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### Weekly Highlights and Hot Bites No.

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#### Report Categories:

Agriculture in the News

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#### Report Highlights:

\*Inflation jumps to 7.3 percent in December 2009\*, \*Prime Minister says "India a slow moving elephant that leaves an imprint"\*, \*Finance Minister announces that Government will pass Right to Food Act\*, \*Maharashtra to offer subsidy on grain-based alcohol as molasses price soars\*, \*Prime Minister Manmohan Singh launches 'Solar India'\*, \*India to import 9 to 9.5 million tons of edible oil in 2009-10\*.

#### 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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### **INFLATION JUMPS TO 7.3 PERCENT IN DECEMBER 2009**

India's wholesale price index-based inflation rose to 7.3 percent in December 2009 from November's 4.78 percent, though food inflation eased to 17.28 percent after reaching nearly 20 percent in November. Prices of non-food items such as textiles, metals were also on the rise. "Week-to-week food inflation is down, which is a very good [sign]," the government's Chief Economic Advisor Kaushik Basu said. (Source: Hindustan Times, 01/15/10)

*Post Comments:* For details on inflation please see:

[www.pib.nic.in/release/release.asp?relid=56915](http://www.pib.nic.in/release/release.asp?relid=56915)

### **PRIME MINISTER SAYS "INDIA A SLOW MOVING ELEPHANT THAT LEAVES AN IMPRINT"**

Prime Minister Manmohan Singh has accepted that India is a slow moving elephant but added that with each step it was leaving a deep imprint. "It is probably true that we are a slow moving elephant, but it is equally true that with each step forward, we leave behind a deep imprint. There is a price that we pay in trying to carry all sections of our people along in national development. It is perhaps a price worth paying," he said while delivering the inaugural address of the 8<sup>th</sup> Pravasi Bharatiya Diwas (A meeting of non-resident Indians-NRI). (Source: Business Line, 01/09/10)

### **FINANCE MINISTER ANNOUNCES THAT GOVERNMENT WILL PASS RIGHT TO FOOD ACT**

Finance Minister Pranab Mukherjee said the government will pass the Right to Food Act to promote inclusive growth, a concept that has been pursued by the Congress Party since Independence. The Congress Party in its election manifesto for the 2009 national election promised to enact a Right to Food Law to provide 25 kilograms of rice or wheat at Rs. 3 per kg every month to below poverty line families. (Source: Financial Express, 01/11/10)

### **MAHARASHTRA TO OFFER SUBSIDY ON GRAIN-BASED ALCOHOL AS MOLASSES PRICE SOARS**

The Maharashtra Government's offer of a Rs.10 subsidy for every liter of alcohol produced from grain has led to a virtual scramble for setting up non-molasses based distilleries in the State. The

State Government has now issued 23 licences for grain-based distilleries, involving an aggregate alcohol production capacity of 1.1 million liters per day. Critics however, allege that the subsidies are trade-distorting and divert grain that would ordinarily have been consumed by humans or used for animal-feed. The distilleries are also sourcing the grain not directly from farmers but from the market, which does not really benefit farmers. (Source: Business Line, 1/12/10)

### **PRIME MINISTER MANMOHAN SINGH LAUNCHES 'SOLAR INDIA'**

Addressing the Solar Energy Conclave 2010, organized by the Ministry of New and Renewable Energy and the Federation of Indian Chambers of Commerce and Industry, Prime Minister Manmohan Singh called for creation of "solar valleys" in India, akin to the Silicon Valley, as a contribution to the national as well as global efforts at combating climate change. Launching the Jawaharlal Nehru National Solar Mission or 'Solar India', Dr. Singh said its success could transform India's energy prospects. The mission plans to create an installed capacity of 20,000 MW by 2022. (Source: The Hindu, 1/12/10)

### **INDIA TO IMPORT 9 TO 9.5 MILLION TONS OF EDIBLE OIL IN 2009-10**

Decline in domestic oilseeds production, appreciation of Indian rupee against dollar and zero import duties during the last months has made India the largest edible oil importer in 2009, surpassing China. According to the Solvent Extractors' Association (SEA), India's vegetable oil imports in December 2009 rose by 5.61 percent to 787,000 tons compared to 745,000 tons imported in December 2008. Lower crushing amid price disparity, smaller oilseeds crop, zero-duty on crude oil, marginal duty on refined oils encouraged larger import. Rising consumption, expected decline in rabi (winter season) oilseed planting would further push India's imports of vegetable oil to 9.0 to 9.5 million tons. (Source: Financial Express, 01/15/10)

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