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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, #27

2003

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#### Report Highlights:

**\*India allows duty-free imports of alcoholic beverages by hotel sector\*, \*India's imports of fruits and veggies almost double\*, \*Government grain stocks down\*, \*Ag Ministry for no change in paddy support price\*, \*ICAR refutes claims of higher protein in GM potato\*, \*Sugar mills association opposes GM sugarcane\*, \*Biotech market to reach \$6.75 billion by 2010: report\*, \*MNCs march into edible oil market\*, \*Edible oil imports decline in June\*, \*Oilseeds output estimate pared\*, \*ICAR to roll out a grand scheme for genetic crops\*, \*GEAC named "The Seeds of Trouble"\*, \*Bangladesh: Food grain imports increase by 33 percent during FY03\*.**



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 in this report. Significant issues will be expanded upon in subsequent reports from this office.

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## **INDIA ALLOWS DUTY-FREE IMPORTS OF ALCOHOLIC BEVERAGES BY HOTEL SECTOR**

With immediate effect, the Directorate General of Foreign Trade (DGFT) clarified that luxury hotels are allowed duty-free imports of beverages & spirits (chapter 22 of the ITC HS classification) for in-house consumption. The new amendment will provide a duty relief of 150 percent to 385 percent on imports of foreign liquor, wine, and beer by the hotel industry (three star and above). The hotel industry is the major importer and user of alcoholic beverages in India. (Source: DGFT, Ministry of Commerce, Government of India)

*Post Comment: Post is examining the impact of this policy development, and will soon submit a detailed report.*

## **INDIA'S IMPORTS OF FRUITS AND VEGGIES ALMOST DOUBLE**

Imports of fruits and vegetables during Indian fiscal year 2002/03 jumped to rs. 17 billion (\$368 ), nearly double compared to rs. 9.3 billion (\$201) during 2001/02. Neatly packaged, branded, and graded foreign fruits and vegetables are entering the market, and include not only the exotic asparagus and melons, but also the commonly grown apples, grapes, and cauliflower. Industry experts report that these imported graded and branded products look good in displays and appeal to have a consumers. The increasing number of western style fast food establishments in the country also support imports these imports. Some industry groups have expressed concern over the surge in imports as it would be at the cost of local produce. They have also expressed concerns that Indian ports may be ill-equipped to screen these foreign produce for pest and diseases. (Source: Economic Times 07/02/05)

## **GOVERNMENT GRAIN STOCKS DOWN**

Government grain stocks on June 1, 2003, are estimated at 39.8 million tons compared with the record stocks of 64.8 million tons a year ago. Rice stocks dropped sharply to 13.2 million tons from year-ago levels of 23.4 million tons, and are projected at 7 million tons on October 1, which is close to the government's desired minimum buffer stock level of 6.5 million tons. After having emerged as the world's second largest rice exporter in CY 2002, the current situation puts into question India's position in the world rice market this year. (Economic Times, 07/02/03; Financial Express, 07/01/02)

## **AG MINISTRY FOR NO CHANGE IN PADDY SUPPORT PRICE**

The Agriculture Ministry has recommended the minimum support price for paddy (unmilled rice) for the 2003/04 marketing year be maintained at last year's rs. 5,500 (\$119) per ton (which included a one time special drought relief of rs. 200 per ton), in effect institutionalizing the "special drought relief". This recommendation has been forwarded to the Cabinet Committee on Economic Affairs for a final decision. (Economic Times, 07/01/03).

*Post Comment: It is unclear whether the proposed support price applies to both the common and Grade A varieties. Last year the support price for Grade A variety of paddy was rs. 5,800 (\$125.5) per ton.*

## **ICAR REFUTES CLAIMS OF HIGHER PROTEIN IN GM POTATO**

The Director General of the Indian Council of Agricultural Research, Dr. Mangla Rai, refuted the claims of the developers of the genetically engineered potato that it contains 40 percent more protein than the traditional varieties, saying it needs to complete its trials. (Source: Financial Express, 6/30/03)

*Post Comment: This runs counter to Dr. Manju Sharma's, Secretary, Department of Biotechnology, latest assurance in a recent press interview that the biotech potato will be released for commercial cultivation within six months. Dr. Sharma also mentioned that it will be included in the mid-day meal program for school children, as it contains 40 percent more proteins than the traditional varieties.*

## **SUGAR MILLS ASSOCIATION OPPOSES GM SUGARCANE**

The Indian Sugar Mills Association (ISMA) stated that the country should not grow any genetically engineered sugarcane, even if it were to boost sugar production. The Director General of ISMA, Mr. SL Jain, said, "Planting of GM sugarcane should be avoided in the country, as many importing countries have started rejecting GM foods." He particularly said that in the context of Japan. ISMA is currently trying to tap new markets in Japan, and those importers specifically said that imports are possible only if it is assured that the sugar is not from genetically engineered sugarcane. He said that a Japanese delegation would soon be visiting India to find out whether any genetically engineered cane is grown in India. (Source: Financial Express 6/30/03)

