

USDA Foreign Agricultural Service

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Global Agricultural Information Network

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**Approved By:**

Thom Wright

**Prepared By:**

Amit Aradhey, Ritambhara Singh, Shubhi Mishra

**Report Highlights:**

Welcome to Hot Bites from India, a weekly food and agricultural news summary. This report includes information gathered by local agricultural analysts and/or reported in the local media.

**DISCLAIMER:** The information contained in this report is not a statement of U.S. Government policy. The views and opinions reported by different news organizations do not reflect the policies of the U.S. Department of Agriculture or the U.S. Embassy in New Delhi.

## **General Information:**

### **POLICY**

#### **FOOD INFLATION EASES, BUT STILL ABOVE 9%**

Food inflation declined to 9.03 percent for the week ending August 6 from 9.9 percent in the previous week (a four-and-half-month high.) (Source: [Indian Express](#) August 19, 2011); Also See: [Financial Express](#) August 19 2011 & [Hindustan Times](#) August 19, 2011

#### **FOOD BILL ONLY IN NEXT SESSION: THOMAS**

Minister of Food K.V. Thomas has stated that the draft National Food Security Bill, which has already been approved by the Empowered Group of Ministers, will be presented in the winter session of Parliament. (Source: [Indian Express](#) August 18, 2011); Also See: [Financial Express](#) August 18, 2011

#### **A REVIVED PDS IS VISIBLE NOW**

Just when everybody had written off the Public Distribution System (PDS) with stories of large-scale leakages, recent surveys have shown that PDS may actually be seeing a revival. (Source: [Mint](#) , 08/17/2011)

#### **INDIA, GCC DISCUSS FTA**

Despite the political turmoil in the Arab world, the talks for a free trade agreement (FTA) between India and the Gulf Cooperation Council (GCC) seem to be still on track. (Source: [Financial Express](#), 08/16/2011)

### **SUGAR**

#### **GOVERNMENT CLEARS 500,000 TONS ADDITIONAL SUGAR EXPORTS**

The Centre has decided to allow export of an additional 500,000 tons on sugar under open general license (OGL) for the current 2010-11 season (October-September). This is over and above the already permitted 1 million tons, cleared through two equal installments on April 19 and June 28. (Source: [Business Line](#), 8/12/11)

### **FRESH FRUITS**

#### **PAKISTAN'S MANGOES CHALLENGE INDIA IN US**

Three years after India's vaunted mangoes hit US shores, Pakistan is catching up. (Source: [Hindustan Times](#) August 19, 2011)

### **AGRICULTURAL SITUATION**

#### **PADDY, COTTON CROP TO BE GOOD IN HARYANA, PUNJAB**

The area under sugarcane, cotton and paddy has been on a rise, while that under guar and bajra has been low in this kharif season. (Source: [Business Standard](#), 08/19/2011)

### **GRAIN AND FEED**

#### **BEETLES SING THE BLUES FOR INDIAN BASMATI IN US**

Indians travelling to the US will no longer be able to carry premium rice such as basmati and sona masuri. (Source: [Financial Express](#) August 18, 2011)

## **GRAIN OUTPUT TO HIT RECORD IN 2011-12, HELP CURB INFLATION**

The government's battle against inflation could get a necessary boost from the farm sector as the country expects to reap a record harvest of grain for a second successive year.

(Source: [Financial Express](#), 08/17/2011)

## **PARLIAMENTARY STANDING COMMITTEE ON COMMERCE IN FAVOR OF FOODGRAINS EXPORT**

The Committee has expressed "serious concern" over the continued wastage of "huge quantities of food grains" and strongly favored taking up export to fetch farmers' remunerative prices for their produce. (Source: [The Hindu](#), 08/14/2011)

## **PULSES ACREAGE SHRINKS, DENTS GOVT'S SELF-SUFFICIENCY HOPES**

After an all time high of over 18 million ton last crop season, production of pulses is set to decline this year as kharif acreage has gone down by over 11 lakh hectares. (Source: [Indian Express](#), 08/14/2011)

## **OILSEEDS**

### **SOYABEAN OUTPUT MAY CLIMB 10%**

Soyabean production in India, Asia's biggest exporter of the oilseed meal, may climb as much as 10% next year as farmers increase area under the oilseed. (Source: [Financial Express](#) August 18, 2011)

## **BIOTECHNOLOGY**

### **TAMIL NADU GOVT DECIDES NOT TO PROMOTE BT COTTON**

Members of the Assembly felt that BT cotton farming should not be encouraged since it is a genetically modified crop and farmers have also said that it was not giving any promising return. (Source: [Business Standard](#), 08/17/2011)

### **MAHYCO DEFENDS ACTION IN BT BRINJAL TRIALS**

Mahyco has clarified it has not violated any provision of the Biological Diversity Act, 2002, in its research to develop Bt Brinjal. (Source: [Business Standard](#), 08/17/2011)

## **DAIRY**

### **KEVENTER TO ENTER SKIMMED MILK MARKET**

In an effort to expand its product portfolio, the Rs 18 billion Keventer Group is planning acquisition of two Uttar Pradesh based skimmed milk-makers. (Source: [Business Line](#), 8/14/11)

## **NEWS IN DETAIL:**

### **FOOD INFLATION EASES, BUT STILL ABOVE 9%**

Economic Bureau: Tags : Food inflation, Finance minister Pranab Mukherjee, commerce ministry, retail prices Posted: Fri Aug 19 2011, 01:34 hrs New Delhi:

Food inflation declined to 9.03 per cent for the week ended August 6 from a four-and-half-month high of 9.9 per cent registered in the previous week.

