

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. 16

#### Report Categories:

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#### Report Highlights:

\*Government buys 14.3 million tons of wheat\*, \*Wheat prices fall despite heavy procurement\*, \*More grain for more poor under Food Act\*, \*EU halts grape imports from India\*, \*Near normal monsoon expected\*, \*Azad: Food Act to come into force in 2-3 months\*, \*Ban on fresh cotton exports to curb price rise\*, \*Decision to introduce GM foods in hands of farmer\*.

## **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.

## **GOVERNMENT BUYS 14.3 MILLION TONS OF WHEAT**

The government has procured 14.3 million tons of wheat so far this marketing year (2010-11). This is compared to 12.64 million tons procured during the corresponding period of 2009-10. The government may buy 26.3 million tons of wheat from farmers this year, Food Corporation of India (FCI) said in a statement on April 7. (Source: Business Line, 04/21/10)

## **WHEAT PRICES FALL DESPITE HEAVY PROCUREMENT**

Wheat prices across the country have dropped in the last few days because of heavy arrivals in the key growing states of Punjab, Haryana and Uttar Pradesh. Prices fell despite the Food Corporation of India procuring 15.25 million tons wheat during the current rabi marketing season, (compared to 13.89 million tons last year). In Punjab, Haryana, Delhi and Uttaranchal, the open market price of wheat has declined to Rs 1,110– 1,200 per quintal from Rs 1,400 per quintal three months back. However, according to the Uttar Pradesh-based wheat trade, the market price of wheat in the state has dropped to Rs 985 – 1,000 per quintal mainly because of lack of government purchases at the minimum support price (MSP) of Rs 1,100 per quintal. In Madhya Pradesh, Gujarat and Rajasthan wheat prices are ruling well above the market prices (Rs 1,460 - 2,140 per quintal), due to better crop quality, good demand from southern states, and lower production. (Source: Financial Express, 04/22/10)

## **MORE GRAIN FOR MORE POOR UNDER FOOD ACT**

Due to the intervention of the Congress Party President, Sonia Gandhi, on the Food Security Act, the Indian government has agreed to provide 35 kilograms of foodgrain every month to roughly 8.5 crore families living below the poverty line. The empowered group of ministers (EGoM) headed by Finance Minister, Pranab Mukherjee will meet today to discuss the draft National Food

Security Bill. They will also assess the price and stock situation of sugar, wheat and rice, besides considering a revision of the Central issue price of foodgrains distributed through ration shops. While the Food Ministry has not been in favor of either enhancing the entitlement or covering the above-poverty-line (APL), the Finance Ministry has been in favor of keeping the food subsidy under check. Sources said that the newly notified National Advisory Council with Sonia Gandhi as the Chairperson could intervene, if required, before the bill gets a final nod. (Source: Times of India, 04/23/10)

### **EU HALTS GRAPE IMPORTS FROM INDIA**

The European Union (EU) has stopped grape imports from India saying it has found excessive chemicals (chlorocholine chloride) in them. Around 40,000 tons of grapes worth Rs 3 billion, shipped to various European countries, were halted as they exceeded the maximum residue level for the chemical contaminant. More than 90 percent of the grapes are from Maharashtra and the balance are from Andhra Pradesh. The Grape Growers Federation suspects the imposition of non-tariff barriers by the EU to protect its farmers and has sought the intervention of Prime Minister Manmohan Singh, Food and Agriculture Minister Sharad Pawar and the Agricultural and Processed Food Products Export Development Authority (APEDA). (Source: Business Standard, 04/22/10)

### **NEAR NORMAL MONSOON EXPECTED**

The 2010 monsoon is expected to be near-normal (96 to 104 percent of the long-period average), assessed at only a 'notch or two' below the 100 percent. The India Meteorological Department has finalized the draft of the long-range forecast document, which would be released after getting Government approval. This should come as a relief to farmers preparing for the kharif season ahead after the 23 percent deficient monsoon last year. The receding El Nino conditions in the east-equatorial Pacific is the single most important parameter that is seen as facilitating an 'open ticket' for the monsoon for a relatively event-free ride this time around. (Source: Business Line, 04/22/10)

### **AZAD: FOOD ACT TO COME INTO FORCE IN 2-3 MONTHS**

Replying to supplementaries during Question Hour in the Rajya Sabha (Upper House), the Health and Family Welfare Minister said the Food Safety and Standards Act passed by the Parliament in 2006 will come into force in next 3-4 months. The Act integrates multiple provisions under various food related laws. It will, among other things, regulate food safety standards and uniform licensing in the country.

The new Act provides for penalties on manufacturers of adulterated food items including fine of Rs 100,000 to Rs 1 million to be adjudicated by an officer of the rank of Sub-Divisional Magistrate. Earlier, the fine was to be decided by the court, which will now decide on imprisonment.

(Source: Asian Age: 04/21/10)

### **BAN ON FRESH COTTON EXPORTS TO CURB PRICE RISE**

Pursuant to the inter-ministerial meeting on the steep increase in cotton prices, the government has decided that the registration of export contracts prior to the shipment of raw cotton...shall now be suspended with effect from April 19, 2010, till further orders," a statement from the textiles ministry said. However, the restrictions won't apply on cotton already registered for exports. Stopping fresh cotton exports evoked divergent responses from exporters, farmers and the textile industry. Raw cotton prices are ruling at about Rs 28,300 per candy (1 candy= 356 kg) from Rs 22,000 per candy last October. Prices have risen by almost 54 percent in the last year, forcing textile makers to raise prices by 50 percent. Earlier, the government had imposed a duty of Rs 2,500 per ton on raw cotton exports, besides a 3 percent duty on export of cotton wastes. (Source: Financial Express, 04/21/10)

### **DECISION TO INTRODUCE GM FOODS IN HANDS OF BRAC**

The present Biotech Regulatory Authority of India (BRAI) Bill 2009, to be tabled in the current session of the Parliament, leaves the decision to introduce GM foods in the hands of a Biotechnology Regulatory Advisory Committee (BRAC). The recommendations will be final and can not be overruled either by state governments or even by Central Ministers. The existing system has seven ministerial representatives in the GEAC who can intervene in the decision making process thereby providing a system of checks and balances. In a precedent, Section 27 (1) and (2) of the BRAI bill supersedes the requirement of the Right to Information Act. (Source: Asian Age, 04/07/10)

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

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
IN1032	Weekly Hot Bites, #15	04/16/2010
IN1033	Sugar: Annual	04/20/2010

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