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## India

### Agricultural Situation

### Weekly Highlights and Hot Bites, No. 48

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**Approved by:**

Chad Russell

U.S. Embassy, FASNEWDELHI

**Prepared by:**

A. Govindan, V. Shunmugam

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**Report Highlights:**

\*Rising wheat price hits biscuit companies\*, \*Government grain buffer can be halved\*,  
\*India's own Bt gene ready for transfer\*, \*Good scope for exports of food products: Rabo  
India report\*, \*DBT to act as nodal agency for Asian biotech consortium\*, \*Working group  
on food safety\*, \*Tobasco pepper sauce launched in India\*.

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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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### **RIISING WHEAT PRICE HITS BISCUIT COMPANIES**

Rising wheat prices have resulted in rising concerns user industries, including big biscuit companies such as Britannia, HLL, Parle, Priya Gold, and Cremica. *Maida* (wheat flour), the key raw material for manufacturing biscuits and breads, is currently rs. 8,550 (\$188) per metric ton in Delhi, 17 percent higher than a year ago. According to the President of the Federation of Biscuit Manufacturers of India, the Food Corporation of India is making wheat available under the Open Market Sales Scheme in the northern states at rs. 7,950 (\$175) per metric ton against last year's rs. 6,800 per metric ton, which has forced the flourmills to hike the price of wheat flour. The organized biscuit industry, comprised of about 2,500 manufacturing units producing about 1.3 million tons of biscuits (60 percent of total production), is now reportedly operating at 50 to 60 percent of their capacity, despite the fact that the excise duty on biscuits was reduced from 16 percent to 8 percent in the 2003/04 government budget. (Source: Business Line, 11/29/03)

### **GOVERNMENT GRAIN BUFFER CAN BE HALVED**

A Food Ministry–sponsored study has concluded that the foodgrain requirement of the public distribution system and welfare schemes can be met with lower grain procurement and stockholding than presently used. This would result in annual savings in the grain buffer stock storage of around rs. 64 billion (\$1.4 billion). The study assesses the required minimum annual procurement for food security of rice and wheat by the government at around 16.1 million tons (9.8 million tons of rice and 6.3 million tons of wheat), and the maximum procurement at 24.7 million tons (14 million tons of rice and 10.7 million tons of wheat), about half of the present levels. (Source: Business Standard, 11/27/03)

### **INDIA'S OWN BT GENE READY FOR TRANSFER**

The National Botanical Research Institute, a Lucknow-based government institute, signed an agreement with a consortium of seven India seed companies, "Swarna Bharat Biotechnics Pvt. Ltd" (SBBPL), to share its own version of the *Bacillus thuringiensis* gene with these companies. Its Bt gene is comprised of two genes, Cry 1Ac and Cry 1Ec, providing the gene carrier an additional protection against a vast array of lepidopteron pests apart from the American boll worm. SBBPL will jointly acquire the gene to be used by the member companies for an upfront fee and will also pay a royalty of 3 percent. Interestingly, the member companies of the SBBPL command a 50 percent market share for hybrid cottonseed in India. The SBBPL hopes to commercialize the Bt cotton incorporating this gene by 2006, after clearing the biosafety and agronomic assessments. (Source: Bio Spectrum, November 2003)

### **GOOD SCOPE FOR EXPORTS OF FOOD PRODUCTS: RABO INDIA REPORT**

Regulatory changes and demographic trends in India will be the driving factor to open up huge opportunities in the food and agricultural sector in the country, according to a report by

Rabo India. "We envision the country to be one of the largest food markets in the world, one of the top global exporters with strong brand recognition, and a home base for many multinationals," the report said. According to Rabo, the food laws in India are now being combined into a single regulation. The food services sector is an area with substantial growth potential. Currently, the food services sector is under one percent of the total \$77 billion national expenditure on food. (Source: Business Line, 11/25/03)

### **DBT TO ACT AS NODAL AGENCY FOR ASIAN BIOTECH CONSORTIUM**

In the light of the outcome of the Asian Cooperation Dialogue (ACD), held in Thailand, the Indian Ministry of External Affairs has proposed setting set up an Asian Biotechnology Consortium (ABC), for which the Indian Department of Biotechnology (DBT) will act as the nodal agency. The proposed ABC will have members from 22 Asian countries, including China, Indonesia, and Japan. A recent meeting of the ACD countries held in New Delhi recommended setting up a core fund and launching an ACD biotech website. The meeting also agreed to collectively address issues related to the development of biotech infrastructure, expertise, bio-safety, and IPR issues in technology access, transfer, and commercialization. (Source: Bio Spectrum, November 2003)

### **WORKING GROUP ON FOOD SAFETY**

The government recently constituted a "Working Group on Food Safety", with the Director-General of the Bureau of Indian Standards as its chairperson. This 24-member group is comprised of representatives from various ministries and government departments, research institutions, and consumer organizations. It will identify various food safety issues, and suggest preventive and remedial measures. (Source: Financial Express 11/21/03)

### **TOBASCO PEPPER SAUCE LAUNCHED IN INDIA**

The Mumbai-based United Distributors Incorporated - a subsidiary of the Universal Corporation Ltd. - has launched "Tobasco" pepper sauce in India by sourcing it from the US based Mcilhenny Company, the makers of Tobasco sauce. "To start with, Tobasco pepper sauce will be targeted at the food sector to include 200 restaurants. And as per [Indian] government norms, Tobasco pepper sauce bottles for Indian market will have the green square confirming its vegetarian quality. With the move, in addition to classic Tobasco Brand Red and Green Pepper sauces, three new sauces such as Garlic Pepper Sauce, Habanero Pepper Sauce, and Chipotle Pepper Sauce will also be available in India for the first time," said Mr. Nilesh Hada, Managing Director of United Distributors Incorporated. (Source: Financial Express, 11/25/03)

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

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
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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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