



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 7/25/2003

GAIN Report #IN3064

## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, #30

2003

Approved by:

**Chad Russell**

**U.S. Embassy**

Prepared by:

A. Govindan, Santosh Kr. Singh, V. Shumugam, Sayed Sarwer Hussain

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#### **Report Highlights:**

**\*New GEAC chairman coming up\*, \*Alternative launched for grain trading\*,  
\*Bangladesh: Exports of shrimp increase\*, \*India seen emerging as international  
textile source post-quota phase-off\*, \*Bangladesh: Agriculture Minister stresses  
frontier research in agriculture\*, \*Seek amendments in WTO or quit it:  
Nationalistic group\*, \*Cabinet committee likely to approve paddy support price\*,  
\*Global organic food pie awaits India, says Rabobank\*, \*Pizza entering smaller  
towns\*, \*Hotel occupancy blues easing\*, \*Bangladesh: Bangladesh-US agreement  
on double taxation avoidance in the cards\*.**

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

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.

### **NEW GEAC CHAIRMAN COMING UP**

Mr. V. K. Duggal, who is currently a Special Secretary in the Ministry of Environment and Forests (MEF), and the Chairman of the Genetic Engineering Approval Committee (GEAC), will take over as Secretary in the Ministry of Steel by early next month. Mr. N. B. Chawla, who presently works as Secretary in the Union Public Service Commission, will replace Mr. V. K. Duggal. (Source: Business Line 7/23/03)

*Post Comment: This is the second change in the last six months in the chairmanship of the GEAC. Frequent changes in its chairmanship makes the GEAC lack focus and continuity, which are essential in a decision making body of its nature. The fact that Mr. N. B. Chawla is taking up from Mr. Duggal's position in the MEF, does not necessarily mean that he will be appointed as the chairman of the GEAC.*

### **ALTERNATIVE LAUNCHED FOR GRAIN TRADING**

The High Level Committee on New Foodgrain Export and Import Policy has submitted its report to the government. Major recommendations include:

- Exporters buy wheat and rice directly from the market at prevailing market prices, and the government should reimburse WTO-compatible subsidies.
- Allow the Food Corporation of India to export wheat and rice directly.

The Committee observes that the current grain export regime is not sustainable in the long run. A handbook on procedures for foodgrain exporters will be prepared. The report will be reviewed at the inter-ministerial level and sent to the Cabinet Committee for final approval. (Source: Financial Express; Business Line, 07/24/03)

*Post Comment: Post will follow up with a more detailed analysis once the report becomes available.*

### **BANGLADESH: EXPORTS OF SHRIMP INCREASE**

Exports of frozen shrimp through the Mongla Port increased last fiscal year despite setbacks like a container ship crisis, the closure of nearly half of the frozen food processing units, the outbreak of virus, and the Iraq war. According to Export Promotion Bureau sources here, about 44.5

million pounds of frozen foods, worth US\$185 million, were exported through this port in the just-ended fiscal year (2002-03). The amount is US\$9.7 million more than the previous fiscal year (2001-02). The Netherlands, the United States Of America, Germany, Denmark, Thailand, the United Kingdom, Belgium, Japan, France, Malaysia, and Italy were the main buyers of Bangladesh frozen foods. (Source: The Independent, 07/24/03)

### **INDIA SEEN EMERGING AS INTERNATIONAL TEXTILE SOURCE POST-QUOTA PHASE-OFF**

India, with its strong chain of assembly operations, is seen as the most preferred international source of textiles after the removal of worldwide textile quotas in December 2004, said the managing director of Cidex trade fair. Cidex, along with the Indian Apparel Exporters, are organizing the Indian Apparel Contract to help Indian producers and some of the leading global buyers to come together to explore business possibilities. India, like other countries, has been successful in exports amid fierce competition. The success can be attributed to the fact that India has a strong resource base and excellent entrepreneurial skills. However, some of the industry players feel that the potential for growth needs to be backed by speedy investments, especially in apparel. (Source: Financial Express 7/21/03)

### **BANGLADESH: AGRICULTURE MINISTER STRESSES FRONTIER RESEARCH IN AGRICULTURE**

The Agriculture Minister of Bangladesh, M. K. Anwar, has underscored the pursuit of frontier research in agriculture to raise farm production. His determination to push the limits came after he attended the June 23-25 International Ministerial Conference and Exposition on Agricultural Science and Technology, in Sacramento, California. He added that experts were now talking about the Gene Revolution, with the world to tap into the benefits of genetic engineering in farming. Reviewing a 20-year Vision Document, developed by the Bangladesh National Agriculture Research System in Dhaka on July 16, Anwar encouraged more applied research to harvest the benefits of biotechnology and hybrid seeds. (Source: The Daily Star, 07/21/03)

