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Steps to combat mealybug menace

Tuticorin: The Tamil Nadu Agricultural University (TNAU)'s Agricultural Research Station (ARS) at Kovilpatti has released parasitoids of papaya mealybug, Accrophagus papaya, into the mulberry field of farmer S. Radhakrishnan at K. Velayuthapuram near Kazhugumalai in the district on Tuesday.

D. Jawahar, Professor and Head, and Gurumoorthy, Deputy Director of Agriculture, Farmers' Training Centre, Tuticorin, released the parasitoids. The papaya mealybug, a native of Mexico, is found to attack more than 60 species of plants, including papaya, jatropha, hibiscus, vegetables, fruits, ornamental crops, and weeds. In India, its presence was recorded in July 2008 in many crops. In recent times, it has been found to attack mulberry crop, the sole food plant for the mulberry silkworm. Farmers could not rear silkworms as the mealybug devoured the leaves, according to ARS scientists.

At a programme organised for farmers to contain the menace, R. Ramamurty, Professor of Agricultural Entomology, explained the nature of the mealybug and how the pest could be destroyed through introduction of parasitoids.J. Ramkumar and P. Anandhi, Assistant Professors of Agricultural Entomology, and staff and students of the research station were present.

Date:18/02/2011 URL: http://www.thehindu.com/2011/02/18/stories/2011021859150300.htm

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Subsidy for onion warehouses

JAIPUR: Rajasthan Agriculture Minister Harjiram Burdak on Thursday said subsidy was being provided to farmers for low-cost onion warehouses under the Centrally-sponsored National Horticulture Mission. All the applicant farmers are getting the subsidy without any time limit.

Mr. Burdak said during question hour in the State Assembly that about 20 applications for subsidy had been received and all of them approved. He said onion was not covered among the crops with the provision for minimum support price: “MSP is decided by the Union Government, though the State governments are consulted in the matter.”

CPI (Marxist) MLA Amra Ram, who asked the original question, disputed the Minister's claim and alleged that applications of several farmers willing to establish onion storehouses were rejected.Mr. Burdak said there was a provision in the National Horticulture Mission for subsidy amounting to 50 per cent or a maximum of Rs.50,000 for low-cost onion warehouses with the capacity of 25 metric tonnes. He said there was no proposal under consideration for establishing a corporation to give remunerative prices for onions to farmers.

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“Budget for agriculture needs to be introduced”

Planning should start from local bodies: M. Ramadass

— PHOTO: G. KARTHIKEYAN

Shift in focus:M. Ramadass, Pro-Vice-Chancellor, Pondicherry Central University, addressing a seminar at Gandhigram Rural Institute near

DINDIGUL: Growth of India should go along with growth of Indians, said M. Ramadass, Pro Vice-Chancellor, Pondicherry Central University.

He was inaugurating a seminar on ‘Globalisation and Indian Agriculture' at Gandhigram Rural Institute near here on Thursday.

Do you think that railway budget is more important than agriculture budget, he questioned.

A budget exclusively for agriculture, like Railway budget, should be introduced to protect agriculture and retain remaining farmers in agriculture, he added.

Agriculture planning should start from local bodies. Grassroot level planning should be basis for district-level planning. Similarly, district-level planning should be the base for State-level planning and State-level planning, the model for national-level planning. Agriculture planning should start from the bottom and not from top, he said.

Farmers did not know much about external trade and have no knowledge of prices in different markets.

Information campaign had to be done, he advised. “The Central Government should take bold steps before all farmers lose their interest in agriculture.”

Now, corporate farming has been swallowing life and land holdings of marginal farmers, and special economic zones wiping out fertile agriculture lands.

But no action had been initiated to stop it. Agriculture was important for food production and for environment protection.

Globalisation too brought more disadvantages than advantages to farmers.

Expected benefits of globalisation such as commercialisation and diversification of agriculture, better opportunity for exports, better price for agri-produces, market expansion, more value for cash crops, massive production and more sales turned a myth to them. Some got little benefit, he said.

It collapsed the domestic market and made small farmers stay away from the global market, Mr. Ramadass deplored.Globalisation alone was not responsible for agriculture crisis.Deceleration of agriculture growth and wrong policies of government were valid reasons for it.

He said “Why the Prime Minister, Manmohan Singh, who spoke about 8.5 per cent industrial GDP often, did not tell why the agriculture growth refused to go beyond two per cent.Are we not concerned about the 60 per cent of population?”GRI Vice-Chancellor SM. Ramasamy said categorical understanding on globalisation was important to convert the negative points in our favour.AICTE Member M.V. Srinivasa Gowda said agriculture growth rate came down to two per cent in 1995-05 from 3.3 per cent in 1980-95 and slumped further to 0.61 per cent growth in 2003-04.

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Greener days ahead for mango growers

Facility being set up to promote fruit

— File Photo

Service:The MDC will extend pre and post-cultivation services to growers in Kolar and Chickballapur.

CHICKBALLAPUR: A modern Mango Development Centre (MDC), which is being established at a cost of Rs. 19 crore in Chickballapur and Kolar districts, will start to function from July this year.

The work on the MDC, said to be the first of its kind in the country, is in its final stages, Additional Director of Horticulture S.V. Hittalamani told The Hindu on Thursday.

The newly created Karnataka Mango Development Corporation will supervise its functioning, which is being established under the Centrally-sponsored Rashtriya Krishi Vikas Yojana, he said.

The objective of the MDC is to ensure integrated development of the State's mango industry by improving production, marketing and export of mangoes.

Two centres

The MDC will have a backward linkages centre at Hogalagere Horticulture Farm in Sreenivasapura taluk of Kolar district and a forward linkages centre at Madikere Horticulture Farm in Chintamani taluk of Chickaballapur district. In collaboration with expert institutions and agencies, the MDC will focus on development of advanced technologies and their adoption in fields and creation of necessary post-harvest infrastructure such as vapour heat treatment, fumigation, pre-cooling, procuring, grading and packing units.

It will also conduct survey of mango orchards, identify potential exporters among growers, establish an export and market information centre, hold human resources development programmes for growers and other stakeholders, organise mango melas and international trade fairs and take growers and exporters on exposure visits to leading mango markets in India and abroad.

The Department of Horticulture has estimated that the State would be able to export 10,000 tonnes of fresh mangoes annually and earn around $ 20 million in foreign exchange. Besides, it would help in generating 50,000 man-days employment directly and two-lakh man-days off-site employment annually.

The backward linkages centre will have a mango production technology development and dissemination centre, demonstration plots, hi-tech nurseries and training units. The forward linkages centre will house post-harvest infrastructure such as procurement and pre-cooling units, ripening chambers, cold storages and export promotional and market information centre, among others.

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Training in water management

ERODE: The Agricultural Engineering Department will conduct a training programme on the role of drip and sprinkler systems in water management at the Office of the Assistant Executive Engineer here from February 21 to 28.

Farmers living in Erode and Perundurai blocks can participate in the training programme. Those aged between 18 and 45 years are eligible to attend. Interested farmers should register their names on or before February 20. For details, contact: 0424-2266672.

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Centre lifts ban on onion exports

Gargi Parsai

NEW DELHI: The Centre on Thursday decided to lift the ban on the export of onions following protests by farmers and traders in Nashik over the crash in the domestic rates within two months of the prices hitting Rs. 80 per kg, but refrained from announcing the decision. The ban on onion exports was imposed last December.

A decision on removing the stay on the export of five lakh tonnes of sugar was deferred.

These decisions were taken at the meeting of the Empowered Group of Ministers chaired by Finance Minister Pranab Mukherjee in the absence of Union Agriculture Minister Sharad Pawar, Commerce Minister Anand Sharma and Minister of State for Food K.V. Thomas, who are all out of town.

The proposal to lift the ban on onion exports was moved by the Department of Consumer Affairs with the concurrence of the Agriculture Ministry.

As a precautionary measure, the EGoM, however, set a Minimum Export Price (MEP) of $600 (Rs.28,000 approximately) per tonne. No quantitative restriction was set.

Well-placed sources told The Hindu that the issue of M.E.P was not settled yet as there were apprehensions that with Pakistan exporting onions at about $350 per tonne, Indian exporters may be at a disadvantage, as both were competing for the same market.

Another meeting of the EGoM may take place early next week before the decision is notified.

With improved production and better mandi arrivals, onion prices have sunk to between Rs. 2 and Rs. 4 per kg, although the model (average) price is about Rs. 8 per kg. In domestic retail markets, the bulb is still priced between Rs. 20 and Rs. 25 per kg.

Maharashtra Chief Minister Prithviraj Chavan had written to the Commerce Minister, seeking a lifting of the ban. He was supported by Mr. Pawar, as this year's production was estimated to be higher than that of last year.

This year's output is expected to be 131.47 lakh tonnes as against the 121.91 lakh tonnes last year. The crisis in the last two months was on account of shortfall in kharif crop.

