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Report Highlights:

India fares badly on Global Hunger Index, *Exemptions to ban on non-basmati rice exports*, *Ban on maize exports ends*, *Investments in agri sector to take a hit*, *Government announces bonus on paddy MSP*, *NCAER CMIE cut growth forecast*, *Cotton Advisory Board estimates crop of 32.2 million bales for 2008/09*.

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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INDIA FARES BADLY ON GLOBAL HUNGER INDEX

India ranks 66 out of 88 countries on the Global Hunger Index (GHI), far behind comparable developing countries as well as smaller, less diverse and resource deprived nations. The index, released by the International Food Policy Research Institute, is bound to take the hype out of the United Progressive Alliance (UPA) government's talk of inclusive growth, with a review of Indian states showing that economic progress witnessed in some states has not helped improve the hunger and malnutrition level. Even Punjab, the food bowl and best performing state within India, came off worse than countries like Gabon and Vietnam when measured on the index. The index was based on the average of three leading indicators – prevalence of child malnutrition, rates of child mortality and the proportion of people who are calorie deficient. (Source: Times of India, 10/15/06)

EXEMPTIONS TO BAN ON NON-BASMATI RICE EXPORTS

The ban on the export of non-basmati rice shall not be applicable to the export of rice to the following countries: -

Name of the country	Quantity
(i) Nigeria	15,000 MT
(ii) Senegal	15,000 MT
(iii) Ghana	15,000 MT
(iv) Cameroon	10,000 MT

The above export shall be subject to the following conditions: -

- i) The above quantity shall be exported through State Trading Corporation (STC) of India during September/October, 2008;
- ii) STC shall procure rice from such rice mills who have surplus rice/ paddy in their stock;
- iii) The rice to be exported shall be with a minimum of 25% of broken;
- iv) STC shall ensure that their entry into market for this export does not affect the overall price situation of rice; and
- v) STC shall source the rice to be exported from more than one State and in four different tranches." (Source: Director General of Foreign Trade Notification dated 10/13/08)

Post Comment: The official notification can be accessed from:
<http://164.100.9.245/exim/2000/not/not08/not4808.htm>

BAN ON MAIZE EXPORTS ENDS

The ban on maize exports which was imposed on July 03, 2008 lapsed on October 15, 2008 as the government didn't extend it further. India annually exports around 0.5 to 1 million tons of maize to South East Asian countries. However, in 2007-08 (Oct-Sep) exports surged

to 2.5 to 3 million tons on good prices in international markets. Corn traders in India saw dim prospects for exports this year due to a slump in prices and sluggish demand. As per the All India Starch Manufacturers Associations, the crop in the current year that began on October 1st was forecast at 13.04 million tons, down from 15.15 million tons last year, following floods in the eastern region that damaged some crops. (Source: Business Standard, 10/17/08 & The Financial Express, 10/16/08).

INVESTMENTS IN AGRI SECTOR TO TAKE A HIT

The global credit crunch may hit investment flows and production growth in the agricultural sector, although consumers may get some relief in the form of lower food prices due to a demand slump. The Director General of the International Food Prices Research Institute (IFPRI) stated while expressing his views on the crisis in global food and financial markets that the burgeoning world financial crisis has "pushed aside the attention of policymakers from the threat of rising food prices, but the global crisis is far from over." He stressed that the food crisis continues to threaten food and nutrition security of poor people around the globe. Meanwhile, food firms have also suffered due to the ongoing stock market recession and have lost up to a quarter of their market value over the past week, despite a surge in their profitability over the last year. (Source: The Financial Express, 10/13/08)

GOVERNMENT ANNOUNCES BONUS ON PADDY MSP

Alarmed over the reports of a drop in paddy arrivals and procurement, the government declared a bonus of Rs. 500 per ton over the minimum support price (MSP). The MSP of common grade paddy is Rs. 8,500 per ton, while that of grade A paddy is Rs. 8,800 per ton. The cabinet Committee on Economic Affairs approved the incentive bonus on October 16, 2008 to boost government's procurement operation. Official sources report that government paddy procurement upto October 14, 2008 was 4.69 million tons, down from 4.84 million tons procured during the same period last year. (Source: The Financial Express, 10/17/08)

NCAER, CMIE CUT GROWTH FORECAST

Economic think tanks, the National Council of Applied Economic Research (NCAER) and Centre for Monitoring Indian Economy (CMIE), have slashed India's GDP growth projection for fiscal year 2008/09 (April/March). While the NCAER cut their growth estimate to 7.6 percent from their earlier estimate of 7.8 percent, CMIE reduced its forecast to 8.7 percent from the earlier estimate of 9.4 percent. According to NCAER, the lowering of growth expectation is due to high inflation, slack in consumer demand, and the global financial market slowdown. The CMIE attributes the lowering of growth expectation to turmoil in the financial market, stress in the real estate sector and a slowdown in the implementation of the investment projects. (Source: Economic Times, 10/17/08)

COTTON ADVISORY BOARD ESTIMATES CROP OF 32.2 MILLION BALES FOR 2008/09

On October 16, 2008, the Cotton Advisory Board estimated a higher cotton crop of 32.2 million bales (170 kg) for the upcoming 2008/09 season, up 2 percent over the previous year crop of 31.5 million bales. The total area is estimated at 9.26 million hectares, marginally lower than 9.56 million hectares in 2007/08 season due to a shift to other crops in some areas. The total cotton exports are forecast lower at 7.5 million bales for the upcoming season compared to 8.5 million bales in the last season. (Source: Financial Express 10/16/08)

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