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Report Highlights:

Consumers, suppliers should gain from retail sector policy, *Metro AG's here, Why not Wal-Mart: Mittal*, *Pulses, wheat fuel inflation...*, *...Zero import duty on pulses extended*, *Parliamentary panel demand ban on wheat futures*, *Steps from the U.S. can get WTO moving*, *WTO deal possible by March - Commerce Secretary*, *WTO talks: India playing spoilsport*, *India-Japan FTA talks*, *India-GCC FTA likely by end-2007*, *India, France in high spirits to settle liquor duty feud*, *Indian cattle model jumps global fence*, *Sugar exports: Food's Pawar differs with Agriculture's Pawar*, *Ahead of 2004 Bill, farmers turn up heat over seed rights*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
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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.

CONSUMERS, SUPPLIERS SHOULD GAIN FROM RETAIL SECTOR POLICY

The rapid growth of the retail sector with the entry of big companies like Reliance and the Bharti-Wal-Mart tie-up is causing some concern. CUTS International, a local research and advocacy group, has asked the government to adopt a proper policy and regulatory framework that can ensure that the competition in the retail sector benefits both consumers and suppliers. CUTS' Secretary General Pradeep Mehta alleged that big retail chains and supermarkets short end both consumers and producers in the absence of proper regulations. Therefore, the government should ensure enough competition in the sector so as not only to give a better deal to consumers, but also to protect small and medium suppliers from the monopolistic, anti-competitive practices of giant retailers. (Source: Business Line, 12/5/06)

METRO AG'S HERE, WHY NOT WAL-MART: MITTAL

Bharti Group Chairman Sunil Mittal strongly defended its tie-up with Wal-Mart in the backdrop of the alarm raised by left parties against Wal-Mart's alleged back door entry into the retail sector. He asked if Metro AG can be allowed to do wholesale trading, why not Wal-Mart. Metro AG is shortly starting its operation in the left parties-ruled West Bengal state. Mr. Mittal reaffirmed that he is not worried about the opposition to the new tie-up as the structure of the joint venture is within the purview of existing regulations. (Source: Financial Express, 12/3/06)

PULSES, WHEAT FUEL INFLATION ...

Responding to concerns over the rise in inflation to 5.45 percent, Finance Minister Chidambaram said that there was a supply-side constraint on essential commodities such as pulses and the government would look at allowing duty-free imports to curb prices. However, he pointed out that only Myanmar and a few other countries grew the different varieties of pulses eaten in India, and so the only durable solution was to augment production. "We have raised the sowing area for pulses as well as wheat, which will increase production capacities, he said, adding that there was no shortcuts to addressing the problem as the crop would take time to harvest. (Source: Business Standard, 12/04/06)

... ZERO IMPORT DUTY ON PULSES EXTENDED

With a view to curb the price rise in pulses, the Ministry of Finance has extended the zero import duty on pulses until July 31, 2007, from the earlier deadline of March 31, 2007. (Source: Business Line, 12/7/06)

PARLIAMENTARY PANEL DEMAND BAN ON WHEAT FUTURES

The Parliamentary Standing Committee on Food, Consumer Affairs, and Public Distribution, headed by Member of Parliament, Mr. Devendra Prasad Yadav, has reiterated its demand for banning futures trading in wheat and other essential items of mass consumption. In its

fifteenth report tabled in the Lok Sabha (lower house of the Parliament), the Committee has said that the purpose for which futures/forward trading was introduced in wheat and foodgrains has "sadly not yielded the desired result, especially to small farmers." At the same time, consequent upon the rise in future prices, retail prices have also gone up. It has rejected the Ministry's contention that futures trading helps farmers by enabling efficient price discovery and giving them an idea of expected harvest-time prices in order to undertake proper crop planning. (Source: Business Line, 12/08/06)

STEPS FROM THE U.S. CAN GET WTO MOVING

Even as preparations are on for the revival of Doha round talks under the WTO next month, the absence of any change in the U.S. stance on reduction of domestic trade distorting subsidies in agriculture has put a big question mark on the viability of further negotiations. "The resumption of talks is welcome but it is a forgone conclusion that so long as the U.S. does not move on reduction in trade distorting subsidies, there cannot be any recommencement of Doha round," said Dr. Amit Mitra, Secretary General of the Federation of Indian Chambers of Commerce and Industry. "Developed economies like EU and the U.S. have to be more flexible if we are to salvage anything out of Doha round" said Commerce Minister Kamal Nath. (Source: Indian Express, 12/05/06)