Prior to the ban, India exported 11.64 lakh tonnes of onions mainly to the Gulf countries, Sri Lanka and Malaysia, during April-November of this fiscal. Last year, the country had exported 18.73 lakh tonnes.

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Three more vegetable outlets for city

Special Correspondent

MADURAI: Three more retail vegetable outlets were opened in Madurai West panchayat union by the Collector, C. Kamaraj, on Thursday. The outlets will function through the Pandian Cooperative Supermarket at Naganakulam, Kannanendal and Tiruppalai.

Speaking on the occasion, Mr. Kamaraj said that the objective of involving the Department of Cooperation in the initiative was to provide quality vegetables, bought straight from farmers, to consumers at reasonable prices. The first batch of eight special retail outlets was opened on January 27. Seventeen such outlets were successfully functioning in residential areas with public support, he said.

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Seminar on impact of sand-mining

Special Correspondent

KOZHIKODE: The impact of unchecked sand-mining on rivers is the central theme of a two-day national seminar being organised jointly by the Central Water Commission of the Ministry of Water Resources and the Centre for Water Resources Development and Management (CWRDM) from Friday.

Minister for Water Resources N.K. Premachandran will inaugurate the seminar on the CWRDM campus. The studies conducted by experts of CWRDM over the last 10 years about the impact of sand-mining in the State's rivers will be discussed in detail at the seminar.

Different aspects of sand-mining , including alternatives to river-sand would be discussed .

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Condition-free title deeds for farmers

A Correspondent

Pattaya mela to be held tomorrow

KATTAPPANA: Revenue Minister K.P. Rajendran will distribute condition-free title deeds to 9,372 farmers at pattaya mela to be organised at Murikkassery, Rajakkad, Udumbanchola and Koottar on Saturday.

The condition-free title deeds will replace the title deeds issued in 1993. The new title deeds entitle the holders the right to handover the land.

At the function in Murikkassery, the farmers in Vathikudy, Konnathady and Upputhode villages will be given the title deeds.

Farmers in Bison Valley, Kanthipara, Santhanpara, Rajakkad, Pooppara and Rajakumari will get the new title-deeds at Rajakkad.

The farmers of Chathurangapara and Udumbanchola will get the documents at the function to be held at Udumbanchola and the farmers of Vandanmedu, Pampadumpara, Karunapuram and Parathode will be given title deeds at the event to be held at Koottar.

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Implement new schemes for farmers, officials told

‘Centre's schemes will help farmers to be self-reliant' Expert advocates natural farming over organic farming

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GUNDAGURTHI (GULBARGA DISTRICT): The Union Government has launched two new schemes, the Mahila Kisan Sashaktikaran Yojna and Farmers Self Help Groups, to enable farmers to avail themselves of financial assistance extended by the Government and develop skills.

Rural Development Ministry Secretary B.K. Sinha urged Regional Commissioner Rajneesh Goel and secretary of the Hyderabad Karnataka Area Development Board (HKADB) Shalini Rajneesh Goel to take the initiative and launch these schemes in the Hyderabad Karnataka region at the earliest.

Mr. Sinha was speaking at the inauguration of a four-day training programme on zero budget agriculture practices through natural farming. The programme for farmers from Gulbarga division was held at Gundagurthi in Chitapur taluk of Gulbarga district on Thursday.

He noted that these two schemes would help provide assistance to the agriculture sector, allowing technology transfer from laboratories to fields. They would also help farmers become self-reliant, he added.

A recent survey by the Centre pointed to nearly 40 per cent of agriculturists shifting to other vocations due to increased cost of cultivation and losses incurred by them. “This trend needs to be reversed,” Mr. Sinha said. Natural farming would help small and marginal farmers who were finding it difficult to cope with the rising cost of cultivation, he said.

‘Costless'

Proponent of natural farming Subash Palekar, in his address, advised farmers not to adopt organic farming, which he said was more dangerous than conventional farming methods.

“The best is natural farming, which is harmless, costless and more beneficial to the farmer and to Mother Earth,” he said.

Rural Development and Panchayat Raj Secretary B. Ravikumar, Chief Executive Officer of the Gulbarga Zilla Panchayat Salma Fahim, Chief Executive Officer of Yadgir Zilla Panchayat Gurneet Tej Kaur and president of HKDAB Amarnath Patil were among those present.

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Sharp decline in food inflation

Special Correspondent

NEW DELHI: Food inflation declined sharply to 11.05 per cent for the week ended February 5 from 13.07 per cent in the previous week, mainly owing to cheaper pulses and a moderation in onion prices even as the kitchen staple remained over 31 per cent dearer on a yearly basis.

Commenting on the marked fall by 2.02 percentage points in inflation numbers as per the Wholesale Price Index (WPI) data, a delighted Finance Minister Pranab Mukherjee asserted that the rate of rise in food prices would come down to single digit.

Mr. Mukherjee pointed out that even more importantly, not only had food article inflation fallen, but actual food prices had fallen substantially with the index going down to 182.9 from 186.9 in the previous week. "... in quite some time, food inflation will also be under single digit," he said while noting that this "should result in overall inflation figures going down, even if not over the next two to three weeks, but over the next one or two months."

At a time when vegetables should have been cheaper, food inflation not only ruled firm in double digits during the last two months but also crossed 18 per cent in the last week of 2010 owing to high prices of greens. On an annual basis, overall vegetables remained about 24 per cent dearer during the week mainly owing to higher prices of onions as compared to the previous year. However, potatoes turned cheaper by 13.63 per cent.

Even as Planning Commission Deputy Chairman Montek Singh Ahluwalia expects the declining trend in food inflation to continue, other analysts are of the view that the WPI numbers would remain in double digits during the whole of February despite a further fall in vegetable prices. The basis for this apprehension is that even though prices have come down as compared to the previous week, the average rate of food inflation is still high at 17 per cent on a yearly basis.

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Sensex spurts 206 points on fresh fall in food inflation

Strong demand for capital goods, banking and auto scrips

MUMBAI: The Bombay Stock Exchange sensitive index, Sensex, rallied 206 points on Thursday and closed at 18506.82 against 18300.90, maintaining the winning momentum for the fifth session in a row, as food inflation dipped further and outlook was broadly positive in the overseas markets.

The benchmark index gained 1,043.78 points or 5.98 per cent in the past five sessions, making it one of the strongest winning streaks so far this year.

Capital goods, banking and auto counters were in strong demand, while realty counters attracted profit-booking after smart gains.

Food inflation fell for the second straight week to a two-week low of 11.05 per cent for the week ended February 5, against 13.07 per cent in the previous week, providing some relief to the market participants. They said low inflation will keep interest rates from rising sharply in the near future.

The NSE 50-share Nifty also ended stronger by 64.75 points or 1.18 per cent to a 3-week high of 5546.45. Some brokers termed the gains as pre-budget rally, while others said that it was short-coverings ahead of the Union Budget to be presented on February 28, as well as the approaching expiry of February series of contracts next Thursday. “The pre-budget rally continues on BSE, with the Indian indices extending their winning streak to a fifth straight trading session after government data showed a steep decline in food inflation," said IIFL Head of Research Amar Ambani.

On the global front, Asian stock markets ended narrowly mixed.

The key indices in China, Hong Kong and Japan closed with gains while from Singapore, South Korea and Taiwan ended with losses. European shares were trading nearly flat in their afternoon trading.

Overall, 19 of 30 index-based stocks settled with gains, while others closed with losses.

HDFC Bank was the top gainer from the Sensex pack with a surge of 4.15 per cent to Rs. 2,183.80. HDFC gained by 3.15 per cent to Rs. 649.35, Bharti Airtel 3.14 per cent by Rs. 338.45, L&T by 2.69 per cent to Rs. 1,693.80, Tata Steel by 2.16 per cent to Rs. 654.90), M&M by 1.84 per cent to Rs. 669.25, Bajaj Auto by 1.62 per cent to Rs. 1,353 and ITC by1.05 per cent to Rs. 158.35

Rupee gains

The rupee appreciated by 18 paise against the dollar on Thursday and closed at 45.34/35 following bullish local equities amid sale of dollar by exporters and some banks.

It closed at 45.52/53 on Tuesday.

At the interbank foreign exchange market, the rupee opened, after Wednesday's holiday, higher at 45.45/46 a dollar and touched a low of 45.50.

Later, it recovered in line with equities and touched a high of 45.33 before finishing at 45.34/35.

hindustantimes

February 18, 2011

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Sensex gains 120 points in opening trade on easing inflation

The Sensex rose by almost 120 points in opening trade on the Bombay Stock Exchange on Friday on continued bargain buying at lower levels, with the trading sentiment boosted by easing food inflation.

The Sensex, which has gained nearly 1,045 points in the past five sessions, shot up by 119.85 points, or 0.65%, to 18,626.67 on Friday. Capital goods, oil and gas and banking stocks led the rally.

