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Approved by:

Chad R. Russell

U.S. Embassy, New Delhi

Prepared by:

A. Govindan

Report Highlights:

Nutrition Labeling to become mandatory, *Health Ministry wants hold over Food Bill*,
Food Safety and Standards Bill tabled in Lok Sabha, *Heinz scouts for more acquisitions in
India*, *Left will oppose FDI in Retail...*, *...Chink within the ruling party too*, *Parliament
okays Rural Employment Guarantee Bill*.

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.

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NUTRITION LABELING TO BECOME MANDATORY

The Health Ministry is planning to compel food companies to list the nutritional value of products on the packaging. According to a senior Health Ministry official, "The Central Committee on Food Standards has recommended labeling of nutritional value on [the] package of food products, and the Ministry is considering the proposal. Under the Prevention of Food Adulteration Act, a draft notification will be shortly issued seeking views from the public." Officials said that this initiative is part of the government's decision to align the Indian norms with global standards. (Source: Business Line, 08/23/05)

HEALTH MINISTRY WANTS HOLD OVER FOOD BILL

The Health Ministry does not want to give up control of regulation of food products to the Ministry of Food Processing Industries. The Health Minister has written to the Prime Minister asking that the proposed Integrated Food Bill be brought under the purview of his Ministry. The Health Minister has reportedly told the Prime Minister that his Ministry has received about rs. 3 billion (\$69 million) from a World Bank loan to upgrade the food and drug testing labs across the country, and that the Ministry is in the process of setting up an integrated regulatory authority along the lines of the US Food and Drug Administration. (Source: Business Line, 08/23/05)

FOOD SAFETY AND STANDARDS BILL TABLED IN LOK SABHA

The Food Safety and Standards Bill 2005 was introduced in the Lok Sabha (lower parliamentary house) on Thursday. The Bill seeks to set up a single regulator that will put in place food standards, and regulate the manufacturing, import, processing, distribution, and sale of food products.

Called the Food Safety and Standards Authority of India, the body will consist of members from various ministries and representatives from State Governments, the food industry, consumer organizations and farmers' organizations. Scientific committees and panels will assist it in fixing standards, while a Central Advisory Committee will prioritize the work. (Source: Business Line, 08/26/05)

HEINZ SCOUTS FOR MORE ACQUISITIONS IN INDIA

Heinz India Pvt. Ltd. registered a healthy sales growth rate of 25 percent in the first quarter of this year. Mr. Nilesh Patel, Managing Director of Heinz India, said "We are looking at other food brands since we intend growing our food portfolio in India." Its flagship brand, Heinz Tomato Ketchup, is inching up with a market share of 6.7 percent, behind Kissan and Maggi. Realizing the complexities of marketing food brands in India, he said. "Indians are fussy eaters and we have to deliver the right taste, nutrition, and price. The biggest challenge in India is to take the housewife away from her home to go and buy packaged food." The company intends to have a mix of locally produced and imported products in its portfolio in India. "We will continue to bring in products from outside to test the market and if necessary

build the ingredient base and approach suppliers here as well," Mr. Patel said. (Source: Business Line, 08/24/05)

LEFT WILL OPPOSE FDI IN RETAIL...

The Left-leaning parties will oppose foreign direct investment (FDI) in the retail sector, said Mr. Sitaram Yechury, Polit Bureau Member of the Communist Part of India (Marxist). He said that the perception that FDI in retail would generate jobs is totally unfounded and misplaced. "The Left will oppose any such decision of the UPA Government that permits the opening up of retail sector to MNCs [multi national companies]," he said. (Source: Business Line, 08/25/05)

Post Comments: This opposition may be significant, as the current coalition government relies on support from the Left. The Business Standard, on August 26, 2005, reported, however, that Prime Minister Singh expressed the belief that he can convince all coalition partners to support FDI in retail.

...CHINK WITHIN THE RULING PARTY TOO

A member of the ruling Congress party in the *Rajya Sabha* (the Upper House of the Parliament) said FDI in retail was against the interests of the domestic retail sector, and asked the government not to proceed with the move. This development, which has highlighted the lack of support for the government's new policy initiative within the ruling party, may sap the government's enthusiasm for the proposed changes in the retail policy.

A report by the Indian Council for Research on International Economic Relations (ICRIER), an economic Think Tank, made a strong case to open the retail sector to foreign investors. ICRIER recommended that at least 49 percent FDI be allowed in the retail industry initially, but since domestic retailers are still in the process of consolidating their position, the opening should be gradual. The study states that organized retailing has significant backward linkages, including supply chains, investment in food processing industry and manufacturing units, increased productivity of agriculture, and growth of interlinked sectors such as tourism and information technology. The Commerce Minister said that, according to his Ministry's assessment, consumers would gain from organized retailing, since it leads to lower prices and improvement in the quality of products. (Source: Economic Times, 08/25/05)

PARLIAMENT OKAYS RURAL EMPLOYMENT GUARANTEE BILL

On August 24, the Parliament approved the historic Rural Employment Guarantee Bill, which seeks to ensure at least 100 days of paid work per year to one member of every rural household in 200 national districts. This scheme would be extended to cover all 600 districts in the country over the next five years. The minimum wage payable would be rs. 60 (\$1.40) per day, even if the respective State Wage Acts provide for a lower wage. The Minister for Rural Development said that the government would provide equivalent amounts as "unemployment allowance," if it failed to provide the promised jobs. A similar Bill will be introduced to provide jobs in urban areas. Under this legislation *Panchayats* (the village government system in India) are assigned the responsibility to implement the program. (Source: Business Standard, 08/25/05)

Post Comment: India has the largest number of poor, with 34.7 percent of the 1.1 billion population surviving on less than \$1 per day, and 79.9 percent of the population surviving on less than \$2 per day. The new job scheme will cost an estimated rs. 400 to 500 billion (\$9.2 to 11.5 billion) annually, which is about two percent of the country's GDP. The Prime Minister said that the government would have the financial resources for this scheme if the growth

rate of the economy was maintained at seven to eight percent and the country was able to attract public and private investments.

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