WTO DEAL POSSIBLE BY MARCH – COMMERCE SECRETARY

Amid indications that WTO talks could resume by January next year, India has said there was a possibility of reaching a global trade deal by March 2007. "There are indications that a mini-ministerial could be held by end of January for reviving the WTO process but the 60 day wait is too long. We need to push the talk fast as time is running out," said Commerce Secretary G.K. Pillai. "Once talks start you would not find India on its back foot. We are willing to ensure that the country gets good deal in negotiations," he said, adding that informal consultations have started and there was no urgency. (Source: Pioneer, 12/02/06)

WTO TALKS: INDIA PLAYING SPOILSPORT

As the WTO desperately tries to salvage the Doha round of trade talks, India's hawkish position is not only frustrating negotiations from rich nations but also ruffling feathers in academia. "India is the biggest spoiler [at trade talks]," said Razeen Sally, professor at London School of Economics (LSE) and Director, European Center of International Political Economy. "The Doha round has collapsed. It is probably as dead as dodo," Sally said, putting a large part of the blame on India. "India is more the problem than the solution. It is too defensive," Sally said at the LSE's Asia Forum. (Source: Times of India, 12/08/06)

INDIA-JAPAN FTA TALKS

India and Japan will begin talks on a free trade agreement (FTA) covering goods, services, and investments, when Prime Minister Manmohan Singh visits Japan, said Deputy Chief of Mission, Embassy of Japan, Mr. Ryoichi Horie, while speaking at a luncheon meeting on India-Japan economic partnership organized by the Confederation of Indian Industry. He said this is likely to be finalized early next year, reflecting the current upbeat mood between the two countries. (Source: Business Line, 12/08/06)

INDIA- GCC FTA LIKELY BY END-2007

India and the Gulf Cooperation Council (GCC) are expected to sign an FTA by the end of 2007. The agreement will aim to boost bilateral trade by 30 percent a year. Commerce Minister Kamal Nath, speaking on the sidelines of the India – Arab World Business Summit,

2006, said the negotiations were on and the modalities would be agreed upon by the end of 2006. "We will have a ministerial meeting in March-April in 2007 to sort out some of the issues," he said, adding that India is in talks for FTAs with several countries. (Source: Business Standard, 12/08/06)

INDIA, FRANCE IN HIGH SPIRITS TO SETTLE LIQUOR DUTY FEUD

India and France agreed to settle the row over the European Union's (EU) allegation on India's high import duty on wines and liquor as an unfair trade barrier through dialogue. Speaking at a joint press conference along with the French Trade Minister Christine Lagarde, Minister Kamal Nath said India will resolve it through a dialogue so that it is not brought to the dispute settlement level at WTO. (Source: The Financial Express, 12/5/06)

INDIAN CATTLE MODEL JUMPS GLOBAL FENCE

United Nations' FAO is considering replicating the Indian cattle-breeding model across other countries. According to a study conducted by the FAO, the use of indigenous and upgraded breeds will produce well-adapted and high milk yielding breeds. FAO officials are working with Pune based Bharatiya Agro Industries Foundation (BAIF) to formulate guidelines to steer the cattle breeding policies of member nations. The regional Team Leader of the South Asia Pro-Poor Livestock Policy Program states that the indigenous breeds are hardy due to their well adaptability traits and also have the ability to remain productive even under a feed, fodder, and healthcare crunch. BAIF and FAO recommend that exotic and crossbreeds should only be promoted in well-equipped areas. (Source: The Financial Express, 12/8/06)

SUGAR EXPORTS: FOOD'S PAWAR DIFFERS WITH AGRICULTURE'S PAWAR

When a policy decision is to be taken whether to allow exports of sugar, Ministries of Agriculture and Food, both headed by Mr. Sharad Pawar, are at variance with the food ministry pegging it at 22.7 million tons (crystal weight basis) against the agriculture ministry's 20.0 million tons. India banned exports of sugar in July 2006 to check domestic price rise. The sugar industry expects the 2006/07 sugar production at 23.0 to 24.0 million tons against the domestic consumption requirement of 19.0 million tons. They are seeking removal of the ban to protect domestic sugar prices. (Source Indian Express, 12/6/06)

Post Comment: FAS/New Delhi estimates mill sugar production at 23.0 million tons and exports at 1.4 million tons (crystal weight basis).

AHEAD OF 2004 BILL, FARMERS TURN UP HEAT OVER SEED RIGHTS

Two years after the government introduced the Seed Bill in Parliament, farmers have threatened to launch a nationwide agitation if provisions to ensure their rights are not incorporated. Leader of Bharat Krishak Samaj, a farmers group, said that farmers should be allowed to save and exchange any seed they cultivate, branded or unbranded. The government's left allies have echoed similar sentiments. (Source: Indian Express, 12/08/06)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN6107	Weekly Highlights & Hot Bites, #44	12/01/06
IN6108	India: Cotton Quarterly Lock-up	12/05/06

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