Food inflation declined as prices of pulses moderated while the prices of vegetables and fruits rose in comparison to the same week of the previous year.

Finance minister Pranab Mukherjee on Thursday termed food inflation hovering above 9 per cent as 'unacceptable' but expressed hope that it would moderate on the back of a 'good monsoon'.

"The measures taken to remove supply constraints in some of the agricultural commodities and good monsoon will have

further moderating influence on the prices of food and other essential commodities,” he said.

As per data released by the commerce ministry, pulses became cheaper by 5.63 per cent during the reporting week in comparison to same period last year. While other food items continue to rise which may push up food inflation in the coming months.

Onions were 37.62 per cent more expensive on an annual basis during the week ended August 6, while prices of fruit went up by 26.46 per cent.

While the kharif sowing of onion is running behind schedule in the key growing states of Maharashtra and Gujarat, retail prices of onion across the country have seen an upward trend and is expected to remain there as kharif crop arrival would be delayed.

Eggs, meat and fish became dearer by 9.93 per cent and the price of milk was up 9.76 per cent on an annual basis.

Cereals and vegetables were up by 6.23 per cent and 2.59 per cent, respectively, while potato prices climbed by 7.22 per cent.

### **FOOD BILL ONLY IN NEXT SESSION: THOMAS**

Express news service Tags : Law Ministry, Empowered Group of Ministers, National Food Security Bill, Food Minister K V Thomas Posted: Thu Aug 18 2011, 03:07 hrs New Delhi:

While the Law Ministry has already vetted the draft National Food Security Bill approved by the Empowered Group of Ministers (EgoM), headed by Finance Minister Pranab Mukherjee, Food Minister K V Thomas said on Wednesday that his ministry will not be able to introduce the Bill in the current session of Parliament.

Thomas, however, expressed hope that the Bill may get introduced in the Winter Session of Parliament. “We will be able to table the Food Security Bill only in the Winter Session of Parliament, as consultation with state governments and various ministries is still on,” he said. He added that his ministry has sent the Bill to state governments for their comments.

The announcement is likely to further delay the implementation of the Congress’s poll promise of enacting a legislation for cheap food grains to the poor.

The draft Bill envisages differential legal entitlement of cheap food grains to about 70 per cent of population in the country. Given the fact that the Bill will be sent to a standing committee of Parliament for examination, the actual passage of the Bill may not happen before the Budget session next year.

This leaves the UPA-II government with only the last two years of its tenure to implement the proposed legislation.

### **A REVIVED PDS IS VISIBLE NOW**

**Farm Truths | Himanshu**

Just when everybody had written off the Public Distribution System (PDS) with stories of large-scale leakages, recent surveys have shown that PDS may actually be seeing a revival. This revival—led largely by initiatives of the state governments—is no more limited to showcase states of Tamil Nadu and Chhattisgarh, but by states that are otherwise not held as exemplars of good governance. The message: Success of PDS rests on two crucial reforms—low prices and expanded, near universal coverage.

The evidence comes from two surveys—the consumption surveys of the National Sample Survey (NSS) for 2009-10 and the survey conducted by a team led by Jean Dreze and Reetika Khera across nine states in June 2011. Both surveys confirm that the performance of PDS is much better than what has been claimed using secondary data. They also report large variations across states in the functioning of PDS in terms of access by the households, prices paid and the extent of leakage compared with official data.

The broad results of the NSS survey show that 39% of the population reported purchasing cereals from PDS in 2009-10 as against 26% in 1993-94 and 23% in 2004-05. The coverage in rural areas is 44.9% compared with 26% in urban areas. Total

purchase of rice from PDS in 2009-10 is 17.5 million tonnes (mt), almost double of the corresponding purchase of 9.8 mt in 2004-05. Similarly for wheat, the purchase at 7.7 mt in 2009-10 is more than double that of 3.5 mt in 2004-05. For those households purchasing cereals from PDS, the average quantity purchased is 20.7kg per month (21.1kg in rural areas and 19kg in urban areas).

The second survey was conducted in nine states spread across the country. Based on the preliminary results reported, 100% of respondents among below poverty line (BPL) households reported getting their full quota of foodgrain in Andhra Pradesh, Chhattisgarh and Tamil Nadu. The percentage was 99% in Orissa and 96-98% in Rajasthan. Two poorly performing states are Bihar and Jharkhand with only 23% and 21% of BPL households reporting purchase from PDS. The other state that showed improvement was Uttar Pradesh with 78% of BPL households reporting purchase from PDS and 85% of them saying they received their full quota of grains. The survey also asked respondents about their preference of cash transfers over grain entitlement. An overwhelming majority among the states that have a functional PDS preferred grains over cash. The situation was mixed in the states where PDS has been less than functional.

