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Report Highlights:

Six million tons of wheat for the open market, *Cotton acreage drops 38 percent on extended dry spell*, *Palmolein imports surge as duty differential falls*, *Inflation inches up to 11.91%*, *Farmers' concerns will be decisive at WTO*, *Feasibility study for India-Australia FTA to be ready by December*, *West Bengal will not use anti-flu vaccines for poultry*, *India to tackle Bird Flu on a war footing*, *Biotech growth slows for the first time in five years*, *Spencer's retail ties up with a U.S. bakery chain*.

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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SIX MILLION TONS OF WHEAT FOR THE OPEN MARKET

The government plans to sell around six million tons of wheat in the open market to cool off prices, said Agriculture Minister Pawar. "We will finalize the price at which wheat has to be sold and also other modalities of the sale in the next few days," he said. He said the government is concerned over the spike in prices of wheat in some places and would do everything possible to reduce them. The states would be allocated additional quantities of wheat over and above their monthly requirement under the public distribution system for open market sale. (Source: Financial Express, 07/17/08)

COTTON ACREAGE DROPS 38 PERCENT ON EXTENDED DRY SPELL

The Agriculture Ministry's Crop Weather Watch report shows that cotton planting so far is estimated at 3.92 million hectares compared to 6.34 million hectares during the same period last year. An extended dry spell across the peninsula has led to a 38 percent dip in area under cotton during on the ongoing season. Cotton planting is lagging sharply in Maharashtra, Andhra Pradesh and Gujarat as a result of poor monsoon precipitation. The Indian Metrological Department's data of rainfall reveals a shortfall of 62 percent in Marathwada and 23 percent in Vidarbha in Maharashtra; 21 percent in Telangana, 47 percent in Rayalseema and 33 percent in the coastal region in Andhra Pradesh; and 36 percent in mainland Gujarat. Cotton area in the northern states of Punjab, Haryana and Rajasthan, where planting is over before monsoon rains, is also down by 20 percent at 1.16 million hectares due to diversion of area to more remunerative crops and the threat of the mealy bug insect pest. If the current trend continues, India's cotton production will likely register a decline following five years of dream run that witnessed record cotton production. (Source: Business Line, 07/12/08)

Post Comment: Cotton planting in the central and southern states extends from early June through mid-August depending on the distribution of monsoon rainfall. The monsoon rains from now until mid-August can result in a resurgence in cotton planting activity.

PALMOLEIN IMPORTS SURGE AS DUTY DIFFERENTIALS FALLS

According to the Solvent Extractors' Associations of India, RBD Palmolein imports during June were 92,846 tons against 15,137 tons during the same period a year ago. The drop in duty differential compared with crude palm oil and imports on behalf of Government for supply through ration shops at subsidized prices led to record imports. The jump has been significant even from imports during April and May, when hardly a total of 22,000 tons were brought into the country. The country is likely to witness higher imports of RBD Palmolein until October in view of a delay in sowing of oilseeds in some areas. As such, edible oil imports during June have been estimated at 550,000 tons against 547,000 tons during June last year. For the current oil year through October, imports have been put at 3,096,000 tons against 2,748,000 tons. On the other hand, imports of non-edible oils have been pegged at 470,000 tons for the season against 450,000 tons. Overall imports of vegetable oil during the

current season to June are 3,567,000 tons against 3,199,000 tons, a rise of 12 percent compared with last year. (Source: Business Line, 07/15/08)

INFLATION INCHES UP TO 11.91%

In what should provide some relief to the government, the rate of inflation inched up only "very marginally" to 11.91 percent during the week ended July 5 from 11.89 percent a week earlier, mainly on account of higher prices of certain food articles, iron and steel, and various non-administered petroleum products. The moderate hike in inflation based on the wholesale price index was largely due to higher prices of tea, fruits, maize, certain pulses such as lentils and mung beans, and imported edible oils. The Finance Ministry claimed that the rate of price rise had stabilized on a week-on-week basis as the prices of various essential items either declined or remained static. (Source: The Hindu, 07/18/08)

