

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary - Public

Date: 11/19/2010

GAIN Report Number: IN1105

India

Post: New Delhi

Weekly Highlights and Hot Bites No. 43

Report Categories:

Agriculture in the News

Approved By:

Holly Higgins

Prepared By:

Santosh Singh, Ritambhara Singh, Radha Mani

Report Highlights:

Biotech Regulator Bill up for Cabinet NOD, *Climate change will have mixed impact on agriculture*, *India, Canada big trade push*, *Global Agri machinery makers bullish on Indian market*, *Field fresh unit on stream*, *India agri deal with Germany*, *AP seeks autonomy over seed price, royalty*, *Vegetable oil imports touch a new high at 9.2 million tons*, *Food inflation eases on cheaper cereals, pulses*, *McCormick eyes major chunk of \$5-B spice market*, *Food companies may soon have to validate health claims*, *Grape growers eye domestic market*, *Pakistan to import duty free vegetables from India*.

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.

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.

BIOTECH REGULATOR BILL UP FOR CABINET NOD

The proposed Biotech Regulatory Authority of India bill is likely to be taken up for consideration by the Cabinet soon. The bill seeks to replace the existing multiple mechanism that are operating under different administrative ministries. The proposed bill has undergone substantial revisions after being initially drafted in 2008. The proposed authority will now only deal with safety and efficacy issues, leaving the decision of commercialization of biotech products to respective ministries. The curtailed mandate appears to be due to conflict of interest concerns and turf wars in the government. (Source: [Economic Times](#), 11/18/2010)

CLIMATE CHANGE WILL HAVE MIXED IMPACT ON AGRICULTURE

A Ministry of Environment and Forest reports says that changing climatic conditions will have a mixed impact on Indian agriculture, while the country faces threat from rise in sea levels, temperatures, increased flooding and severe drought by 2030. The report 'Climate Change and India: a 4x4 Assessment' brought out by "The Indian Network for Climate Change" examines climate change implications for India in the year 2030. The Minister of Human Resource Development Kapil Sibal released the report on November 16, 2010. Speaking at the occasion, the Minister of Environment and Forests said that it is a preliminary report on the differentiated impact of climate change on various regions and reveals some alarming and some positive trends.

Crops like irrigated rice and coconut would see an improvement in productivity while yields of maize, sorghum and apple would be adversely impacted. (Source: [Hindu Business Line](#), 11/17/2010)

INDIA, CANADA BIG TRADE PUSH

India and Canada will soon begin formal negotiations for a comprehensive economic cooperation agreement (CECA) aimed at more than tripling bilateral trade between the two countries in five

years. The decision to launch the CECA was taken at a meeting between Prime Minister Manmohan Singh and his Canadian counterpart Stephen Harper at the margins of the G20 summit at Seoul last week. Canada's Minister of International Trade Peter Van Loan said that an economic partnership agreement will be beneficial to both the countries. (Source: [Hindustan Times](#), 11/17/2010)

GLOBAL AGRI MACHINERY MAKERS BULLISH ON INDIAN MARKET

A growing shortage of farm hands and smaller land holdings are forcing many farmers to mechanize their farms, allowing multinational agri-machinery companies to tap into the Indian market. Several Chinese, Japanese, American and Italian firms have forged alliances with Indian companies that includes Kubota and Mitsubishi of Japan, Zhefang Sifang of China, John Deere of the US, and New Holland of Italy. A 2006 study by the consulting firm Zinov estimates that the agri equipment market in India will grow at a compound growth rate of 5 percent till 2010 to touch \$ 8 billion. (Source: [Economic Times](#), 11/18/2010)

FIELD FRESH UNIT ON STREAM

A fully automated food processing and beverage unit was unveiled in Hosur in Tamil Nadu. A 50:50 joint venture of India's Bharti Enterprises and the Philippines based Del Monte Pacific, the new facility involves an investment of Rs. 1.2 billion. Culinary products such as ketchups, sauces, mustard sauce, mayonnaise, fruit juices and others will be processed from the unit under the Del Monte brand. Del Monte products would be available in 30 cities in the first phase and later would be expanded to other cities and towns. (Source: [Hindu](#), 11/10/2010)

INDIA AGRI DEAL WITH GERMANY

India and Germany signed a protocol to enhance cooperation between the two countries in the field of agriculture and consumer protection. The two countries also formulated a project for bilateral cooperation in the area of environment and sustainable development. (Source: [Asian Age](#), 11/16/2010)

AP SEEKS AUTONOMY OVER SEED PRICE, ROYALTY

The Andhra Pradesh Government, farmers' organization and non-governmental organizations have decided to make a last attempt to retain powers to control seed prices and royalty fee even as the Union Cabinet approved amendments to the Seed Bill. Representatives of NGOs and farmers organizations are already in New Delhi to bring pressure on the Government on the issues. Mr. G.V. Ramanjaneyulu, CEO, Centre for Sustainable Agriculture said that the changes in amendments to the Bill were not adequate. In fact, he added that "there were hardly any

important changes but for the one on compensation. Compensation (to farmers when crop failed due to poor quality seeds) is enhanced from Rs. 5,000 to Rs. 5 lakh.” (Source: [Hindu Business Line](#), 11/16/2010)