What do these surveys imply as far as leakages from PDS are concerned? The Dreze-Khera survey results on this count are not known yet, but whatever little can be inferred from preliminary estimates, the extent of leakage appears to be lower than previous estimates. However, it is possible to get some idea of the leakages from the consumption surveys and the official off-take data reported by the ministry of food and consumer affairs (MFCA). Leakage is defined as the shortfall of the actual consumption reported by consumption surveys compared with official off-take by MFCA.

Using this method, leakage in PDS in 2009-10 is around 40%. That is, actual consumption reported by consumption surveys is only 60% of the estimate reported by MFCA. Of course, this is dependent on the accuracy of the estimates reported by MFCA—which are anything but transparent—but also on the extent of under-coverage in consumption in PDS (a point usually made in comparison with national accounts statistics data). Nonetheless, the leakages at 40% are unacceptable although they've come down significantly from the 2004-05 level of 55%. On a lighter note, adjusting for under-coverage using the Surjit Bhalla index would, however, mean that leakages are far lower than what has been assumed so far. However, the extent of leakages seem to have come down drastically in most states other than the usually cited examples of Tamil Nadu, Andhra Pradesh, Chhattisgarh and Himachal Pradesh and the so-called laggard states of Bihar, Jharkhand and Uttar Pradesh. The state that seems to be doing remarkably well in this round is Orissa, where the leakages have come down from 75% in 2004-05 to 25% in 2009-10.

The question then is what has happened between 2004-05 and 2009-10, which leads to a much improved performance of PDS. First, many states have given up on the targeting principle and coverage have been extended to make PDS as near universal as possible. In some states such as Tamil Nadu, and now Kerala, it is universal. But even in other states, such as Bihar, there has been an extension of coverage beyond the Planning Commission's poverty figure: A majority of large states now do not follow this. Secondly, most states have reduced PDS prices, particularly for rice to Rs. 2/kg and even lower. In fact, even the average price reported is similar to the price proposed in the National Food Security Act. A look at the extent of leakages and coverage of the poor is clearly evidence that these two measures not only make PDS accessible to the poor, they also are the surest way of reducing leakages in PDS.

*Himanshu is assistant professor at Jawaharlal Nehru University and visiting fellow at the Centre de Sciences Humanities, New Delhi*

## **INDIA, GCC DISCUSS FTA**

Huma Siddiqui

Posted: Tuesday, Aug 16, 2011 at 0101 hrs IST

Despite the political turmoil in the Arab world, the talks for a free trade agreement (FTA) between India and the Gulf Cooperation Council (GCC) seem to be still on track.

According to a senior Arab diplomat, progressive talks have just concluded between the two sides. "Both sides need to work together as a team. We (GCC members) are working hard and just very recently had very constructive meetings with the Indian officials on taking forward the FTA negotiations," said Mohamed Ghassan Shaikho, ambassador of the Kingdom of Bahrain in India.

“Issues including petrochemical industries and certain others were discussed at length and we are now awaiting feedback from the GCC secretariat as well as from the Indian government,” the envoy added.

“If a common currency for the GCC members is in place by the first quarter of 2012, it might result in an early FTA,” said a senior official.

The GCC countries — Oman, UAE, Bahrain, Kuwait, Qatar and Saudi Arabia — and India have identified several potential sectors for investment by Indian entrepreneurs, including information technology, telecommunications, education, training, healthcare services, tourism and hotel industry, banking and financial services, oil, gas and petrochemicals, electricity, housing, road and rail network.

An FTA in the region will benefit India substantially as the six member countries control over 45 % of the world's recoverable oil wealth and 20% of gas resources. They supply about a fifth of the global crude output.

Due to the UAE and Saudi Arabia's refusal to include petroleum and petroleum products in the negative list, the FTA talks have been getting derailed.

The global financial crisis and the political turmoil in the Arab world have also been pushing back the talks. The talks for the India-GCC FTA are going on since 2005.

In the proposed FTA, India is also seeking greater safeguards for its chemical and petrochemical industry to protect domestic players. The cost of crude oil is extremely low in GCC countries.

India is the third country apart from Japan and the US to have become a dialogue partner of the GCC.

### **GOVERNMENT CLEARS 500,000 TONS ADDITIONAL SUGAR EXPORTS**

**New Delhi, Aug. 12:** The Centre has decided to allow export of an additional five lakh tonnes (lt) on sugar under open general license (OGL) for the current 2010-11 season (October-September).

This is over and above the already permitted 10 lt, cleared through two equal installments on April 19 and June 28. The go-ahead for export of an additional five lt quantity was given at a meeting of the Empowered Group of Ministers (EGoM) under the Finance Minister, Mr Pranab Mukherjee here on Friday.

The latest move would benefit sugar mills, given that realisations from exports are way above that from domestic sales. Ex-factory prices are currently ruling at around Rs 25,500 a tonne in Maharashtra, Rs 26,500 a tonne in Tamil Nadu and Rs 28,500 in Uttar Pradesh.