*Post Comments: For the first time a food processing association stated its opposition to the cultivation of genetically engineered crops, used as raw material in their industries, citing that it might affect their export potential to countries wary of genetically engineered food products.*

## **BIOTECH MARKET TO REACH \$6.75 BILLION BY 2010: REPORT**

According to a report by a major market research consultancy firm, India's total biotechnology market is likely to grow \$6.75 billion by 2010. The Indian market for biotech products in agriculture, therapeutics, diagnostics, chemicals, and environmental applications was estimated at

\$2.5 billion in 2002. The report mentions that the country's biotech industry, especially in the human and agricultural sectors, is expected to be an important growth engine for the life sciences. According to a top-level official involved in the study, the lack of a clear vision, the lack of focus in basic research, and weak industry-academia linkages are the key hurdles for the Indian biotech industry. (Source: Business Line 6/30/03)

### **MNCs MARCH INTO EDIBLE OIL MARKET**

Major Multinational Companies (MNCs) in global edible oil marketing - Bunge Agribusiness, Cargill Foods, Archer Daniel Midlands, Con Agra, Wilmar, Felcra Berhard, Premier Vegetable oil, Acalpo Wilmar, Kuok, and Feld Palm Industries are now in India. They are currently setting up large refineries, buying up local brands, and building country-wide distribution networks. The latest to join the party is Bunge Agribusiness, which had already been importing and trading edible oils in India: it bought a \$19 million Indian brand to enter the domestic edible oil market. (Source Economic Times 7/01/03)

### **EDIBLE OIL IMPORTS DECLINE IN JUNE**

India's vegetable oil imports are estimated at 540,000 tons in June 2003, according to a preliminary estimate by a vegetable oils industry portal. This is a sharp decline from the previous month's record imports of 725,000 tons. June imports were comprised mainly of 237,000 tons of crude palm oil, 138,000 tons of crude palmolein, 104,000 tons of crude degummed soybean oil, and 39,600 tons of refined palmolein. July imports are projected at the same level as June, but imports during August and September could witness a rise due to festival demand. MY 2002/03 (Nov - Oct) imports are projected at 5.3 - 5.4 million tons, up sharply from year-ago imports of 4.4 million tons. (Source: Business Line 7/2/03)

### **OILSEEDS OUTPUT ESTIMATE PARED**

The Central Organization for Oil Industry and Trade (COOIT) has lowered its oilseeds output estimate to 15.4 million tons down from its March 2003 estimate of 16.1 million tons. The Chairman of COOIT, Mr. Sandeep Bajoria, said that the crop size was lowered due to a sharp fall in productivity, resulting from poor ground moisture levels and worsened by the drought situation. (Source: Business Line 7/2/03)

### **ICAR TO ROLL OUT A GRAND SCHEME FOR GENETIC CROPS**

The Chief of Indian Council for Agricultural Research (ICAR), Dr. Mangla Rai, in a recent news conference said, "ICAR firmly believes transgenics will be the order of the day as we go along." He mentioned that biotechnology would be used as powerful tool where the conventional technology had failed to solve the problems. An ICAR project, "Network Project on Transgenics", will cover about 20 ICAR centers/institutes spread across the country, and will identify a team, train it, equip it with state-of-the-art equipment, and let it work on crops such as rice, cotton, chick pea, pigeon pea, banana, papaya, tomato, potato, and brinjal. (Source: Times of India 7/3/03)

**GEAC NAMED "THE SEEDS OF TROUBLE"**

Mr. Sharad Joshi, a vocal leader of the farm movement, writes that the Genetic Engineering Approval Committee (GEAC) is creating new webs at each of its meetings in which it is getting more and more entangled. The article cites the example of a recent meeting of the GEAC, which looked into the clearance of the Rasi hybrid Bt cotton seed for commercial release. There it armed itself with the power to determine the economic viability of Genetically Modified Organism (GMOs). Further, the GEAC claimed the power to approve not only the genes but also the vehicle hybrid seeds. (Source: Business Line 7/3/03)

**BANGLADESH: FOOD GRAIN IMPORTS INCREASE BY 33 PERCENT DURING FY03**

The Center for Policy Dialog in Bangladesh recently reported that the foodgrain imports increased significantly through February for FY 02/03 (July - June). Imports of foodgrain rose 33 percent by value over the year before. This increase was encouraged by low import duties on rice (decreased to 7.5 percent from 34 percent in July 2002), low production of wheat, and also by subsidised Indian foodgrain exports. (Source: The Independent, 06/29/03)

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IN3053	Oilseeds & Products Update - July	07/01/2003
IN3054	Pulse Update	07/01/2003
IN3056	Monsoon Progress Report # 2	07/03/2003

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