

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

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### Weekly Highlights and Hot Bites No. 11

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

\*Wheat harvest begins to arrive\*, \*Nitish gets support on seed bill/UPA Minister back Nitish  
opposition to seed bills\*, \*Food inflation declines marginally to 9.42 percent\*, \*Finance Minister  
cautions banks that farm credit demand will be aggressive\*, \*India to test food items imported  
from Japan for radiation\*, \*India's Agriculture Minister admits use of banned pesticides\*, \*Chicken  
getting costlier on festive demand, higher feed prices\*, \*Healthy breakfast: coffee, tea, or  
yogurt?\*, \*Government slashes onion MEP to \$275/ton\*, \*Chocolate prices leave sour taste\*,  
\*Vegetable output to increase 6 percent: Government\*, \*Cash & Carry firms may be allowed to  
break free\*.

### **General Information:**

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 and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

**DISCLAIMER:** Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

### **WHEAT HARVEST BEGINS TO ARRIVE**

Wheat harvesting has started in central and eastern India, and will begin in the major producing states of Punjab and Haryana by April 10. With the expectation of a bumper crop, market sources expect prices to fall by 10 percent in April-May. While the government second advance estimates puts the wheat crop at 81.5 million tons, industry sources believe that output may touch 84 million tons due to excellent weather conditions. If the temperature remains favorable through March 25, 2011, Punjab and Haryana are expected to procure about 18 million tons this season, nearly 70 percent of the government's procurement target of 25 million tons for the current year. (Source: [Business Standard](#), 03/18/2011)

### **NITISH GETS SUPPORT ON SEED BILL/UPA MINISTER BACK NITISH OPPOSITION TO SEED BILLS**

Farmer Organizations hailed Bihar Chief Minister Nitish Kumar for denouncing the proposed Seed Bill 2010 as being anti-farmer and pro-Multi National companies. A section of the ruling Congress party is also set to reject the bill in its present form. In a letter to Prime Minister, Nitish Kumar said that the proposed bill should not be passed by the Parliament without power to decide the price of seed. He said that the central government venture into an area that falls under the domain of state government – agriculture is a state subject- is unacceptable. State governments should have the authority to fix the retail seed price and royalty charges, and have the authority to register seeds that are locally suitable and appropriate. (Sources: [Asianage](#), 03/17/2011 and [Economic Times](#), 03/16/2011)

### **FOOD INFLATION DECLINES marginally TO 9.42 PERCENT**

Food inflation declined marginally to 9.42 percent for the week ending March 5 compared to 9.52 percent during the week ending February 26. The slight decline was lead by softening prices of potatoes, pulses, non-food articles, onion and protein-rich items such as meat and eggs. According to data released by the government, pulse prices declined by 0.42 percent while potato prices eased by 1.18 percent, onion by 11.36 percent and egg, meat and fish by 1.46 percent on a weekly basis. However, on a yearly basis, milk, egg, meat and fish turned expensive. Experts said that though the inflation in food items has eased off, it is now the non-food items like fuel that will face inflationary pressures. (Source: [Indian Express](#), 03/18/2011)

### **FINANCE MINISTER CAUTIONS BANKS THAT FARM CREDIT DEMAND WILL BE**

## **AGGRESSIVE**

Finance Minister Pranab Mukherjee cautioned banks that the demand for credit will be aggressive from various sections, including the farm sector, as India starts the journey towards double-digit growth. Mukherjee said that "If the Indian economy has to grow at a double digit rate, Indian banks will have to play a pro-active role. The turf is going to be highly competitive. The demands of this rapidly growing economy, too, are going to be very aggressive. One such critical area for lending remains agriculture. However, at present, agriculture lending by banks is doing really well". (Source: [Business Standard](#), 03/13/2011)

## **INDIA TO TEST FOOD ITEMS IMPORTED FROM JAPAN FOR RADIATION**

The Ministry of Health and Family Welfare has directed the Food Safety and Standards Authority of India (FSSAI) to test radioactivity in the food originating from Japan after March 11<sup>th</sup>. The customs officials will test the food imported from Japan for radiation at all Indian ports, seaports, and at all other points where food items are imported. The testing is directed in the wake of fears that radioactive materials from Japan's damaged nuclear power plants may have contaminated food products. (Source: [Economic Times](#), 03/16/2011)