As against this, Indian sugar of equivalent 100-ICUMSA quality is currently fetching roughly \$ 740 or Rs 33,600 a tonne. After deducting Rs 2,000 or so towards freight and port handling changes, mills in Maharashtra would stand to realise at least Rs 6/kg more from exports compared with sales in the domestic market. Alternatively, they could sell their sugar to exporters at a premium to the domestic price.

Globally, sugar prices are now on a roll, underpinned by successive downward revisions in Brazil's production for 2011-12 (April-March), from the initially estimated 34.6 million tonnes (mt) to 32.38 mt in July and the latest figure of 31.57 mt. In 2010-11, Brazil's sugar output amounted to 33.5 mt.

The decision to allow an extra five lt of exports by the EGoM was taken at the behest of the Union Agriculture Minister, Mr Sharad Pawar, in the face of opposition from his counterpart in Food and Consumer Affairs, Prof K.V. Thomas.

The Food Ministry apparently sought deferring any decision on further exports till end-September, by which time the peak festival season would be over and also a clearer picture of the 2011-12 crop may emerge.

It, however, succeeded in preventing a decision on lifting stock-holding and turnover limits on sugar dealers. These limits, effective since March 2009, restrict holding of sugar stocks by traders to a maximum of 200 tonnes, besides making it

compulsory to rotate their stocks every 30 days.

Besides permitting five Mt of additional exports under OGL, the EGoM also took a decision to reduce the minimum export price (MEP) for three premium non-basmati rice varieties, Sona Masuri, Ponni Samba and Matta, from \$ 850 to \$ 600 a tonne.

The Centre had, in March, permitted export of 150,000 tonnes of these three rice varieties, while fixing the MEP at \$ 850 a tonne. "Since not even a third of this quantity has actually been shipped out, the EGoM has now asked the Commerce Ministry to notify a lower MEP," official sources said.

## **PAKISTAN'S MANGOES CHALLENGE INDIA IN US**

Yashwant Raj, Hindustan Times  
Washington, August 18, 2011

Three years after India's vaunted mangoes hit US shores, Pakistan is catching up. The first commercial shipment of its prized chausas arrived in Chicago last weekend and is now ready for retailing, setting up yet another rivalry. It will be retailing at a princely \$80-100 for a box of 12, a price market experts believe is determined more by the emotional pull of the fruit than anything: am proud to be a Pakistani, and am just so glad chausas are finally here.

Indian mangoes - led by Alphonsos - started arriving here in 2007 in a deal widely touted as Mangoes-for-Harley Davidsons. The number of Harleys selling in India is still quite low, as are the Alphonsos here.

The first shipment - a sort of trailer - of Pakistani chausas landed two weekends ago to a blustery welcome from the Pakistanis here, led by their embassy. The reception ceremony in Chicago was a packed affair.

Over 95% of the US mango market is dominated by Mexican varieties. They are sweet and fleshy but lack the "complex flavours" of Indian mangoes, according to Jaidev Sharma of [www.mangozz.com](http://www.mangozz.com), the number one mango retailer here.

Sharma has been flooded with orders for Pakistani chausas, for now. Speaking for himself, he said, "I can't wait to open the boxes of mangoes lying in the storage area." They are too green now, and he checks on them as often as he can.

Are they better than the Indian mangoes? The jury is out so far, struggling with their patriotism. A large number of the orders placed online on Sharma's website is from Indians who can't their favourites from India as the mango season there is technically over. For them, the Pakistani chausa will serve.

It's been a long and arduous journey for these chausas before they finally landed here. Two years of "strategic talks" went into it, said Pakistani ambassador Hasnain Haqqani at the Chicago gala marking the arrival of his favourite, and of the rest of his countrymen and women, mango, chausas.

Grown in orchards in Multan, Punjab, these chausas land in Chicago under a strictly controlled trade arrangement between the governments of the two countries and are immediately sent to an Iowa facility for irradiation.

For Indian mangoes, this process happens in India itself, at a facility in Nasik, where a US inspector - but funded by Indian government - check every shipment for compliance to US standards, before it ships.

Pakistan was unable to wangle the same deal because of deteriorating relations with the US. No American wants to be stationed in Pakistan given the severity of travel advisories repeatedly issued by the US state department.

That was bureaucratic tangle the two countries sort, especially as relations nosedived following the discovery of Osama bin Laden hiding in plain sight in Abbottabad, a town crawling with Pakistani military past and present.

Some in the Congress demanded - a demand easily conceded by an equally exasperated White House - all aid to Pakistan be linked to its adherence to US guidelines on the war against terror in Pakistan and in Afghanistan.

Some Congress members, mostly those considered sympathetic to the Pakistani cause - a speedily dwindling number - were

sent boxes from the first shipment, hastily ripened by every means possible.

That's sweet, but sweet enough?

