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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, # 15

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**Report Highlights:**

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Minister\*, \*By 2017, biofuel will meet 10% of transport needs\*, \*Display info on GM crops:  
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400,000 tons of rice at \$430/ton\*.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade 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 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.

### **INFLATION SOARS TO 7 PERCENT**

Even as the United Progressive Alliance government is battling the rise in prices, the rate of inflation ballooned to a near 39-month high at seven percent during the week ended March 22 from 6.68 percent a week earlier. With the common man already hit by the runaway increase in prices, the current spurt in inflation – mainly owing to cereals, vegetables, and a number of manufactured goods turning dearer- is set to reduce the concept of household budgeting to a meaningless exercise. As per official data, the point-to-point inflation, as measured by the wholesale price index during the same week a year ago was 6.54 percent; while a 39-month high of 7.02 percent was recorded for the week ended December 4, 2004. (Source: The Hindu, 04/05/08)

### **HIGH FOOD PRICES WOULD DERAIL REFORMS: PRIME MINISTER**

Prime Minister Manmohan Singh, while addressing the Global Agro Industries Forum jointly sponsored by the Food and Agriculture Organization (FAO), the United Nations Industrial Development Organization (UNIDO) and the International Fund for Agricultural Development (IFAD) on April 9 said rising food prices would make it difficult for the government to control inflation but ruled out returning to the "era of blind controls". Singh, known as author of economic reforms in India, also said rising prices would derail reforms and mount pressure on the government to impose restrictive trade practices. In a word of caution, he said high food prices would "diminish the constituency of economic reforms, so necessary for growth." "Efforts to promote reforms and more open economies would be derailed in the face of persistent food shortages and rising food prices.....A steep rise in food prices will make inflation control more difficult and can thereby hurt the cause of macro economic stability," he said. (Source: Tribune, 04/11/08)

*Post Comment:* The full text of the Prime Minister's speech is available at: [http://www.pib.nic.in/release/rel\\_print\\_page.asp?relid=37279](http://www.pib.nic.in/release/rel_print_page.asp?relid=37279)

### **IMPORTS FROM FIFTY POOR NATIONS TO BE DUTY FREE**

India unveiled a Duty Free Tariff Preference Scheme for imports from 50 Least Developed Countries (LDCs), 34 of which are in Africa, recognizing the crucial importance of market access in ensuring the development dimension of global trade. Announcing this at the two-day India Africa Forum Summit in New Delhi on April 8, Prime Minister Singh said that under the scheme India would unilaterally provide preferential market access for exports from all 50 LDCs, a majority of which were in Africa. The scheme would encompass 94 percent of India's total tariff lines, and more particularly would extend preferential market access on tariff lines that comprise close to 93 percent of global exports of all LDCs. Products of immediate interest to Africa which are covered under the scheme include cotton, cocoa, cashew nuts, cane sugar, fish fillets among other non-agricultural products. (Business Line, 04/09/08)

**WHEAT MAY BE IMPORTED – AGRICULTURE MINISTER**

Agriculture Minister Sharad Pawar indicated that the government may import wheat to meet the food security needs this year. "When the question pertains to the food security of our nation and if we find there is no sufficient foodgrain in our kitty after the end of procurement season, we will take a decision," he said. "We are not happy to import agricultural commodities, be it sugar, pulses, or wheat. However, we have to keep the interest of the public in mind, a balance (in foodgrain stocks) has to be maintained," he said after his meeting with the Chief Ministers of Punjab and Haryana [major wheat surplus states]. However, he made it clear that no additional bonus would be given to wheat farmers. "In the past four years, our government, under Dr. Manmohan Singh, has increased the wheat minimum support price (MSP) by 59 percent compared with 14.5 percent under the BJP government. This year, when we announced the MSP of Rs. 1,000 per quintal, we included the bonus in it," he said. (Source: Economic Times, 04/08/08)

**BY 2017, BIOFUEL WILL MEET 10% OF TRANSPORT NEEDS**

A Group of Minister's headed by Agriculture Minister Sharad Pawar is finalizing India's Biofuel Policy that aims to set a target of meeting about 10 percent of its transport fuel needs by biofuels by 2017. The new policy, expected to be out by the end of May, will push for non-edible crops to be used for the manufacture of biofuels unlike the U.S. and other countries. Despite growing concerns on the consequence of the use of scarce land resource to grow biofuels due to environmental and food security needs, about 12 million hectares of land would have to be brought under biofuel crops by using revenue and forest wastelands for plantations. The policy would also create a National Biofuel Development Board to spearhead the development efforts, and a subsidy for biofuel growers is also on the anvil. The policy also suggests a subsidy structure to keep biofuels at par with other fuels by adjusting excise and sales taxes. (Source: The Times of India 4/9/08)

