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Report Highlights:

Team to study low-cost Argentine warehouse model, *Ethanol makers ready to meet demand from oil companies*, *Stockholding limit on bulk sugar consumers relaxed*, *Food Safety Body notifies use of sugar substitutes*, *Import of vegetable oils stagnant in third quarter*, *Food inflation dips on cheaper vegetables*, *Food Ministry bats for multi-brand retail FDI, Finmin Mum*, *India to become world's fastest growing economy by 2013-15*, *European Whammy for Indian rice, Lab says pesticide residue level high*, *Monsanto plans 2 high-yielding corn hybrids by 2011*, *Easing processed foods push inflation down to single digit*, *Imported milk powder, butter oil to be kept as 'Buffer', *Nestle exploring low cost, infant milk market*.

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.

TEAM TO STUDY LOW-COST ARGENTINE WAREHOUSE MODEL

At a meeting to discuss strategies to improve wheat and barley production, Mr. P.K. Basu, Secretary, Ministry of Agriculture stated that the Ministry has sent a team to Argentina to study a low-cost warehouse model. He also informed that "The model is a temporary one in which food grains can be stored for a limited period" though he declined to comment on the Supreme Court's order to release food grains stocks to the poor rather than letting them rot. On loss of foodgrain stocks, he said it was not due to non-availability of warehouses. "The problem is because the Government's procurement was highest so far. Farmers should also try to stock their produce at the farm-level. The department has plans to construct new warehouses, he said. Mr. Basu also commented that the Ministry of Agriculture will introduce a bill in the Lok Sabha on the usage of pesticides. The bill will have guidelines and limit for pesticide use that have to be followed by the producers. (Source: [Hindu Business Line](#), 10/16/2010)

ETHANOL MAKERS READY TO MEET DEMAND FROM OIL COMPANIES

Ethanol manufacturers and sugar mills welcomed the Union cabinet's approval for five percent blending of petrol with ethanol and said they were prepared to meet the oil marketing companies' (OMCs') requirement of 1,044.5 million litres (of ethanol) between September 1 and August 31 next year. The government has said OMCs would procure ethanol at Rs 27 per litre against the existing Rs 21.50 per litre, till a committee chaired by Planning Commission member Saumitra Chaudhuri determines a formula for pricing. (Source: [Business Standard](#), 08/17/2010)

STOCKHOLDING LIMIT ON BULK SUGAR CONSUMERS RELAXED

The GOI on August 18 relaxed the stockholding limits on bulk sugar consumers to 90 days use instead of the existing the 15-day limit. The move is expected to increase off take of sugar in the

domestic market and prevent food companies from sourcing the bulk of their sugar needs from imports. The comes a few days after the government decided to allow white sugar exports from stocks stuck in ports. The notification for both relaxation of stock limits for bulk users and white sugar exports is expected soon. (Source: [Economic Times](#), 08/19/2010)

FOOD SAFETY BODY NOTIFIES USE OF SUGAR SUBSTITUTES

The Food Safety and Standards Authority of India ([FSSAI](#)) has notified the use of additives Acesulfame K and Splenda as a di-blend in carbonated water. This paves the way for their use as substitutes to sugar in carbonated drinks such as Pepsi, Thums Up and Coca-Cola. The move is significant since the beverage industry has been lobbying hard for the use of alternative sweeteners for long. Individually, four additives are permitted in India at the moment which includes Acesulfame K, aspartame, Splenda and saccharine. (Source: [Business Standard](#), 08/15/2010)

IMPORT OF VEGETABLE OILS STAGNANT IN THIRD QUARTER

According to the Solvent Extractors' Association of India, the import of vegetable oils during July 2010 is reported at 800,644 tons, consisting of 777,787 tons of edible oils and 22,857 tons of non-edible oils compared to 596,024 tons (557,423 tons of edible and 38,601 tons of non-edible oils) in July 2009. Import has increased in July 2010 as stock in pipelines was at low level. The overall import of vegetable oils during November 2009 to July 2010 is reported at 6,382,314 tons compared to 6,419,888 tons i.e. down by 1%. (Source: [SEA](#), 08/16/2010)

FOOD INFLATION DIPS ON CHEAPER VEGETABLES

Food and fuel inflation, based on the annual Wholesale Price Index, eased in early August. Food inflation stood at 10.35 per cent on a year-on-year basis during the week to August 7, lower than the 11.4 per cent annual rise reported in the previous week, as prices of vegetables dipped. According to the data, the Primary Articles group index declined by 0.1 per cent on a sequential basis even as the index for 'Food Articles' group rose by 0.2 per cent due to higher prices of maize (2 per cent) and tea, rice, fish-marine and condiments and spices (1 per cent each). Prices of green gram and red-lentils (2 per cent each) and black gram and pearl millet (1 per cent each) declined. (Source: [Hindu Business Line](#), 08/20/2010)

FOOD MINISTRY BATS FOR MULTI-BRAND RETAIL FDI, FINMIN MUM

The debate on opening up foreign direct investment (FDI) in multi-brand retail has gathered steam with the finance ministry preferring not to offer any comments on the matter. The ministry has said it would reserve its comments for the inter-ministerial consultation. The food and

consumer affairs ministry is in favour of opening up FDI in multi-brand retail with a 49 per cent cap. In our view, comments on the paper from our side at this stage would be premature and would be warranted at the time of inter-ministerial consultations just prior to placing the draft policy for the consideration of the Cabinet or Cabinet Committee on Economic Affairs (CCEA)," the Department of Economic Affairs said in a communication to DIPP earlier this month. The ministry of food, consumer affairs and public distribution, however, said FDI in multi-brand retail should be permitted with a cap of 49 per cent. "This will help local enterprise to upgrade their technology and practices to face competition from MNCs," the food ministry said in its comments on the discussion paper. It said that as much as 75 per cent FDI should be spent on back end infrastructure, logistics and agro-processing. (Source: [Hindustan Times](#), 08/18/2010)

