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Approved by:

Chad R. Russell

U.S. Embassy, New Delhi

Prepared by:

A. Govindan, V. Shunmugam

Report Highlights:

PMO seek Food Ministry inputs on grain export subsidy, *Need to double agriculture growth to achieve GDP target*, *Cargill to forge joint venture with two Pune-based edible oil companies*, *Health, food supplement companies eye Indian market*.

Includes PSD Changes: No
Includes Trade Matrix: No
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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 in this report. Significant issues will be expanded upon in subsequent reports from this office.

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PMO SEEK FOOD MINISTRY INPUTS ON GRAIN EXPORT SUBSIDY

The Prime Minister's Office (PMO) has sought and obtained fresh inputs from the Food Ministry over the feasibility of subsidizing the export of grains. This is against the backdrop of reported starvation deaths and food shortages in certain pockets of the country. The government is currently considering a rs. 3 billion (\$69 million) foodgrain export assistance scheme to make Indian wheat and rice competitive in the world market by a proposed reimbursement of rs. 900 (\$21) per metric ton as WTO compatible subsidies. "Recently the PMO had approached us for a fresh analysis of the entire scheme in relation with the nation's food security. We have completed the exercise and communicated to them," said an official. (Source: Financial Express, 01/13/05)

NEED TO DOUBLE AGRICULTURE GROWTH TO ACHIEVE GDP TARGET

Planning Commission Deputy Chairman Montek Singh Ahluwalia said that the country has to double the agricultural growth to achieve the 10th Five Year Plan target of 8 percent economic growth. He said a major reason for the decline in GDP growth in the past few years was the decline in the growth of the agriculture sector. "Any low income country which targets to achieve a reasonable growth should aim for an agriculture growth of 4 percent. This is essential to achieve a sustainable and reasonable growth for the economy. However, in our case, for the past six to seven years, the growth rate has declined to 2 percent. This has actually dragged the overall growth below 7 percent," he said, (Source: Financial Express, 01/10/05)

CARGILL TO FORGE JOINT VENTURE WITH TWO PUNE-BASED EDIBLE OIL COMPANIES

Cargill India Private Limited is set to expand its edible oils business in the country with a planned joint venture with two Pune-based companies, Parakh Foods Limited (PFL) and Global Oils and Fats Limited (GOFL). PFL owns two large refineries with an aggregate refining capacity of 5,000 tons per day in addition to several established brands of edible oils. This joint venture will help leverage the strengths of both companies - the international trading experience of Cargill and the domestic market knowledge of Parakh Foods. (Source: Business Line, 1/14/05)

HEALTH, FOOD SUPPLEMENT COMPANIES EYE INDIAN MARKET

Foreign health and food supplement companies are eager to tap the Indian market even as the Health Ministry is yet to come out with a separate legislation for control and regulation of food supplements in the country. Leong Vee Chong, of Malaysia, and William S. Merginio, of the Philippines, have proposed to set up a 100 percent subsidiary, Health Code (India) Pvt. Ltd. to import health and food supplements from abroad and distribute them in India on a wholesale and cash-and-carry basis. Officials in the Health Ministry said that as there is no law prohibiting imports of diet or health supplements, these proposals are being cleared. "Currently, many products are being imported into the country in the garb of health food

supplements, nutraceuticals or dietary supplements. Through legislation, we want to make it mandatory for companies to get prior approval from the government before launching their products in India," said official sources. The proposed Health Food Supplement (Manufacture, Import and Sale) Regulation Act will try to protect the public interest, they said. The market for diet food in India is estimated at over rs. 15 billion (\$344 million). Slimming food is growing at 13 to 15 percent per annum, medical foods at 10 percent, and sports nutrition at 6 percent. (Source: Business Line, 01/14/05)

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