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Approved by:

Chad Russell

U.S. Embassy

Prepared by:

A. Govindan, Santosh Kr. Singh, V. Shunmugam

Report Highlights:

***ICAR to focus on transgenic research*, *Government serious about use of biotechnology in farming*, *India's GM potato gets fried*, *Bt cotton not a failure*, *Government of India approves UN protocol on biosafety*, *Cold wave may hit winter crops*, *Wheat exports to Iraq to resume*, *India for common agricultural strategy at WTO*, *Pepsi and Hindustan Lever go for joint marketing*, *KFC is back*, *Nirula's foray into consumer food retail segment*.**

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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ICAR TO FOCUS ON TRANSGENIC RESEARCH

The Indian Council of Agricultural Research (ICAR) has demanded an outlay of rs. 10 billion (\$208 million) in the forthcoming 2003 GOI Budget for financing agricultural research projects, according to ICAR's newly appointed Director General Dr. Mangla Rai. Dr. Rai mentioned that the Agriculture Ministry was actively considering the idea of proposing the constitution of an independent regulatory authority for approval of transgenic crops in place of the existing Genetic Engineering Approval Committee (GEAC), which is under the Ministry of Environment. He said that adequate emphasis would be given to research in transgenic technology, for which rs. 2 billion (\$41.7 million) would be set aside. He mentioned that ICAR has initiated the development of transgenic pulses like chickpea, pigeon-pea, and red gram, as the private sector has not invested in developing transgenic pulses, which form part of the nutritious diet of many Indians. He, however, remarked that there was a need for proper risk assessment before any transgenic crop was released for commercial use. (Source: Financial Express, 1/16/03)

GOVERNMENT SERIOUS ABOUT USE OF BIOTECHNOLOGY IN FARMING

Besides setting aside about \$8 million for research in biotechnology this year by India's premier agricultural research body, Indian Council of Agricultural Research (ICAR), the government has also formed three committees to identify institutes and areas that can be part of India's "biotechnology vision" and to train young scientists in the field. Dr. Mangla Rai, who had recently taken over as the Director-General of ICAR, also asserted that the stress this time will be on human resources, training scientists, and building supporting infrastructure and labs for biotechnology. According to the news report, the government is also mulling on considering a proposal to change the structure of the Genetic Engineering Approval Committee (GEAC), to make it better equipped to weigh the pros and cons of GM crops. (Source: Indian Express, 1/18/03)

INDIA'S GM POTATO GETS FRIED

The claims of India's first GM potato crop being rich in protein is being questioned by critics alleging that it is a hoax. The critics have contended that the claims are meaningless unless there is a peer reviewed publication in support of the claim of the research project. The genetically modified potato has been created by scientists at the Jawaharlal Nehru University in New Delhi. (Source: Business Standard, 1/17/03)

BT COTTON NOT A FAILURE

A comprehensive survey of a large sample of farmers who completed their final picking in five states of Bt cotton, revealed that their income increased by an average of \$380 per hectare as a result of higher productivity and cost savings through reduction in pesticide usage. The report of the four government scientists team reiterated their previous findings. Based on the later survey, the Union Environment Minister under whom the Genetic Engineering Approval Committee (GEAC) functions already informed the last session of the parliament that the performance of Bt cotton in terms of higher number of bolls, reduced number of sprays, and higher yields harvested, had been satisfactory. (Source: Business Line, 1/22/03)

GOVERNMENT OF INDIA APPROVES UN PROTOCOL ON BIOSAFETY

The Government of India has recently approved the ratification of the UN Protocol on Biosafety. The protocol aims "to contribute to ensuring an adequate level of protection in the field of safe transfer, handling and use of living modified organisms (LMOs) resulting from modern biotechnology that may have adverse effects on the conservation and sustainable use of biological diversity, taking also into account risks to human health, and specifically focusing on trans-boundary movements". As the protocol comes into force, exporting countries and biotech industries are bound to reveal the information and solicit the consent of importing countries, before releasing LMOs into the environment. (Source: Business Line, 1/21/03)

COLD WAVE MAY HIT WINTER CROPS

The Indian Council of Agricultural Research (ICAR) has warned that the current cold wave conditions in north India could adversely impact this year's rabi (spring harvested) crops. According to ICAR, the dense fog, low sunshine and high humidity was "a matter of larger concern" and is very conducive for the appearance of aphids in sugarcane and mustard and late blight in potato. The timely sown wheat is currently not being able to get enough solar radiation and the growth is stunted. Pulse crops such as pigeon pea, field pea and lentil have also been affected leading to a drastic reduction in yield. (Source: Business Line, 1/23/03)

Post Comment: Still too early to forecast impact of current weather patterns on 2003 wheat and other crop production levels.

