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GAIN Report

Global Agricultural Information Network

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Report Highlights:

Oilmeal exports rise 53 percent in September, *Virus attack eats into soybean crop in Madhya Pradesh*, *FCI to team up with private firms for new warehouses*, *India extends open market sale of grains till March 2011*, *Poultry firms bet on processed chicken*, *Government may raise cotton export cap if output exceeds estimates*, *Support price of pulses likely to be hiked again*, *Indian food chains back with a bang*.

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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OILMEAL EXPORTS RISE 53 PERCENT IN SEPTEMBER

According to data compiled by the Solvent Extractors' Association (SEA) of India, oilmeal exports rose 53 percent in September on improved availability for crushing and a rise in free-on-board realization. Oilseed supplies rose last month as farmers rushed to liquidate their stocks over fear of bumper production in 2010/11. Total oilmeal exports in September, 2010, surged to 354,252 tons compared to 231,297 tons in the corresponding month of the previous year. Soymeal exports rose 32 percent in the first half of the current financial year (April-March) to 852,877 tons, from 644,569 tons in the corresponding period of the previous year. Total oilmeal exports in first half of IFY 2010/11 were up 12 percent at 1.4 million tons. (Source: [Business Standard](#), 10/06/2010; Data on: [Seaofindia](#))

VIRUS ATTACK EATS INTO SOYBEAN CROP IN MADHYA PRADESH

Soybean crop yields will likely be significantly affected by Yellow Mosaic Virus, farmers claimed in Madhya Pradesh. In the Indore region, the soybean crop was affected in 150,000 to 160,000 hectares area resulting in a drastic fall in the total production, a farmer leader said. The Agriculture Department's Joint Director admitted that attack of Yellow Mosaic Virus has affected the soybean crops. "It is feared that the virus attack will reduce soybean crop production by fifty percent" he said, adding a survey is being undertaken to find out how much soybean area was affected due to the virus attack. (Source: [The Hindu](#), 10/05/10)

FCI TO TEAM UP WITH PRIVATE FIRMS FOR NEW WAREHOUSES

The Food Corporation of India (FCI) has decided to set up new godowns across West Bengal, Bihar, Jharkhand, Chhattisgarh and Madhya Pradesh on a public-private partnership (PPP) basis. The FCI Director said: "The proposed godowns, when ready, will help us save food grains from

rotting.” The model had already been successfully implemented in different parts of Punjab and Haryana, he said. Under this project, godowns and warehouses will be constructed by the private partner, and these can then be leased out to the FCI, or the private partner can run the warehouses on a built, own and operate basis. In case the private partner plans to carry out the project on a build, own and operate basis, the FCI will be paying running costs depending on the usage of the warehouse. (Source: [Hindu Businessline](#), 10/06/10)

INDIA EXTENDS OPEN MARKET SALE OF GRAINS TILL MARCH 2011

The Government of India has extended the open market sale of grains by another six months till March 2011 to check prices during the festival season. The initiative has received a lukewarm response from traders and state governments. According to a food ministry official, India’s wheat stocks are 32 million tons, far above strategic reserves and buffer stock norms. The demand for the Open Market Sale Scheme (OMSS) should pick up in the next few weeks as consumption grows during festival season. The Government has also been trying to sell a part of its excess stocks through OMSS to create additional storage space ahead of the paddy (de-husked) procurement season that started in October. (Source: [Financial Express](#), 10/05/2010)

POULTRY FIRMS BET ON PROCESSED CHICKEN

In India, most chicken is sold live in retail outlets. However, this could change in a few years if various factors lead to increased consumption of processed chicken. Currently ‘live birds’ sales makes up 97 per cent of the poultry market with only institutional buyers opting for processed chicken. According to the Managing Director of an established poultry farm in Coimbatore, Tamil Nadu, “things are heading towards a situation where consumers will have to opt for the purchase of processed chicken only. The Chennai Corporation has stopped giving licenses to new outlets where chicken will be sold live. In Delhi, slaughtering has been banned though its implementation is yet to be speeded up.” (Source: [Hindu Business Line](#), 10/06/2010)

GOVERNMENT MAY RAISE COTTON EXPORT CAP IF OUTPUT EXCEEDS ESTIMATES

The Government of India may raise the cotton export cap of 5.5 million bales, if production exceeds the estimate of 32.5 million bales. The domestic textiles industry is likely to consume 22 million bales this year. Earlier, the government had announced that duty free exports of 5.5 million bales would be allowed in the current cotton marketing season. The commerce ministry had said that exports beyond 5.5 million bales would attract a duty. To curb exports in the wake of rising domestic prices of cotton, a duty of 56b USD per ton was imposed. The textiles commissioner has started registration of cotton export contracts from October 1. The shipments will start from November 1. The registration will stop the moment the ceiling of 5.5 million bales is reached. (Source: [Business Standard](#), 10/07/2010)

SUPPORT PRICE OF PULSES LIKELY TO BE HIKED AGAIN

The support price for wheat is likely to be hiked in the rabi season (winter crop), while the procurement rate for pulses could go up sharply, as the government wants to reduce dependence on imports for this commodity. The proposal to increase the MSP of rabi crops is likely to be placed before the Cabinet Committee on Economic Affairs (CCEA) this week, sources said. The government aims to increase pulse output by 2 million tons in the 2010-11 crop year to 16.5 million tons. To achieve this, the GOI had raised the MSP of kharif pulses significantly and now plans to do the same for rabi pulses. Higher support prices for Sharif pulses (summer crop) had resulted in a sharp jump in acreage under cultivation and production is estimated to rise to 6 million tonne in the kharif season of the 2010-11 crop year. In the case of wheat, the ministry plans to give only a slight hike to the MSP, sources said. (Source: [Financial Express](#), 10/06/2010)

INDIAN FOOD CHAINS BACK WITH A BANG

Home-grown food chains are setting a scorching pace in terms of expansion plans, giving their MNC counterparts like McDonald's, Pizza Hut and KFC a tough challenge. Several Indian food chains have adopted international standards and have spruced up their menus, hygiene levels and premises to evolve as spanking new brands. The catalyst for this revival was a McDonald's store. When the first one opened in Delhi, it prompted Bikanervala MD Shyam Sunder Aggarwal to consider that the right ambience and quality standards, marinated with local food, could produce similar results. While many other players such as Bikanervala, The Great Kabab Factory and Rajdhani have also made their presence felt abroad, Punjab Grill and Delhi-based Pind Balluchi will soon be joining them. (Source: [Financial Express](#), 10/04/2010)

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IN1097	Treenuts ANNUAL	10/07/2010

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