Similarly, the broad-based National Stock Exchange Nifty index gained 29.60 points, or 0.60%, to 5,576.05 points.

Brokers said the availability of several stocks at attractive levels and a fall in food inflation provided much needed support to the market.

In addition, covering-up of pending short positions by speculators also supported the rally in the market, they said.

In the Asian region, Hong Kong's Hang Seng index was up by 0.48%, while Japan's Nikkei index remained almost flat in early trade on Friday.

The US Dow Jones Industrial Average ended 0.24% higher in Thursday's trade.

http://www.hindustantimes.com/StoryPage/Print/663808.aspx

New Delhi, February 17, 2011

First Published: 14:42 IST(17/2/2011)

Last Updated: 02:01 IST(18/2/2011)

Onion export ban lifted as prices ease out

India's food price index rose 11.05% in the week ended February 5, the lowest in two months and sharply lower than 13.07% recorded a week earlier. Food prices have eased on the back of fresh arrivals of vegetables, especially onions, prompting the government to waive a ban on its export.

Yet, the double-digit food inflation is still above tolerable limits — it is just over 4% in inflationary China — but the government expects it to moderate after March. Finance minister Pranab Mukherjee, echoing Prime Minister Manmohan Singh, said on Thursday he expects headline inflation to ease to 7% by March-end.

Like most Asian economies, high food prices in India are stoking "core inflation" or inflation in non-food and non-fuel items. Food inflation has risen 17% over the past one year.

"We want to deal (with) it (inflation) in a manner the growth rhythm is not disturbed. If we were concerned only in curbing inflation, we could have done with pursuing tighter monetary policies...if in the process the growth rate gets hurt, that would not do our country any good," Singh had said.

The ban on onion exports was clamped in December when rains damaged crops and pushed up prices.

STORY OF A BAN

- Onion export was banned in December when rains damaged crops and pushed up prices
- Egged by market speculation, onion prices quadrupled
- Govt intervened by importing 1,000 ton onion from Pakistan and cracking down on traders suspected of stocking up
- By January, onion prices came down considerably, due to fresh harvests and the ban.

Market speculation of a major shortfall — despite actual crop damage of 10-12% — caused onion prices to quadruple. The government intervened aggressively to augment availability, including contracting 1,000 tonne for import from Pakistan and cracking down on onion traders suspected of stocking up.

In less than a month, fresh harvests from late-sown varieties, along with the export ban, improved supplies and sent wholesale onion prices crashing to a record low. In January, the lowest variety was trading under R5 a kg at Lasalgoan, near Nashik. The price crash riled farmers.

On Thursday, an inter-ministerial panel on food, led by finance minister Pranab Mukherjee, decided to allow export of onions, setting a minimum export price of $600 a metric tonne, an official said.

http://www.hindustantimes.com/StoryPage/Print/663500.aspx

New Delhi, February 17, 2011

First Published: 12:19 IST(17/2/2011)

Last Updated: 12:21 IST(17/2/2011)

Food inflation at 9-week low of 11.05%

Food inflation fell for the second straight week to a nine-week low of 11.05% for the week ended February 5 as pulses, wheat and potato prices declined.

Food inflation fell by 2.02 percentage points during the week ended February 5 from 13.07% in the week ended January 29.

On an annual basis, prices of potatoes declined by 13.63%, while pulses became 5.88% cheaper and wheat 2.54% less expensive, data released by the government showed.

However, on the whole, vegetables became nearly 24% costlier during the week ended February 5, pushed up mainly by a 31.33% increase in onion prices.

Furthermore, fruit and milk prices rose by 12.21% and 11.66%, respectively, while egg, meat and fish became 15.14% dearer on an annual basis.

At 11.05% during the week ended February 5, food inflation was at its lowest level since December 4, 2010, when it stood at 9.46%.

http://www.hindustantimes.com/StoryPage/Print/663439.aspx

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Friday, Feb 18

Max	Min
32.4°	22.9°

Rain: 00 mm in 24hrs	Sunrise: 6:31
Humidity: 84%	Sunset: 18:15
Wind: Normal	Barometer: 1010.0

Tomorrow's Forecast

Cloudy

Saturday, Feb 19

Max	Min
31°	22°

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Feb 20	**Feb 21**	**Feb 22**	**Feb 23**	**Feb 24**
29° | 24°	29° | 24°	30° | 24°	29° | 21°	29° | 20°
Rainy	Rainy	Cloudy	Cloudy	Cloudy

express buzz

By PTI

17 Feb 2011 01:05:25 PM IST

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THE ECONOMIC TIMES

Fri, Feb 18, 2011 | Updated 10.41AM IST

18 Feb, 2011, 01.53AM IST, Shyamal Gupta,

'Look beyond annual contracts in commodity buying'

The prices of key commodities (raw materials) such as milk, palm oil (for soaps), coffee and copra (for hair oil) have risen in the past one year with a volatility that will strain the margins of many FMCG firms. These companies need predictability in the flow of raw materials and stable prices to remain competitive. They have extensive exposure on the buying side but far less volatility on the selling side because terms and prices generally cannot be linked to the material price spread. MNCs in the FMCG segment have taken brand building, distribution, product innovation and marketing to a very sophisticated level while they have kept commodity sourcing (under volatile conditions) out of the strategic game plan.

Before the economic crisis, raw material prices knew only one direction: upwards. Now the situation has changed. They go up and down in an irregular fashion and without any discernible pattern (for example, tomato and onions, which are raw material for ketchups). Traditional commodity management had relied extensively on procurement via strategic sourcing and this was primarily viewed as a means to lower raw material costs. Companies may also use financial hedges to smoothen price volatility, a practice that can actually inflate average cost due to the cost of the hedges.

Some large Indian companies which started operations during the last ten years in the FMCG segment are more aligned to handle the volatility of prices. The centrepiece of the approach is the integration of procurement and sales activities to help manage the net exposure.

The Indian FMCG sector has a market size in excess of Rs 1.3 trillion. It has a strong MNC presence (P&G, Levers and Reckitt Benckiser) which is characterised by a well-established distribution network and intense competition. Most of these companies' positioning are still based on consumer behaviour. The commodity price volatility has resulted this orientation to be relooked at.

More often than not, an enterprise approach to managing raw material risk varies from ad-hoc to intuitive to unstructured approaches in a majority of the cases. This has resulted in managements often committing mistakes when it comes to managing commodity (raw material) risks or finding themselves uncertain and lost when it comes to building resilient business strategies around the sourcing models. Moreover, with the exception of sugar and wheat, none of the commodities that are consumed by the FMCG sector can be hedged on the futures. That too with the sword of ‘sudden contract bans’ hanging on the head.

On the flip side, successful enterprises of India today have adopted a more structured approach that encourages their management’s confidence in an integrated trading model. Facing increasing commodity volatility, companies must move away from rigid and fixed systems. Annual contracts are no longer appropriate or up-to-date with the currently volatile raw material cost. In a dynamic cost environment, market prices instead of annual contracts will allow companies to quickly and accurately assess the price opportunities and adapt prices accordingly.

(Shyamal Gupta is Chief business officer, NCMSL. Views are personal)

the pioneer

Food inflation at two-month low of 11.05%

February 18, 2011 10:51:35 AM

PNS | New Delhi

Food inflation fell to a two- month low of 11.05 per cent for the week ended February 5 as onions prices moderated and pulses became cheaper, prompting Finance Minister Pranab Mukherjee to assert that the rate of price rise will fall to a single digit in some time.

Food inflation fell by 2.02 percentage points for the week ended February 5 from 13.07 per cent in the previous week.

“... In quite some time, food inflation will also be under single digit,” Mukherjee said, adding that headline inflation will moderate to 7 per cent by March-end from 8.23 per cent in January.

Driven by high vegetable prices, food inflation has been in double digits for the past two months and had even crossed 18 per cent in the last week of December.

On an annual basis, prices of potatoes declined by 13.63 per cent, pulses by 5.88 per cent and wheat by 2.54 per cent in the week ended February 5.

However, on the whole, vegetables became nearly 24 per cent costlier during the week ended February 5. This was primarily on account of onions, which were 31.33 per cent higher during the week on an annual basis.

The spike in food prices, especially during December and January, has become a cause of concern for the Government and it has taken several measures to tame it.

A Group of Ministers (GoM) on Food, headed by Mukherjee, met on to take stock of the situation. Meanwhile, the decline in food inflation for the past two weeks prompted Planning Commission Deputy Chairman Montek Singh Ahluwalia to say the trend would continue.

Other economists, however, said while there would be further moderation in vegetable prices, overall food inflation will remain in double digits in this month.

Foodgrain quota discussed in Mumbai meet

February 18, 2011   10:51:54 AM

The Madhya Pradesh Government, which has been raising its difficulties at every level and forum, once again raised the demand of allocation of adequate foodgrains quota at Mumbai on Thursday.