### **PADDY, COTTON CROP TO BE GOOD IN HARYANA, PUNJAB**

Vikas Sharma / Chandigarh August 19, 2011, 0:27 IST

The area under sugarcane, cotton and paddy has been on a rise, while that under guar and bajra has been low in this kharif season. The area for paddy, the main kharif crop in Haryana, stood at 1.15 million hectares, compared to 1.09 million hectares covered in the corresponding period last year. This year, Haryana is eyeing production of 3.9 million tonnes (mt) of rice from the targeted 1.2 million hectares, as against 3.47 mt production of rice achieved last year from 1.24 million hectares. With the state receiving some rainfall since mid-August, it has brightened prospects for the kharif crop. Till August 16, around 205.4 mm of rainfall was registered according to the meteorological department, as against the normal of 303.9 mm. The rain has brightened prospects for good kharif crops, especially paddy and cotton.

Cotton sowing in Haryana this year has seen an upward trend and scientist maintained rain in August would brighten the chances for bumper cotton production. The agriculture officials said cotton crop situation has approved following recent rain. The state is eyeing production of 2.54 million bales this year (1 bale=170 kg) as against 1.74 million bales last year. The area under guar, derivatives of which are used by oil and food industry, was expected to increase following surge in demand of guar derivatives from export market.

Till date 215,000 hectares has been covered under guar in Haryana and target is to cover 300,000 hectares as against 250,000 hectares covered in the corresponding period last year. Rajasthan and Haryana together account for 80 per cent of the total production of guar in India with both states accounting for around 70 per cent of the area under guar.

Agriculture officials said the surge in cotton area this year affected guar and bajra crop, the area for which has shown a decline compared to corresponding period. Rain in the middle of August would certainly prove beneficial for kharif crops like paddy, cotton and sugarcane, as scientists predict it would also bring down the cost of cultivation. Punjab, till August 16, registered rainfall of 301.7 mm as against normal of 331.4 mm. The farm official said crops like paddy, cotton and sugarcane stand to gain from the timely rain which lashed the state in the second week of August.

The paddy area this kharif season in Punjab is expected to decline, even as other crops like cotton, sugarcane and maize stands to gain at the cost of paddy. The area under paddy till the first week of August was reported to be 2.72 million hectares as against 2.82 million hectares covered last year in the corresponding period. Paddy transplantation, including basmati, is almost complete across the state.

P S Ranghi, consultant, Punjab State Farmers Commission said the paddy area in Punjab this year would remain less compared to the previous year. Even as the overall area in Punjab is likely to decline, the area under basmati would increase. The area under cotton in Punjab has shown promising trend, as is the case in Haryana.

Cotton sowing in Punjab is reported to be over an area of 560,000 hectares as against 483,000 hectares last year. While area under maize has touched 145,000 hectares as against 133,000 hectares last year, that under sugarcane increased to 90,000 hectares as against 70,000 hectares reached last year. Even for summer pulses like moong and arhar, the area has surged compared to previous year.

### **BETLES SING THE BLUES FOR INDIAN BASMATI IN US**

Bijay Shankar Patel, Sandip Das

Posted: Thursday, Aug 18, 2011 at 0202 hrs IST

**New Delhi:** Indians travelling to the US will no longer be able to carry premium rice such as basmati and sona masuri for their friends and relatives there, with the United States Department of Agriculture (USDA) clamping down on the practice. The USDA has also imposed stringent conditions on rice imports from 22 countries including India following detection of a deadly pest called Khapra beetle in some consignments. The beetle, which can survive for long without food or much moisture, was found in many consignments from these countries during the last few months.

To counter the US move, the Indian government has introduced a certification process for rice exports to the US. India's Agricultural and Processed Food Products Exports Development Authority (Apeda) under the commerce ministry in

association with National Plant Protection Organisation (NPPO) would henceforth certify rice exports from India as “free from Khapra beetle,” Asit Tripathy, chairman, APEDA told FE. “We have signed an export protocol with the US for regulations of rice exports so that only registered exporters are allowed to send rice consignment after proper certification,” he said.

India exported around 1 lakh tonne of aromatic basmati and sona masuri to US last fiscal.

Sources said during the last few months, USDA’s Animal and Plant Health Inspection Service had found a couple of rice consignments to US from India containing traces of the deadly pest which destroys grains. This year, US Customs and Border Protection’s agriculture specialists have made close to 100 Khapra beetle interceptions at ports in comparison to three to six per year in 2005 and 2006, and averaging about 15 per year during 2007-09.

According to a recent circular by the department of revenue under the Central Board of Excise & Customs, “air passengers travelling to the US should not carry rice in their baggage and the prohibition would be also be applicable in dispatch of rice through other means such as courier or mail.”

Although curbs have been put in place by US officials for non-commercial rice shipments, all rice imports have been put through stringent conditions for controlling the spread of the deadly pest.

The US imported close to 5 million tonnes of rice in 2010-11 from close to 22 countries mostly in the Middle East, Asia and Africa.

The US restrictions require commercial rice shipments originating from the rice exporting countries to be inspected and accompanied by a phytosanitary certificate or a phytosanitary certificate of re-export.

In addition, the certificates must include a declaration stating that “The shipment was inspected and found free of Khapra beetle (*Trogoderma granarium*)”.

