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Report Highlights:
Welcome to Hot Bites from India, a weekly food and agricultural news summary. This report includes information gathered by local agricultural analysts and/or reported in the local media.

DISCLAIMER: The information contained in this report is not a statement of U.S. Government policy. The views and opinions reported by different news organizations do not reflect the policies of the U.S. Department of Agriculture or the U.S. Embassy in New Delhi.

General Information:

POLICY

HARD DECISIONS NEEDED TO ACHIEVE 9 PERCENT GROWTH IN 12th PLAN: PM

The government has decided to take a pragmatic approach in setting a target growth rate of 9 percent for the economy in the 12th Plan, starting April 2012. (Source: Live mint, 8/20/11)

FOOD INFLATION SURGES TO 9.80 PER CENT

Propelled by vegetable prices — particularly onions — food inflation surged to 9.80 percent for the week which ended on August 13. (Source: Business Standard, 08/26/2011)
Also see: **FOOD INFLATION SURGES TO 9.80 PER CENT** (Source: The Hindu, 08/26/2011)

AGRICULTURAL SITUATION

PULSES, COARSE CEREAL ACREAGE SHRINKS AS FARMERS GO FOR CASH CROPS

Farmers have sown less area under pulses and coarse cereals this year, preferring to grow more commercial crops such as cotton, soybean and castor. (Source: Business Line, 8/19/11)

RETAIL

CABINET LIKELY TO APPROVE FDI IN MULTI-BRAND RETAIL

The Government is likely to give a go ahead to 51 percent FDI in multi-brand retail after the conclusion of the Parliament session, although with a changed definition of back-end infrastructure investment. (Source: The Hindu, 08/24/2011)

COTTON

COTTON YARN EXPORT HIT, LOCAL DEMAND MAY RISE FROM SEPT

The global economic crisis is hurting India's cotton yarn exports, although domestic consumption may rebound from September due to the festival season demand. (Source: Financial Express 08/24/2011)

OTHERS

NOW, PAKISTAN MANGOES TANTALISE US TASTEBUDS

Three years after the Indian "Alphonso" landed in the US to the delight of diehard mango lovers, the popular "Chausa" variety from Pakistan has entered American markets this month, leading to cheers from fans. (Source: Business Line, 8/21/11)

NEWS IN DETAIL

HARD DECISIONS NEEDED TO ACHIEVE 9 PERCENT GROWTH IN 12th PLAN: PM

Economic growth in the ongoing 11th Plan is estimated at 8.2%

Sangeeta Singh

New Delhi: The government has decided to take a pragmatic approach in setting a target of 9% growth rate for the economy in the 12th Plan, starting April 2012. "In fact the Commission has pointed out that given the uncertainties in the global economy, and the challenges in the domestic economy even a 9% target is feasible only if we can take some difficult decisions," said the Prime Minister Manmohan Singh, addressing the full Planning Commission on Saturday. He added achieving 9% growth rate will require large investments in infrastructure sector development. The meeting was held to clear the approach paper for the 12th Plan, which provides the basic guidelines for drawing up a Plan.

Economic growth in the ongoing 11th Plan is estimated at 8.2%. The growth target for the agriculture sector has been set at 4% for the 12th Plan against an estimated growth of 3.3% in the current Plan.

The approach paper will require Cabinet clearance before it is put before the National Development Council (NDC), also comprising state chief ministers and senior bureaucrats besides Cabinet ministers in the Centre. Once ratified by the NDC, the execution of the Plan process will begin.
"We are hoping to have the NDC meeting by October," said deputy chairman of the Planning Commission Montek Singh Ahluwalia.

With a full chapter dedicated to governance in the approach paper Ahluwalia also said due recognition has been given to corruption and how it can be mitigated. "This will include cleaning the system from the grass root level, starting from Panchayati Raj Institutions and plugging leakages in the government's centrally sponsored schemes," said B. K. Chaturvedi, member, Planning Commission.

Centrally sponsored schemes include the job guarantee programme, Mahatma Gandhi National Rural Employment Guarantee Scheme, National Rural Health Mission aimed at creating better medical facilities in rural areas and Sarva Siksha Abhiyan, an elementary education programme.

Ahluwalia said the approach paper also emphasizes on the energy sector which needs to grow at 6% to achieve a 9% overall growth, Planning Commission endorsing the finance ministry's fiscal consolidation targets to reduce subsidies, creating skilled workforce for better employability and larger involvement of states in mitigating water scarcity both for drinking and irrigation purposes.

FOOD INFLATION SURGES TO 9.80 PER CENT

BS Reporter / New Delhi August 26, 2011, 0:39 IST

Propelled by vegetable prices — particularly onions — food inflation surged to 9.80 per cent for the week ended August 13, prompting Finance Minister Pranab Mukherjee to call it "perilously near double digits".

