

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

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**Report Categories:**

Agriculture in the News

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**Report Highlights:**

\*Wheat procurement gains pace, 75% completed\*, \*Wheat exports rules out for now\*, \*Israeli agri tech is at India's disposal\*, \*India sets a new export target of \$500 billion in the next three years\*, \*Reserve Bank of India cuts GDP growth to 8 percent\*, \*India to launch FTA talks with Australia\*, \*India's food inflation eases at 8.53 percent\*, \*Milk and milk products to become costlier in India\*, \*India agrees to ban use of endosulfan\*.

**General Information:**

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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**WHEAT PROCUREMENT GAINS PACE, 75 PERCENT COMPLETED**

Total wheat procurement through May 2 has reached 19.54 million tons against the government target of 26 million tons for this year, and the 22.5 million ton procurement last year. The Food Corporation of India officials said that procurement process continues through June 30 but the arrivals start tapering off after May 15. Private traders are not active in procurement as the current prices are around the government's minimum support price of Rs. 11,700 per ton and they expect that wheat would be available cheaper rates during later part of the season. (Source: [Business Standard](#), 05/04/2011)

**WHEAT EXPORTS RULES OUT FOR NOW**

The government decided against wheat exports for now, despite mounting pressure to allow farmers to benefit from higher international prices. This decision was taken by the Empowered Group (EGoM) of Ministers on Monday, wherein they also decided to distribute 5.0 million tons of wheat and rice to states for people below the poverty line, while putting off the decision on the proposed new food security law. The Minister of Food informed that the decision on the food security law will most likely be taken in the next EGoM meeting, dates for which have yet to be finalized. (Source: [Economic Times](#), 05/03/2011)

**ISRAELI AGRI TECH IS AT INDIA'S DISPOSAL**

Israel's Minister of Agriculture in his visit to India said that its agriculture technology is at the disposal of India, and Indo-Israel agricultural cooperation can propel India to become a superpower in food production and supply. He also had a meeting with the Indian agriculture minister to discuss ways to further strengthen and widen the scope for bilateral cooperation in agriculture between the two countries. (Source: [Asianage](#), 05/04/2011)

**INDIA SETS A NEW EXPORT TARGET OF \$500 BILLION IN THE NEXT THREE YEARS**

India hopes to more than double its exports to \$500 billion in the next three years. The target has been revised as exports increased by 37.5 percent in the last fiscal year to \$245 billion. The decision to revise the target has been brought out in the draft export strategy paper which was released on May 3, 2011 by the Minister for Commerce and Industry, Mr. Anand Sharma. The strategy also marks a shift in the thrust areas to achieve this target by 2014. According to a Ministry official, engineering goods, basic chemicals, drugs and pharmaceuticals and electronics will now have a larger share in exports. (Source: [Hindu Businessline](#), 05/04/2011)

## **RESERVE BANK OF INDIA CUTS GDP GROWTH TO 8 PERCENT**

According to Finance Minister Pranab Mukherjee, energy prices and a normal monsoon will be critical for the economy to expand at the desired 9%, but accounting the severe inflation threats, the Reserve Bank of India (RBI) pegged the real GDP growth rate for the Indian Fiscal year 2011-12 at 8 percent in its annual policy review. This is almost 1 percentage lower than the government estimate of 9 percent. RBI said most business confidence surveys conducted by various agencies show a decline in business confidence. (Source: [Hindustan Times](#), 05/03/2011)

## **INDIA TO LAUNCH FTA TALKS WITH AUSTRALIA**

The Indian Prime Minister's Trade and Economic Relations Committee (TERC) gave its nod for launching free trade agreement (FTA) negotiations with Australia. It also decided that India will not take Intellectual Property Rights (IPR) obligations beyond domestic laws or those mandated by World Trade Organization (WTO). The committee also took up the proposal for a new economic engagement through the mechanism of a free trade agreement with Common Market of Eastern and Southern Africa (COMESA). The matter is likely to be taken up during the visit of Union Commerce and Industry Minister Anand Sharma when he visits Australia on May 10. (Source: [The Hindu](#), 05/01/2011)

## **INDIA'S FOOD INFLATION EASES AT 8.53 PERCENT**

Food inflation fell to 8.53% in the week ending April 23 from 8.76% in the previous week, according to data released by the commerce ministry on May 5, 2011. But the Reserve Bank of India (RBI) is expected to continue with its tight monetary policy as manufacturing and fuel prices drive up headline inflation that continues to remain in the uncomfortable zone. Speaking at the Asian Development Bank's annual meeting in Hanoi, Vietnam, finance minister Pranab Mukherjee said, "Inflation, particularly, the increase in food prices is a major concern for India as well as other developing countries. We are looking at easing the price situation in India with adequate buffer stocks and hopefully a good monsoon". (Source: [Financial Express](#), 05/06/2011)

## **MILK AND MILK PRODUCTS TO BECOME COSTLIER IN INDIA**

After AMUL, India's largest dairy cooperative, raised prices of fresh milk recently, other dairy corporates are set to follow. According to dairy industry estimates, the prices of milk have consistently increased around 17-19% per annum in the last three years. Analysts believe that rising demand for milk from the dairy industry and a visible demand-supply imbalance have remained one of the major factors in this price rise. In order to control rising prices and augment domestic milk supplies, the Indian government has already empowered the National Dairy Development Board to import 30,000 tons of Skimmed milk powder in the current financial year starting April 2011. (Source: [Indian Express](#), 05/03/2011)

## **INDIA AGREES TO BAN USE OF ENDOSULFAN**

India has agreed to a ban on endosulfan, a chemical that is used widely in the country as an insecticide. At a 5-day key meeting of a United Nations Environment Programme body in Geneva, a consensus was arrived at in listing endosulfan in Annex A. Under the Stockholm Convention, listing in Annex A means the chemical is considered to be a persistent organic pollutant (POP). When a chemical is listed as POP, signatories of the Convention will have to ban it. India has listed 15 crops for exemption and sought 11 years to phase out the controversial chemical. Time has been

sought to also find an alternative to endosulfan to control pests in plants. (Source: [The Hindu Business Line](#), 04/30/2011)

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

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
IN1143	Weekly Hot Bites, #17	04/29/2011
BG1103	BANGLADESH: Grain and Feed Update-May 2011	05/03/2011

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