

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Increasing milk and cereal prices continue to drive food inflation, *Draft bill on Food Security excludes enforceable right to nutrition*, *Basmati exports may rise 55 percent in IFY 2009/10*, *Indian aquaculture exports may be subject to testing by the EU*, *AP farmers say no to hike in Bt cotton seed prices*.

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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INCREASING MILK AND CEREAL PRICES CONTINUE TO DRIVE FOOD INFLATION

Driven by higher prices of milk, wheat, rice, and vegetables, food inflation rose marginally to 17.87 percent for the week ended February 20 against the previous week's 17.58 percent. On an annual basis, the prices of rice increased 10 percent, wheat 14 percent, pulses 35 percent, onions 11 percent and potatoes 28 percent. During the week, the price of milk rose by one percent and fish by three percent, while prices of fruits and vegetables, chickpea, and barley eased by three percent. Tea, wheat, eggs and pigeon pea prices fell by one percent. (Source: Business Line, 03/05/10)

DRAFT BILL ON FOOD SECURITY EXCLUDES ENFORCEABLE RIGHT TO NUTRITION

The draft bill of the Food Security Act prepared by the Food Ministry has fallen foul of both the Supreme Court (SC) directive and the draft sent by Congress Party President Sonia Gandhi to the Prime Minister's Office. With the Food Ministry establishing 25 kg as the quantum of food grains to be given to the vulnerable sections against the SC directive of 35 kg. The draft is also likely to attract the ire of state governments. While the states have already distributed more than 100 million Below Poverty Line (BPL) cards, the Central government's estimate of BPL families is only 65.2 million. The central government also wants to maintain some flexibility in the price of subsidized food grains. While the Congress party had said in its election manifesto that the rations would be available at Rs. 3 per kg, the Food Ministry is inclined not to mention the exact price so as to give it the option of providing subsidized grains at a higher price. The Bill, unlike what the Congress President had suggested in her note, limits itself to distribution of wheat and rice and does not take a wider view of nutritional security. In fact, the Ministry has decided to define food security in a way that would exclude any enforceable right to nutrition. (Source: Times of India, 03/01/10)

BASMATI EXPORTS MAY RISE 55 PERCENT IN IFY 2009/10

India's basmati rice exports in the financial year ending March 31, 2010, are likely to grow nearly one million tons over the previous year amid a rapid increase in global demand for this premium variety, a senior industry official said. "Basmati exports can touch 2.5 to 2.8 million tons, as against 1.8 million tons last year, as demand for Pusa 1121 is rising all over the world," said Vijay Setia, former president of the All India Rice Exporters' Association. The Pusa 1121 variety, which accounts for 60 percent of basmati exports, was developed by ICAR and released for commercial cultivation in 2003. At present, this variety covers 900,000 hectares, accounting for 60 percent of total area under basmati rice. "The country is likely to produce 4 million tons basmati in 2009-10, as against 3 million tons last year, largely because of increase in area under the crop due to better return to farmers," Setia said. (Source: Business Standard, 02/19/10)

INDIAN AQUACULTURE EXPORTS MAY BE SUBJECT TO TESTING BY THE EU

Finding fault with the residue monitoring and testing methodology employed by India, the European Union might decide to randomly check 20 percent of Indian aquaculture exports to the region. According to the Seafood Exporters Association of India (SEAI), implementation might commence from April. The problem arose mainly due to the recurrent rejections of cultured scampi exports to the EU in the early part of last year. The industry was confident that the testing would pose no difficulty for black tiger shrimp exports. The introduction of field-level testing of scampi at the production level is also expected to at least partly alleviate the problem. But the proposed move, if it materializes, would prove a major barrier to Indian exporters and an inherent advantage to competitors. India Exports to the EU consist mainly of squid, cuttlefish and shrimp. While squid and cuttlefish exports are mainly caught wild from the seas, shrimps are almost always sourced from farm aquaculture. While black tiger shrimp farming has so far caused no significant difficulties, problems with scampi culture could pose a problem to Indian aquaculture exports as a whole. (Source: Business Line, 03/04/10)

AP FARMERS SAY NO TO HIKE IN BT COTTON SEED PRICES

Cotton farmers and seed companies in Andhra Pradesh are at loggerheads again. All eyes are now on Andhra Pradesh to see what will happen if the State Government decides to intervene again as it did in 2006. The seed companies are demanding Rs 200-a-packet increase on Bt 1 and Bt 2 seeds. The farmers' associations, on the other hand, have threatened to launch State-wide agitations if prices are hiked. The issue has a bearing on cotton farmers across the country as the State is the major player in seed production and the kharif season is set to

begin. The State Government is engaged in a series of discussions with farmers, seed companies and other stakeholders to arrive at a decision. (Source: Business Line. 03/04/10)
<http://www.thehindubusinessline.com/2010/03/04/stories/2010030452971800.htm>

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