WHEAT EXPORTS TO IRAQ TO RESUME

Indian grain exporters claim that exports of wheat to Iraq will resume soon as problems regarding quality of Indian wheat and cleaning facilities at Indian ports have been fully sorted out. According to Mr. Anil Agarwal, Co-Chairman of India-Iraq Business Council, a five-member high powered Iraqi delegation, headed by the Director General of the Grain Board of Iraq, Mr. Yousif M. Abdul Rahman Al-Aani, which has been in India since January 18, has expressed "complete satisfaction" with the cleaning facilities and quality control mechanisms set up by Indian exporters. He mentioned that Iraqis are ready to buy Indian wheat to the tune of 1 million tons a year. A vessel of Priyanka Overseas Company, carrying 20,000 metric tons of wheat, is likely to set sail for Iraq soon. There are reportedly 13 exporters in India who had earlier signed contracts for exports of 600,000 tons of

wheat to Iraq. Mr. Agarwal mentioned that Iraq could become the single largest market for Indian wheat in coming years. However, according to the Iraqi delegation, the final clearance for the wheat will only be given at the port of landing. (Source: Business Line & Economic Times, 01/23/03)

INDIA FOR COMMON AGRICULTURAL STRATEGY AT WTO

Amid conflicting views on WTO negotiations on agriculture, India has declared that it will strive for a common strategy with like-minded countries to mount pressure on developed countries to substantially cut farm subsidies in addition to improving market access. "We will lobby hard to garner support for our proposals on agriculture. We have to evolve a common strategy with like-minded countries to protect the Indian farm sector and interest of farmers", Agriculture Minister Ajit Singh told the press before his departure to Geneva. Expressing optimism about building a common 'network of support' for Indian proposals, he said "we want elimination of export subsidies and substantial reduction of domestic support on farm items". He asserted that if it is not possible to eliminate export subsidies provided in heavy doses by EU countries, developing nations should be allowed to give such subsidies. Furthermore, there should be a separate 'food security' box to secure special safeguard on the basis of our needs, while pressing for minimum tariff reduction. (Source: Indian Express, 1/20/03)

PEPSI AND HINDUSTAN LEVER GO FOR JOINT MARKETING

Pepsi and Hindustan Lever have agreed to jointly market each other's beverages through their vending chains in India. Lever brands like Lipton tea, Taj Mahal tea and Bru coffee will be sold alongside Pepsi, 7UP, Miranda and other Pepsi brands. They will start in two metropolitan areas and gradually extend it to other cities. Pepsi's rival Coca Cola has launched its coffee and tea brand Georgia in India and is selling the hot beverages through vending machines and the McDonalds chain. Out of home consumption accounts for nearly 45 percent of the Indian hot beverage market. Tea and coffee account for 70 percent of the beverage market in India while soft drinks have a mere 3 percent market share. (Source: Business Standard, 1/17/03)

KFC IS BACK

US based Yum! Restaurant International has decided to relaunch KFC in India from Kolkata, after which it is slated to move into Delhi and other metropolitan areas. A small KFC outlet is still operational in Bangalore from its earlier highly controversial debut of early nineties. KFC's relaunch is expected to be backed by aggressive ad campaign as well as brand building activity. (Source: Economic Times, 1/22/03)

NIRULA'S FORAY INTO CONSUMER FOOD RETAIL SEGMENT

The Indian restaurant chain Nirula's has announced its entry into the consumer food retail segment with the launch of a range of jams, sauces, condiments and syrups under the brand Nirula's. The market for these products in India is currently dominated by multinationals like Nestle, Hindustan Levers and Heinz. The Nirula's products will be initially marketed in Delhi and surrounding townships and may expand to other cities later. (Source: Financial Express, 1/22/03)

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