



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 12/1/2006

**GAIN Report Number:** IN6107

## India

### Agricultural Situation

#### Weekly Highlights & Hot Bites, #44

2006

**Approved by:**

Holly Higgins

U.S. Embassy, New Delhi

**Prepared by:**

A. Govindan, Santosh Kr. Singh

---

**Report Highlights:**

\*Tariff cuts are a bargaining chip at the WTO\*, \*ASEAN expands negative list\*, \*Seed Bill should not compromise farmers' interests\*, \*Four seed associations merge\*, \*Wal-Mart enters India with Bharti\*, \*Left sees red, Government to examine Wal-Mart's deal with Bharti\*, \*Now Birlas gets ready to climb retail wall\*, \*Chennai next on Reliance retail radar\*.

---

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 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.

### **TARIFF CUTS ARE A BARGAINING CHIP AT THE WTO: COMMERCE MINISTER**

India may use cuts in import tariffs on industrial goods as a bargaining tool at the WTO when multilateral trade talks resume next year, said Commerce Minister Nath. On agriculture negotiations at the WTO, he reiterated that India's subsistence agriculture was non-commercial and thus not negotiable. "India's subsistence farmers cannot compete with subsidized farmers in the U.S. or EU," he said. (Source: Economic Times, 11/28/06)

### **ASEAN EXPANDS NEGATIVE LIST**

The Association of South East Asian Nations (ASEAN) has given a jolt to India by deciding to almost double its negative list for the proposed Free Trade Agreement (FTA) with India. "The negative list which they gave us in August was 2,700 which, after subtracting the overlapping items in the country-specific list, came to a consolidated figure of 600. But on November 17, they came up with a revised list of 6,900 which amounts to a consolidated list of 1,000 plus," said Commerce Secretary G.K. Pillai. India wanted at least what is being given to China, which is 600 (consolidated). Pruning of India's negative list from 854 to 560 has so far failed to impress ASEAN. However, India would consider a further reduction of its negative list only if ASEAN also made similar concessions. ASEAN had earlier turned down India's proposal to set tariff rate quotas for agricultural products such as palm oil, tea, and pepper. (Source: Financial Express, 12/01/06)

### **SEED BILL SHOULD NOT COMPROMISE FARMERS' INTERESTS**

A Parliamentary Committee has cautioned the government against compromising farmers' interest on use of seeds and has recommended regulating the powers given to seed inspectors before the passage of the Seeds Bill. The report, tabled in the Parliament, said the Seed Bill should not undermine the farmer/primary conserver friendly provisions of the Plant Varieties Protection and Farmers' Right Act 2001 as well as the Bio-diversity Act, 2002. The Committee has also called for adding a provision in the Bill to enable compensation to the farmers from the producer, distributor or vendor of seeds. The original Bill only states that the compensation can be claimed under the Consumer Protection Act 1986. The Committee, chaired by Ram Gopal Yadav, was of the "strong view" that the provisional registration of transgenic varieties would bring untested seeds and genetically engineered food crops in the market through the backdoor. This may sabotage the entire bio-safety regulatory system of the country. (Source: The Hindu, 11/30/06)

*Post Comment:* The 2004 Seeds Bill introduced in the *Rajya Sabha* (Upper House of the Parliament) on December 9, 2004, was referred to the Parliamentary Standing Committee on Agriculture, headed by Professor Ram Gopal Yadav, Member of the Parliament, for examination. The Original version of the Seed Bill is available at: [http://agricoop.nic.in/seeds/seeds\\_bill.htm](http://agricoop.nic.in/seeds/seeds_bill.htm)

#### **FOUR SEED ASSOCIATIONS MERGE**

To promote the interests of the domestic seed industry with concerted efforts, four seed associations in the country have merged to form an apex body – The National Seed Association of India (NSAI). Before the merger, the associations (Indian Seed Industry Association, Seed Association of India, Association of Seed Industry, and All India Crop Biotechnology Association) used to represent the seed industry as parallel organizations. In a bid to deal with issues at the state level, the new association will have branch offices in all major seed producing states such as Andhra Pradesh, Gujarat, and Maharashtra. The country has the potential to become a quality seed provider at the international level and could also emerge as a hub for research and development in the sector, said Mr. Satish L. Kagliwal, President of the NSAI. (Source: Business Standard, 11/28/06)