FARMERS' CONCERNS WILL BE DECISIVE AT WTO

Pointing out that farmers' livelihood concerns will be "make or break" issues in the coming ministerial meeting in Geneva, Commerce Minister Kamal Nath said he had held consultations with the Prime Minister on India's negotiating strategy at the WTO talks. Addressing a press conference in Delhi, the Minister said the Special Safeguard Mechanism and Special Products (ways of protecting agriculture from imports) were non-negotiable. These were make or break issues. "The Prime Minister is of the view that unless India's interests are protected we should not move forward. We have the full option to walk out and there can be no agreement unless India agrees," he said. (Source: The Hindu, 07/17/08)

FEASIBILITY STUDY FOR INDIA-AUSTRALIA FTA TO BE READY BY DECEMBER

The feasibility study for the India-Australia Free Trade Agreement (FTA) is likely to be ready by December this year, according to Mr. P.K. Dash, Joint Secretary, Commerce Ministry and head of the Joint Study Group from the Indian side. "We expect the study report to be in by the end of this year. If the recommendation is for commencing an FTA, both governments would quickly take a call on what to do next. "We look forward to a win-win relationship with Australia," Mr. Dash said at the launch function of the publication 'Australia-India: A Deepening Economic Partnership'. (Source: Business Line, 07/13/08)

WEST BENGAL WILL NOT USE ANTI-FLU VACCINES FOR POULTRY

The West Bengal government has decided not to allow vaccination of birds for bird-flu as the efficacy of the vaccine is yet to be proved. Additionally, the traces of chemicals from such vaccines remain in the blood of vaccinated birds which can harm humans. The Animal Resources Minister of West Bengal has conveyed in a state assembly meeting that the centre had earlier agreed to provide the affected poultry farmers with goats and sheep as an alternative means of livelihood. However, the state is yet to receive these funds. The project is expected to entail an expenditure of \$18.5 million, which would be equally shared by the centre and the state government. (Source: Business Line, 07/16/08)

INDIA TO TACKLE BIRD FLU ON A WAR FOOTING

The Indian Council of Agricultural Research (ICAR) has proposed a project to develop birds resistant to the dangerous avian flu virus, H5N1. The institute has noted that many species of indigenous poultry are resistant to the bird flu virus. Exotic and crossbred birds are more vulnerable to attacks of the bird flu virus. Therefore, it is planned to segregate species of indigenous birds, which have a high degree of resistance. The research aims to study the genetic makeup of indigenous birds, which makes them highly resistant to the bird flu virus.

The next stage of the project will focus on empowering the cross bred birds with disease resistant genes. Furthermore, India has already proposed that South Asian countries need to work in cooperation to effectively deal with the bird flu menace and the SAARC forum has begun working on it. (Source: The Financial Express, 07/14/08)

BIOTECH GROWTH SLOWS FOR THE FIRST TIME IN FIVE YEARS

After five years of rapid expansion, India's biotech industry growth slowed down to 20 percent in 2007/08 (April/March) over last year, down from over 30 percent growth experienced in previous years. This slowing of growth is attributed to the rupee appreciation vis-à-vis the U.S. dollar and price pressure in the global market since over 56 percent of the revenue is from exports. The annual biotech industry survey conducted by the Association of Biotech led Enterprises and the trade journal Biospectrum estimates total revenue earnings of the biotech industry in 2007/08 at \$2.6 billion compared to \$ 2.1 billion in 2006/07. Bio-pharma is the leading sector followed by the Bio-services sector and the Bio-agri sector (accounts for about 12 percent), Bio-industrial and Bioinformatics sectors, respectively. Bio-agri saw sluggish growth over previous years as Bt cotton marketed by over two dozen seed companies faced pricing problem as most of the state governments asked Bt seed companies to drastically reduce seed prices. (Source: Mint 07/16/08)

SPENCER'S RETAIL TIES UP WITH A U.S. BAKERY CHAIN

RPG Enterprise's Spencer's Retail has tied up with Au Bon Pain, a U.S. based fast dining and bakery café chain, to launch outlets across India. The first flagship store will be opened in Bangalore this year. The Vice-Chairman of RPG Enterprises said that an agreement had been signed for a master franchisee which would be owned by a joint venture of Spencer's and the director of Au Bon Pain, Thailand. The venture will be named as 'Novel Confectioners Limited'. Other target cities for opening outlets in the next eighteen months would be Hyderabad, Chennai and tier II and tier III cities. The menu of these outlets would include soups, sandwiches, salads, stews and bakery items. (Source: The Hindu, 07/16/08)

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