A leading Indian basmati rice exporter on the condition of anonymity said that small exporters do not often adhere to strict hygiene standards before a consignment is cleared for exports. “We need to take stringent measures against the spread of this pest which may adversely impact India’s rice exports in the coming years,” an exporter said. Basmati rice is one of the biggest constituents of India’s farm products export. According to the Apeda, exports of the premium aromatic rice rose 35% to 2.2 million tonnes in 2009-10 from 1.6 million tonnes in 2008-09. In value terms, exports crossed R12,000 crore during 2009-10 against R9,476 crore achieved in 2008-09. Last fiscal, India exported basmati rice worth over R10,000 crore. Khapra beetles have become resistant to many insecticides and fumigants. Believed to be originally from India, the beetle is said to be one of the world’s most destructive pests of food grain.

## **GRAIN OUTPUT TO HIT RECORD IN 2011-12, HELP CURB INFLATION**

Banikinkar Pattanayak

Posted: Wednesday, Aug 17, 2011 at 2246 hrs IST

**New Delhi:** The government’s battle against inflation could get a necessary boost from the farm sector as the country expects to reap a record harvest of grain for a second successive year, mainly due to higher planting and a fresh surge in seasonal showers.

Grain output in India, the world’s second-largest grower, may cross 245 million tonne in the crop year through June 2012, compared with 241.56 million tonne in 2010-11, official sources told FE.

The country has produced an average of 226.44 million tonne annually in the five years through 2010-11. Grains apart, the country will also produce bumper sugarcane as well as cotton crops in 2011-12, they added.

After below-normal showers in July, the seasonal monsoon rain became normal, reducing the deficit to 3% until August 15 from 6% up to the first week of this month, said B P Yadav, director with the Indian Meteorological Department.

The fresh surge in rainfall in the past two weeks will improve the overall rainfall forecast for the season, he added. In June, the IMD had forecast a below-normal monsoon season, at 95% of a 50-year average of 89 centimeters. The department defines normal monsoon as 96% to 104% of the long-term average. Better-than-expected rainfall has boosted the sowing of key summer crops. The sowing of rice, the most important staple grain, has gone up by 8.7% to 29.85 million hectares until August 13 from a year earlier.

The areas under oilseeds, cotton and sugarcane, too, have gone up as compared to last year. "We can cross the target this year as monsoon rains have been well-distributed, sowing has been higher than last year, water reserves are around a ten-year high level and no district has been affected by either drought or floods. Also, we are extending all possible assistance to eastern states to improve yields," a senior farm ministry official said.

The forecast of a record crop in 2011-12 wouldn't have come at a better time as the government is struggling to curb high food inflation and also preparing to implement a food security law that aims to widen subsidised sales of rice and wheat to the poor in one of its most ambitious populist drives.

A bumper farm output may also help the government salvage its pro-poor image. Although year-on-year food inflation receded to 8.19% in July from 8.38% in June and multi-year-highs in 2010, thanks to a bumper crop last year, the Reserve Bank Of India has raised its key policy rates 12 times since last March to suck extra money from the system, amply suggesting that inflation--partly triggered by high food prices--is still much above the government's comfort level.

A bumper production will at least ensure higher local supplies and protect against any irrational spiralling of prices, even though food inflation hinges on a number of factors, including the increase in state-fixed minimum prices of key commodities and demand.

"It's a positive sign, although it may not have salutary effect on food inflation if the government decides to raise the minimum support prices of grains substantially. Nevertheless, it can give the government a feel-good factor. Also, inflation may come down in the coming weeks due to high base last year," said Madan sabnavis, chief economist at CARE Ratings. India also needs more than 60 million tonne of rice and wheat stocks a year to meet its obligation of supplying cheaper grains to 75% of rural and 50% of urban households under the proposed Food Security Act.

Agriculture secretary P K Basu said the government is offering more assistance to eastern states to boost yield in those regions, which will increase output there. States like Chhattisgarh, Bihar, Orissa and even West Bengal are among the lowest-productive regions in the country.

## **PARLIAMENTARY STANDING COMMITTEE ON COMMERCE IN FAVOR OF FOODGRAINS EXPORT**

Sujay Mehdudia

The Parliamentary Standing Committee on Commerce has expressed "serious concern" over the continued wastage of "huge quantities of foodgrains" and strongly favoured taking up export to fetch farmers remunerative prices for their produce. Expressing concern that rice and wheat stocks were lying waste in godowns for over three years, it recommended that such grains should be distributed at a nominal price, or even free of cost, to needy BPL families, instead of being left to rot. It suggested that the government might also consider a proposal to issue food coupons, in addition to the Public Distribution System.

The committee, headed by Shanta Kumar, MP, said the country was now faced with a new situation — of glut in foodgrains production, with all the major warehouses stocked to the brim. "Huge quantities of grains are being wasted and farmers are scarcely getting returns for their investments. The committee expresses serious concern about the problem and is of the view that under favourable global market conditions, the question of permitting export of foodgrains should be considered as an option to save the farmers from this crisis, to earn valuable foreign exchange and to prevent the produce from going to waste," the committee said in the 98th Report on Export of Foodgrains —Premium Non-Basmati Rice and Wheat presented in Parliament.

