

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

From beverages to noodles, it's expansion time for FMCG firms, *India vegetable oil imports hit a high*, *New govt plan may be sweet for cane farmers*, *Nestle to set up first R&D centre in India*, *Soya crushing surges as heldover stock released*, *Seafood exports to pick up on U.S., Europe demand*, *Borlaug institute to be set up in Punjab*, * India's cotton output to touch record 35 million bales*, *Kharif output to rise 10.4 per cent in 2010-11*.

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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FROM BEVERAGES TO NOODLES, IT'S EXPANSION TIME FOR FMCG FIRMS

Some of the country's leading Fast Moving Consumer Goods (FMCG) companies – they include Nestle, Coca-Cola and Tata Coffee – are investing over Rs 1,800 crore (US\$ 395 million) in the next few months to expand capacity. Nestle India is investing Rs 950 crore (US\$ 209 million) to set up two units to manufacture instant noodles and infant foods in Karnataka and Haryana. Beverage company Coca-Cola India is investing Rs 550 crore (US\$ 110 million) to set up a greenfield beverage plant in the Yadgir district of northern Karnataka. Tata Coffee, as part of its ambition to become a global plantation company, is scouting for coffee plantations in Uganda, Zambia, Ethiopia and Laos. The aim is to ensure that 40 per cent of the company's top line comes from inorganic growth by 2015. If everything goes to plan, around 30 per cent of the company's coffee production will come from overseas plantations.

LINK: [Business Standard, September 24, 2010](#)

INDIA VEGETABLE OIL IMPORTS HIT A HIGH

India, the top buyer of vegetable oils after China, may import a record quantity of soya bean and palm oils for a fourth year. Higher Indian imports will help support a rally in palm oil prices in Kuala Lumpur that have advanced 19% from near an eight-month low in July. Purchases may climb to 9.5 million tones in the year starting November 1, compared with 9 million tones this season, according to Ashok Sethia, president of the Solvent Extractors' Association of India. The country, which relies on imports to meet almost half its annual cooking fat demand, buys palm oil from Indonesia and Malaysia, and soya bean oil from Argentina and Brazil.

LINK: [Financial Express, September 22, 2010](#)

NEW GOVT PLAN MAY BE SWEET FOR CANE FARMERS

In what could pave the way for a handsome increase of up to 30 per cent in incomes of sugarcane farmers, the government is keen to bring in a revenue-sharing formula that will allow the sugar industry to share the upside in revenues from sugar with the farmers. This formula will also take into account revenues from by-products such as molasses and bagasse. Prime Minister Man Mohan Singh, after meeting Food and Agriculture Minister Sharad Pawar earlier this month over sugar decontrol, suggested the formation of a committee to formulate such a sharing mechanism. While farmers will have a guaranteed sugarcane price in the form of the fair and remunerative price (FRP), they will also be a partner in the upside. Sugar mills in the world's biggest sugar producing nation, Brazil, also resort to a revenue-based sharing formula.

LINK: [Business Standard, September 21, 2010](#)

NESTLE TO SET UP FIRST R&D CENTRE IN INDIA

Nestle India on Wednesday announced that its first research and development facility in India would be set up to focus on 'popularly positioned products', as it looks to strengthen its R&D capabilities in emerging markets. The facility, on which Nestle is investing Rs 230 crore (US\$ 51 million), will be the company's 30th worldwide and is expected to be operational by July 2012. To be located at Manesar, Haryana, the R&D centre is looking to further localize Nestle's product portfolio across culinary, cereals, beverages and dairy products. The company is additionally looking at investing Rs 1,000 crore (US\$ 220 million) on scaling up its manufacturing capacities.

LINK: [Economic Times, September 23, 2010](#)

SOYA CRUSHING SURGES AS HELDOVER STOCK RELEASED

With increased availability of soybean from last year's carry over stock, oil mills have increased crushing to 50 per cent of capacity from 35 per cent a year ago. "Soya crushing mills are currently operating with 50 per cent of installed capacity due to a sudden increase in raw material," said Rajesh Agarwal, coordinator of the Indore-based Soybean Processors Association (Sopa). Farmers and stockists had held stocks of nearly 3.5 million tons until July 2010 from last year's total estimated output of 9 million tons. Rainfall was evenly distributed across the major soya planting states including Madhya Pradesh and Maharashtra. Therefore, soya output is forecast to be a bumper this year, as pods have been better and healthy compared to last year when monsoon was deficient. India's output is estimated to rise to 9.5 million tons this kharif season. In Madhya Pradesh alone, output is forecast to touch 6 million tons, a record in the state.

LINK: [Business Standard, September 21, 2010](#)

SEAFOOD EXPORTS TO PICK UP ON U.S., EUROPE DEMAND

Seafood exports from India are on a roll with demand picking up in the US and European market, according to the officials of the Seafood Exporters Association of India (SEAI). Better landing has

helped increase Indian catch, which has also contributed in lowering domestic prices and in turn making India more competitive at the global level. Exports of shrimp to the U.S. market are on a positive note despite the fact the anti-dumping duty has increased after the fourth review. The customs bond has been waived and exporters are returning to the U.S. market. Seafood exports from India have witnessed a sharp increase of 22 per cent in July. During the first four months of FY 2010-11, marine exports stood at \$638 million compared with \$517.40 million in the same period of the last fiscal year.

LINK: [The Financial Express, September 20, 2010](#)

BORLAUG INSTITUTE TO BE SET UP IN PUNJAB

CIMMYT is reported to have decided to set up Borlaug Institute for South Asia at Ladowal farm, near Ludhiana in the state of Punjab, with two satellite stations at Jabalpur (Madhya Pradesh) and Pusa (Bihar). The institute is being set up in memory of Dr. Borlaug, as a tribute to his contribution in wiping out hunger in the world.

LINK: [The Tribune, September 22, 2010](#)

INDIA'S COTTON OUTPUT TO TOUCH RECORD 35 MILLION BALES

India's cotton output is likely to jump to a record 35 million bales in 2010-11, higher than earlier estimates of 32.5 million bales on better yields, according to a leading exporter. Senior officials of agriculture and textile ministries are slated to meet on September 27 to decide export quantities for the 2010-11 season. The exporters feel that the Government may possibly allow exports over and above 5.5 million bales of cotton.

LINK: [The Financial Express, September 23, 2010](#)

KHARIF OUTPUT TO RISE 10.4 PER CENT IN 2010-11

India's total food grain production in the ongoing Kharif season is likely to be 114.63 million tons, 10.4 per cent higher than the drought hit 2009-10. Despite concerns regarding the adverse effect on standing crops due to delayed departure of monsoon and heavy rainfall in the north Indian states, Government of India has painted a positive outlook. Excessive rainfall is reported to have hurt the standing crops of oilseeds like sesame seed and groundnut. A precise assessment of crop loss is yet to take place, although it is feared to be over 25 per cent in sesame and 10 to 15 per cent in groundnut in some areas. According to the Ministry of Agriculture, pulses and cotton are likely to see the highest year on year increase of 39.53 per cent and 39.93 per cent, respectively, this season.

LINK: [Business Standard, September 24, 2010](#)

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