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### Weekly Highlights and Hot Bites No. 46

#### Report Categories:

Agriculture in the News

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#### Report Highlights:

\*Food inflation climbs to 13.68 percent\*, \*GOI increases wheat support price\*, \*No plan to import rice at high prices\*, \*Government allows duty-free raw sugar imports until January 2011\*, \*CCEA refuses to budge on 5% ethanol blending\*, \*Wal-Mart keen on opening 40 more stores\*, \*Government to regulate trans fats in packaged foods\*, \*Apples from Afghanistan to hit shelves\*.

#### 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.

### **FOOD INFLATION CLIMBS TO 13.68 PERCENT**

Potato and onions prices rose by 42.58 percent on a year-on-year basis, leading food inflation to climb to 13.68 percent for the week ended October 31. Other food items also experienced a double-digit increase on a year-on-year basis, including pulses (22.73 percent), rice (16.63 percent) and milk (10.3 percent). However, prices of non-food articles declined by 0.17 percent. (Source: Business Line, 11/13/09)

### **GOI INCREASES WHEAT SUPPORT PRICE**

The GOI has established the minimum support price (MSP) of wheat for MY 2010/11 (Apr-Mar) at Rs. 11,000 (\$230) per ton, an increase of Rs. 200 per ton over the MY 2009/10 support price. The increase is moderate relative to the Rs. 600 to Rs. 1,500 per ton annual increase in the last few years. Besides wheat, the government also established the MSP for other rabi (winter) season crops. The MSPs for rapeseed/mustard and lentils remain unchanged at Rs. 18,300 (\$390) and Rs. 18,700 (\$398) per ton respectively. The MSPs for chickpea, safflower, and barley have been raised to Rs. 17,600 (\$375), Rs. 16,800 (\$358) and Rs. 7,500 (160) per ton respectively. (Source: Business Line, 11/06/09)

### **NO PLAN TO IMPORT RICE AT HIGH PRICES**

MMTC Ltd. has no plans to import rice at high prices and the matter was referred to government, according to its Chairman & Managing Director. The company opened bids to import 10,000 tons of rice on November 9. Besides MMTC, STC and PEC, which had also issued tenders to import rice, also opened tenders on this day. The three companies received a total of 18 bids in the price range of \$372.70 to \$598.75 per ton (CIF). "All three Indian companies entering the market together pushed up global price," the MMTC Chairman said. His company's decision not to accept bids at those levels is likely to cool international prices, he added. (Source: Business Line, 11/12/09)

### **GOVERNMENT ALLOWS DUTY-FREE RAW SUGAR IMPORTS UNTIL JANUARY 2011**

On November 11, 2009, the government allowed duty-free imports of raw sugar until January 2011 to improve the sugar supplies and contain increasing sugar prices. Earlier, raw sugar

imports at zero duty were allowed until March 2010. The extension of the duty free period will allow local sugar mills to contract raw sugar on long term basis. (Source: Financial Express 11/12/09)

### **CCEA REFUSES TO BUDGE ON 5 PERCENT ETHANOL BLENDING**

The Cabinet Committee on Economic Affairs (CCEA) turned down a proposal from the Ministry of Petroleum and Natural Gas to defer the mandatory blending of ethanol with petrol. The CCEA has asked the ministry to ensure that the oil marketing companies implement this decision, as it is seen to be environment friendly. The government had initially mandated ethanol blending with petrol at a 5 percent ratio, which was further raised to 10 percent in October 2008. However, the oil marketing companies have failed to achieve even the 5 percent blending due to shortage of ethanol. The petroleum ministry suggested some modification and asked the government to reconsider the policy. The CCEA has set up a small group of officials from the ministries of petroleum, food & consumer affairs, and new renewable energy to ensure that there are no supply problems for 5 percent blending of ethanol in petrol (Financial Express 11/13/09)

### **WAL-MART KEEN ON OPENING 40 MORE STORES**

Wal-Mart Stores Inc. plans to open 40 more cash and carry stores in India. Wal-Mart has a wholesale joint venture with the Bharti group and opened its first wholesale store in Amritsar on May 30, 2009. According to the Commerce and Industry Minister, Wal-Mart is satisfied with their results in India and is looking to expand their business. He further said that this would be a positive development from the farmers' perspective and would help to create employment. (Source: The Business Line, 11/09/09)

### **GOVERNMENT TO REGULATE TRANS FATS IN PACKAGED FOODS**

The government has decided to limit the amount of trans fats in packaged foods. The Food Safety and Standards Authority of India (FSSAI) will discuss this matter at a meeting on November 26 and will come up with a draft regulation. This is one of the steps the FSSAI is introducing to check the claims of processed foods manufacturers. The government thinks that with more income in hand, Indians are increasingly consuming processed foods which may have a high degree of trans fats. Trans fats are found in biscuits, breads, confectionary, fast foods, fried food, street foods, and in the foods served in restaurants and hotels. (Source: The Business Standards, 11/12/09)

### **APPLES FROM AFGHANISTAN TO HIT SHELVES**

According to the Indian Ambassador to Afghanistan, 20 tons of Afghan finest apples will hit Indian

supermarkets and stores. Interestingly, apples being shipped happen to be from provinces hit by terrorist violence. The Agricultural Minister of Afghanistan conveyed that apple consignments to India were “an important breakthrough for Afghan exports and for its farmers.” (Source: Asian Age, 11/13/09)

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

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
IN9143	Weekly Highlights & Hot Bites, #45	11/06/09
IN9144	Amendment to the PFA Rule Relating to Food Labeling and Additives	11/06/09
IN9145	India Declares Itself NAI (H5N1) Free	11/06/09
IN9146	Rice Monthly Update - November	11/13/09
IN9148	Draft Code of Self Regulation in Food Advertisement	11/12/09
IN9149	Coffee: Semi-Annual	11/13/09

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