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Approved By:

Holly Higgins

Prepared By:

A. Govindan, Deepa Dhankhar, Amit Aradhey

Report Highlights:

Deflation is statistical, nothing to worry, *Food security should be priority for exports*, *NAFED to import 70% more pulses*, *Oman lifts ban on Indian poultry products*, *World's second cloned buffalo calf *, *Import of vegetable oils – doubled in May 2009*.

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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DEFLATION IS STATISTICAL, NOTHING TO WORRY

The wholesale price index (WPI) - based inflation rate finally slipped into the negative territory with the annual rate of inflation falling to -1.61 percent in the week ended June 6 from +0.13 percent a week ago. This is the first time in 30 years that inflation has fallen to negative levels. Planning Commission Deputy Chairman Montek Singh Ahluwalia said inflation moving into negative territory was not a cause of concern as it was expected that inflation would appear negative for a little while. Although WPI-based inflation has turned negative, consumer price inflation remains rather high at over 8 percent due to steadily rising food prices. "The WPI largely comprises intermediate goods while the consumer price index (CPI) has food prices as a large chunk of it, which is why it is still so high," Chief Statistician of India Pronab Sen said. According to the Finance Ministry, inflation in the combined food index went up to 9.4 percent from 9.2 percent in the previous week (Source: Indian Express, 06/19/09)

FOOD SECURITY SHOULD BE PRIORITY FOR EXPORTS

The ban on exports of wheat and rice may be eased only after the government fulfills the election promise of providing 25 kg of staple food (wheat or rice) to poor families at Rs. 3 a kg., Commerce Secretary Rahul Khullar said. "I am actively looking at that question right now," Khullar said when asked whether the government is taking stock of the availability of rice and wheat this year. The government had banned the export of wheat in February 2007 and rice in April 2008 on concerns of food inflation. "It is not a simple issue of saying remove the ban on wheat and rice [exports]. I have to take the totality of demand into consideration, the demand for the Public Distribution System and then the demand of food security," he said. (Source: Financial Express, 06/16/09)

NAFED TO IMPORT 70% MORE PULSES

To step up supplies in the domestic market, the cooperative major National Agricultural Cooperative Marketing Federation (NAFED) plans to import 375,000 tons of pulses in FY 2009-10 (Apr-Mar), over 70 percent higher than last year, NAFED Managing Director said. So far, 5,000 tons of urad (black matpe) have been contracted, he said, adding that NAFED will contract tur (pigeon pea) and yellow peas depending on prices. Last year NAFED had imported 220,000 tons of pulses, of which 120,000 was sold in the domestic market. NAFED and state trading companies such as MMTC, STC, and PEC started importing pulses at a zero duty on behalf of the government under a reimbursement scheme since last year. They had contacted over one million tons of pulses in FY 2008-09. (Source: Financial Express, 06/16/09)

OMAN LIFTS BAN ON INDIAN POULTRY PRODUCTS

The Sultanate of Oman has lifted the ban on the import of poultry products from India. The import ban was imposed after the repetitive outbreaks of bird flu last year. The Indian government had taken up the matter with authorities in Oman and had tried to explain that a blanket ban on the import of live bird products from all of India was unjustified as avian influenza was limited only to the north-eastern region. India had also reported that the affected birds were culled and isolated to prevent further spread of avian flu. (Source: The Financial Express, 06/19/09)

WORLD'S SECOND CLONED BUFFALO CALF

The world's second cloned buffalo calf has been produced successfully through a new and advanced 'hand-guided cloning technique' at the National Dairy Research Institute (NDRI), Karnal. Earlier, the NDRI had produced the world's first cloned buffalo calf on February 6, 2009. However, this cloned buffalo calf failed to survive. The second cloned buffalo calf is a female and was born through a caesarian operation at NDRI, Karnal. The baby calf is healthy and is having normal weight gain like other naturally born calves. The cloning technique at NDRI has the potential to create an elite breed of buffaloes of desired sex which will contribute in increasing India's milk production. (Source: The Press Information Bureau, 06/18/09)

IMPORT OF VEGETABLE OILS – DOUBLED IN MAY 2009

Import data compiled by the Solvent Extractors' Association of India (SEA) shows that vegetable oil imports for the first seven months of the oil year 2008-09, beginning with November 2008 increased by 70 percent to 5.04 million tons from 2.97 million tons imported during the corresponding period of last year. Imports during May 2009 were 751,097 tons compared to 361,564 tons in May 2008. (Source: Press Release, SEA of India, 06/15/2009)

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