

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

India under fire over restrictions on cotton exports, *Inflation, wheat prices head in opposite direction*, *PM's food panel bets big on farm biotech*, *Egg exports drop by a third in 2010 as Middle East keeps door closed*, *Inflation eases to 7.48% in November*, *India's veg-oil import decline by 11 percent in November, 2010: SEA*, *Government of India to allow 500,000 tons of sugar export*, *Area under organic farming up at 10 L HA*.

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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INDIA UNDER FIRE OVER RESTRICTIONS ON COTTON EXPORTS

Textile groups from over 14 countries have protested against quantitative restrictions on cotton exports from India which is affecting global prices. Besides US textile industry and EU textile groups, textile groups from 10 Latin American countries have also called for action against India for violating WTO rules by restricting cotton exports. The group claims that the Indian government is subsidizing its textile and apparel exports sectors by restricting exports and there is a price difference of 16 cents per lb. between the cost of cotton to Indian textile industry and the world price of cotton. (Source: [Financial Express](#), 12/16/2010)

INFLATION, WHEAT PRICES HEAD IN OPPOSITE DIRECTION

Wheat prices are set to rise in the coming year as unseasonal rains over the past two months and late harvesting of paddy have resulted in lower planting compared to last year. According to the latest planting data released by the government, area under wheat is estimated at 20.7 million hectares, down by 3 percent compared to the same period last year. The agriculture ministry has attributed the fall in wheat acreage to late harvesting of the contingency crops in drought hit regions such as east U.P. (Source: Economic Times, 12/11/2010)

PM'S FOOD PANEL BETS BIG ON FARM BIOTECH

A working group set up by the Prime Minister submitted a report stating that a second green revolution would not be possible without biotechnology led breakthroughs. The group is led by Haryana Chief Minister and includes chief ministers of the states of Bihar, Punjab and West Bengal was set up to look into the ways to bring down food prices. The group also recommended soft loans for farmers at interest not more than 4 percent, and called for the minimum support prices to be set up 50 percent higher than the cost of cultivation. (Source: [Hindustan Times](#), 12/16/2010)

EGG EXPORTS DROP BY A THIRD IN 2010 AS MIDDLE EAST KEEPS DOOR CLOSED

Egg exports from India have dropped by a third in the first eleven months of 2010 compared to the same period last year as the Middle Eastern market remains closed due to non-tariff barriers. Average exports have come down to 62.5 million eggs a month in 2010, compared to 90.3 million eggs a month in 2009. In the first eleven months of 2010, exports have come down to 687.9 million eggs compared to 952.4 million eggs during the period last year. While it is perceived that middle eastern imports have been banned due to health reasons, traders in

India's poultry hub, Namakkal (Andhra Pradesh), say the Gulf countries are trying to promote their farmers by not lifting the ban on Indian eggs. Earlier, India exported an average of 100 containers (each holds 0.475 million eggs) every month to the Middle East but at present it has dropped to negligible quantities. Only Bahrain and Oman have begun importing eggs after the last bird flu scare in India. (Source: [Economic Times](#), 12/16/2010)

INFLATION EASES TO 7.48% IN NOVEMBER

A gradual easing in the food price spiral brought down overall inflation to an 11-month low at 7.48 per cent in November from 8.58 per cent in the previous month, raising hopes that it will eventually decline to the desired level of about 5.5-6 per cent by the end of the fiscal year. Voicing satisfaction over reining-in inflation, Planning Commission Deputy Chairman Montek Singh Ahluwalia said: "inflation is comfortable. I think it does vindicate the government's proposition that we are not facing accelerating inflation or inflation that is out of control".

The Wholesale Price Index data released here on December 14 shows that, barring onion prices which have increased by over 29 per cent on an annual basis, prices of most other food items either declined or changed very little. (Source: [The Hindu](#), 12/15/2010)

INDIA'S VEG-OIL IMPORT DECLINE BY 11 PERCENT IN NOVEMBER, 2010: SEA

According to the press release from Solvent Extractors' Association of India (SEA), due to good monsoon rains and the consequent increase in availability of oilseeds in the domestic market, India's vegetable oil imports have declined by over 11 percent to 668,000 tons in November. India imported 753,000 tons of vegetable oil in November last year, SEA said in a statement. Imports of vegetable oil during Oil Year 2009-10 (November 2009-October 2010) increased by 6.6 percent to 9.24 million tons from 8.66 million tons in the same period of the previous oil year. (Source: [Business Standard](#), 12/16/2010)

GOVERNMENT OF INDIA TO ALLOW 500,000 TONS OF SUGAR EXPORT

The sugar industry can finally heave a sigh of relief on exports with Food and Agriculture Minister Sharad Pawar announcing that the Centre will allow the export of half million tons of sugar this fiscal against a backdrop of high global sugar prices. A hike of Rs 90 per quintal in levy sugar (2.8mt annually) price to industry, long frozen but hiked in 2009-10, was also announced and could spell an additional outgo of around Rs 25 billion for the Centre which buys from mills at subsidized rates for its welfare programs. But it would allow higher liquidity to the industry, which has had to supply bank guarantees on the ethanol front and higher borrowing limits to mills to facilitate early clearing of cane payment arrears to farmers. (Source: [Economic Times](#), 12/15/2010)

AREA UNDER ORGANIC FARMING UP AT 10 L HA

The Union Minister of State for Agriculture, Professor K.V. Thomas, said that organic cultivation in the country has made reasonably good progress in the last few years, as area under agriculture under certified organic farming has grown from 42,000 hectares in 2003-04 to 1.05 million hectares in 2009-10. Nine States, including Kerala, had drafted policies for organic farming promotion. Among them, Sikkim, Mizoram and Uttarakhand have declared their intention to go 100 per cent organic in due course. The Minister also underlined the need for using advanced technologies in farming, post-harvest handling, packaging and cold chain management. With demand for organically grown food increasing in domestic and international

markets, there is need to tap this opportunity to reap benefits for farmers, he added. (Source: [Hindu Business Line](#), 12/14/2010)

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REPORT #	SUBJECT	DATE SUBMITTED
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