



WTO AND INDIAN AGRICULTURE

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Record level food grain production in Andhra Pradesh during kharif, 2007



During kharif, 2007, food grain production in A.P. reached record level of 106.87 lakh tonnes, though normal production is only 85.48 lakh tonnes, where as , production during kharif, 2006 was 88.60 lakh tonnes. According to Directorate of Economics and Statistics, Government of A.P., production of Paddy, Jowar, Maize, Ragi, Red gram, Green gram and Black gram during kharif, 2007 were 77.1, 2.0, 21.66, 0.49, 2.54, 1.4, 0.5 lakh tonnes respectively, against 69.48, 1.61, 13.67, 0.51, 1.58, 0.80, 0.23 lakh tonnes respectively during kharif, 2006. Beyond the normal productivity of 2709 kg/ha, paddy recorded 3000 kg/ha during kharif, 2007. Similarly, Maize yield reached 4174 kg/ha in kharif, 2007 which is far high than the normal yield of 2803 kg/ha.

Agriculture insurance scheme to be extended to all districts

Andhra Pradesh government is going to extend the scheme of agriculture insurance to all the districts in the State, barring Hyderabad, with village as a unit from next kharif season. At present, farmers of 10 districts are covered in the scheme. According to Minister for Agriculture, Sri N. Raghuvendra Reddy, the idea was to give wider risk coverage to all the farmers. Earlier, the insurance cover was offered with mandal as a unit. As the farmers have been arguing that, the scheme is of no use for them, if it takes the agricultural performance of all the villages in a mandal into consideration and arrives at an average, taking village as a unit is a welcome idea.

In the first phase, the Government had introduced the scheme in five districts including Anantapur, Kadapa and Mahbubnagar. It added five more districts viz., East and West Godavari, Vizianagaram, Kurnool and Medak districts in this kharif season.

India's first Kisan SEZ to come up in Andhra Pradesh

At a time when farmers' protests have derailed plans of many companies to set up Special Economic Zones(SEZs), IFFCO has found a novel way to avoid such controversies by making peasants direct shareholders in an upcoming project in Andhra Pradesh. Indian Farmers Fertiliser Cooperative Ltd (IFFCO) will establish what it calls the country's first 'Kisan SEZ' at Nellore district in the state at an investment of Rs 2,400 crores. According to IFFCO Chairman S K Jakhar, India's first Kisan SEZ is expected to generate employment for more than 10,000 persons, besides resulting in large scale economic development of the region. He said that the project would not displace any farmer, as the land, about 2,800 acres is already in possession of the cooperative. Farmers would be direct shareholders in the enclave.

Modern infrastructure facilities would be developed for a range of industries with focus on food processing and agriculture-based activities. Alongside the multi-product SEZ, IFFCO plans to set up a technical training institute and construction of training facilities in the state for farmers.

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Biggest rise in rice output of India by 2016

India will register the highest increase in rice production in the world in the next 10 years, although its annual output will be less than that of China. According to an analysis of worldwide rice



production data compiled by the US Department of Agriculture, India's annual rice production would increase by 16.3 million tons by 2016, from 91 million tons currently. This is higher than any other rice producing country in the world.

In contrast, China would see its annual grain output decline by about 4.8 million tons by 2016, from 128 million tonnes in the 2006-07 production year. Still, China would retain its current status as the world's biggest rice producer in 2016 and its annual output of 123.2 million tons would be higher than India's 107.3 million tons. At present, India is the world's second biggest rice producer after China and would continue to remain so.

According to the USDA data, India would be the only country to record a surge of over 10 million tons in this period. The second biggest increase of 2.9 million tons would be seen in Thailand, followed by a rise of 2.5 million tons in Vietnam. Meanwhile, China, Japan, South Korea and European Union would see their annual output dip by 2016, as per USDA's 'International Agricultural Projections to 2016' report. In percentage terms, India's production would increase by 15 per cent, against a fall of about three per cent in China.

Unified food law for boosting the Food processing sector in India

The food processing industry worth of Rs.1,50,000 crore in India was sadden with multiplicity of food laws and regulatory authorities involving 13 different ministries of the central government. The Ministry of Food Processing Industries got a major achievement in 2007 by getting a Unified Food law passed by Parliament, which will act as a Regulatory Authority for single window clearance of new food processing units. The United Food law, which was mooted more than a decade ago, has been placed under the purview of the Union Health Minister, which will suggest the parameters of food quality and standards, besides monitoring any violation thereof.

In this context, in the budget 2001-02, excise duty on fruit and vegetable products was reduced to zero per cent from 16 per cent which resulted in growth of 20 per cent in fruit juice and fruit drinks sector. Forty five industries were already given grant-in-aid by the government for their initiatives to set up community-based food parks with in the reach of farmers, whose produce is used in this industry on 100 per cent basis, ensuring maximum yield to farmers. The government is planning to set up one food park in each parliamentary constituency and suggested that the concerned Member of Parliament should help in its development.

