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Spike in food inflation a cause for concern, says Survey

Gargi Parsai

NEW DELHI: The sharp rise in food prices inflation will remain a major cause of concern as inflationary pressures on the domestic front are likely to be exacerbated by higher levels of global commodity prices, the Economic Survey has said.

It also indicated that the political turmoil in the Middle East and the "easy money" policy being followed by developed nations trying to jump-start their own economies after the global recession of 2008-09 would have a bearing on headline inflation.

Core domestic inflation moved up in the current fiscal indicating that the inflation in food items might have spilled over into a more generalised phenomenon. Inflation in food articles remained in double digits for 76 weeks from June 5, 2009, it pointed out.

The Survey, tabled in Parliament on Friday, identified the main causes for the rising food inflation — global rise in food and energy prices; domestic supply-side constraints; and the increase in the purchasing power of the rural population on account of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

"Food inflation has remained stubbornly in double digits for over a year now, which has welfare costs," the Survey observed. "It has been unexpectedly high in recent weeks driven by the surging prices of vegetables, fruits, dairy, oilseeds and spices."

A popular explanation for the sudden rise in the prices of vegetables, spices, dairy and similar products was that the rising incomes in India were driving prices higher, as consumers were presumed to be shifting from low-value products to higher value ones, the Survey said.

While there was a sharp rise in the prices of onions, tomatoes, fruits, vegetables, eggs, meat and fish, the prices of foodgrains remained low on account of the good monsoon in 2010-11.

Underscoring the need to remain “cautious” and “prepared” to take proactive steps, the Survey projected that inflation would moderate in line with the monetary tightening measures taken by the Reserve Bank of India and other steps taken by the government to address the supply-side bottlenecks.

The steps taken during the year included a selective ban on exports and futures trading in foodgrains, zero duty import on select food items, and the distribution of imported pulses and edible oils through the public distribution system.

Quoting from a July 2010 study (Baffes and Haniotis), the Survey said that the 2006-07 price rise was due to the generalised commodity price rise, especially in oil, caused by a world awash with liquidity and a falling dollar.

It was not, as popular explanations said, because of the rising demand in emerging markets such as India and China, a shift to bio fuels, a trend rise, or as an impact of the vagaries of weather in Russia, Australia, Argentina, Indonesia or the United States.

Referring to the rise in onion prices, the Survey pointed out that a sudden spike during December 2010 was witnessed on account of damage to the crop. Inflation in the last financial year was mainly driven by high inflation in pulses, cereals and sugar prices due to a bad monsoon.

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Tapioca farmers fear heavy loss

M.K. Ananth

Red spider mite attacks plants

Farm scientists conduct field study in affected areas Mite spreads in hot weather after spell of heavy rain

Namakkal: Tapioca farmers of Kalakurichi near Namagiripettai fear that they would incur heavy loss for the second consecutive year as the young stumps of the plants have been badly attacked by a new insect.

R. Senthilvel (44) a farmer of the crop for more than two decades said that his 115-day-old tapioca stumps suddenly started drying and the leaves withered over the last two weeks.

He noted that last year, farmers in the district incurred heavy loss as the plants were attacked by Papaya Mealybug that destroyed the crops and reduced the average harvest of 200 bags (75 kgs each) of tapioca per acre to a mere 50 bags during the last harvest.

Pesticides

Another farmer Mr. A.S. Govindarajan (46) said that tapioca is grown in over 1,500 hectares of land across the district.

He said that the new insect attack that was taking place in the fields in the region could not be prevented by the few pesticides that have already been tried out in a bid to control the pests.

On receiving complaints of the spread of the disease, a team of scientists from the Krishi Vigyan Kendra (KVK) and tapioca research institute in Salem conducted a field study on the affected areas on Wednesday evening.

Plant Protection Scientist (Agricultural Entomology) of KVK Sandhiyur B. Geetha identified the insect as “Red Spider Mite”, a pest that sucks the leaf sap.

Small numbers

After studying the dying plants, she told The Hindu that the insect was commonly present in tapioca in small numbers of two to three per leaf.

“This time the count was pretty alarming between 50 and 250 per leaf while it had also affected the twig of the plant leading to no further growth of the whole plant as well,” she added.

This mite usually spreads when heavy rain is followed by very hot weather.

While rain and cold temperature keep the pest under control, warm temperature aggravates its population, she said. Dr. Geetha said that a couple of months ago this region had heavy rain and the following dry days favoured uncontrollable growth.

Red spider mite leads to yellowing, drying and withering of leaves and could even end the life of the plant if it was not treated and adequate preventive steps were not taken.

According to her, the insect had affected the crop across an area of 500 acres in Senthamangalam and Kalkurichi.

While calling the present scenario serious she expressed confidence that proper spraying of chemical pesticides could prevent further damage to the crop and ensure good productivity too.

Spraying

The team advised farmers to spray Dicofol or Kelthene (2.5 ml per liter of water) spraying on complete plant especially below the leaf or Omite (1.5 to 2 ml per litre of water).

