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Report Highlights:

Government backs Bt cotton, says results satisfactory, sales soaring, *Retail investment yields higher returns*, *It's destination Asia for hotel MNC's - Big players eye Indian pie*, *Australia keen to raise food exports to India*, *Ready-to-eat food grows haute*, *Exporters to pay more for wheat and rice*, *Indian corn exports*.

Includes PSD Changes: No
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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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GOVERNMENT BACKS BT COTTON, SAYS RESULTS SATISFACTORY, SALES SOARING

Replying to a motion raised by members of Parliament, claiming that Bt cotton has caused large-scale losses to the farmers in Gujarat, the Minister for Science and Technology said that the use of Bt cotton seeds is increasing every year, vindicating their success. He said that a committee concluded that losses to farmers occurred because they did not follow recommended cultivation practices. The Minister also informed Parliament that the government had initiated action against five companies for selling spurious Bt cotton seeds.

In a written response to another parliamentary question on the bio-safety of Bt cotton, the Minister of State for Agriculture informed Parliament that trials proved that Bt cotton is not harmful to the environment, including non-target organisms, and is also safe for animal feeding. (Source: Indian Express and Business Line 2/16/03)

RETAIL INVESTMENT YIELDS HIGHER RETURNS

A report in the annual Indian Retail Review states that higher disposable incomes, falling retail prices, and an increasing number of discerning customers are fueling the growth of the retail industry in India. Calling for a liberal foreign direct investment (FDI) policy, the report draws attention to countries like China, Indonesia, and Thailand, where liberal FDI policies have had positive effects. The study estimates that investment in retail real estate is highest in comparison with the office and residential segments. The reports indicate that India now ranks fifth among the 30 emerging retail markets in developing countries. Organized retail is expected to grow from the current two percent to 20 percent of the total retail industry in India by end of the decade. Key drivers of the retail activity have been the apparel and the food & beverage sectors. (Source: Business Line 12/16/03)

IT'S DESTINATION ASIA FOR HOTEL MNC'S - BIG PLAYERS EYE INDIAN PIE

Leading international hotel chains are interested in developing new properties in India. Chains like the Four Season Hotels and Courtyard by Marriot have announced plans for India, in addition to those with an established presence in India like Marriot International, Best Western, Choice Hotels, Carlson Hospitality, and Hilton, which are looking to expand their operations. (Source: Economic Times 12/15/03)

AUSTRALIA KEEN TO RAISE FOOD EXPORTS TO INDIA

Australia is upbeat on the prospects of increased exports of food and beverage products to India. Speaking at the "Western Australia Food and Beverage Showcase", the Senior Trade Commissioner of Australia in India said that the retail boom and expansion in the supermarket network would facilitate increased imports of Australian food and beverages. A Calcutta-based trading company has forged ties with Western Australia based companies to source wines, olive oils, packaged meat, cheese, chocolates, cakes, fruit juices, yoghurt, health drinks, and nonalcoholic beverages. Besides institutional sales to hotels and clubs,

these products will be sold through retail networks in various cities. (Source: Business Line 12/15/03)

READY-TO-EAT FOOD GROWS HAUTE

Hectic lifestyles and a rise in disposable incomes have spurred the ready-to-eat (RTE) food market, and the segment grows by a heady 35 percent every year. Although the RTE segment accounts for only a small share of the overall processed food business, the players in this business are very bullish and nurturing national ambitions. Some are going beyond the print media, and are spending big money on television commercials in order to grab the quality consumer market. (Source: Economic Times 12/18/03)

EXPORTERS TO PAY MORE FOR WHEAT AND RICE

The government hiked the sales price of wheat and rice for exports by rs. 500 (\$11) and rs. 300 (\$6.60) per metric ton, respectively, for the January – March 2004 quarter. The revised sales price of wheat is rs. 6,525 (\$143.40) per metric ton for the 2003 crop, rs. 6,225 (\$136.80) per metric ton for the 2002 crop, and rs. 6,085 (\$133.70) for the 2001 and 2000 crops. The revised sales price of white rice is rs. 7,600 (\$167) for the 2002 crop and rs. 7,525 (\$165.40) for the 2001 crop. Parboiled rice would attract a premium of rs. 200 (\$4.40) per metric ton. The new prices are applicable to outstanding export contracts, which caused the All India Grain Exporters' Association to criticize this move to hike the export prices retroactively, as it would make pending export deals unviable. The government is not making any fresh export bookings for wheat and rice. The Food Ministry has announced that it will consider fresh export bookings only after reviewing the stock situation by end-January. (Source: Economic Times, 12/16/03; Business Standard, 12/17/03)

INDIAN CORN EXPORTS

According to trade sources, Indian exporters have contracted to export at least 125,000 tons of corn in small lots to South East and West Asia at around \$130 per metric ton (FOB). According to the Secretary of the Indian Maize Development Association, a fall in Chinese corn production forced South East Asian countries to look at India. "Our prices are extremely competitive. Also, the proximity to the countries that are looking for corn is helping us," he said. According to industry experts, India has exportable surplus corn of around 170,000 tons. (Source: Business Line, 12/17/03)

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