Indian Chilli exports raised in global market

Short supply in the world market has led to increase of chilli exports during April-Nov, 2007 and this current trend indicate that, the shipments of the commodity would cross the set target for the current fiscal year, while in terms of value it has already crossed the target.

Chilli has shown a record performance with its exports touching 1.28 lakh tonnes as on November 30 as against the official target of 1.35 lakh tonnes for the current fiscal year, while in terms of value it has already crossed the target of Rs 675 crore and reached Rs 696.37 crore.



Despite an increase in the unit value to Rs 54.40 a kg from Rs 51.50 a kg in the corresponding period last year, the export has shot up on short supply from other origins. During April-Nov last year, the total shipments of chilli stood at 82,221 tonnes valued at Rs 423.41 crore.

According to the official sources, the demand from the traditional buyers like Malaysia, Sri Lanka, Indonesia and Bangladesh is on the rise. The export of chilli accounts for 46 per cent in terms of quantity and 26 per cent in terms of value of the total export of spices from India. Currently, India is the main source of red chilli for international markets.

Demonstrations of better yielding varieties by the states

The central government has asked the states to conduct a survey and train the farmers in growing high yielding varieties of crops as part of the ambitious plan under the National Food Security Mission (NFSM) to increase the production of rice, wheat and pulses in the country.

Under the NFSM, the central government intends to increase the production of rice by 10 million tonnes, wheat by 8 million tonnes and pulses by 2 million tonnes over the next five years. The Union Agricultural Ministry has advised the states to prepare a perspective plan for the mission in coordination with the Agricultural Universities, conduct a baseline survey and organize workshops to train the farmers in growing high yielding varieties of rice, wheat and pulses.



Basmati family may soon include distant cousin

A distant cousin would soon be part of the Basmati family. Pusa 1121, a lab-produced rice being heavily exported, is now virtually certain to be officially called Basmati. The Agriculture ministry is expected to soon introduce a definition of Basmati that would include this variety.

The Agriculture ministry is also planning to register Basmati under the International Plant Variety Protection Act. The Act would provide safeguard for only 15 years. Once it is declared part of the Basmati family, exporters can market Pusa 1121 as a cheaper alternative to the more expensive traditional varieties and ramp up sales volumes.

Moreover, Pusa 1121 would escape the minimum export price restriction on non-Basmati rice exports. Over the last couple of years, Pusa 1121 has emerged as favourite among growers and exporters alike because it is scented and high-yielding. In some overseas markets, it has managed to create a niche even without the Basmati tag.

New hybrid maize with 40 % more protein

India has developed high protein hybrid maize, containing 40 per cent more amino acids, which is the first success through the marker-based genome breeding approach. Announcing this, Science and Technology Minister, Kapil Sibal said that, a designer crop programme had also been launched to increase the nutrients of eight crops, such as wheat, rice, cotton, linseed and chickpea etc with Rs 500 crores through the marker assisted selection i.e. the plant breeding molecular biology approach of the 21st century. The new maize variety had been developed with in three years by the Vivekanand Parvatiya Krishi Anusandhan Sansthan (VPKA) under a project sponsored by the Department of Biotechnology. It would have taken ten years to develop this variety through the conventional method.

The new variety, with 40 per cent more lysine and tryptophan (amino acids) content and 10 per cent higher yield, is an improvement over the Vivek Hybrid 9 which did not normally fit into the cropping pattern of cultivators in the hilly areas because of its late maturity. The new early maturing hybrid variety (FQH 4567) has not only high protein content but can also be grown successfully in hilly areas such as Uttarakhand and Jammu and Kashmir. The new hybrid's protein content, which is equivalent to the protein available in milk, will be increased to 100 per cent within the next two years.

Minimum price for rice exports

Government of India has raised the minimum price for non-basmati rice exports to \$500, or Rs 20,000, per tonne free-on-board from the current \$425. India imposed a blanket ban on exports of non-basmati rice in Oct 9 to build up its reserve stocks and meet domestic demand. But two weeks later, it allowed grain priced above \$425 a tonne to be sold overseas after protests from traders. India normally exports 4 million tonnes of rice a year, including a million tonnes of aromatic basmati, which is exclusively grown in the northern parts of India and Pakistan. Indian non-basmati rice comes in several varieties, depending on the region where it is grown, and is sold in a wide price range between \$150 and \$1,200 a tonne.