Of late, food inflation has been showing sharp fluctuations. In fact, it came down to 9.08 per cent in the previous week, but was at four-and-a-half-month high of 9.90 per cent the week before that.
"The bad news is that inflation has increased," the finance minister said. "On the inflationary front, it is disturbing.... I am more concerned about food inflation," he told reporters here.

Close to double digit inflation will further put pressure on the RBI to raise policy rates further. Mukherjee, however, said assessment should be made only after looking at the long-term trend, and that not much should be read into weekly inflation numbers.

Though, a rising trend was observed in all major items, the rate of price rise in vegetables saw quite a substantial jump. Inflation in vegetables touched 6.52 per cent from just 2.59 per cent the week before when it was at a month low. Now, the rate of price rise in onions ascended further to 44.42 per cent compared to 37.62 per cent the earlier week. Similar was the case with potatoes, where inflation climbed sharply to double digits at 16.39 per cent versus 7.22 a week before.

Madan Sabnavis, Senior Economist, CARE Ratings, said the country was "trapped in the high inflationary spiral". He called the situation "grim", blaming it on unchanged farm productivity levels.

Egg, meat and fish inflation also touching double digits at 13.37 per cent for the week ended August 13 versus 9.93 per cent the previous week. Milk, however, showed a marginal fall in the rate of price rise to 9.51 per cent compared to 9.76 per cent.

Economists do not see food inflation easing anytime soon. "The food inflation is up," said Siddharth Shankar, Director, KASSA, a financial services organisation. "With the way monsoon is moving, I see no respite in the inflation."

PULSES, COARSE CEREAL ACREAGE SHRINKS AS FARMERS GO FOR CASH CROPS
Our Bureau

New Delhi, Aug. 19: Farmers have sown less area under pulses and coarse cereals this year, preferring to grow more of commercial crops such as cotton, soyabean and castor. Rajasthan, for example, has seen a reduction in area planted under bajra from 48.95 lakh hectares (lh) last year to 44.903 lh this time. On the other hand, there has been increasing sowing of soyabean (from 7.33 lh to 8.827 lh), cotton (3.35 lh to 5.25 lh), and castor (1.25 lh to 1.481 lh). The same is true for jowar, where Maharashtra is the No. 1 producing State. Farmers there have sown less area (7.834 lh versus 9.740 lh) under this grain, even while acreages have gone up under cotton (from 39.52 lh to 40.87 lh), soyabean (25.94 lh to 30.24 lh), and sugarcane (9.34 lh to 9.92 lh). Maharashtra farmers have also considerably reduced the area sown under pulses, from 26.08 lh to 20 lh. The other crop that has taken a hit on account of more area coming under cotton and castor is groundnut. India's leading producer, Gujarat, has registered an increase in sowing of cotton (26.098 lh to 29.057 lh) and castor (3.213 lh to 4.734 lh) at the expense of groundnut (16.723 lh to 13.955 lh).

On the whole, therefore, the country has seen a drop in area under all pulses and coarse cereals, even as it is headed for a record harvest of rice, cotton and soyabean. In rice, the impetus for higher coverage this time has come from West Bengal (from 27.03 lh to 39.34 lh), Bihar (17.09 lh to 29.52 lh) and

Jharkhand (5.22 lh to 10.50 lh), which have received good monsoon rains this year.

CABINET LIKELY TO APPROVE FDI IN MULTI-BRAND RETAIL

Special Correspondent

Seeking to tap the vast foreign direct investment (FDI) for developing infrastructure, the Government is likely to give a go ahead to 51 per cent FDI in multi-brand retail after the conclusion of the Parliament session, although with a changed definition of back-end infrastructure investment. The Government has already started working on a Cabinet note for permitting 51 per cent FDI in multi-brand retail and the exercise is in the final stages. The Cabinet note, being prepared by the Industry Ministry led by Department of Industrial Policy and Promotion (DIPP) is basically based on the recommendations of the Committee of Secretaries (CoS).

“We are in the final stages of putting in place a Cabinet note for the consideration of the Union Cabinet. We are working at a fast pace to ensure that investment momentum remains upbeat. The massive investment of funds required in the rural belt and the back-end infrastructure will form the basis of the FDI permission for multi-brand retail,” a senior Ministry official remarked.

Union Commerce and Industry Minister, Anand Sharma, said the Parliament was in session and he was not in a position to discuss anything pertaining to such policy decisions. “We are aware of the global economic climate and need for India to grab the opportunities coming its way. We will keep the sensitivities of all sections in mind whenever any policy is framed in future," Mr. Sharma remarked.

On its part, the DIPP has decided to include three new areas as part of back-end infrastructure investment. The new areas of investment are design improvement, quality control and packaging of products. The move will provide foreign retailers greater flexibility in structuring their India investments in the sector.