The burning issue came up during the meeting of Union Minister of State for Food and Consumer Affairs KV Thomas with the Food Ministers/ Secretaries of 10 States. The State's version was presented by Minister of State for Civil Supplies Paras Chandra Jain.
Jain termed as unfortunate the practice of allocating less foodgrain quota by the Centre continuously, due to which BPL families in the State are unable to have square meals daily. The State Government despite its best efforts has been unable to manage the quantity of foodgrains required for the poor families.He questioned as to how poor people will be able to purchase foodgrains from the open market in these days of dearness and inflation. Jain said the difference of 96 thousand metric tonnes of foodgrains to be supplied to the poor as per a survey will have to be bridged as early as possible. Not only this, the State is being given less quota of rice and sugar, which also affects the poor.

Jain drew the attention of the Union Minister towards another bitter fact. He said Maharashtra is being given kerosene quota at the rate of 18 litres per card of seven members per month. On the contrary, Madhya Pradesh is being given only 5 litres of kerosene per card. This is nothing but open discrimination. He asked as to how can a family of seven members, who do not have a gas connection, will be able to meet their fuel requirement in this meager allocation?
The Minister said the Madhya Pradesh Government is committed to benefiting farmers of the State to the maximum by procuring foodgrains on support price and giving additional bonus to them. Due to this liberal policy, there has been bumper procurement after which problem of storage has cropped up. The State Government wants to transfer the surplus stock to the Centre on which an early consensus is necessary. He said that there should be a permanent arrangement to transfer surplus stock to the Central pool.

Exchange of notes on Rs 321 cr HP crop project

February 18, 2011 10:54:10 AM

Dharamshala

The exchanges of notes were signed here on Thursday in the presence of Chief Minister Prof Prem Kumar Dhumal between the Government of India, Ministry of Finance, Department of Economic Affairs and Government of Japan for implementation of Rs 321 crore Himachal

Pradesh Crop Diversification Promotion Project.The project will be implemented in the State soon so as to promote crop diversification through development of necessary infrastructure such as irrigation facilities and farm access roads in parallel with technical training for farmers on organic farming, vegetable cultivation, food crops cultivation and post harvest technology. Dhumal said that the State Government was pursuing for clearance of this project for the last two years so as to fulfill its commitment for improving the economy of the farmers. PNS

Business Standard

Friday, Feb 18, 2011

Govt lifts onion export ban

BS Reporter / New Delhi February 18, 2011, 0:49 IST

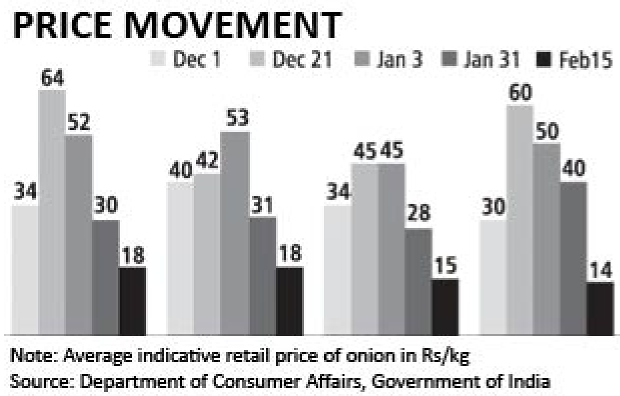
Shipments to be allowed at a minimum export price of $600 a tonne.The government on Thursday lifted a two-month ban on onion exports after prices crashed in the wholesale markets, prompting farmers to take to the streets.

However, shipments of onion would be allowed at a minimum export price of $600 a tonne (almost Rs 28,000) to prevent any possibility of prices shooting up again, a senior government officials said after a meeting of the empowered Group of Ministers (eGoM) here on Thursday.

Business Standard had reported on Wednesday that the agriculture ministry had forwarded a proposal for opening up export of all varieties of onion with a floor price of $600 a tonne.

The government had banned onion exports in the last week of December 2010 to augment domestic supply and contain rising prices, which had touched Rs 70-80 a kg.

To dissuade onion exports, it had raised the MEP from $525 a tonne to $1,200 tonne. Later, the exports were banned.



Earlier, this month, the government had cleared export of two varieties of onion, which are largely grown in Karnataka and Andhra Pradesh. Prior to the ban, India exported 1.16 million tonnes onions, mainly to gulf countries, Sri Lanka and Malaysia during April-November of this financial year.

The eGoM meeting was attended by Defence minister A K Antony, Home Minister P Chidambaram and Deputy Chairman of the Planning Commission, Montek Singh Ahluwalia.

Onion prices in most wholesale and retail markets across the country crashed after the government stopped exports, launched a nation-wide crackdown on hoarders. Prices also fell because of arrivals of fresh crop in Maharashtra, the country's largest onion growing state.

At present, the wholesale price of onion in the Nashik markets has crashed to almost Rs 4 a kg. Last week, the government had lifted the export ban on two varieties of onions—Bangalore Rose and Krishnapuram—grown in Karnataka and Andhra Pradesh.

Opening of onion exports came within days of Agriculture Minister Sharad Pawar and Maharashtra Chief Minister Prithviraj Chavan approaching Commerce Minister Anand Sharma to lift ban on onion export following farmers' stir in Nashik against crashing prices.

Spices market on a boil due to crop damage, low arrivals

Sharleen D'Souza / Mumbai February 18, 2011, 0:56 IST

Spices complex has been on boil since the last four months due to crop damage in growing areas. The crop was damaged mainly due to unseasonal rain. Prices of spices like chilli and coriander increased almost 80 per cent while jeera and pepper prices were up 20 per cent in the last four months. Turmeric on the other hand was down by 27 per cent on National commodities and derivative exchange (NCDEX) in the last four months due to fresh arrivals in the market. However, compared to last year around this time prices of all spices are significantly up.

In November, India exported 43,850 tonnes of spices and in December, it exported a total of 29,910 tonnes, declining 31 per cent. Delay in arrivals of the new crop caused exports to fall in December, but they improved again in January, a Spice Board of India official said.

Chilli

Chilli exporters have resorted to only need based buying as prices are now close to all-time highs, Ashok Dattani, a Mumbai-based chilli trader said.

RAIN PAIN Average price per quintal			
Spice	Mid Feb 2010	Mid Feb 2011	Change (%)
Chilli	4,500	8,000	77
Jeera	10,800	14,200	31
Pepper	13,100	23,100	76

Turmeric	10,300	12,100	17
Coriander	3,300	4,800	45
Cardamom	9,500	11,340	19
Source: Spices Board of India			

Chilli arrivals in Andhra Pradesh this season are expected to be at 10 million bags (1 bag weighs 40 kg) compared with 21 million bags which were received last season, Ashok Dattani said.

This year, country's chilli production is estimated at 19 million bags compared with 37.5 million bags last year.

Apart from quantity, the quality of the crop has also been affected due to unseasonal rain.

In spot markets, chilli prices reached an all-time high of Rs 9,500 (excluding taxes) a quintal last week.

The current prices of chilli of average variety is Rs 8,000 a quintal compared with Rs 4,500 a quintal in the same period last year, according to Spice Board of India.

Jeera

Exporters in the jeera market are staying away as they find jeera prices too high. On NCDEX jeera has moved up 16 per cent from October 1, 2010 till February 17. While on a year-on-year basis, it has gone up 31 per cent to Rs14,200 a quintal.Also, late arrivals in the spot market triggered the rise in jeera prices. Jeera arrivals are expected to start by March 15, and that is when exporters are expected to resurface as prices are expected to drop, said Bhaskar Shah, the ex-president of spices and food exporters association.

This year's crop is estimated to be at 2.7-2.8 million bags (1 bag weighs 60 kg) compared with last year's 3 million bags.

"Futures may remain moderate in the short term, but, the underlying current still remains bullish for jeera," said Faiyaz Hudani, a senior analyst with Kotak Commodity Services.

Pepper

Indian pepper exporters are facing tough competition from Barzil, Vietnam and Indonesia as Indian pepper is quoted at $5,600 a tonne while pepper from these countries are quoted $700 a tonne lower than Indian pepper, Jojan Malayil, a Kochi-based pepper exporter said.

Pepper crop this year is estimated to be around 48,000 tonnes compared with 52,000 tonnes last year.

At the moment, most of the pepper export orders are going to Vietnam, Manish Vora, a Mumbai-based pepper trader said.

Coriander

Coriander futures have also moved up sharply. They rose over 76 per cent on NCDEX since October 1, 2010 due to lower acreage.

The average crop usually stands at 3.1 million tonnes, but this year a 40-50 per cent drop in arrivals is estimated.

On the other hand, turmeric prices have eased and are now steady as arrivals have started to hit the market.

