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Weekly Highlights & Hot Bites, #41

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Approved by:

Michael Riedel
U.S. Embassy, FASNEWDELHI

Prepared by:

A. Govindan, V. Shunmugam

Report Highlights:

Grain Shortage May Trip Food-For-Work Scheme, *Government for Higher Cotton Procurement at the Support Price*, *Aflatoxin-Resistant GM Peanut Being Developed*, *No Wheat or Rice Exports from Central Pool Unitl June 2005*, *Taskforce to Submit Biotech Policy Report Within 3 Months*, *Government May Not Raise Import Duty on Cotton*, *Traders Oppose FDI in Retail*, *Recent Reports Submitted by FAS/New Delhi*, *We Are On The Net*.

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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GRAIN SHORTAGE MAY TRIP FOOD-FOR-WORK SCHEME

The government is expected to face a shortage of grains for the national food-for-work program next fiscal year on account of reduced procurement and higher demand from other social sector schemes. The Food-for-Work program recently approved by the Cabinet would require about 5 million tons of foodgrains for the fiscal year, but foodgrain stocks could be inadequate. The shortfall in stocks could be made up by buying from the open market or through imports. "In case of shortfall, import of wheat would be a more economical option than buying from the open market," according to a member of the government's Planning Commission. (Source: Business Standard, 10/18/04)

GOVERNMENT FOR HIGHER COTTON PROCUREMENT AT THE SUPPORT PRICE

Worried that bumper cotton production, both global and domestic, may compound an impending crisis by plunging prices below the minimum support price, the government has asked the Cotton Corporation of India to procure more cotton this season. The government is also monitoring import trends closely in view of the higher global production and lower prices, since large scale imports will immediately plunge prices and disadvantage farmers heavily, a development that the new government can ill afford politically. (Source: Economic Times, 10/16/04)

AFLATOXIN-RESISTANT GM PEANUT BEING DEVELOPED

Scientists from the International Crops Research Institute for Semi-Arid Tropics (ICRISAT) have developed GM peanut varieties resistant to aflatoxin-causing fungus by incorporating chitinase genes from rice. These varieties are currently under laboratory trials and an application for greenhouse field trials is forthcoming. (Source: Business Line, 10/15/2004)

NO WHEAT OR RICE EXPORTS FROM CENTRAL POOL UNTIL JUNE 2005

Ruling out exports of wheat and rice from the central pool until the end of the next Rabi season (June 2005), the government said the Cabinet will meet shortly to discuss the issue of WTO compatible reimbursements to grain exporters. The government said that there would be no restrictions on grain procurement for exports by private trade. (Source: Pioneer, 10/20/04)

TASKFORCE TO SUBMIT BIOTECH POLICY REPORT WITHIN 3 MONTHS

The government has set up a taskforce to formulate a National Biotechnology Policy. The panel is expected to formulate the policy based on input from the Mashelkar and MS Swaminathan taskforces on Pharma and Agriculture biotechnology sectors. It is expected that this panel will submit its report within three months, paving the way for legislation to set up a single window regulatory authority. (Source: Economic Times 10/20/04)

GOVERNMENT MAY NOT RAISE IMPORT DUTY ON COTTON

The government is unlikely to hike the import duty on raw cotton from its current level of 10 percent, despite an estimated all-time-high domestic production this season. The government believes that the Cotton Corporation of India's procurement operations and market forces will ensure remunerative prices to farmers. The Finance Ministry is not in favor of such a tariff hike, citing the need for a corresponding increase in the duty drawback to the exporters of yarn and other value-added textile products. (Source: Economic Times 10/20/04)

TRADERS OPPOSE FDI IN RETAIL

Expressing concern over the growing dominance of multinational companies in the country's retail business, the Confederation of All India Traders warned that any move to increase foreign direct investment in the retail sector would ruin the small and medium traders scattered all over the country. (Business Line, 10/19/04)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN4114	Weekly Highlights & Hot Bites, #40	10/15/04
IN4115	India – Dairy & Products Annual	10/20/04
IN4116	FAIRS Product Specific - Plant Quarantine (Regulation of Import into India) Order, Amendment dated October 12, 2004	10/20/04

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