**DISPLAY INFO ON GM CROPS: SUPREME COURT**

In an interim order on a public interest litigation filed by a Non-Governmental Organization, the Supreme Court directed the Genetic Engineering Approval Committee to disclose toxicity and allergenicity data related to genetically modified crops which are under the experimentation and field trial stage on the official website so that independent experts can review the information. Two years back, the Department of Biotechnology had rejected a request for information on the grounds that the toxicity and allergenicity data being generated on transgenic crops that are yet to be approved for commercial cultivation is the intellectual property of the applicant. This information has commercial value and disclosure is likely to adversely affect the competitive advantage of the applicant generating the data as it can be taken as publicly available information by the competitors in the same field. Consequently, the NGO filed a case in the Supreme Court in 2004. In the recent hearing on April 8, 2008, the court gave direction to the government after the petitioner's counsel argued that the public has the right to access the information to know whether the GM crop is likely to have an impact on the safety of environment and human health. (Sources: Times of India and Hindustan Times, 4/9/08)

**AFTER WEST BENGAL, BIRD FLU HITS TRIPURA**

A north-eastern state of India (Tripura) has reported an outbreak of bird flu, while West Bengal is still struggling to control the disease. Eight village level administrations under the Kamalpur subdivision in Dhalai district of Tripura have reported deaths of thousands of fowl in the past two weeks. The samples sent to Bhopal have tested positive for bird flu. Dhalai

district shares an international boundary with the bird flu affected districts of Bangladesh. The government has dispatched a team of 100 people trained in bird culling to Kamalpur and around 25,000 birds may be culled in the affected area. The state administration has kept 100 teams ready for culling and imports of poultry from outside the state have been prohibited. Additionally, border vigilance activities have been strengthened. (Source: The Indian Express, 04/08/08)

#### **BIRD FLU VIRUS MAY BE ENTRENCHED IN INDIA: UN**

The United Nations has said that H5N1 virus may have got entrenched in the Indo-gangetic plains of India and Bangladesh. West Bengal is still under pressure to control the bird flu and 47 out of 64 districts of Bangladesh are under a similar outbreak. The UN avian influenza coordinator stated that the new outbreaks in India and continuous presence of the virus in Bangladesh is a matter of concern and with the high chances of the virus getting entrenched in the Indo-Gangetic plains of West Bengal, the fear of a possible human pandemic remains high. An entrenched virus requires a longer time for stamping out, poses high risk of continuous re-infection and involves greater containment cost. The Animal Husbandry Secretary has explained that the West Bengal government has been issued orders to undertake immediate remedial measures. The state has not carried out operations according to the action plan. India has requested the Director General of FAO to pressurize Bangladesh into stepping up control and containment operations. (Source: The Times of India, 04/10/08)

#### **BANGLADESH: RICE DEAL WITH DELHI SIGNED: DHAKA TO BUY 400,000 TONS OF RICE AT \$430/TON**

Bangladesh on April 3 signed an agreement with four Indian state-owned agencies for importing the remaining 400,000 tons of rice out of an original 500,000 tons at \$430 per ton. Wasiuddin Ahmed, Commercial Minister of the Bangladesh High Commission in Delhi, signed the agreement with representatives of the four Indian state-owned agencies--State Trading Corporation of India Ltd, Minerals & Metals Trading Corporation, National Agriculture Co-operative Marketing Federation of India Ltd, and PEC Ltd—for each agency to supply 100,000 tons of rice. Of the 400,000 tons of rice, 100,000 tons will arrive in Bangladesh within 30 days while the rest in the next 30 days, said a Food Ministry press release. Letters of credit (LC) for exporting the rice will be opened on Sunday. India had promised to export the rice to Bangladesh following cyclone Sidr last year. The import of 100,000 tons is in progress as per the agreement signed earlier. (Source: The Daily Star, 04/04/08)

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

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
IN8031	Weekly Highlights & Hot Bites, #14	04/04/08
IN8032	FAIRS Product Specific: GOI Proposes Amendment to the PFA Rules Regarding Standards for Milk and Milk Products	04/08/08
IN8033	FAIRS Product Specific: GOI Restricts the Import of Additional Livestock Items	04/10/08

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