### **SEEK AMENDMENTS IN WTO OR QUIT IT: NATIONALISTIC GROUP**

In the run up to the WTO's Cancun ministerial meeting on September 10, the Swadeshi Jagran Manch (SJM), a nationalistic group which is opposed to foreign goods, has asked the government to either seek amendments to the inequitable character of the WTO or quit it. "Before attending the forthcoming Cancun meet, the government should debate the issue threadbare in the Parliament and evolve a strategy to fight and have amended the WTO's inbuilt inequitable character in the interest of India and other developing countries," said Mr. P. Muralidhar Rao, SJM's spokesperson at a press conference. "We have reached the conclusion that if the government is unsuccessful in protecting national interests at the WTO meeting, it should quit the body instead of making compromises," he added. He said India should try to explore establishing alliances with like-minded countries in the third world to present a united fight against the "inequitable" character of WTO. (Source: Pioneer, 07/22/03)

### **CABINET COMMITTEE LIKELY TO APPROVE PADDY SUPPORT PRICE**

The Cabinet Committee on Economic Affairs is likely to approve the Agriculture Ministry's proposal to freeze the support price for paddy for the 2003/04 marketing year at last year's level of rs. 5,500 (\$120) per ton for common varieties and rs. 5,800 (\$126) per ton for Grade A varieties. (Source: Business Line, 07/23/03)

### **GLOBAL ORGANIC FOOD PIE AWAITS INDIA, SAYS RABOBANK**

A study by Rabobank shows that India could emerge a major player in the global organic market by exploiting its inherent advantages. The advantages include a traditional agricultural system that is based on self-sustaining organic farming, varied agroclimatic regions, a sizable number of progressive farmers, and cheap labor. Organic farming in India is still in a nascent state, with 1,426 farms, an estimated area of 2,275 hectares, and production of 14,000 mt. Rice, tea, fruits and vegetables, wheat and cotton account for 80% of the organic production which is mostly exported. The production and export volumes are expected to double by 2007 due to government policy initiatives through the National Policy on Organic Production. (Source: Economic Times 7/23/03)

### **PIZZA ENTERING SMALLER TOWNS**

After consolidating their position in the major metropolitan areas, the Pizza chains are entering small towns in India. Pizza Huts plans to double its existing 50 restaurants to 100 in the next year and a half. Domino's Pizza, with 90 outlets in 24 cities, plans to set up 10-12 new outlets in smaller towns every year. Market sources estimate the national pizza market at rs. 4.0 billion (\$87 million) and growing at an annual rate of 15-20 percent. The changing life style patterns and growing preference for fast food feed this double digit growth. (Source: Business Line 7/22/03)

### **HOTEL OCCUPANCY BLUES EASING**

With the Iraq war, 9/11, the Indo-Pak standoff, and SARS safely in the background, the Indian hotel industry has finally started looking up as the demand growth is better than expected, with hotel occupancy rates hovering around 54 percent in the current year. Experts feel that the growth is fueled by increased business traffic on account of the upturn in the economy and the associated feel-good factor. Tourist arrivals are also up from 235,000 in 2002 to an estimated 260,000 in 2003. (Source: Pioneer 7/24/03)

### **BANGLADESH: BANGLADESH-US AGREEMENT ON DOUBLE TAXATION AVOIDANCE IN THE CARDS**

Bangladesh and the United States are on the verge of signing an agreement on avoidance of double-taxation, as top officials are likely to initial documents in Washington later this month. Bangladesh officials leave Dhaka tomorrow for Washington for this purpose. The proposed agreement will provide individuals, companies, and industrial establishments of both countries with tax rebate facilities. Officials in Dhaka hope that US investment in Bangladesh will increase substantially when the final agreement is signed. Bangladesh has so far signed avoidance of double taxation agreements with 20 countries. (Source: The Daily Star, 07/20/03)

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IN3063	GOI on a PTA/FTA Spree	07/21/2003
IN3065	India - Grain Update - August	07/25/2003
IN3066	Monsoon Progress Report #5	07/25/2003

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