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Global Agricultural Information Network

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Report Highlights:

High food prices take sheen off FMCG Cos' rural script, * NCDEX looks to upgrade APMC markets*, * Foodgrain position comfortable: Pawar*, *Support price for wheat hiked by Rs. 200*, *Wary Government likely to decide sugar exports only by Feb*, *India's trade deficit is world's third largest*, *Robust growth prospects for animal feed industry in India*, *Food inflation eases to 15.53% as supplies rise*.

General Information:

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.

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High food prices take sheen off FMCG Cos' rural script

Big marketers such as Hindustan Unilever, Britannia and PepsiCo may be busy expanding their rural presence, but there are early signs of a slowdown in rural demand, which helped India avoid the global downturn over the past two years. Consumption of food and beverages, which account for almost three-fourths of total fast-moving consumer goods (FMCG) sales in rural areas, slipped slightly in rural India during the first eight months of the calendar due to increased prices, says market research agency IMRB International that tracks consumption trends in several sectors in India. But consumer companies refused to panic, saying the good monsoon of the past few months will revive rural demand. "Food inflation was high till September, which strained the overall consumer demand in rural India," said Adi Godrej, chairman of Godrej Group. "Lower growth in foods can be attributed to the growing food inflation which was at 16.24% in September," said Manoj Menon, group business director of IMRB International.

Source: [*Economic Times*](#) October 19, 2010

NCDEX looks to upgrade APMC markets

Commodity exchange NCDEX today said it was in talks with various state governments for upgrading Agricultural Produce Marketing Committee (APMC) on a build-operate-transfer (BoT) basis. Such an upgrade programme will be implemented by the NCDEX Spot Exchange (NSpot), a subsidiary of NCDEX, through a public-private partnership under which NSpot will operate the market for 10 years and then hand over to the mandi (whole sale market). "We have submitted a proposal for upgrading APMC markets in Rajasthan, Karnataka, Maharashtra and Madhya Pradesh on a build-operate-transfer basis," N Spot Exchange Executive Vice-President Rajesh Sinha said. NSpot, which came into existence in 2008, is a delivery-based spot exchange market. During the first half of the current financial year, it has traded more than 35,000 metric tonnes of food grains. Commodity-wise, NSpot has seen the highest volume of trade in pulses and steel during the current financial year.

Source: [*Business Standard*](#) October 21, 2010

Foodgrain position comfortable: Pawar

The Union Food and Agriculture Minister Sharad Pawar said that the foodgrains stocks in the central pool is 'very comfortable' for meeting the public distribution and other government scheme requirements on strong domestic production and procurement during the past 2-3 years. The government expects record production and procurement of rice and wheat this season because of good monsoon rains. The Minister also said that the draft legislation National Food Security Bill was being prepared and will be introduced in the parliament for approval shortly. Under the proposed law, every family below the poverty line will be entitled to certain quantities of food grains at subsidized rates.

Source: [The Hindu](#) October 20, 2010

Support price for wheat hiked by Rs. 200

The government announced a marginal hike of Rs. 200 per metric tons in the minimum support price of wheat to Rs. 11,200. However, the support price of pulses has been raised sharply by Rs. 3800 per metric ton to encourage farmers to grow more pulses and reduce dependence on imports which has been rising steadily during the last few years. The Ministry of Agriculture is targeting to increase pulses production to 16.5 million tons in 2010/11 from about 14.5 million tons last year. India, worlds largest producer and consumer of pulses, imports 3.5 to 4.0 million tons of pulses every year to meet the domestic demand of 18-19 million tons.

Source: [Financial Express](#) October 21, 2010

Wary Government likely to decide sugar exports only by Feb

The decision to allow sugar exports is likely to be completed by February 2011, as that the government would prefer to wait for more reliable second advance crop estimates. By then the government would also have collated data on sugar production for the first five (October-February) months of the 2010/11 season.

Source: [Economic Times](#) October 18, 2010

India's trade deficit is world's third largest

India has the world's third largest merchandise trade deficit after the U.S and the U.K., according to International Trade Statistics 2010, released by the World Trade Organization. India's trade deficit in 2009 amounted to \$87 billion, against \$549 billion for the U.S. and \$129 billion for the U.K. However, India's deficit is lower than the record \$126 billion for the year 2008.

Source: [The Hindu Business Line](#) October 22, 2010

Robust growth prospects for animal feed industry in India

India's livestock sector contributes to over 6 per cent of national Gross Domestic Product (GDP), (a little over a third of the agricultural GDP) and provides employment to about 8.5 per cent of the workforce. The exciting part of the animal feed

industry is the prospect of robust growth in the coming years. With rising purchasing power, population pressure, urbanization and changing food habits, demand for dairy and poultry products has been on an upward trajectory and is expected to remain so in the foreseeable future. Currently, these feed-dependent industries need approximately 22 million tons of feed material a year with broiler (7 million tons), layer (8.5 million tons), and dairy (5.5 million tons) accounting for a dominant share.

Source: [The Hindu Business Line](#) October 18, 2010

Food inflation eases to 15.53% as supplies rise

Food inflation, based on the Wholesale Price Index (WPI), eases in early October on enhanced supplies and a fall in year-on-year inflation in some essential items, especially cereals, pulses, and vegetables such as potatoes and onions.

Government data released on October 21, 2010 showed the food price index in the year to October 9, 2010 increased 15.53 per cent, compares with the previous week. Food makes up 14 per cent of the WPI.

Source: [The Hindu Business Line](#) October 22, 2010

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