The CoS, while giving its nod for up to 51 per cent FDI in multi-brand retail had recommended that at least 50 per cent investment has to mandatory in back-end infrastructure. The minimum investment required would be $100 million. Discussions are also on to provide more flexibility to foreign retailers, including that investment in back-end infrastructure not necessarily be undertaken by the company making foreign direct investment. The Department of Consumer Affairs had wanted that 75 per cent investment be in back-end infrastructure instead of 50 per cent. It suggested FDI in working capital not be allowed. However, this contention was rejected by the DIPP terming it as unreasonable.

The Reserve Bank of India had argued that under the existing working conditions, data of investments were collected only for balance of payments purposes and post-investment monitoring was not undertaken. Thus, RBI would be in no position to monitor compliance of back-end investment conditions. Therefore, it was decided foreign companies must self-certify compliance with the condition and keep records the government could check, if necessary.

COTTON YARN EXPORT HIT, LOCAL DEMAND MAY RISE FROM SEPTEMBER

Banikinkar Pattanayak; Posted: Wednesday, Aug 24, 2011 at 0042 hrs IST

New Delhi: The global economic crisis is hurting India’s cotton yarn exports, although domestic consumption may rebound from September due to the festival season demand, senior industry executives said.

India, the world's largest cotton yarn supplier, typically exports 20% to 25% of its domestic production annually. It will likely produce around 3,600 million kg of cotton yarn in the fiscal year through March 2012, according to the textile industry.

"Domestic demand is likely to recover from September as large orders start coming in for the festival season which begins from October. But exports may not pick up significantly as long as global financial uncertainties remain as some buyers will tend to wait for prices to fall further," said DK Nair, the secretary general of the Confederation of Indian Textile Industry. But it's too early to give a precise forecast of exports in the current fiscal, he added.

Global cotton yarn demand started falling since April, in sync with a general decline in commodity prices, as fears mounted that the recovery of the US and the EU economies from the 2008 financial meltdown remained more fragile than expected.

Domestic cotton yarn prices, too, have declined by around 40% for some popular varieties since then, tracking global trends. China, Korea, Hong Kong and Bangladesh are some India's major markets for cotton yarn exports. The country is exporting around 65 million kg a month so far this fiscal, the same level as last year, despite huge stocks with domestic manufacturers, industry executives said.

Thousands of cotton spinning mills went on a strike in May and later cut output, demanding export incentives to ease huge stocks in an effort to regain their competitive edge against rivals such as China and Pakistan.

The mills were caught off-guard by a fall in local prices of yarn after they bought their main raw material, cotton, at high prices. They could not sell yarn locally at a profit, resulting in huge losses, the industry executives said. The government has removed restrictions on cotton yarn exports in the current fiscal after capping the shipments at 720 million kg in 2010-11, as it expects local output to go up with a rise in cotton production. The country expects a second straight year of bumper cotton output in the next marketing year through September 2012 on higher planting and wide-spread rainfall, after producing 32.5 million bales in 2010-11.

Garment makers had been lobbying for a limit on yarn shipments at 600 million kg in the 2011-12 fiscal year to ensure adequate supplies.

NOW, PAKISTAN MANGOES TANTALISE US TASTEBUDS
Press Trust of India

Washington, Aug. 21: Three years after the Indian "Alphonso" landed in the US to the delight of diehard mango lovers, the popular "Chausa" variety from Pakistan has entered American markets this month, leading to cheers from fans.

Traders involved in its import concede that this brings an element of competition between the mango varieties from two countries, though both are facing the problem of high costs and are presently quite far away from the reach of the masses and are not readily available in Indian and Pakistani grocery stores.

Mr Jaidev Sharma, President of Mangozz.com, one of the largest importers of the fruit from India and Pakistan, says that generally mangoes from India have an edge over those from Pakistan. After the arrival of the first commercial shipment of about 800 boxes of Pakistani “Chausa” early this month, a box of six “Chausa” mangoes was quickly taken at a premium price of $60-100.

In the last few years, the Indian “Alphonso” has been the costliest variety in the US, with a box (weighing about 3 kg and containing nine to 12 mangoes) being sold this year at $40-80 in the retail market.

Mango importers from Pakistan hope that as the volume of import of “Chausa” increases in the coming years, they would be able to give a stiff challenge to the mangoes from India. “We hope to give a tough competition to the Indian mangoes,” said a Pakistani-origin shopkeeper in the Greater Washington Area, who was one of the lucky few to sell from the first commercial consignment.

All eyes are now set on the second commercial consignment of the variety from Pakistan, scheduled to arrive at the Chicago airport, the port of entry for mangoes, on Thursday, which will be taken to the radiation facility in Illinois a day later.

The consignment is being eagerly awaited by traders here as the import of Indian mangoes this season has ended, giving a field day to “Chausa” for carving its place among those who relish the fruit. American importers of mango from India were left disappointed when the inspector from US Food and Drug Administration (FDA), who processes mangoes at the facility near Nasik and issues certification for their export, left India in the third week of June, even before the peak of the mango season in the northern and eastern parts of the country.