This year the average daily arrivals are around 20,000 to 25,000 bags (1 bag weighs 75 kg).

Turmeric

This year's turmeric crop is estimated to be around 6.5 million bags compared with last year's 4.8 million bags.

This year prices have not slumped as much as expected due to strong export demand for the commodity.

The current price is Rs 12,100 a quintal compared with Rs Rs 10,300 a quintal last year.

Arrivals are yet to start at Warangal, Salem, Cuddapah and Duggrila spot markets, Manubhai Shah, a turmeric exporter said.

Narayan, the export manager with Jhaveri Industries, which owns leading spices brand Badshah Masala and a major player, said their exports have not been affected, rather have increased by 15-20 per cent compared with the previous year, and export inquiries are still pouring in.

Global pepper prices double in a year

George Joseph / Kochi February 18, 2011, 0:55 IST

Pepper looks like being costlier in global markets this year, with Vietnam asking almost double last year's price for its fresh stock of black pepper.

It is quoting $5,000-5,050 a tonne for the ASTA grade, compared to $2,750-2,800 at the beginning of the last season. Vietnam is the world's largest producer and exporter of the spice and is expected to have a crop size of 100,000 tonnes this season.

Importers in the US and Europe aren't convinced and are holding back their orders, a prominent exporter told Business Standard. He said the US could wait for another four to six weeks, as it had imported more pepper in 2010. The market expects US imports would be active only by the end of next month. Some, in fact, say the US demand would pick up only by the middle of the year.

The US imported 52,014 tones of black pepper in 2010, as against 49,148 tones in 2009.

Though harvesting in Kerala is active, arrival at wholesale markets is low, compared to last season. A change is expected by next month, once harvesting in Karnataka picks up.

India currently offers $5,350 a tonne for ASTA grade, but isn't having much of takers abroad. The tags of all leading producing countries are above the $5,000 mark.So, the average yearly price seems likely to be on a higher mode this year.

Govt to decide on freeing up sugar exports on Monday

Sanjay Jog / Mumbai February 18, 2011, 0:52 IST

The union minister of state for food and civil supplies K V Thomas assured the problem-ridden Maharashtra cooperative sugar industry that the empowered group of ministers would take a decision on sugar exports at its meeting slated for Monday. He admitted that the decision to export 500,000 tonnes of sugar under open general license has been kept in abeyance but assured that decision is expected at Monday's meeting.

Earlier, the Maharashtra cooperative sugar industry, which is reeling under financial crisis due to widening gap between the cost of production and realisation, today made a fresh appeal to the Centre to permit export under open general license (OGL). The sugar industry called upon the Centre to allow export of first phase of 1 million tonnes with immediate effect and another 5 million tonnes in February and March after reviewing the actual production figures.

A delegation led by the state cooperation minister Harshvardhan Patil and Vijaysinh Mohite-Patil, chairman of the Federation of Cooperative Sugar Factories in Maharashtra during their meeting with the minister of state for food and civil supplies K V Thomas argued that sugar exports are necessary in a serious bid to boost up market confidence and arrest the dwindling domestic realisation and also to take advantage of the encouraging international scenario.

State cooperation minister Harshvardhan Patil told Business Standard: “We are thankful to the Centre for having issued factory-wise allocation of export quantity totalling 500,000 tonnes under OGL on January 1. However, we brought to the minister's notice that so far no release orders have been issued and hence the actual export has not commenced as yet. International prices which had peaked to $850 a tonne have now gone down to $725 a tonne. This slide in international prices is most likely going to intensify with the new arrival of sugar from Brazil and Thailand from March onwards.”

Moreover, the sugar industry called upon the minister for the imposition of 60 per cent import duty on imported sugar (both white and raw) with immediate effect. Mohite-Patil said there is no need for any imports at zero per cent import duty in view of comfortable availability of sugar during 2010-11 wherein the estimated sugar production of 24.5 million tonnes. Besides there is an opening stock of 4.5 million tonnes. Therefore, he added that there would be a total sugar availability of 29 million tonnes against the anticipated domestic consumption of 23 million tonnes.

Mohite-Patil also appealed for the withdrawal of import permission given to industrial bulk buyers in June 2009. “In light of expected comfortable availability of sugar in the country, there is a need for withdrawal of import permission to industrial bulk buyers whose share in the domestic sugar consumption is almost 70 per cent,” he noted.

Prakash Naiknavare, managing director of the federation said the delegation also pressed the need for an early settlement of sugar export subsidy claim of Rs 190 crore. “Maharashtra sugar mills had positively responded in exporting 1.5 million tonnes in 2006-07 and 2.9 million tonnes in 2007-08 and had availed the sugar export subsidy. However, settlement of these accounts was not possible because export subsidy was pending,” he added. Early settlement of subsidy claims would enable mills to close the accounts and these amounts would come in handy for timely settlement of cane payments.

The cooperation minister informed that the delegation also emphasised the need for timely revision of levy sugar prices. Patil said “We requested the Centre to announce levy sugar prices before the commencement of the crushing season which would enable mills to close their accounts at the end of season and also monitor proper cash flows.”

THE HINDU Business Line

Govt lifts onion export ban; decision on sugar export deferred

Business Line Onion being dumped at a wholesale market in Tiruchi: Photo: R.M. Rajarathinam

New Delhi, Feb. 17:

The Centre on Thursday decided to completely lift the ban on onion exports, but kept a minimum export price of $600 a tonne as a precaution against further price rise of the item.

The decision, taken by an Empowered Group of Ministers (EGoM) on food, follows onion prices crashing in the local market, leading to protests by farmers in producer States like Maharashtra.

The Government had last week lifted the export ban on Rose and Krishnapuram varieties of onion grown in Karnataka and Andhra Pradesh respectively.

But soon after, the Maharashtra Chief Minister, Mr Prithviraj Chavan, and the Union Agriculture Minister, Mr Sharad Pawar, called for completely lifting the ban on onion exports citing the farmers' agitation. They also demanded that the sugar exports ban be totally scrapped.

The EGoM headed by the Finance Minister, Mr Pranab Mukherjee, however, deferred its decision on the proposal to permit 5,00,000 tonnes of white sugar exports under the open general licence. Sources said a call will be taken in the next EGoM meeting.

The Government had, in December 2010, banned exports of onion and removed import duty on the item following its prices more than trebling in a short span in the retail market to over Rs 70 a per kg. This was due to a shortage caused by late rains that affected the crop in some onion producing regions.

Fall in prices

However, prices have now fallen to around Rs 4-12 a per kg with fresh supplies of late-sown varieties arriving in the local market. Prior to banning the exports of onion totally, the Government had increased its minimum export price of the item from $525 a tonne to $1,200 a per tonne to discourage exports.

Around 11.5 lakh tonnes of onion were exported from the country India during April-December 2010 against 14 lakh tonnes during the corresponding period in 2009.

The Agriculture Ministry expects onion production to be around 132 lakh tonnes, up from 125 lakh tonnes last year. India is the world's second largest onion producer.

The Ministry had also pitched for allowing sugar exports with the sugarcane production estimates likely to be 336.7 million tonnes in 2010-11 from 292.3 mt million tonnes a year ago. Though Mr Pawar in December had announced permitting exports of 5,00,000 tonnes of sugar under OGL in addition to one mt of shipments allowed against advance licences, high food inflation forced the Government to hold back the decision.

Printable version | Feb 18, 2011 10:52:46 AM | http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article1465509.ece

Tea prices firm on global demand, lower output

Kochi, Feb. 17:

For the moment, the trouble in Egypt does not seem to have had much of an impact on India's tea exports.

Although it is too early to comment, sources in the trade said that the democracy movement in Egypt was brief and successful and should not prove to be a major hindrance to India's tea exports.

The buoyancy in global tea demand, and lower production in India have ensured that the domestic prices have recovered and is holding firm. The unit price for tea exports in December was Rs 146 a kg as against Rs 140 a kg last year.

However, there was a significant fall in the volume of tea exports which pulled down the value realisation. After several months of good production and subdued prices during the early part of 2010, the domestic prices began to recover only in the latter part of the year as production slumped.

Tea production in December was a shade lower at 58.74 million kg as against 58.10 million kg last year. But for the year as a whole production was down 12 million kg to 966.40 million kg. Production from North India accounted for the bulk of the fall at 11.83 million kg. Production shortfall from South India was nominal and was of recent origin.

Much of the earlier shortfall in North Indian production was made up by increased production from South India. While production from North Indian plantations have recovered and stabilised, it is the South Indian production that is currently showing a declining trend. The trends are continuing into December when South India showed a 3.16 million kg fall in production while North India recorded a 3.80 million kg growth.

The falling production trends are likely to be sustained into January as well, sources in the United Planters Association of Southern India said.