#### **WAL-MART ENTERS INDIA WITH BHARTI**

The Bharti Enterprises, a large Indian telecom company, announced its foray into retailing in collaboration with Wal-Mart Stores, Inc. through a partnership. Wal-Mart will provide back-end logistical support including sourcing, supply chain management and technology support. Bharti will be the Wal-mart Franchisee and wholly own and manage the front end retailing by setting up 'several hundred' stores across India. Bharti plans to roll out the stores by August 2007. The venture will adopt all retail formats including hypermarkets and supermarkets. The retail venture would mainly source products from India, although imports from other countries will be done if needed. This partnership will compliment the farm produce joint venture 'Field Fresh' that Bharti has with El Rothsfield. (Source: Business Standard, 11/28/06)

#### **LEFT SEES RED, GOVERNMENT TO EXAMINE WAL-MART'S DEAL WITH BHARTI**

With the Left parties demanding the government prevent the deal between Wal-Mart and Bharti, calling it 'backdoor' entry of FDI in retail, Commerce Minister Kamal Nath promised to look into whether the arrangement meets the rules and regulations. The Communist Party of India (Marxist) alleged that as FDI in retail is not allowed under the existing policy, Wal-Mart's pact with Bharti was an attempt to circumvent the policy to gain a foothold in the Indian market. The party reiterated its opposition to entry of global companies in the retail sector, as it would cause displacement of unorganized retailers besides squeezing domestic manufacturers and farmers. The left parties had earlier expressed their opposition to FDI in single brand retailing and in warehousing and wholesale trade, which has been allowed by the government earlier. (Source: Business Standard, 11/29/06)

*Post Comment:* The Government of India continues to ban foreign direct investment (FDI) in retailing. However, the government has allowed 100 percent FDI in wholesale cash-and-carry and back-end logistics businesses. Although details of the Bharti and Wal-Mart agreement are not available, industry sources report that the tie-up makes use of this FDI provision and thus may not violate any existing policy regulations.

#### **NOW BIRLAS GETS READY TO CLIMB RETAIL WALL**

Wal-Mart's impending entry in retailing has caused ripples in big Indian business houses as many of them are looking to get into the booming sector. The Aditya Birla Group, a leading industrial group of India, has decided to roll out its retail business within the next seven to eight months. The group does not plan to tie-up with any foreign player, and plans to pump in Rs. 50-60 billion (\$1.1 to 1.3 billion) initially, which would subsequently be increased as business grows. The retail format will include large and small store formats. (Source: Economic Times, 11/29/06)

**CHENNAI NEXT ON RELIANCE RETAIL RADAR**

Close on the heels of opening 11 Reliance Fresh outlets in Hyderabad, Chennai is the next city where Reliance plans to open 10 stores by the end of December. They may open six to seven outlets in Jaipur around the same time, followed by Delhi and Mumbai by early January. By March end, 2007, Reliance expects to have presence in six to seven states. (Source: Business Line, 11/29/06)

**RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

REPORT #	SUBJECT	DATE SUBMITTED
IN6104	Weekly Highlights & Hot Bites, #43	11/24/06
IN6105	Grain & Feed: Monthly Lock-up Report – December	11/29/06
IN6106	Oilseeds: Monthly Lock-up Report – December	11/30/06

**WE ARE ON THE NET**

We are available at [http://india.usembassy.gov/foreign\\_agricultural\\_service.html](http://india.usembassy.gov/foreign_agricultural_service.html) or visit our headquarter's home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

**FAS/NEWDELHI EMAIL**

To reach FAS/New Delhi, email us at [Agnewdelhi@usda.gov](mailto:Agnewdelhi@usda.gov).