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Report Highlights:

Weekly Food Inflation Index rises by 1.2 percent..., *...GOI Agriculture Minister says: Pulse prices have increased by up to 38 percent*, *NGO claims that India is at the epicenter of global hunger today*, *India's Commerce and Industry Minister again links Doha negotiations to agricultural subsidies*, *Tax reduction for poultry, meat and milk processing*, *Prime Minister says: "India has not abandoned stand on climate change"*, *Indian textile suggests domestic cotton prices be linked with international prices*, *7.6 million hectares may be planted with Bt Cotton*.

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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WEEKLY FOOD INFLATION INDEX RISES BY 1.2 PERCENT...

Higher vegetable and pulse prices pushed India's food inflation index up by 1.2 percent during the week ending July 18, giving no relief to consumers, even as the overall price level for the seventh week in a row remained below zero. The largest increase was seen in the wholesale price of vegetables, which rose by 4.9 percent, followed by pulses (4.2 percent) and meat/egg/fish, which rose by 3.5 percent in just one week. Food inflation is rising even though India's annual rate of inflation fell marginally for the week ending July 18. In the pulses category, wholesale prices of tur (pigeon pea) went up by 9 percent, chickpea by 4 percent, mung beans and lentils by 3 percent, and urd (black matpe) by 2 percent during the week. (Source: Financial Express, 07/31/09)

... GOI AGRICULTURE MINISTER SAYS: PULSE PRICES HAVE INCREASED BY UP TO 38 PERCENT

Food and Agriculture Minister Pawar said pulse prices have surged by up to 38 percent in the past one year as domestic output declined and global prices. "The government is aware of the rise in prices of pulses. The wholesale price index-based inflation of pulses on July 4 was: tur 38.2%; urd 21.7%; chickpea 4.9%; mung beans 30.6%, and lentil 10.5%," he informed Rajya Sabha (Upper House of the Parliament). The Minister noted that while the government has taken several measures, including allowing duty free imports until March 31, 2010, a drop in domestic production has taken its toll on prices. (Source: Economic Times, 07/28/09)

NGO CLAIMS THAT INDIA IS AT THE EPICENTER OF GLOBAL HUNGER TODAY

As food prices soar to the skies, the poor are eating less and the government has camouflaged this brand of inflation by combining food with other commodities like steel and metals whose prices are falling, said environment activist, Vandana Shiva. She also released a report on the causes and cures for the deepening hunger and malnutrition crisis in the country. The report has been put together by her organization Navdanya which is involved in preserving biodiversity, farmers' rights and promotion of organic food. Advocating the case for food sovereignty and a universal public distribution system, she said these two were the key to controlling the food crisis the country faces today. "While the government claims inflation is negative, the reality is that food prices have gone through the ceiling with a 50 percent to 100 percent increase in most food items between 2003 and 2008," she said. (Source: Hindu, 07/31/09)

INDIA'S COMMERCE AND INDUSTRY MINISTER AGAIN LINKS DOHA NEGOTIATIONS TO AGRICULTURAL SUBSIDIES

Dismissing the speculation of a soft approach at the Doha round of trade talks, India said WTO negotiations could go ahead only if the concerns of developing nations are addressed. "An early conclusion of the Doha Round is important; India is willing to take part in negotiations at the WTO, provided the development concerns of developing nations are addressed," said Commerce and Industry Minister, Mr. Anand Sharma in Parliament. Later, speaking at a Federation of Indian Chambers of Commerce and Industry (FICCI) event, the Minister said the climate is conducive for the WTO members to return to negotiating tables. However, he felt that the concerns expressed by developing countries about "the food security of their poor farming community and the protection of their vulnerable industrial sectors must be addressed." "In agriculture negotiations, India wants a substantial reduction in domestic support and tariffs on agriculture products by the developed countries and sufficient flexibilities for the developing countries to protect the interest of their poor farmers," he said. (Source: Asian Age, 07/30/09)

TAX REDUCTION FOR POULTRY, MEAT AND MILK PROCESSING

The Finance Minister's announcement of extending tax reductions to promote meat and poultry processing is expected to give a boost to value addition in these sectors. The poultry industry has always complained about high cost of transportation and poor condition of cold storages being a hindrance to the growth of poultry processing. The decision is also likely to give support to the milk processing sector. The country is the biggest producer of milk in the world, but due to rising domestic demand and inadequate infrastructure, the milk processing industry has not been able to grow extensively. The Chairman of the Agricultural and Processed Food Products Exports Development Authority said that we need to take up processing of animal products for boosting our exports and value addition. (Source: The Financial Express, 07/28/09)

PRIME MINISTER SAYS: "INDIA HAS NOT ABANDONED STAND ON CLIMATE CHANGE"

Prime Minister Manmohan Singh acknowledged that India has deviated from its position on climate change by accepting for the first time a global threshold of 2 degree centigrade, but argued that it is in line with its stated position on global warming. The cap on global temperature increase reflects the prevalent scientific opinion internationally and reinforces India's concerns on dangers of global warming, and does not mean that India is obliged to accept emission reduction targets. (Source: Economic Times, 07/30/09)

INDIAN TEXTILE SUGGESTS DOMESTIC COTTON PRICES BE LINKED WITH

INTERNATIONAL PRICES

The Indian textile industry, which was forced to buy cotton at high prices due to the steep hike in minimum support price last year, has suggested that the domestic cotton prices should be linked with international prices. Further, the government procurement agencies should sell cotton primarily to mills and not to the traders and exporters. In a report submitted to the textile ministry, the Confederation of Indian Textile Industry has further suggested that government agencies should sell cotton to traders and exporters when physical stock levels reach 2-3 months of consumption inventory. (Source: Economic Times, 07/28/09)

7.6 MILLION HECTARES MAY BE PLANTED WITH BT COTTON

Despite the monsoon problems, at least 7.6 million hectares will be brought under Bt cotton this year compared to 6.9 million hectares last year. Cotton has emerged as a favored cash crop and early indications suggest that cotton farmers are upgrading to superior Bollgard II varieties for better pest protection and higher yields. Monsanto officials report that they expect cotton farmers to adopt Bollgard II on 3.6 million hectares. The rapid adoption of technology, probably the fastest across all categories, is testimony to the benefits and superior value farmers derive from the technology. (Source: Business Line, 07/25/09)

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REPORT #	SUBJECT	DATE SUBMITTED
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IN9099	Weekly Highlights and Hot Bites No. 30	07/24/09
IN9100	FAIRS: Final Notification on Organic Grading and Marketing Rules 2009	07/28/09
IN9101	FAIRS: Amendment to Guidelines for Import and Export of Bovine Germplasm	07/29/09

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