INDIA TO BECOME WORLD'S FASTEST GROWING ECONOMY BY 2013-15

The two hands to produce count for more than that one mouth to feed, after all. Driven by a sterling demographic dividend, continuing structural reform and globalization, India is poised to accelerate its growth rate to 9-9.5% over 2013-15, even as China will cool down to a more sedate 9% by 2012 and to 8% by 2015. So finds a new report by Morgan Stanley, authored by Chetan Ahya (managing director for Asia and India economist, who writes a monthly column for ET) and Tanvee Gupta. Globalization gives additional job opportunities, additional capital to augment rising domestic savings and additional know-how. With this happy combination, the report expects India to become the world's fastest-growing economy. The government's chief economic advisor Kaushik Basu has been forecasting such a development as well. "Real GDP growth in China has averaged 10% annually over the past 30 years, compared with 6.2% in India. During this period, China's GDP grew 16 times to \$5 trillion whereas India's rose seven times to \$1.2 trillion. China's exports (including services) surged 65 times over this period to \$1,330 billion while India's exports increased 22 times to \$250 billion" says the report. (Source: [Economic Times](#), 08/17/2010)

EUROPEAN WHAMMY FOR INDIAN RICE, LAB SAYS PESTICIDE RESIDUE LEVEL HIGH

A Hamburg based lab, Eurofins, has alleged high levels of pesticide residue in Indian rice- Basmati and non-basmati. This is likely to start a long-drawn legal battle and for the time being jeopardize around \$ 300 million in basmati exports alone to Europe, IPR lawyers K& S partners have been hired in India by the national platform of rice exporters, the All India Rice Exporters association (AIREA), for what now threatens to be a high stakes battle. The bigger question, though, is the issue of why the European Commission reduced pesticide levels in the first place and the data and scientific evidence that prompted it to reduce the mRL for the plant protection products (ppp) or pesticides, something that rice exporters from India failed miserably to address. (Source: [The Times of India](#), 08/16/2010).

MONSANTO PLANS 2 HIGH-YIELDING CORN HYBRIDS BY 2011

Monsanto India (MIL), the leading hybrid seed and technology provider, plans to launch two high-yielding hybrid varieties of maize, next year. The premium seeds, Deklab 9108 and Deklab 9106, will be available during spring and the kharif seasons in Uttar Pradesh and Punjab, respectively. Monsanto India's focus continues to be on delivering higher yield for Indian farms through superior seeds and farmer education. It's breeding research efforts are focused on yield enhancement, abiotic stresses (heat and drought), biotic stress (disease resistance) and latest molecular techniques to make breeding faster and efficient. There is a massive growth in corn output in India over the last 40 years from 12-13 million tons to 18-19 million tons due to high yielding seeds. (Source: [Business Standard](#), 08/19/2010)

EASING PROCESSED FOODS PUSH INFLATION DOWN TO SINGLE DIGIT

The annual Wholesale Price Index-based inflation increased 9.97 per cent in July, against a year-on-year surge of 10.55 per cent reported during the previous month, despite a big jump in fuel based inflation and a surge in primary food items during the month. An easing of price levels of manufactured food products (processed foods) and some primary food items aided the downward trend in the headline inflation. (Source: [The Hindu Business Line](#), 08/17/2010)

IMPORTED MILK POWDER, BUTTER OIL TO BE KEPT AS 'BUFFER'

Facing political flak for importing skimmed milk powder (SMP) and butter oil amidst a developing domestic glut, the Government of India stated that the imported material will be held by the National Dairy Development Board (NDDB) as "buffer stock" to be "carried over to the next season". According to the Government NDDB will supply the imported powder and fat to the State Dairy Federations "only if they are not in a position to maintain supplies to consumers by using locally available fresh milk or surplus milk powder". The decision to hold the imported material as buffer has been taken "in view of recent reports coming from some States that the milk availability situation has improved and surplus milk is coming into the organized market due to good monsoon" according to statement released by the government. NDDB has earlier contracted import of 30,000 tons of SMP and 15,000 tons of butter oil/anhydrous milk fat, of which 12,000 tons and 6,500 tons, respectively are learnt to have already arrived. The fear of imports has already led to ex-factory prices of SMP declining considerably below the landed cost at which NDDB has reportedly contracted the imports from New Zealand and Ireland. ([The Hindu Business Line](#), 08/14/2010)

NESTLE EXPLORING LOW COST, INFANT MILK MARKET

Nestle India plans to enter the mass segment of infant milk-based nutrition through low-priced

products, three people close to the development told ET. The Indian arm of the world's largest foods company's existing infant nutrition products-Lactogen, Nan and Cerelac, cater to the premium segment of the market. The USD 908 million company is looking to widen its portfolio across categories by expanding distribution and price points. (Source: [The Economic Times](#), 08/12/2010)

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IN1074	India Amends Rules for Sweeteners and Additives	08/17/2010

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