The committee said when the total production was much above the total domestic requirement, there being no space for storage and foodgrains being wasted, it was time to review the extant policy of the government so that a decision could be taken on removing the ban on export of wheat and premium quality non-basmati rice.

The committee has suggested that, to ease the situation in godowns, the grains meant for six months' consumption be

released at one go under PDS in order to reduce the Food Corporation of India's burden with regard to storage of food grains.

## **PULSES ACREAGE SHRINKS, DENTS GOVT'S SELF-SUFFICIENCY HOPES**

Ravish Tiwari Tags : Union Ministry of Agriculture, Finance Minister Pranab Mukherjee, Agriculture Ministry Posted: Sun Aug 14 2011, 03:24 hrs New Delhi:

After an all time high of over 18 million tonnes last crop season, production of pulses is set to decline this year as kharif acreage has gone down by over 11 lakh hectares.

Statistics available with the Union Ministry of Agriculture reveal that pulses acreage this kharif has declined by about 11.26 lakh hectares to about 84.49 lakh hectares from about 95.74 lakh hectares at this time last year.

Last season's record harvest was achieved primarily due to a record jump in kharif pulses output, owing, in turn, to a substantial jump in kharif acreage by nearly 20 per cent over the previous year's 95 lakh hectares to about 114 lakh hectares. The kharif pulses output last year was 7.12 million tonnes, eclipsing the previous best of 5.14 million tonnes in 1998-99. The Rabi pulses production also recorded a marginally jump from 10.46 million tonnes the year before to 10.96 million tonnes. The total output stood at a record 18.09 million tonnes.

## **SOYABEAN OUTPUT MAY CLIMB 10%**

Bloomberg

Posted: Thursday, Aug 18, 2011 at 0119 hrs IST

Soyabean production in India, Asia's biggest exporter of the oilseed meal, may climb as much as 10% next year as farmers increase area under the oilseed, a processors' group said. "The crop may be higher by 5% to 10% as area has increased and productivity is also improving," Rajesh Agrawal, spokesman for the Soyabean Processors Association of India, said by phone from Indore. The nation harvested 10.1 million tonnes in the crop year ending September 30, he said.

A bigger crop will boost India's shipments of the meal used in animal and poultry feed to buyers in Southeast Asia and Japan and help reduce the nation's dependence on imports of soyabean oil for the second straight year.

"The crop condition is good so far and we will see a better crop than last year," Agrawal said. "Rains are continuing and have been quite good."

Farmers have planted 10.2 million hectares (25.2 million acres) of soyabean this year, up 12% from the previous season, he said.

Rainfall over Madhya Pradesh, which accounts for about 60% of the nation's soyabean crop, was 29% more than a 50-year average since June 1, according to the India Meteorological Department.

Soyabean prices have surged 30% in the past year in Chicago on concern over the crop in the US, the world's leading exporter, due to dry weather, while soyabean meal futures have advanced 19% in the past 12 months.

Soyabean meal exports from India may surge to 4 million tonne in the year ending September 30, compared with 2.35 million tonne a year earlier, Agrawal said. Shipments totaled 3.7 million tonne in the 10 months through July compared with 1.9 million tonne a year ago, data from the group showed.

"There is good buying from South East Asia and Japan, and now Africa has also emerged as one of the main buyers," he said. "We can expect higher exports next year."

## **TAMIL NADU GOVT DECIDES NOT TO PROMOTE BT COTTON**

**BS Reporter / Chennai August 17, 2011, 0:45 IST**

The Tamil Nadu government has decided not to encourage *Bacillus thuringiensis* (BT) cotton farming in the state. The Centre's Genetic Engineering Approval Committee (GEAC) has been encouraging BT cotton farming across the country in

order to increase the production and remuneration to the farmers. At present, 72 per cent of cotton cultivation of BT variety in the state.

In a statement, Tamil Nadu chief minister J Jayalithaa said that in 2002, the Union government had approved the cultivation of BT cotton. It was felt that BT cotton farming would bring more profit for the farmers, so the state government had bought seeds from the private parties and distributed to the farmers.

In the interim budget, which was presented at the beginning of this month, the state government has said it will continue to encourage BT cotton farming. However the members of the Assembly felt that the BT cotton farming should not be encouraged since it is a genetically modified crop and farmers have also said that it was not giving any promising return.

"Taking these views, this government has decided not to encourage BT cotton farming in the state," said the chief minister.

While welcoming the government's decision, J Thulasidharan, chairman, Southern India Mills' Association (SIMA) said the state government should now ask the Tamil Nadu Agriculture University to do research on a seed that can replace BT cotton, to help the farmers both in remuneration and increase the cultivation.

According to industry sources, in 2010-11 total cotton cultivation area in Tamil Nadu was 121,000 hectares, of which 87,500 hectares under BT cotton farming, which is 72 per cent of the cultivation. While in Gurajat, Maharashtra and other parts, it ranges between 80 and 90 per cent.

On the other side, representatives from the mills have felt it is little surprising that Tamil Nadu has taken this stand. They said the worldwide BT farming was accepted and millions of dollars was spent on it. The system was giving a boost to the cotton cultivation and 90 per cent of cotton produced in the country is under BT, which doubled the cotton cultivation in the country.