The late rains and cloudy conditions had hampered production in South India during the last three months. Although the rains and cloudy conditions had abated over South India during the early part of the year, no production forecasts were forthcoming for February. The climate in Nilgiris in February has been cold nights and dry and sunny during day.

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Egg prices crack up further

Chennai, Feb. 17:

The shell egg trade in Tamil Nadu has slashed prices due to reduced seasonal consumption and changes in the marketplace, including low inventories maintained by traders.

To save poultry farms from possible accumulation of stocks, the National Egg Coordination Committee's Namakkal zone has trimmed the price to Rs 2.10 a piece from last week's Rs 2.35. Egg prices had reached a record high of Rs 3.02 during the second week of January.

NECC Zonal Chairman, Dr P. Selvaraj, said the price reduction is mainly due to the stagnation of over 10-crore eggs during Pongal holidays and the stabilising weather conditions in the North, which consumed around 20 lakh eggs a day till January. February and March are months when the poultry business usually sees the egg consumption graph flat due to the onset of summer.

Apart from the fall in consumption, wholesalers and retailers prefer to keep the inventories low because high temperature results in low shelf-life. Therefore, eggs tend to stockpile at the production centre, according to market sources. “Egg production has to be maintained even if profits are minimal because it's a long-term investment of around two years,” said Mr R. Nallathambi, President, Tamil Nadu Poultry Farmers' Association.

Chicken prices

Meanwhile, chicken prices continue to be at rock-bottom levels. The NECC has slashed the prices of layer birds to Rs 23/kg (Rs 26) while the Palladam-based Broiler Coordination Committee has raised the prices of cull birds to Rs 54/kg (Rs 51).

On the export front, with the doors of West Asia still closed to Indian poultry products, the trade is now focusing more on the neighbouring Sri Lanka as the country has decided to import eggs from India until the shortage is met there and domestic prices stabilise.

Earlier, India used to export 100 containers (of 4.75 lakh eggs each) every month to West Asia and 50 containers to Africa. But now these have dropped to negligible levels. India, since mid-December, has exported around 18 lakh eggs to Sri Lanka.

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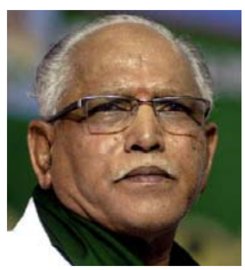
Karnataka plans global farm meet in June



Business Line Mr B.S.Yeddyurappa

Bangalore, Feb 17:

After the successful global investors' meet in June 2010, the Karnataka Government is planning to organise a global agriculture meet in June this year.

Through this event, the government hopes to attract Rs 52,000 crore worth investment proposals in the agricultural sector, said Mr B.S. Yeddyurappa, Chief Minister of Karnataka, at an event to launch the K-Kisan project to computerise the department of agriculture, give away awards to farmers and also symbolically launch construction of the ‘Raitha samparka kendra building'.

Speaking at the event, the Chief Minister said that he would also present an exclusive agriculture budget on February 24, the first day of the budget session.

According to him, preparations wereunder way in consultation with experts and industry players to hold the event. He hoped that the event would give renewed direction to the agriculture sector, instil confidence in farmers and also discuss ways and means to reduce costs in undertaking farm activities.

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Northern demand sends turmeric up

Erode, Feb. 17:

Turmeric farmers were a happy lot on Thursday as the spot price increased by Rs 500 a quintal.

“Demand for turmeric from North India is still pouring in for Erode traders, so the spot prices increased by Rs 400 to Rs 500 a quintal on Thursday,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

“During this year, the price has touched Rs 11,000 a quintal, which has made turmeric growers happy. Similarly, arrival touched 14,000 to 15,000 bags a day on Thursday, which is the highest arrival during 2011.”

Mr Ravishankar said the arrival will decrease by 30 per cent hereafter, but the prices may remain unchanged. In fact, he said, the price will rise further as demand from North India has increased. Some traders expect the prices to touch Rs 13,000 to Rs 14,000 a quintal in April first week.

In the Erode Turmeric Merchants Sales Yard, finger variety fetched Rs 8,633 to Rs 11,105 a quintal, root variety Rs 86,03 to Rs 10,814.Salem Crop-Finger variety was sold at Rs 11,191 to Rs 12,411 a quintal, root variety at Rs 10,687 to Rs 11,617 a quintal. Out of arrival of 5,973 bags, 1,785 bags were sold.In Gobichettipalayam Agricultural Marketing Society, finger variety was sold at Rs 10,319 to Rs 11,889 a quintal, root variety Rs 9,000 to Rs 10,519 a quintal. All the 27 bags that arrived were sold.In Erode Cooperative Marketing Society, finger variety was sold at Rs 9,701 to Rs 11,333 a quintal, root variety at Rs 9,201 to Rs 10,839 a quintal.In Regulated Marketing Committee, finger variety fetched Rs 10,339 to Rs 11,269 a quintal, root variety at Rs 9,887 to Rs 10,684 a quintal. Out of arrival of 1,054 bags, 1,022 bags were sold.

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Edible oil cools further

Mumbai, Feb 17:

Edible oil prices on Thursday continued their decline in the Mumbai market with most oils cooling by Rs 5-9 per 10 kg. Soya refined oil dropped by Rs 5 and Palmolein fell by Rs 7 to below Rs 600 per 10 kg on cue from the Malaysian markets, which closed lower. Groundnut oil was unchanged, cotton oil dropped by Rs 5, rapeseed oil by Rs 9 and sunflower oil by Rs 5 per 10 kg. Towards late evening, stockists were selling at lower rates. The morale remains steady and volume stands at near-minimal level, said a leading broker.

Malaysian palm oil futures fell on uncertainty over a possible cut in a range of food import taxes by China. But there was also talk that it may not include palm oil. The BMD futures fell by 32 and 9 ringgit for the third consecutive day.

Mr Santosh Bhanushali, a leading broker said that in line with weak foreign markets, Indore NBOT soya bean oil futures after losing Rs 10 on Wednesday had bounced back marginally. Until Wednesday, it had declined by Rs 31 over the past nine 9 days. On February 5, the March-11 soya oil future was at Rs 670.70, which dropped to Rs 639.10 on Wednesday. In the Mumbai market, a weak tendency in the future market, along with thin need-based local demand, kept the spot market volume range bound. About 120-130 tonnes of Palmolein traded at Rs 590-Rs 592. Direct importers quoted higher rates, with Liberty Palmolein at Rs 610-612 and Ruchi Palmolein at Rs 600, soya refined oil at Rs 615 and sunflower refined oil at Rs 700. Allana's Palmolein quoted at Rs 610.

Local oil shows weak trend

Indigenous oils found no buyers as reports from the producing centres indicated a weak trend on higher arrivals and absence of demand. In the Rajkot market, groundnut oil dropped by Rs 5 to Rs 1,140 for Telia tin and to Rs 735 (Rs 740) for loose 10 kg.

Malaysia's BMD CPO futures March-11 closed at 3,788 ringgit (3,820), April-11 was at 3,781 ringgit (3,790). Indore, NBOT soya oil futures March-11 was at Rs 645.50 (Rs 639.10).

Mumbai commodity exchange spot rate (Rs/10kg):

Groundnut oil 760 (760), soya refined oil 615 (620), sunflower expeller refined 665 (665), sunflower refined 710 (715), rapeseed refined oil 643 (652), rapeseed expeller refined 613 (622), Cotton refined oil 615 (620) and Palmolein 595 (602).

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Spike in futures spreads to spot rubber

Kottayam, Feb. 17:

Spot rubber reached another record level on Thursday. Bullish reports from the domestic and international futures coupled with a firm closing in Bangkok catalysed the day's sentiments. There were enquiries from the tyre sector and the market moved up also gaining strength from short supplies as farmers continued to hold the stocks in anticipation of higher realisation. There are chances that the domestic price could also overtake the international price, an official said.

Sheet rubber firmed up to Rs 239.50 (239) a kg according to dealers. The grade increased to Rs 240 (238.50) a kg both at Kottayam and Kochi as quoted by the Rubber Board.

The March series improved to Rs 246 (244.52), April to Rs 255.55 (253.96), May to Rs 261.62 (258.66) and June to Rs 265 (262.15) a kg for RSS 4 on the National Multi Commodity Exchange (NMCE).

The volumes totalled 16452 lots and open interest 12296 lots. The turnover was Rs 412.67 crores.

The February futures flared up to ¥540 (Rs 292.92) from ¥525 a kg during the day session but then remained inactive in the night session on the Tokyo Commodity Exchange (TOCOM). RSS 3 (spot) closed at Rs 291.14 (290.21) a kg at Bangkok.

Spot rates were (Rs/kg): RSS-4: 239.50 (239); RSS-5: 229.50 (228.50); ungraded: 226 (225); ISNR 20: 238 (236) and latex 60 per cent: 149 (149).