Centre approves interest waiver on farm loans

The Government of India has approved the release of Rs. 530 crore towards waiver of interest on agriculture loans in 31 debt-ridden districts across four States viz., Maharashtra, Andhra Pradesh, Karnataka and Kerala. The decision would benefit the borrowers whose loans were overdue as on July 1, 2006 in these debt-stressed districts. The approved fund would be the final share of the Centre towards such waiver. The Centre has already paid Rs 1,359 crore out of its total commitment of Rs 1,889 crore. The total outlay on the waiver scheme, including the share of the States, was Rs 3,778 crore.

Rise in global food prices during 2007

The rise in agricultural prices during 2007 was underpinned by strong demand for food imports, especially by oil-exporting countries, which contributed to a 20 percent increase in global food prices for the year. The increase in food prices was led by fats and oils, up to 50 percent for the year, and grains, up to 22 percent. Among other commodities, sugar prices declined 32 percent, as growing conditions in India, Pakistan, and Thailand improved, and new plantings and favorable weather boosted Brazilian production. Food prices have risen nearly 75 percent since 2000. The increase is partly from the stepped-up use of food crops for biofuels and partly from other more fundamental factors, such as rapid income growth in developing countries, high fertilizer prices, low stocks, and droughts. Agricultural prices are expected to remain nearly flat at high levels in 2008, as biofuels production continues to ramp up in response to consumption mandates and production subsidies, drawing resources from other crops.

India seeks market access to export Agri products to Australia

India is keen to export agricultural products and dairy & poultry products to Australia and has asked Australia to facilitate these exports through appropriate market access initiatives and removing non-tariff barriers. India is also looking forward to export mangoes from April 2008. Shri Kamal Nath, Union Minister of Commerce and Industry opined that, a stable investment climate presents huge opportunities for Australian companies, particularly in energy and infrastructure sectors. Australia's investments in India have been US \$ 1.92 billion since 1991. Indian investments in Australia are now well over US \$ 1 billion.

The bilateral trade between India and Australia has seen a growth of 37.50% between 2005-06 and 2006-07, and the total bilateral trade during 2006-07 is US \$ 7932.79 million. The compounded annual growth rate during 2001-02 and 2006-07 is 14.14% for exports and 32.31% for imports. India's exports to Australia in 2006-07 were US \$ 924.78 million, an increase of 12.61% from 2005-06. India's imports in 2006-07 was US \$ 7008.01 million, an increase of 41.64% over 2005-06.

The major items of India's exports are gems & jewellery, metals, machinery & instruments, cotton yarn, fabrics, drugs & pharmaceuticals. The major imports consist of gold, coal, coke and briquettes, metal ore, metal scraps and non-ferrous metals.

WTO launches investigation into farm subsidies

The World Trade Organization (WTO) launched probe into multi-billion dollar U.S. farm subsidies that break international trading rules, which was protested by Brazil and Canada. The size of U.S. farm subsidies is a major battle ground in the WTO's six year-old Doha round talks on opening world trade. This WTO's probe of U.S. agricultural support for wheat, corn, rice and other crops came after the U.S. Senate passed a \$ 286 billion farm bill.

The Canadian and Brazilian complaints to the WTO relate to, whether U.S. support topped Washington's limit of \$19.1 billion a year since 1999, except 2003, for the most trade-distorting support. Canada estimated that during last three years, the United States exceed its WTO commitment levels by billions of dollars each year. Subsidies distort trade by allowing producers to sell their goods more cheaply than those in other countries and hence these countries go out of business as they cannot compete.

World grain prospects in 2008-09

Examining the global outlook for food supplies in the current tight global market, the London-based International Grains Council (IGC) during its biannual session in Tokyo, concluded that the global ending stocks would be further drawn down in 2007-08, as consumption will remain unmatched by even the highest ever global output.

By far the biggest increase in consumption would be in biofuel sector, with the amount of grain (mainly corn/maize) used to produce ethanol set to reach 100 million tonnes, an increase of 44 per cent from the previous year. With wheat supplies especially tight due to disappointing 2007 crop in several countries including Australia, prices had hit record heights. Some exporters had taken measures to protect domestic consumers, including new or additional export taxes.

IGC pointed out that recent surge in ocean freight rates had added further to the burden of importers, especially developing countries, although the expected decline in wheat trade in 2007-08 would be largely due to improved crops in some leading importers rather than the high import prices.

Growers were expected to respond to the much higher prices and expand the global wheat area by around four per cent for the 2008-09 crop. Experts forecasted that, based on average yields, output in 2008 could increase to around 645 million tonnes. This could result in some recovery in world stocks at the end of 2008-09.

A huge rise in maize output in the US, more than offsetting the expected increase in ethanol use, prevented maize prices from rising as sharply as those of wheat. However, this year's substantially higher international demand for this grain, especially in the EU, will lift trade to a new record.

With respect to rice, noting the firmness in international prices, the Council saw prospects for trade in calendar year 2008 dependent on the outcome of harvest between now and mid-2008. But there were indications that world shipments could see an increase, IGC pointed out.

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