nine, out of which three are to be whole time members, and a whole time chairman. It also confers the FMC the power to levy fees. Once the bill is enacted, the Centre will get the power to issue directions to the FMC on the matter of policy and also to supersede the FMC in certain cases. (Source: Business Line, 03/14/08).

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