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Domestic cashew consumption soars

Business Line Cashew nut tree is laden with ripe and raw fruits on the outskirts of Berhampur (file photo)

Kochi, Feb. 17:

The domestic consumption of cashew kernels in India, of late, has shown an upsurge with an annual demand growth of over 10 per cent, absorbing around two-thirds of the total cashew kernel production in the country.

An estimated four lakh tonnes of cashew kernel is produced in the country, of which over 2.5 lakh tonnes are consumed by Indians themselves. “Thus, India has not only become a major supplier of cashew kernels in the world but also a top consumer,” Mr Shahal Hassan Musaliar, Chairman, Cashew Export Promotion Council of India (CEPC), told *Business Line*.

A change in food habits following an improvement in living standards and lifestyle has led to increased usage of cashew by the food industry, especially in bakery and confectionery products, he said.

Besides, use of value-added cashew products as snacks is also on the rise among the middle, upper-middle and high-income groups. As a result, the Indian domestic consumption of cashew kernels soared from an estimated 80,000 tonnes in 2003 to around 2.5 lakh tonnes currently. Yet, the per capita consumption of cashew kernel is estimated at 0.2 kg. The world cashew kernel consumption is put at about 5.2 lakh tonnes in 2010, according to a report. The other major consumers are the US, the EU and Japan. Indian exports of cashew kernels, of late, have ranged between 1–1.15 lakh tonnes.

For producing 4 lakh tonnes of cashew kernels, 16–18 lakh tonnes of raw nuts are required. According to the Directorate of Cashew and Cocoa Development (DCCD) under the Union Ministry of Agriculture here, an estimated 8.7 lakh hectares are under cashew with a total output of an estimated 6.5 lakh tonnes.

The organised and unorganised sectors are estimated to process around 17-18 lakh tonnes of raw cashew nuts. The rest of the raw nuts come from imports and from the unorganised sectors/ growers in rural India, trade sources said.

Maharashtra tops in raw nut production followed by Andhra Pradesh, Orissa and Kerala. According to the CEPC Chairman, there are 123 processing units operational in Orissa now and almost the entire quantity of processed kernels are supplied to the cashew industry in Kerala's Kollam district, the cashew capital of the country. The industry here does value addition and marketing, he said.

High prices

The demand in the domestic market is so great that value-added and superior grade kernels are sold at much above the international market prices. W 240 (i.e., 240 kernels make one lb) and W 320 fetch Rs 900 to 1,500 a kg in the domestic market while value-added products such as the salted, roasted and chocolate-coated varieties sold in sachets and tins fetch even higher prices. Prices quoted in dollar per lb for the top-grade varieties last Saturday were: W240

$4.30–$4.35; W320 $3.80–$3.85; W450 $3.65–$3.70, Mumbai-based dealer, Mr Pankaj S. Sampat, told *Business Line*.

“Its positive health aspects and taste have made it a popular snack in elite homes,” Dr K. A. Retheesh, Managing Director, Kerala State Cashew Development Corporation (KSCDC) told *Business Line*. The public sector corporation which has around 30 factories employing over 25,000 workers, markets almost the entire quantity of kernels produced by it. Nearly 90 per cent of the output is sold as raw material (kernel) to the industry while 10 per cent of it is processed into different varieties of value-added products. Considering the consumer preference, the corporation will launch cashew noodles soon in the metros, he said.

The response from the consumers in the metros, especially Delhi during the Diwali season, was tremendous and it was the motivating factor behind the decision to diversify into a variety of value-added products, he said. The KSCDC, he said, had launched the value-added products only recently and its share in the expected total turnover of Rs 170 crore during the current fiscal would come to 10 per cent, he said.

The main constraint that the industry has been facing since long has been the non-availability of indigenously produced raw nuts. As a result, the industry has to perpetually depend on imports. Unfavourable weather conditions and political instability in the supplying countries in West Africa often negatively affect availability, making the situation worse. The current short supply has raised raw nut prices to Rs 80 a kg, Kollam-based industry sources said.

They expressed the hope that the good prices may motivate the growers to take up cashew cultivation in many parts of the country and that, in turn, would push up the total national output of raw nuts.

“In fact, cashew can be grown in wastelands and lands that are not suitable for cultivation of any other crop. But, it demands political will, promotion and motivation,” Dr Abdul Salam, a Professor with the Kerala Agricultural University and an expert on cashew, told *Business Line*.

Wheat prices drop amidst weak demand

Karnal, Feb. 17:

With not much demand in the market, prices of dara wheat dropped by Rs 40 and ruled at Rs 1,200-1,220 a quintal against levels of Rs 1,250 quoted at the beginning of this week.

Fine quality wheat witnessed a major fall and was around Rs 1,250 a quintal against levels of Rs 1,330 quoted on Tuesday. Aaj Tak, a desi variety, continued to rule firm and was quoted at Rs 2,400 a quintal.

Around 200 quintals of dara variety was offloaded by the local stockists, while around 1,200 quintals of the same variety was procured from the Food Corporation of India by the flour millers on Thursday.

Bulk buyers are waiting for the new wheat to come into the market to start buying, said Mr Sewa Ram, a wheat trader. Low availability of high quality wheat is also a reason behind the sluggish demand, he added. Wheat prices will continue to tumble as this year will see bumper production, market sources said. “The recent rainfall has also boosted expectations of bumper production and we are expecting production of over 82 million tonnes this year,” said Dr S. S. Singh, project director, Directorate of Wheat Research.

Flour prices: With the fall in wheat prices, flour prices dropped marginally by Rs 5 and quoted at Rs 1,255 for a 90-kg bag. While the Chokar prices witnessed a steady trend, they ruled at Rs 565 for a 49-kg bag.

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Mixed trend in pepper

Kochi, Feb 17:

Pepper futures witnessed mixed trend on Thursday with the February contract declining while March and April moved up.

Sellers without valid stocks were influenced to switch over.

Meanwhile, on the spot, all pepper was collected at farm gate by “expert processors” who processed it into MG 1 and deposited in the “selected warehouses”. As a result, 225 tonnes of pepper were deposited in Kochi and 20 tonnes in Kozhikode. Thus, the total volume available for delivery would come to 2,656 tonnes, market sources told *Business Line*. This is pointed out as one of the reasons for the February delivery to fall. Given this scenario, there was no physical pepper available at the primary markets and that in turn pushed up the spot prices up, they said.

Heavy liquidation

There was heavy liquidation and some switching over to March and April. There has not been significant improvement in arrivals of new crop in India. Similarly, in Vietnam too, it has not picked up so far as anticipated, they said.

February contract on the NCDEX dropped by Rs165 a quintal to close at Rs 24,210 while March and April moved up by Rs 379 and Rs 354 respectively to close at Rs 23,874 and Rs 23,925 a quintal.

Total turnover increased by 2,880 tonnes to close at 17,612 tonnes.

Total open interest dropped by 996 tonnes to close at 15,813 tonnes showing heavy liquidation.

February open interest fell by 1,390 tonnes to 4,282 tonnes. March and April moved up by 215 tonnes and 169 tonnes to close at 9,092 tonnes and 1,997 tonnes. That means 384 tonnes were switched over while over 1000 tonnes were liquidated, they said.

In the international market, the overseas buyers wanted to buy but they are confused and the market remained unclear, they said.

Indian parity was at $5,500 a tonne (c&f) Europe and $5,600 a tonne (c&f) USA.

Overseas reports

A report from Vietnam today said the market there was easier. 500 GL and 550 GL were quoted at $4,350 and $4,650 a tonne respectively (f.o.b.)

White pepper (double washed) was offered at $7,100 a tonne for US market and $7,050 a tonne for others. Vietnam Asta was quoted at $5,000 a tonne.

B Asta was indicated at $ 5,075 a tonne (fob) and B1 at $4,975 a tonne (fob) for April/May shipments.

Another report from the US said B Asta appeared to be the most competitive origin at present willing to entertain bids.

Black pepper

Prices quoted for black pepper of different origins per tonne in dollars c&f New York were : MG 1 asta – 5,550-5,600; Lampong asta – 5,475-5,575; Brazil B2 500g/l – 4,800 fob; Brazil B1 550g/l – 4,900 fob; Brazil B asta -5,000-5,100 fob (reportedly $4850-$4900 fob recently traded); Vietnam 500g/l – 4,650 fob;Vietnam asta – 5,400-5,450; MLV asta – 5,850 ex warehouse New York / New Jersey.

White pepper prices quoted per tonne in dollar c&f were Muntok – 8,250-8,300; Vietnam (double washed) – 7,450 – 7,500 ; and Chinese 7,400 – 7,450.

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Soy oil recoups

Indore, Feb. 17:

Soy oil regained its losses of the previous day to some extent on improved global cues with Malaysian palm oil futures closing at - 20. In the morning, trading in soy refined was comparatively weak on slack demand. However, in the second half of the day, buying improved at lower rate. As a result of this, traders hiked soy refined prices to Rs 600-Rs 605. Soy solvent also ruled firm at Rs 575-Rs 580 on scattered buying. Soy refined prices in Indore mandis on Wednesday had dipped to Rs 598-Rs 600 with steep fall in Malaysian palm oil futures.