## **INDIA'S AGRICULTURE MINISTER ADMITS USE OF BANNED PESTICIDES**

Sharad Pawar, Indian Agriculture Minister, admitted in the upper house of Parliament that India is freely using 67 pesticides which are banned or restricted in a number of countries. Replying to questions in the upper house, the minister said that 27 pesticides including calcium cyanide have been banned for manufacture, import, and use in India. Nicotine sulfate and captafol have been banned for their use but their manufacture is allowed for export. Thirteen pesticides, including endosulfan, are allowed with restrictions. When asked why these pesticides have been allowed in India, the minister said that only some countries have banned their use while countries like Australia and Brazil are using them. He also told the house that the decision to continue with these pesticides was taken after seeking the opinion of the scientific community and considering the interest of farming community. (Source: [The Hindu](#), 03/12/2011)

## **CHICKEN GETTING COSTLIER ON FESTIVE DEMAND, HIGHER FEED PRICES**

Broiler prices have risen significantly in many parts of India. The Poultry Federation of India cites higher demand in the forthcoming festival season and the high cost of corn as major factor behind recent price rise. (Source: [Financial Express](#), 03/12/2011)

## **HEALTHY BREAKFAST: COFFEE, TEA, OR YOGURT?**

Yogurt makers in India are trying to reposition their products from 'just a meal accompaniment' to a stand-alone breakfast option or a healthy dessert. A very recent addition to the growing product list is the launch of 'all natural probiotic vitamins fortified flavored yogurt' under the brand name 'Flaavyo' by the Gujarat Co-operatives Milk Marketing Federation (GCMMF), owners of AMUL in India. The results of these efforts are showing. The packaged yogurt market in India is around 60,000 tons and is growing at a healthy rate of 15-20 per cent annually. Last year world's number 1 dairy company 'Danon' also arrived in India with its wide range of plain and flavored yogurts. (Source: [Business Standard](#), 03/17/2011)

## **GOVERNMENT SLASHES ONION MEP TO \$275/TON**

With a decline in domestic retail prices, the Government of India (GOI) slashed the minimum export price (MEP) of onions for the third time this month to \$275 a ton from the earlier price of \$350 a ton. On March 1, 2011 the MEP was lowered to \$450 a ton from \$600 a ton and again on March 8 a further reduction was done from \$450 to \$350 a ton. Agriculture Minister Sharad Pawar had subsequently indicated that the MEP of \$600 a ton was almost double the prevailing rate in the international markets, making Indian onion exports uncompetitive. (Source: [Business Standard](#), 03/18/2011)

### **CHOCOLATE PRICES LEAVE SOUR TASTE**

To offset rising input costs, major FMCGs (Fast moving Consumer Goods) have experienced a 10-15% price hike. The list includes packaged milk and other milk based products including ice creams and chocolates. Milk prices have seen an increase of 15-20% in the past one year and according to industry analysts, cocoa prices have been steadily climbing in both domestic and global markets in the last two months. FMCG majors Cadbury India, Nestle India, and Amul have all increased prices in selected SKUs. (Source: [Financial Express](#), 03/13/2011)

### **VEGETABLE OUTPUT TO INCREASE 6 PERCENT: GOVERNMENT**

According to Minister of State Agriculture Arun Yadav, India's vegetable production is estimated to rise by 6% in 2010-11. Vegetable production is estimated to touch 141.3 MT in 2010-11, against 133.5 MT in 2009-10. The Minister also said that the recent high price of kitchen staples like onion was mainly due to lower and delayed arrivals in markets caused by initial damages to Kharif crops on account of untimely rains during November and December 2010. The country is estimated to produce 13.1 MT of onions in 2010-11, against 12.1 MT last year. (**Source:** [Financial Express](#), 03/13/2011)

### **CASH & CARRY FIRMS MAY BE ALLOWED TO BREAK FREE**

A draft of the revised FDI policy has proposed easier norms for cash & carry and wholesale trading companies with foreign partners. Additionally, the cap of 25 percent on sales to group companies is likely to be removed from April 1, 2011. The present policy allows 100 per cent FDI in cash & carry and wholesale trading under the automatic route, but subject to a key restriction — the company cannot sell products worth more than 25 per cent of its turnover to group companies. This will give relief to leading foreign cash & carry companies whose Indian partners run separate retail chains. The companies will be able to supply freely to retail stores owned by their partners. Those that stand to benefit are Bharti-Walmart, Tatas' joint venture with Tesco, and French retailer Carrefour, which have either set up cash & carry companies in the country or are in the process of doing so. (Source: [Business Standard](#), 03/14/2011)

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

REPORT #	SUBJECT	DATE SUBMITTED
IN1123	Weekly Hot Bites, #10	3/11/2011

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