

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

FCI targets wheat procurement of 26.3 million tons, *Maize, oilseeds may yield acreage to cotton*, *Food inflation eases on cheaper potato, milk, pulses*, *Government to rope in private players for setting up vegetable clusters*, *Centre wants states to waive market fee on perishable goods*, *India set to make record of food harvest in crop year 2010-11*, *India expects normal monsoon this year*, *Commission for Agricultural Costs and Prices fixes minimum support prices for kharif crops 2011-12*.

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.

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FCI TARGETS WHEAT PROCUREMENT OF 26.3 MILLION TONS

Government agencies are targeting procurement of 26.3 million tons (mt) of foodgrain against the 22.5 mt collected last year as a bumper wheat production is expected in most states. The Food Corporation of India (FCI) officials says that the early comparative figures may vary due to various reasons but they expect to achieve the target comfortably. The latest FCI data shows that agencies have already procured 432,000 tons in Madhya Pradesh, 2,500 tons in Gujarat, 82 tons in Haryana and 140 tons in Uttar Pradesh. (Source: [Business Standard](#), 04/06/2011)

MAIZE, OILSEEDS MAY YIELD ACREAGE TO COTTON

Notwithstanding fears of severe scarcity for seeds, cotton acreage is all set to increase in the upcoming kharif season, with farmers pulling off from maize, soybean and sunflower to cash in on the huge demand for white gold in the market. Seed industry sources said the demand could grow up to 30 million packets (450 grams each) next season against the availability of 26 million packets in the organized sector. Unbranded local players could step in to meet the additional demand, while seed companies struggle to increase their share. Lure of very high prices for cotton and bleak prospects of making any money in seed production in the back drop of increased cost of production have led the seed growers to shift to commercial cotton cultivation. While Maharashtra might witness a reduction in sorghum and soybean area, Andhra Pradesh had already registered a sharp decrease in maize and sunflower area as farmers go for more cotton. The situation could worsen because farmers have begun to use two packets (instead of one packet) an acre. The Cotton Corporation of India put cotton acreage at 27 million acres in 2010-11 against 25.4 million acres the year before. (Source: [Hindu Business Line](#), 04/05/2011)

FOOD INFLATION EASES ON CHEAPER POTATO, MILK, PULSES

Food inflation eased to its lowest level in nearly four months, with pulses, potatoes, milk and poultry products contributing to the decline. Prices of cereals and pulses are likely to see a further moderation in the next few weeks, a favorable base effect is also expected to contribute to the declining trend in the coming weeks. (Source: [Hindu Business Line](#), 04/08/2011)

GOVERNMENT TO ROPE IN PRIVATE PLAYERS FOR SETTING UP VEGETABLE CLUSTERS

With an objective to ensure supply of vegetables at reasonable rates in urban areas the

government of India has called a meeting of retailers and official from the state horticulture departments to work out the modalities to set up the vegetable clusters. More than 100 officials including from organized retailers like Spencer's and Hariyali Kisan Bazaar would meet on April 11 to finalize the launch of the programme by the middle of this year. The meet is being organized by the National Agricultural Cooperative Marketing Federation of India Ltd. (Nafed) and Small Farmer's Agribusiness Consortium. According to Mr.Sanjeev Chopra, mission director and joint secretary, National Horticulture Mission, the government is planning to involve top private sector players in collection, storage and distribution of vegetables in urban centers. Finance minister Pranab Mukherjee had in his budget for 2011-12 had allocated R300 crore (68 Million USD) for setting up the clusters. (Source: [Financial Express](#), 04/06/2011)

CENTRE WANTS STATES TO WAIVE MARKET FEE ON PERISHABLE GOODS

The central government of India is likely to request states to waive the market fee on perishable products to help them avail of the benefits of a subsidy scheme to set up modern agricultural markets. The issue is likely to be discussed at a bi-annual meeting on the Kharif season in April. The central government, to develop and strengthen agricultural marketing infrastructure, provides subsidy of 25 per cent of the capital cost of the project, with a maximum limit of Rs 50 lakh (USD 5 Million). (Source: [Business Standard](#), 04/03/2011)

INDIA SET TO MAKE RECORD OF FOOD HARVEST IN CROP YEAR 2010-11

India has revised upwards its foodgrain production estimates for the crop year 2010-11 (July-June). The latest foodgrain production estimate of 235.88 million tons surpasses the previous record of 234.47 million tons achieved in 2008-09. The new production estimates for wheat stand at 84.27 million tons setting stage for lifting restrictions on its exports. Exports of wheat have been banned since February 2007, with non-basmati rice shipments, too, prohibited with effect from April 1, 2008. Government has also significantly raised its production estimate for oilseeds (especially soybean), sugarcane and pulses. (Source: [The Hindu Business Line](#), 04/07/2011).

INDIA EXPECTS NORMAL MONSOON THIS YEAR

India is likely to experience a normal monsoon for the second consecutive year, raising hopes for a good crop for millions of farmers across the country. According to Mr. D. Sivananda Pai, chief forecaster and director of National Climate Centre, "the La Nina phenomena, marked by intense cooling of the equatorial and east Pacific Ocean, is expected to continue till June. Such condition is known to benefit south-west monsoon". (Source: [Financial Express](#), 04/04/2011)

COMMISSION FOR AGRICULTURAL COSTS AND PRICES FIXES MINIMUM SUPPORT PRICES FOR KHARIF CROPS 2011-12

The Commission for Agricultural Costs and Prices (CACP) has announced the Minimum Support Prices (MSPs) for kharif crops 2011-12. The MSPs are announced before crop sowing and act as a major guiding factor for the farmer to decide his cropping pattern. Sowing of kharif crop for year 2011-12 (July-June) will start in July 2011. The CACP has recommended a MSP for paddy at Rs. 1080 per quintal for the year 2011-12 against Rs 1000 in the year 2010-11. MSP's for cotton, sunflower, pulses and other oilseeds sown in kharif is also revised up from last year. The CACP has also recommended removal of the export ban on rice, and allowing private traders to procure grain for the Public Distribution System. (Source: [Business Standard](#), 04/07/2011)

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