Improvement in Malaysian palm oil futures on Thursday as compared with the previous day also perked up soy oil futures both on the NBOT and the NCEDX. On the NBOT, soy oil March contract, after opening at Rs 641.80, closed higher at Rs 645.20. On Wednesday, soy oil March contract on the NBOT closed lower at Rs 639.10 for 10 kg after opening at Rs 647. Similarly, soy oil futures also improved on the NCEDX with soy oil February and March contracts closing higher at Rs 628.50 and Rs 648.20 respectively with improved demand.

In soy seeds also, demand remained subdued, with prices in the mandis quoted marginally lower at Rs 2,280-Rs 2,320 a quintal, while in Indore mandis soybean prices were quoted at Rs 2,300-Rs 2,350 a quintal. On the other hand, plant deliveries of soybean gained Rs 10 - Rs 15 at Rs 2,375- Rs 2,410 a quintal on improved demand. Arrival of soybean in State mandis continue to be weak with merely 60,000 bags of soy seeds arriving in the State mandis, while in Indore arrival was recorded at about 1,800 bags. According to a soybean trader Mr Mukesh Purohit, with downtrend continuing in both soybean and soy oil, farmers have restricted releasing stocks of soybean to the State mandis hoping for a rise in its prices, which according to them may go up to Rs 2,600-Rs 2,700 a quintal by the middle of the current year, keeping in view expected decline in production of soybean at global level due to adverse weather conditions.

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Sugar prices maintain uptrend

Mumbai, Feb. 18:

Spot sugar prices rose for the third consecutive day by Rs 15-Rs 20 on Thursday at the Vashi terminal market.

At the spot and mill level, conditions improved on strong expectations that the Government could soon take positive steps in favour of the sugar sector to protect it from making losses. Naka rates also increased in line with the mills' tender offer. Volumes improved on higher demand form local and other State-level markets.

According to the industry, mills are currently selling their produce below cost price in the open market. During January and February, higher free sale quota, unexpected lower demand and a continuous decline in prices saw Maharashtra's mills make a heavy loss by selling at less than cost price.

The Government has declared 16.23 lakh tonnes of free-sale sugar quota for the current month, less than January's quota of 17 lakh tonnes. The Indian Sugar Mills' Association last estimated the country's sugar production at 250 lakh tonnes in the season year 2010-2011.

Mr Jagdish Rawal, a wholesaler, said sentiment has improved since Wednesday on expectations that the Government may allow sugar exports as the mills have demanded lower quota for March 2011, extension of time for the current month quota and export permission. Fresh buying by the local and neighbouring States supported prices. Market players are now expecting some positive steps from the Government in view of the declining food inflation. In support of the fresh demand, freight rates at the mill level have also firmed up by Rs 5-Rs 7 per bag.

On Wednesday evening, 12-14 mills came with tender offers and sold 38,000-40,000 bags (previous day 1.75-2 lakh bags each of 100 kg) in the range of Rs 2,680-Rs 2,710 for the ‘S' grade and Rs 2,725-Rs 2,780 for the ‘M' grade. Arrivals in the markets were higher at 53-55 truck loads (each of 100 bags) and local dispatches were at 50-52 truck loads. The morale was bullish, he added.

Bombay Sugar Merchants Association sugar rates:

Spot rates: S grade Rs 2,791-Rs 2,851 (Rs 2,786-Rs 2,851) and M grade Rs 2,831-Rs 2,911 (Rs 2,831-Rs 2,901).

Naka delivery rates: S grade Rs 2,740-Rs 2,770 (Rs 2,730-Rs 2,760) and M grade Rs 2,800-Rs 2,860 (Rs 2,780-Rs 2,830).

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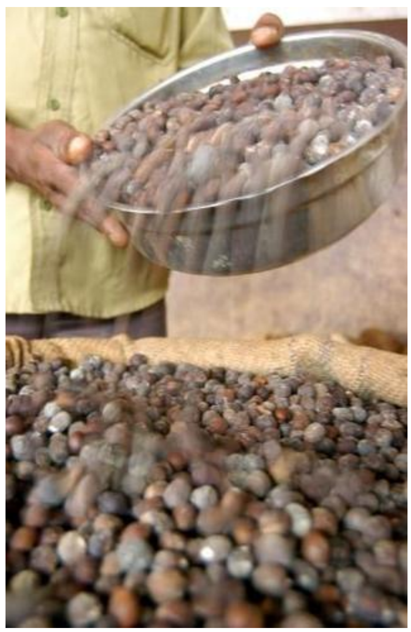
Karnataka growers see 12-15% drop in arabica output



Business Line Coffee beans packed into gunny bags at a commodity collecting center in Kerala. (file picture): K K Mustafah

Hubli, Feb 17:

The Karnataka Planters' Association (KPA) estimates 12 to 15 per cent drop in post-harvest of Arabica for the crop year 2010-11. The association says it estimates Arabica to be not more than 80,000 tonnes.

“This estimate is lower than our previous post-monsoon estimate of around 90,000 tonnes made in December before the commencement of the harvest season,” Mr Sahadev Balakrishna, Chairman, Karnataka Planters' Association, told *Business Line*.

“Almost all the zones have reported a high drop in their crop harvested, with only a few pockets picking an average crop as per their estimates,” he added.

The Coffee Board in December had estimated the Arabica crop to be around 95,000 tonnes and had said Arabica production has shown a decline of 4,500 tonnes (4.52 per cent) over the post-blossom forecast.

The Karnataka Planters' Association has made this estimate after getting feedback from all the prime Arabica growing areas of Chikmagalur (Giris, Mallandur and Mudigere), Hassan (Belur and Saklespur) and Kodagu (Somwarpet, Sunticoppa, Madapur) as more than 90 per cent of the Arabica harvest is completed.

According to Mr Marvin Rodrigues, Vice-Chairman, Karnataka Planters' Association, “Many estates have reported shortfall of 30 to 40 per cent of Arabica while picking and many zones/areas reported 200 kg an acre against normal average of 350-400 kg an acre.”

Mr Balakrishna said, “We have also got feedback from the major coffee curing works and the trade about the Arabica before arriving at the estimates.”

This drastic reduction in the Arabica crop is due to a combination of the reasons such as very early blossom showers in February-March of last year (2010) and followed by continuous wet conditions in April- May.

Heavy monsoon rains during July-August and later unprecedented heavy and continuous unseasonal rainfall during November and December.

Most Arabica estates have been affected due to the White Stem Borer pest that had ravaged the plantations, especially during the last five years.

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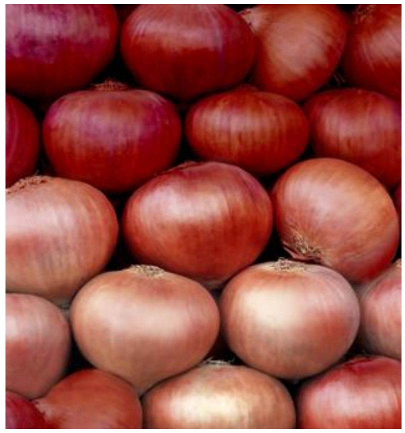
Onion exports to be allowed at $600 MEP



New Delhi, Feb 17:

The Government has decided to lift the ban on export of onions after its prices almost crashed in the domestic market, which triggered farmers' protest.

The decision to this effect was taken today by an Empowered Group of Ministers (EGoM) on Food headed by the Finance Minister, Mr Pranab Mukherjee.

The Government had banned onion exports in the last week of December 2010 to augment domestic supply and contain the rising prices, which had touched Rs 70-80 per kg.

The ministers' panel, as a precautionary measure against possibility of prices shooting up again, decided to allow onion shipments at a minimum export price (MEP) of $600 (about Rs 28,000) per tonne, a senior government official said after the EGoM meeting.

To dissuade onion exports, the Government had raised the MEP from the previous level of $525 per tonne to $1,200 per tonne. Later the exports were completely banned.

Prior to the ban, India exported 11.58 lakh tonnes of onions mainly to the Gulf countries, Sri Lanka and Malaysia during April-November this fiscal.

The EGoM meeting was attended by the Defence Minister, Mr A.K. Antony, the Home Minister, Mr P. Chidambaram, and the Deputy Chairman of Planning Commission, Mr Montek Singh Ahluwalia.

The Government's decisive steps against hoarders and arrival of fresh crop reversed the situation within 45-50 days with the prices of onions declining substantially.

Currently, the prices have crashed to Rs 4-12 per kg in the wholesale markets of Nashik, the main onion growing area, which led to agitation by farmers who demanded lifting the ban on exports.