



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 5/21/2004

GAIN Report Number: IN4049

India

Agricultural Situation

Weekly Highlights and Hot Bites, #19

2004

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Report Highlights:

It's time to lift agriculture, say experts, *Fresh recipe may delay Food Law*, *Change of guard unlikely to affect Indian stance at WTO*, *RBI projects GDP growth rate at 6.5 to 7.0 percent*, *More Biotech cotton seeds approved for field trials, commercial cultivation*, *Greenpeace flays report on Biotechnology*, *Wine at local stores*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

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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IT'S TIME TO LIFT AGRICULTURE, SAY EXPERTS

According to experts, agriculture reforms have emerged as the focus for the new government. "The biggest lesson from this election is that aspirations of the people are rising and they want reform process to flow down. The farm sector is crying for reforms. We believe agriculture in 2004 is like what our industry was in 1991," said Mr. N. Srinivasan, Director General designate, Confederation of Indian Industry (CII). Business leaders maintain that India's long-term economic prospects depend heavily on profitable growth in agriculture. "The time is running out. We should ignite second green revolution. There is also need to push for internal reforms in agriculture much faster," according to the Secretary General, Federation of Indian Chambers of Commerce and Industry (FICCI). Indian agriculture faces falling water tables, expensive farm credit, a distorted market, poor rural infrastructure, and an unfriendly investment climate. The industry prescription for growth in agriculture and food sectors are: scrapping of the Essential Commodities Act, amendment to the Agriculture Produce Marketing Act, a unified Food Law, public-private partnership for more investments, and a revamping of rural banking for easy access to farm loans. (Source: Times of India, 05/17/04)

Post Comment: India's recently held national election brought to power a new United Progressive Alliance (UPA) Government, led by the Congress party and supported from outside by left parties and several regional parties. Dr. Manmohan Singh, a former Finance Minister, has been designated as the Prime Minister. There is concern of a slowing in India's economic reforms.

FRESH RECIPE MAY DELAY FOOD LAW

With the change of government, the fate of the integrated food law aimed at modernizing existing food regulations is uncertain. The new law, in the making for the last three years, had almost reached its final stages in recent months. However, the process could now take more time until the new government and ministers are in place, according to industry sources. But at the same time, there is optimism as well. "Things may be expedited, given the view that the NDA party [the loser in recent elections] had lost focus on the agriculture and food processing sector", feels a top official of a multinational company. The proposed law recommended setting up an independent authority, the Food Safety and Standards Authority of India, which would replace the existing Central Council of Food Standards. (Source: Financial Express, 05/15/04)

CHANGE OF GUARD UNLIKELY TO AFFECT INDIAN STANCE AT WTO

India's stance at the World Trade Organization (WTO) is expected to remain more or less the same despite a change of government. According to trade experts, there would be no change in India's position on important issues like market access, if a framework for negotiating modalities is in place by July of this year. Speaking at the Confederation of Indian Industries round-table on WTO, agriculture expert Abhijit Sen said that India's negotiating position in the discussion is on "auto-pilot" where the direction is already set.

However, he pointed out that if the EU follows through on their recent proclamations about eliminating export subsidies and reducing domestic subsidies, India's stance could change from aggressive to defensive. Since India, like many other developing countries, had linked reduction of import tariffs to reduction of subsidies by developed countries, it would have to adopt a defensive posture to protect its sensitive tariff lines, Dr. Sen said. (Source: Financial Express, 05/18/04)

RBI PROJECTS GDP GROWTH RATE AT 6.5 TO 7.0 PERCENT

The Reserve Bank of India (RBI), India's central bank, scaled down its GDP growth forecast to 6.5-7.0 percent for Indian Fiscal Year 2004/05 (Apr-Mar). The growth in agriculture is expected to be around 3 percent, subject to a normal monsoon, and if the industry and services sectors maintain their current growth momentum, the real GDP growth rate in the normal course could be 6.5 percent. However, if the acceleration in growth during the third quarter of 2003-04 is sustained, the real GDP growth during 2004/05 could be 7.0 percent. The RBI expects the inflation rate in 2004/05 to be 5.0 percent. (Source: Business Line, 05/19/04)

MORE BIOTECH COTTON SEEDS APPROVED FOR FIELD TRIALS, COMMERCIAL CULTIVATION

The basket of varieties for Bt cotton seeds in the country is expanding. Four varieties of Bt cotton were released for cultivation in the south, west, and central regions of the country over the last two years. Recently, Fourteen varieties of Bt cotton from three companies were approved for large-scale field trials. These include three varieties meant for cultivation in the northern region, which currently does not have any Bt cotton variety approved for planting. (Source: Financial Express 5/17/04)

GREENPEACE FLAYS REPORT ON BIOTECHNOLOGY

Criticizing the recommendations of the "MS Swaminathan Task Force" on the application of biotechnology in agriculture, set up by the government of India to look at the current regulatory environment, the environmental group GreenPeace said that the task force favored agri-biotech firms without evaluating consequences of growing genetically modified crops. The group also feared that the power shift from the Genetic Engineering Approval Committee to the Indian Council of Agricultural Research would favor industry over the farmers. (Source: Financial Express 5/17/04)

WINE AT LOCAL STORES

The Delhi state Excise Department has proposed allowing the sale of alcoholic beverages, including wine, in department stores. The new policy is likely to be announced by mid-June. The existing policy allows only sale of low alcohol beer, and, only two department stores have this a license. (Source: Hindustan Times, 5/17/04)

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