

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 1/29/2010

GAIN Report Number: IN1008

India

Post: New Delhi

Weekly Highlights and Hot Bites No.

4

Report Categories:

Agriculture in the News

Approved By:

Holly Higgins

Prepared By:

A. Govindan, Santosh Singh, Amit Aradhey

Report Highlights:

President calls for second Green Revolution, *Dearer vegetables push food inflation to 17.4 percent*, *India decries foodgrains diversion for bio-fuels*, *Cheap edible oil sales bleed public sector undertakings*.

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.

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.

PRESIDENT CALLS FOR SECOND GREEN REVOLUTION

President Pratibha Patil's address to the nation on the eve of Indian Republic Day on January 25 reflected the common citizen's worries on two counts: the unyielding food price situation and challenges to internal security. The President called for urgent steps towards a second green revolution to ensure food availability to avoid spiraling prices. Urging positive action, including some "out-of-the-box thinking" on the farm front, she said: "We have to involve the agricultural economy more pro-actively into the growth process, both as center of production and as a generator of demand for various products and services." Ms. Patil advocated "more intense frameworks encompassing new technologies, better seeds, improved farming practices and better water management techniques for closing the gap among the farmer, the scientific community, lending institutions and the markets." (Source: Hindu, 01/26/10)

DEARER VEGETABLES PUSH FOOD INFLATION TO 17.4 PERCENT

After easing for three weeks in a row, food inflation increased to 17.4 percent for the week ending January 16, a development that may prompt the Reserve Bank of India to hike key policy rates to tame rising food prices. Food inflation, which was falling after touching the decade high of about 20 percent in December, has risen again, driven mainly by rising prices of eggs and vegetables. Inflation for food products stood at 16.81 percent for the week ending January 9. (Source: Financial Express, 01/29/10)

INDIA DECRIES FOODGRAINS DIVERSION FOR BIO-FUELS

At the World Economic Forum, the Commerce and Industry Minister Anand Sharma said that diversion of grain for fuel is a dangerous trend. Diversion of fuel for bio fuels can not subvert the need for food security. Cost of food in India has been on the rise over the past year with inflation currently hovering around 17 percent. India is focusing on development of nuclear and non-conventional energy sources and has set an ambitious target to generate 20,000 MW of nuclear energy by 2020. (Source: Business line, 01/28/10)

CHEAP EDIBLE OIL SALES BLEED PUBLIC SECTOR UNDERTAKINGS

Even as the central government is considering a proposal to hike the subsidy on distribution of cheap edible oil from the current level of Rs 15 per kg, the state-run public sector undertakings (PSUs, namely STC, PEC, MMTC including NAFED) which had imported oil on behalf of the

government, are incurring significant losses from their sale. Till middle of December, the PSUs have incurred an average loss of around Rs 32,064 on every ton of soy oil sold and Rs 33,346 on every ton of RBD palm-olein sold. Till middle of December around 96,652 tons of edible oil has been disposed off by the PSU. The scheme for subsidized distribution of edible oils, which was started, last year, has now been extended up to October 31, 2010. The government has also authorized National Agricultural Cooperative Marketing Federation of India Ltd (NAFED) and National Cooperative Consumer Federation of India (NCCF) to distribute the subsidized edible oil because of poor response from states for such distribution. The subsidized edible oil sale scheme provides for distribution of 1 million tons of imported edible oils at a subsidy of Rs 15 per kg through state government's public distribution system (PDS). The edible oil will be provided at the rate of 1 kg per ration card per month. Though the scheme was launched with much fanfare, but many states didn't show any interest in the distribution, as by then retail edible oil prices had dropped considerably. Some experts still believe that the success of the scheme-- despite best efforts-- still remains doubtful as edible oil prices are still low. (Source: The Financial Express, 01/26/10)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN1006	Weekly Hot Bites, #3	1/22/2010

WE ARE ON THE NET

Visit our headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/NEWDELHI EMAIL

To reach FAS/New Delhi, email us at Agnewdelhi@fas.usda.gov