VEGETABLE OIL IMPORTS TOUCH A NEW HIGH AT 9.2 MILLION TONS

India has imported a record 9.24 million tons of vegetable oil worth Rs.38,000 crore during 2009-10 oil year ended in October on the back of rise in per capita consumption of edible oils because of cheaper imports. The Solvent Extractors Association of India said in a statement that “the total import of vegetable oil for the year 2009-10 (November ’09 – October ’10) is a record since import opened in 1994 and reported at 9.24 million tons valued at Rs.38,000 crore.” India had imported 8.66 millions tons in 2008-09. Imports of vegetable oil achieved a new high due to the rise in edible oils imports as shipments of both non-edible oils and vanaspati have declined. Edible oil imports have doubled in the last five years. SEA attributed the main reasons for increase in import of vegetable oil to increase in per capita consumption of edible oils, duty-free import of crude edible oils and nominal duty on the refined edible oils. “Zero import duty on crude edible oils and very nominal duty on refined edible oil have favored the import over domestic oils at the expense of Indian oilseeds farmers and processors,” SEA pointed out. (Source: [Financial Express](#), 11/17/2010)

FOOD INFLATION EASES ON CHEAPER CEREALS, PULSES

India’s food inflation eased to 10.3 per cent for the week ending November 6, sharply down from 12.3 percent reported in the previous week. Cereals, pulses, and vegetables contributed to the drop. The index for ‘food articles’ group declined by 0.6 percent due to lower prices of in-land fish, black gram, barley, pearl millet, sorghum, and pigeon pea. However, poultry chicken and green gram moved up. The Index for the ‘non food articles’ rose by 1.5 per cent. In order to anchor inflationary expectations, the Reserve Bank of India has so far raised its key lending and borrowing rates by 150 and 200 basis points respectively since mid-March. (Source: [The Hindu Business Line](#), 11/19/2010)

MCCORMICK EYES MAJOR CHUNK OF \$5-B SPICE MARKET

Global leader in spices, flavors and seasonings McCormick plans to capture a major chunk of the \$5-billion Indian spices and seasonings market, leveraging its recently forged association with eastern Condiments. The US-based McCormick sees a big opportunity in the fast growing Indian spice market. According to Alan D Wilson, chairman McCormick & Company “Less than 10% of the Indian seasonings market is branded, which offers an opportunity for value addition”. McCormick has a three point agenda for the Indian market. Firstly, the company will sell more of its products in the Indian market. Secondly, it will expand the sale of Indian products in overseas

markets. Finally, the company hopes to consolidate its supply chain management expertise in association with Eastern Condiments. (Source: [The Times of India](#), 11/18/2010)

FOOD COMPANIES MAY SOON HAVE TO VALIDATE HEALTH CLAIMS

As per India's new food safety law, food companies will be required to validate health claims. According to Mr. P.I. Suvarathan, chairperson of the Food Safety and Standards Authority of India, the rules to implement this law have been finalized and expect to be notified in the Official Gazette of India by December 2010. According to Mr. Suvarathan, "Different states will be in a position to repeal previously existing food laws and acts from January 2011 and implement the new Food Safety law. The new rules outline requirements that need to be met for food companies to make a nutritional or health claim. Internationally known and research supported facts, such as benefits of calcium for healthy bones, are not a problem. However, other health related claims will have to be justified by the companies and whetted by State-level scientific committees, who could refer it to the Centre, if required". (Source: [The Hindu Business Line](#), 11/15/2010)

GRAPE GROWERS EYE DOMESTIC MARKET

Indian grape growers plan to focus on the growing demand for raisins in the domestic market this year instead of targeting export market. The domestic thrust comes after the European Union rejected consignments last year citing high levels of pesticide residues. According to FAO data, India has 34,000 hectares spread across Maharashtra, Andhra Pradesh, and Karnataka with an annual production of one million tons. However, the country is expecting less production this year as there is an outbreak of 'downy mildew' in Karnataka. (Source: Economic Times, 11/11/2010)

PAKISTAN TO IMPORT DUTY FREE VEGETABLES FROM INDIA

The Pakistan government has allowed duty free import of 15 varieties of fresh vegetables from India through the Attari check post at Amritsar, Punjab. The move comes after importers and trade associations from Pakistan pushed their government to take steps to reduce inflation in the country following the floods that devastated crops. Currently five items including garlic, tomato, potato, and onions were being exported from Indian to Pakistan through land route. Following the Statutory Regulatory Order issued by the Pakistan's Ministry of Commerce on November 2, import of green chilies, fresh ginger and capsicum was allowed. The other 12 items lists include Indian cauliflower, cabbage, carrot, cucumber, green pepper, lady's finger/okra, gourd/marrow, bitter gourd, radish, aru/arvi, green coriander and tinda. (Source: [Economic Times](#), 11/11/2010)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
----------	---------	----------------

IN1102	Weekly Hot Bites, #42	10/22/2010
IN1104	Coffee: Semi-Annual	11/19/2010

WE ARE ON THE NET

Visit our headquarters' home page at 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@fas.usda.gov