

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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**Date:** 1/28/2011

**GAIN Report Number:** IN1108

## India

**Post:** New Delhi

### Weekly Highlights and Hot Bites No. 4

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

\*Costlier vegetables keep food inflation on the boil\*, \*Plan Panel Committee likely to peg ethanol price at rs.30/liter\*, \*Economy to grow 8.7 percent in 2010-11, finds Survey\*, \*National Advisory Council (NAC) releases draft Food Security Bill for debate\*, \*Move to introduce FDI in retail trade opposed\*, \*India's Food and Agriculture Minister asks private companies to supply milk powder to Mother Dairy\*, \*Seafood produce lags export demand\*, \*Online plant quarantine services launched\*.

### **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.

### **COSTLIER VEGETABLES KEEP FOOD INFLATION ON THE BOIL**

Food inflation, based on the wholesale price index, rose 15.6 percent from the week ending on January 15, higher than the previous weeks 15.5 percent, largely on rises of vegetables, fruits, dairy items and poultry prices. Cereal prices also increased marginally on higher rice prices. The latest food inflation surge is likely to put further pressure on the government to rein in the food prices. The Reserve Bank of India in its quarterly review this week has raised its inflation estimate from 5.5 percent to 7 percent by end March, 2011. (Source: [Hindu Business Line](#), 01/28/2011)

### **PLAN PANEL COMMITTEE LIKELY TO PEG ETHANOL PRICE AT RS 30/LITER**

An expert committee which is aiming at a mandatory 5-10 percent ethanol blending program (currently non-mandatory for different states) under the Planning Commission is likely to peg the price of ethanol in the range of Rs 28-30 a liter (currently priced at Rs 27 a liter). Rising prices of sugarcane have triggered the need for a higher price of ethanol. The committee is likely to work out a formula for reviewing ethanol prices on quarterly basis and linking its price to those of petrol or crude, sugarcane and sugar which eventually will address volatility and current market trends. The committee may also propose to open up imports of ethanol for petroleum companies under open general license (OGL) and waive the import duty from the current 7.5 percent, besides strengthening port infrastructure for storage of ethanol, quality control measures, and incentives like low-cost loans for agri-ethanol firms to encourage ethanol production. Oil companies have so far contracted 700 kilolitres of ethanol as against the annual estimated demand of 1,000 kilolitres from the sugarcane-based ethanol manufacturers. (Source: [Business Standard](#), 01/26/2011)

### **ECONOMY TO GROW 8.7 PERCENT IN 2010-11, FINDS SURVEY**

According to the Reserve bank of India's (RBI's) survey conducted in December 2010, India's gross domestic product is expected to grow 8.7 percent this year. The previous survey showed a growth rate of 8.5 percent. Higher exports, buoyant demand, a rise in sales and new orders were factors that provided a boost to overall expectations. The survey revised growth estimates for the agricultural sector from 4.6 percent to 5 percent, but a persistently high rate of inflation can dent growth and distort the picture. (Source: [Business Standard](#), 01/25/2011)

### **NATIONAL ADVISORY COUNCIL (NAC) RELEASES DRAFT FOOD SECURITY BILL FOR DEBATE**

The Sonia Gandhi-headed National Advisory Council has released a part of the draft National Food

Security Act <http://nac.nic.in/foodsecurity/foodsecurity.htm>. A National Food Security Act was promised by President Pratibha Patil as the United Progressive Alliance came to power for a second time in 2009. The draft law has two thrust areas — one on food entitlements and related matters and the second on grievance redressal. Under the first part, the draft outlines the entitlements of food and how they would be realized through specific food-related schemes. The specific schemes include PDS reform and other enabling provisions such as revitalization of agriculture, universal health care and universal access to safe drinking water, among others. The second part of the bill has specifics of the grievance redressal on the essential provisions and the institutional setup required. (Source: [Economic Times](#), 01/23/2011)

### **MOVE TO INTRODUCE FDI IN RETAIL TRADE OPPOSED**

The Confederation of All India Traders (CAIT) staged a protest at Jantar Mantar, New Delhi here on Thursday to protest against the proposed move of the Union Government to allow entry of global retailers into retail trade through Foreign Direct Investment. The traders' body demanded that the Government impose a blanket ban on entry of multi-national companies and big corporate houses into retail trade and cited the recommendations of the Parliamentary Standing Committee on Commerce which raised reservations on allowing FDI in retail. (Source: [Hindu](#), 01/28/2011)

### **INDIA'S FOOD AND AGRICULTURE MINISTER ASKS PRIVATE COMPANIES TO SUPPLY MILK POWDER TO MOTHER DAIRY**

India's Food and agriculture minister Sharad Pawar recently reviewed the milk situation in the country and asked the private companies to supply milk powder to Mother Dairy for improving the domestic availability during the summer season. Skimmed milk powder is stored now for use in summer season, when demand normally shoots up. After meeting with skimmed milk powder manufacturers, Pawar said, "They (SMP makers) are ready to give milk powder to Mother Dairy to enhance the milk supply". The dairy industry also told Pawar that there is no shortage of milk in the country as farmers are getting a better price this year. "

Milk prices have gone up by about 20% in the last year in India. According to sources, the price and quantity of milk powder that SMP makers would supply to Mother Dairy will be decided in the next meeting. Mother Dairy, a wholly owned company of the National Dairy Development Board (NDDDB), markets more than 2.2 million liters of milk daily in Delhi and surrounding areas of Western Uttar Pradesh and Haryana, Mumbai and Hyderabad. Mother Dairy Milk has a market share of 66% in the branded sector in Delhi where it sells 2 million liters of milk daily through 10,000 retail outlets. Meanwhile, the government has withdrawn duty benefits for milk products like SMP and casein with immediate effect, to augment domestic availability and curb prices. (Source: [Financial Express](#), January 26, 2011)

### **SEAFOOD PRODUCE LAGS EXPORT DEMAND**

The Seafood Exporters Association of India (SEAI) has said that India needs to rapidly increase the supply of fish and fisheries products to keep pace with the demand for these products. According to SEAI, the global and domestic demand for fish is increasing rapidly. However supply is not keeping pace due to low productivity and lesser operational efficiency. Yields in Vietnam are as high as 250 tons per hectare for some species while Indian productivity lags behind at 50 ton. According to a report by the National Fisheries Development Board (NFDB), the marine capture fisheries are showing a stagnating trend. Increase in catch has to therefore come from alternative sources such as deep-sea fisheries, aquaculture from freshwater and brackishwater resources, reservoirs and mariculture.

(Source: [Financial Express](#), January 24, 2011)

### **ONLINE PLANT QUARANTINE SERVICES LAUNCHED**

On January 24, 2011, the Government of India launched an online plant quarantine service to help importers and exporters of plant materials for more efficient and transparent delivery of services. An official statement from the Government said, "now the importers and exporters can register and apply online and also see the progress and current status of their applications online". The online facility is available at <http://plantquarantineindia.nic.in>.

(Source: [Financial Express](#), January 25, 2011)

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

REPORT #	SUBJECT	DATE SUBMITTED
IN110	Weekly Hot Bites, #3	01/21/2011

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