BT cotton, developed for control of bollworms, continued to be the only agri-biotech product approved by the Centre since March 2002.

K Koodalingam, chief cotton research and development officer, SIMA-CDRI, said the return for the farmers was going down. He noted the yield was 554 kg in 2007-08 and dropped to 486 kg in 2009-10. "This figure shows farmers are not getting remuneration".

He added that the seeds of BT cotton had also increased to Rs 900-1000 per packet (450 grams) from Rs 750, which was three to four months before. According to Koodalingam, a farmer has to invest around Rs 5,000 for seeds alone in a hectare, which can produce 2.5 tonnes of cotton.

The number of farmers adopting this also increased from 20,000 in 2002 to over six million in 2010 in the country. A report quoting International Service for the Acquisition of Agri-biotech Applications (ISAAA) is a not-for-profit international organisation that shares the benefits of crop biotechnology to various stakeholders, particularly resource-poor farmers in developing countries.

Bt cotton was grown in an area of 9.4 million hectare (ha) in 2010 as compared to 8.4 million ha in the year-ago period, the report added.

#### **MAHYCO DEFENDS ACTION IN BT BRINJAL TRIALS BS Reporter / Chennai/ Bangalore August 17, 2011, 0:33 IST**

Seed company, Mahyco has clarified it has not violated any provision of the Biological Diversity Act, 2002, in its research to develop Bt Brinjal.

Recently, the National Biodiversity Authority of India (NBA) had recommended legal action against Mahyco and Monsanto for violating the biodiversity protection law in promoting Bt Brinjal. "Mahyco has not indulged in any activity which would be a violation of the Biological Diversity Act, 2002," a company statement said.

In a resolution at its meeting on June 20, the NBA had decided to initiate legal action against Mahyco/Monsanto and their collaborators for using the local brinjal varieties in developing Bt brinjal without a prior approval of the competent authorities, the Environment Support Group (ESG) said in a statement here, quoting from the resolution released on Thursday last in New Delhi.

The NBA decision was based on a complaint filed by ESG with the Karnataka Biodiversity Board on February 15, 2011. "The state board investigated the matter and informed NBA on May 28 that six local varieties for developing Bt Brinjal were accessed in the state by the two companies without prior approval," the statement said. The board also recommended legal action against the University of Agricultural Sciences at Dharwad in north Karnataka, Tamil Nadu Agricultural University in Coimbatore, and Sathguru Management Consultants Ltd, representing the consortium involving the United States Agency for International Development and US' Cornell University for collaborating with the seed firms in violation of the Biological Diversity Act (section 4).

The Bangalore-based ESG accused the agencies of illegally accessing 10 varieties of brinjal in Karnataka and Tamil Nadu without the consent of the regulatory boards although it was mandatory to protect the loss of biodiversity from contamination when transgenics are involved.

In addition, the law mandates that when biodiversity is to be accessed in any manner for commercial, research and other uses, local communities who have protected local varieties and have been cultivating for generations must be consulted, and if they consent, benefits must accrue to them as per the internationally applicable 'Access and Benefit Sharing Protocol'.

The environmental release of the first ever Genetically Modified Food (Bt Brinjal — eggplant) in India, promoted by Mahyco (an Indian subsidiary of US-based Monsanto), was stayed by a February 2011 moratorium decision on the product's environmental and commercial release by the then Environment Minister Jairam Ramesh. This decision was the outcome of public opinion gathered in a series of nation-wide public consultations that he held and was also based on a variety of scientific evidence and legal analysis.

## **KEVENTER TO ENTER SKIMMED MILK MARKET**

Shobha Roy

Kolkata, August 14:

In an effort to expand its product portfolio, the Rs 1,800-crore Keventer Group is planning acquisition of two Uttar Pradesh based skimmed milk-makers.

The acquisitions will be part of the group's Rs 350 crore expansion plan. Plans are also afoot to add cheese in product portfolio and scale up milk production to about two million litres a day. "Foraying into the skimmed milk powder segment is our focus area. We have short-listed two factories in Aligarh and Bulandshahar in Uttar Pradesh and are in final stages of negotiations. We hope to firm up deals by November this year," Mr Mayank Jalan, Managing Director, Keventer Agro Ltd, told *Business Line*.

Finance matters

The total acquisition value of both these facilities – manufacturing skimmed milk powder - would be close to Rs 210 crore.

In addition, Keventer would invest Rs 110 crore for the up gradation of the facilities.

The proposed foray would also add to their profitability, as margins on skimmed milk powder are generally higher than that on liquid milk, he pointed out.

Alternate plan

Keventer Agro has an alternate plan of greenfield expansion in Delhi, in case its acquisition attempts do not succeed. “We have an alternate plan for putting up a skimmed milk factory near Delhi at an estimated investment of about Rs 300 crore,” Mr Jalan said. The company was exploring the market for high-end cheese in the country. “We are in talks with an Irish company for adding high-end cheese to our product portfolio,” he said.

Keventer would also look at manufacturing chenna (paneer) to be supplied to the sweetmeat shops. “We have been working on it for the last two years and we are hopeful of launching it soon,” he said.

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