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Report Highlights:

Government not to stop farm subsidies - Finance Minister, *Foreign exchange reserves upto \$95.4 billion*, *Government unlikely to resume grain exports soon*, *GM crops: GEAC panel to select trial sites*, *No separate system yet for Bt cotton sale*, *Malaysia hopes India will lower import duty*, *Bangladesh: BB withdraws mandatory L/C margin requirement*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

GOVERNMENT NOT TO STOP FARM SUBSIDIES – FINANCE MINISTER

Finance Minister Jaswant Singh recently stated that the Indian government would not do away with farm subsidies, as the government was not in favor of "industrial agriculture" and risking the food security of over one billion people of the country. (Tribune, 12/30/03)

FOREIGN EXCHANGE RESERVES UPTO \$95.4 BILLION

India's foreign exchange reserves surged by \$1.71 billion in a single week to touch \$95.4 billion for the week ended November 21, 2003. Due to the aggressive dollar mopping up by the Reserve Bank of India in recent weeks, the cash dollar shortage in the market has heightened and it is expected that the Indian rupee may soon test 46-levels against the US dollar. (Business Line, 11/30/03)

GOVERNMENT UNLIKELY TO RESUME GRAIN EXPORTS SOON

The government of India will not resume fresh grain allocations to exporters until at least January 2004, due to a huge backlog of over two million tons of grain (mostly wheat) yet to be exported, lower procurement of paddy so far during this marketing year, and lower government stocks. "The situation continues to be grim as far as stocks and export-related grains movement is concerned. We will take a position on whether to resume allotment of wheat and rice to exporters only after January 15," according to official sources. (Economic Times, 12/02/03)

GM CROPS: GEAC PANEL TO SELECT TRIAL SITES

In its first meeting after the newly appointed chairperson of the Genetic Engineering Approval Committee (GEAC) took over, it constituted a sub-committee for site selection for trials of genetically engineered crops. Media reports indicate that the sub-committee will also suggest measures for dealing with illegal sowing of unapproved genetically engineered seeds in several parts of the country. The meeting also deferred its decision on the application for commercial production of *Bacillus thuringiensis* (Bt) cotton seeds of the Rasi Seeds company, pending reports of their last kharif trials. Rasi Seeds is a sub-licensee of the Bt gene used in Monsanto-Mahyco varieties that were approved for commercial cultivation during 2002. (Source: Financial Express 11/28/03)

NO SEPARATE SYSTEM YET FOR BT COTTON SALE

Trade sources revealed their concerns that no provisions have yet been made either for the exclusive sale or ginning of Bt cotton, despite cultivation for the last two years. The major fear about the absence of provisions for separate sale of Bt cotton is that its seeds will get mixed with other seeds during the ginning process, as a result of which the cottonseed oil could have genetically engineered organism content. An industry analyst mentioned that the traders are particular about the origin of cottonseed oil in the light of government allowing cultivation of Bt cotton. The news report also mention that the environmentalists opposed to Bt cotton have urged the government to address the sale of genetically engineered cotton variety immediately.

Post Comment: At the time of approving the Bt cotton varieties, GEAC experts technically examined this issue, and ruled out the need for a separate system for marketing. They expressed their confidence in the safety of cottonseed oil and the meal, which had already been proven during the food/feed safety trials conducted before the Bt cotton's approval. As the cottonseed oil is largely consumed in its refined form, experts had also ruled out the

possibility of the presence of genetically modified protein in the oil. (Source: Business Line 11/27/03)

MALAYSIA HOPES INDIA WILL LOWER IMPORT DUTY

The Malaysian Industries Minister, addressing a recent gathering in India attended by GOI Industry and Government officials, said that his country hoped that India would consider lowering the palm oil tariff, considering that the crude soybean oil import duty is only 45 percent. He blamed the high tariff on palm oil products as one of the reasons for the drop in Indian imports of Malaysian palm oil. (Source: Business Line 12/4/03)

BANGLADESH: BB WITHDRAWS MANDATORY L/C MARGIN REQUIREMENT

The Bangladeshi central bank has withdrawn mandatory margin requirements of opening of letters of credit (L/Cs) for imports, this is in line with the government's commitment to the International Monetary Fund while negotiating for its loan package. In its latest circular, issued on Tuesday, Bangladesh Bank stipulated that commercial banks could settle L/Cs through bank-client relationships rather than by having to keep any obligatory margins. (Source: The New Age, 12/03/03).

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