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Report Highlights:

GOI bans corn exports, *Inflation rises to 11.42...*, *...price surge confined to select commodities*, *PM unveils climate change plan, says India is for clean technology*, *Experts against funding of National Biotech Regulatory Authority as glitches increase*, *Poor funding, irrigation behind farm sector slowdown: RBI*, *Big retail is the way: Coalition politics makes Buddha see red*, *To guard public health in emergency, Centre plans to change the law*.

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.

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.

GOI BANS CORN EXPORTS

Effective July 3, 2008, the Indian government banned exports of corn through October 15, 2008. The official notification regarding this is available at:
<http://164.100.9.245/exim/2000/not/not08/not2208.htm>

INFLATION RISES TO 11.42 ...

The Wholesale Price Index-based inflation shot up further to 11.42 percent during the week ended June 14, up from the previous week's annual rise of 11.05 percent. The latest rise in the year-on-year inflation was driven by an across-the-board increase in price levels. Inflation in manufactured products rose 9.74 percent, up from 9.09 percent the previous week, with dairy items (11 percent), edible oils (16 percent), liquor (10 percent), paints (13 percent), and iron and steel (34 percent) contributing to the rise. Inflation in primary articles also climbed up to 10.96 percent, mainly on account of fruits (12 percent), milk (9 percent) and spices (11 percent). Reacting to the numbers, the Advisor to the Finance Minister said that inflation would continue to remain in double digits for some more weeks even if price fall due to 'base effect.' (Source: Business Line, 06/28/08)

...PRICE SURGE CONFINED TO SELECT COMMODITIES

With criticism mounting of the government's failure to stem the price spiral, the Finance Ministry maintained that the increase was not across the board but was confined to petroleum products and select commodities such as milk, iron and steel. A Finance Ministry statement pointed out that even when the inflation rate soared to a 13-year high of 11.42 percent in the week ended June 14, the prices of 206 commodities either remained stable or declined since January 5 this year. The statement pointed out that among 30 essential commodities, the prices of bajra (millet), mung beans, black urd (black matpe), potatoes, onions, and fish witnessed a decline. Besides, the consumer price index-based inflation for goods used by industrial workers actually declined from 7.81 percent in April to 7.75 percent in May this year. (Source: The Hindu, 07/21/08)

Post Comment: The Ministry of Finance statement regarding inflation is available at:
www.pib.nic.in/release/release.asp?relid=39948

PM UNVEILS CLIMATE CHANGE PLAN, SAYS INDIA IS FOR CLEAN TECHNOLOGY

Prime Minister Manmohan Singh released the National Action Plan on Climate Change on June 30 reiterating India's commitment for sustainable development using clean technologies without setting any targets for greenhouse gas reduction. The Action Plan states that India's per capita greenhouse gas emission will not exceed that of developed countries. The plan will be implemented through eight missions that focus on increasing the share of solar energy in the total energy mix; implementation of energy efficiency measures; launching sustainable habitats; effective water resource management; safeguarding the Himalayan

glacier and mountain ecosystem; enhancing ecosystem services; making agriculture more resilient to climate change; and setting up a knowledge mission for research on climate change. The National Action Plan was formulated by the Prime Minister's Council on Climate Change, which will also oversee the implementation of the action plan. (Source: Economic Times, 07/01/08)

Post comment: The National Action Plan on Climate Change is available at:

<http://pmindia.nic.in/Pg01-52.pdf>

EXPERTS AGAINST FUNDING OF NATIONAL BIOTECH REGULATORY AUTHORITY AS GLITCHES INCREASE

Experts have begun questioning the need for setting up the proposed National Biotech Regulatory Authority (NBRA) when the existing regulator, the Genetic Engineering Approval Committee (GEAC) is already acting as a single window clearance for genetically modified products. A GEAC official claimed that GEAC has been very swift in approval and transparent in functioning as reflected by approvals of over 150 Bt cotton hybrids and one cotton variety and five Bt cotton events. Experts have sought clarification from the government why it is replacing GEAC, and reveal malfunctioning of GEAC, if any. Some experts have expressed concern about the proposed NBRA being anchored with Department of Biotechnology as it may not be able to address the health and environmental concerns. The NBRA is also likely to infringe upon the state government's rights to regulate agriculture provided under the constitution of India. (Source: Financial Express, 06/30/08)

POOR FUNDING, IRRIGATION BEHIND FARM SECTOR SLOWDOWN: RBI

Stagnating public investment for almost a quarter of a century, along with slowing irrigation expansion since 1991, are among the many factors responsible for a slowdown in India's agriculture growth since 1991, a study by the Reserve Bank of India (RBI) showed. India's farm sector growth has averaged a meager 2.6 percent over the last decade mainly due to stagnating per hectare yields and low public investment. The RBI study also found that small farm size, making it more difficult for the majority of Indian farms to access new technology and adopt more efficient farm production organization, may have adversely affected agricultural growth. The study called for expansion of publicly-provided research and extension to support farming under a changed environment. (Source: Financial Express, 06/28/08)

Post Comment: The full RBI study can be accessed at:

<http://rbidocs.rbi.org.in/rdocs/content>

BIG RETAIL IS THE WAY: COALITION POLITICS MAKES BUDDHA SEE RED

The West Bengal Chief Minister, Mr. Buddhadeb Bhattacharjee, conveyed at a meeting of the Indian Chamber of Commerce in Kolkata that opposition by coalition parties is acting as a major hindrance for the entry of organized retail sector in the state. The Minister expressed his concern for the continuing problem of wastage in perishable commodities in the absence of organized retail. The current status of the vegetable markets cannot be continued and there is a need for modernization, he said. The need for retail, cold storage and cold chains was stressed in his address. The problem cannot be solved until big companies invest and create modern market mechanisms. Additionally, the interest of all stakeholders engaged in various agricultural activities should be given due consideration, he added. The Minister was not in favor of the entry of foreign companies in retail. (Source: The Financial Express, 07/01/2008)

TO GUARD PUBLIC HEALTH IN EMERGENCY, CENTRE PLANS TO CHANGE THE LAW

The Health Ministry is working on a bill, which proposes to give the Central Government the power to independently promulgate laws and lay down rules related to public health. Public health is so far a state subject. The recent outbreak of avian flu in West Bengal made the government realize that more powers need to be vested with the Centre. During the avian flu outbreak the state governments could not take adequate and timely steps which were required in those circumstances, as the panchayat elections were approaching. The central government was not able to intervene in the avian flu control measures at that time as health is a state subject. The 'Public health bill' aims to prevent, control and manage epidemics or dangerous epidemic diseases, acts of bioterrorism and threats thereof. The proposed bill is likely to be discussed in the forthcoming session of the parliament. (Source: The Indian Express, 07/03/2008)

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