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Report Highlights:

2007-08 foodgrain production estimates raised again, *Cotton import duty goes*, *FSSA to unveil new food safety guidelines soon*, *GOM approves national biofuel policy*, *Traceability tech set to boost India's farm sector*, *Soy meal exports up by whopping 270 percent in June*, *Rising input costs dent poultry sector's gains*, *Fertilizer subsidy soars*.

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.

2007-08 FOODGRAIN PRODUCTION ESTIMATES RAISED AGAIN

The Agriculture Ministry's 'fourth advance estimate' of crop output for 2007-08, released on July 8, has assessed total foodgrain production at a record 230.67 million tons, against the earlier 'third' and 'second' advance estimates of 227.32 million tons and 219.32 million tons, respectively. Production estimates of rice, wheat, and coarse grains were revised upward to all time high levels of 96.43 million tons, 78.40 million tons, and 40.73 million tons, respectively. The most striking upward revision was for maize, with the 2007-08 crop estimated at 19.31 million tons, which is 28 percent more than the 15.1million tons in 2006-07. When asked for the reasons behind banning exports of maize when the crop size was assessed more than the initial estimate, Agriculture Secretary Dr. P.K. Mishra said, "It was a collective decision involving not only us, but also the Department of Animal Husbandry and Dairying and Commerce Ministry." (Source: Business Line, 07/10/08)

Post Comment: The GOI's 'fourth advance estimate' of 2007-08 crop production is available at: <http://pib.nic.in/archieve/others/2008/jul/2008070923.pdf>

COTTON IMPORT DUTY GOES

Yielding to the textile industry's demand, the government has scrapped the duty on imports of raw cotton and withdrew incentives on exports of cotton with effect from July 8, 2008.

The 10 percent basic import duty and 4 percent special import duty has been removed, and the one percent duty drawback benefits on exports of raw cotton have been withdrawn. The removal of the import duty is expected to tame rising cotton prices in the domestic market, but is unlikely to have any major impact on cotton producers and India's cotton production which is expected to rise to 35 million bales (170 kg) in the coming season. (Source: Hindu, 07/10/08)

FSSA TO UNVEIL NEW FOOD SAFETY GUIDELINES SOON

According to the new food safety guidelines being drafted by the Food Safety and Standards Authority (FSSA), there may be provisions of testing and tracing the origin of food products right back to the farm level. "We are examining various food laws abroad and also concerns and interests of all the stakeholders in the food supply chain, from the producers to the consumers, Mr. P.I. Suvrathan Chairman, FSSA said. He said after deliberations with all the stakeholders, draft guidelines would be released over the next two to three months. "We will be looking at the [food safety] systems in the U.S., Europe, the UK, and New Zealand and figure out how transparency has been built into the food safety and standards in these countries," he said. (Source: Financial Express, 07/08/08)

GOM APPROVES NATIONAL BIOFUEL POLICY

A Group of Ministers headed by Agriculture Minister Sharad Pawar approved the National Biofuel Policy drafted by the Ministry for New and Renewable Energy Sources. The Bio-fuel

Policy will be sent to the Union Cabinet for its consideration. The draft policy suggests setting up of a National Biofuel Development Board, which would oversee minimum support prices for biofuel crops, subsidies for growers and marketing of non-edible oilseeds, subsidies and fiscal concessions for the biofuel industry, quality norms, testing and certification of biofuels, and mandatory blending of auto fuel with biofuel. (Source: Financial Express, 07/10/08)

TRACEABILITY TECH SET TO BOOST INDIA'S FARM SECTOR

The government is in the process of launching traceability for monitoring pesticide levels and achieving quality standardization for all organic produce by the end of this fiscal year. The move is expected to result in boosting India's export of agricultural products which are impacted by strict health related norms of the developed nations that act as non-tariff barriers. Traceability was formally launched in June 2007 for grape exports to the EU. The Minister for Commerce recently announced that he would like to use the system for every exportable agricultural produce but initially the system is being developed for organic products. (Source: The Financial Express, 07/11/08)

SOY MEAL EXPORTS UP BY WHOPPING 270 PERCENT IN JUNE

India's soybean meal exports in June went up more than 270 percent from a year ago. Exports in the current marketing year are expected to touch 4.8 million tons. Overseas sales in June jumped fourfold to 2,41,000 tons from 64,000 tons in the same month a year ago. Rising global freight costs made imports from India cheaper over South American countries. Vietnam, South Korea, Japan and China are the major importers of Indian soy meal. Soy meal sales began in October at \$288 per ton and some recent deals have been struck at \$490 a ton, reflecting a rapid jump in sales prices. (Source: Financial Express, 07/08/08).

RISING INPUT COSTS DENT POULTRY SECTOR'S GAINS

Rise in the prices of essential feed ingredients such as maize and soymeal have greatly affected the profitability of the poultry industry in Tamil Nadu. Feed costs account for over 75 percent of the total cost of production of eggs and broilers. Industry estimates suggest that a 10 percent increase in the feed cost erodes the farmer's profitability by as much as 87 percent. According to the Managing Director of a renowned poultry business in Coimbatore, the raw material prices have increased by 36 percent in April-June 2008 compared to the last year. However, the price realization for poultry has increased by only 21 percent thus affecting the poultry operations to a great extent. The government has banned exports of maize until October 15, 2008 under pressure from the user industries. Nonetheless, the exports prohibition is not seen as providing big relief to the poultry sector since there is a short supply of maize. (Source: Business Line, 07/08/08)

FERTILIZER SUBSIDY SOARS

According to a Department of Fertilizer communiqué, the government has not increased the price of fertilizers in last four years, whereas the government subsidy on fertilizers has increased from Rs. 157.8 billion (\$3.7 billion) in IFY 2004-05 to an estimated Rs. 1.2 trillion (\$28.2 billion) in IFY 2008-09. The amount of subsidy per metric ton given by the government to make fertilizers available to farmers at a low price is Rs. 11,200 (\$263.5) for urea, Rs. 49,234 (\$1158.4) for di-ammonium-phosphate (DAP), Rs. 31,108 (\$732) for muriate of potash (MOP), Rs. 36,722 (\$864) for NPK complex fertilizer and Rs. 8,134 (\$191.4) for single super phosphate (SSP). (Source: Times of India, 07/04/08)

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REPORT #	SUBJECT	DATE SUBMITTED
IN8072	Weekly Highlights & Hot Bites, #27	07/03/08

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