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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, No. 41

2003

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**Report Highlights:**

\*New malls reflect rise of India's middle class\*, \*EU water norms for finished beverages will be tough to follow\*, \*MNCs sniff money in hybrid rice: DuPont aims at doubling market share, puts in place new strategy\*, \*Study confirms superiority of Bt cotton in fighting pests\*, \*India signs FTA with Thailand\*, \*Asian Biotech Consortium for fostering cooperation\*.

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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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### **NEW MALLS REFLECT RISE OF INDIA'S MIDDLE CLASS**

More than a decade after India's initiation of economic reforms of the 1990's, a virtual retailing revolution has hit the nation, with more than 50 shopping malls opening up in cities like New Delhi and Mumbai. Traditionally, Indians shopped at dusty neighborhood stores crammed with unattractively packaged products. The growth in the number of shopping malls is fueled by a growing (10-12 percent per annum) middle class and raging consumerism. The metropolitan Gurgaon, about 30 kilometers south of Delhi, is perhaps the most dramatic reflection of this trend. Gurgaon has developed into a sprawling middle class city with innumerable multi-story complexes housing software companies, multinational call centers, and their professionals. Since January 2003, three malls have opened, two across the street from one another. A decade ago India didn't have even a single mall. According to a consulting firm, more than 250 malls are expected to open for business in the next two years. (Source: Herald Tribune 10/04-5/03)

### **EU WATER NORMS FOR FINISHED BEVERAGES WILL BE TOUGH TO FOLLOW**

According to the officials of the beverage industry, the Ministry of Health and Family Welfare's draft rules pertaining to pesticide limits for beverages, as notified on August 26, would be tough to meet for most, if not for all, manufacturers of domestic and imported beverages. According to industry sources, the draft notification effectively applies EU drinking water standards to finished beverages, including fruit juices. Industry sources also mentioned that the EU and WHO do not apply the drinking water pesticide residue standards to finished beverages, and this recent notification would be "unprecedented and counter" to international norms. (Source: Business Line 10/02/03)

*Post Comments:* Please refer to GAIN report # IN3085 for further details about this notification.

### **MNCS SNIFF MONEY IN HYBRID RICE: DUPONT AIMS AT DOUBLING MARKET SHARE, PUTS IN PLACE NEW STRATEGY**

With about 44 million hectares under rice cultivation, the total Indian market for hybrid rice seeds is estimated at \$900 million. Consequently, India has become a stop on the map of global players in rice – Bayer Aventis, Monsanto, Syngenta, and DuPont. With a number of hybrid rice varieties in its fold, the US based multinational company (MNC) DuPont believes that it can double its market share by aggressively focusing on rice. DuPont's seed subsidiary Pioneer-India is already depending on rice for almost half of its revenue. Equally aware of the attractive market for rice hybrids, other MNCs such as Monsanto and Syngenta are also trying to catch up with this new technology. (Source: Economic Times 10/02/03)

### **STUDY CONFIRMS SUPERIORITY OF BT COTTON IN FIGHTING PESTS**

A comparative study of Bt cotton and conventional varieties conducted by the University of Agriculture in Dharwad (Karnataka State) revealed that the cultivation of Bt cotton results in

better control of pests with a reduced number of pesticide applications. The study further said that the Bt cotton cultivation resulted in lower costs to farmers due to lower pesticide applications and increased profitability boosted by better yields. Commenting on the findings, the principal investigator said that they were confident in their study and convinced that Bt cotton plays a significant role in alleviating farmers' woes. The study also established that to reap the maximum benefit from Bt cotton, it has to be cultivated in isolation from normal cotton or other hybrids. This ensures better pest resistance and increased yield. (Source: Business Standard 10/09/03)

### **INDIA SIGNS FTA WITH THAILAND**

India and Thailand signed a free trade agreement (FTA) and four other accords for enhancing cooperation in agriculture, tourism, science, and biotechnology. The FTA will provide a free trade area in goods to begin by 2010 and in services from 2006. "This is the first such agreement that we have signed with an Asean country. It is our conviction that it will profoundly transform our bilateral economic relations," The Indian Prime Minister told a special session of the Thai Parliament. The two countries, which had \$1.2 billion in trade last year, agreed to slash tariffs on 84 items, ranging from farm and canned food products to jewelry, air conditioners, and auto parts. (Source: Business Line, Business Standard, 10/10/03)

### **ASIAN BIOTECH CONSORTIUM FOR FOSTERING COOPERATION**

The Indian Department of Biotechnology is setting up an Asian Biotechnology Consortium in Delhi to foster increased cooperation among the Asia Cooperation Dialogue (ACD) countries. Twenty-two Asian countries will come together for the consortium under the ACD, which was launched in Cha-am, Thailand, in June 2002. It is reported that India agreed to take the lead in establishing the consortium. (Source: Financial Express 10/10/03)

### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
IN3093	Weekly Highlights & Hot Bites, #40	10/03/03
IN3094	Cotton Update - October	10/07/03

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We are available at <http://www.usembassy.state.gov/posts/in1/www43.html> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS worldwide agricultural reporting.

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