They also said that a review on the location would be made in the next 10 days and one more course of spraying would be suggested if the prevalence of the insect was more than 10 per leaf.

KVK Head for Namakkal District Mohan, Head Scientist of the Tapioca and Castor Research Station in Yethapur Palanisamy and Horticulture Scientist Sharmila Barathi were other scientists who suggested control measures.

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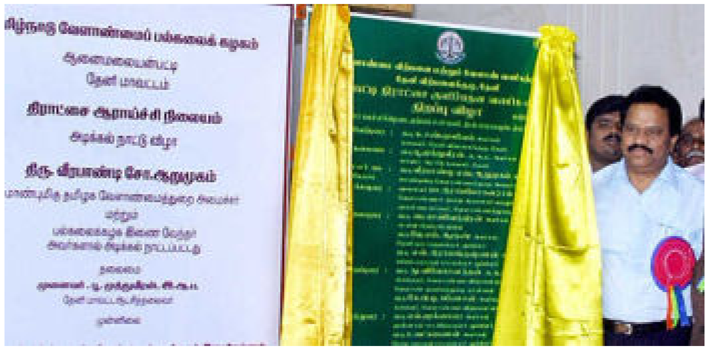
Stone laid for grape research station

Staff Reporter



COMES IN HANDY:Collector P. Muthuveeran laying the stone for grape research station at Kamayagoundenpatti on Friday.

THENI: The Tamil Nadu Agricultural University will commission automatic weather stations in 88 panchayat unions in the State shortly to guide farmers. Cumbum would have one station, said P. Murugesa Boopathi, Vice-Chancellor.

He was delivering a special address at the foundation stone laying ceremony for a grape research station at Kamayagoundenpatti near Uthamapalayam on Friday.

The Government had sanctioned Rs.6 crore for this purpose. It had commissioned weather stations in 224 panchayat unions at a cost of Rs.16.9 crore, collecting data under 10 parameters, including rainfall, temperature and humidity every two hours. “We will cover all the 385 unions in the State soon.”

A separate research station for mango, sapota, cashew and guava would also come up soon. The grape research station would function under the new Horticulture University to be inaugurated in Chennai on Sunday.

This station should take up research on three varieties of grapes – eatable ones, fruits used for making wine and export variety. At present, grape was being cultivated on 7.55 lakh hectares in the world with a total production of 8.54 million tonnes. In India, cultivation area was 80,000 hectares and the production stood at 18.78 lakh tonnes. In Tamil Nadu, the area under grape cultivation was 3,100 hectares of which 80 per cent was in Theni district.

The total production was at 89.2 tonnes. Theni alone had 2,600 hectares with a production of 70 tonnes. Tamil Nadu's the highest yield per hectare was 29.8 tonnes and that of the country 25.6 tonnes. Maharashtra had 28.5 tonnes, he added.

Laying the stone for the research station, Collector P. Muthuveeran said farmers should utilise this facility. Conducive relationship between farmers and traders should prevail for the benefits of both.

Tamil Nadu State Agricultural Marketing Committee Chairman K.P.T. Ganesan said that artificial banana ripening units at Moganur in Namakkal district, Tiruchi, Chinnamanur in Theni district, and Srivaikuntam in Tuticorin districts would come up by this year-end.

Agri-commercial complex at Pattukottai and Agri-terminal at Perundurai would be opened on Sunday. Similar terminals in Madurai and Chennai would also be opened shortly.

Earlier, the Collector inaugurated a cold storage-cum-commercial complex at Vellaiammalpuram near Odaipatti. Grapes could be stored for 40 days.

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Brahmagiri farm expo begins

A Correspondent

KALPETTA: P. Krishnaprasad, MLA, inaugurated the Brahmagiri Fest, a 10-day agriculture expo, being organised jointly by the Brahmagiri Development Society, a people's initiative in animal husbandry sector in the district, and All India Radio, Kozhikode, in association with NABARD, at the Panchayat Stadium at Sulthan Bathery on Friday.

The programme is being organised in connection with the inauguration of the Brahmagiri Meat Processing Plant at Manjadi and the 38th Vayalum Veedum Programme of the AIR Kozhikode station.

Seminar

A national seminar on ‘Food Security, Agrarian Crisis and People's Alternatives,' being organised in connection with the expo , will be inaugurated by Prabhat Patnaik, Vice-Chairman of the State Planning Board, at 10 a.m. on Saturday.The first session of the seminar on ‘The Roots of Agrarian Crisis and the Indian Peasantry' will be handled by Utsa Patnaik, Jawaharlal Nehru University, New Delhi, and former MP A. Vijaya Raghavan.

P. Sainath, Rural Editor, The Hindu; K. Nagaraj, economist, and Sathyan Mokeri, member, State Relief Commission, will lead the second session on ‘Agrarian Crisis, The Farmer's Suicide and the Government Policies in India.' The session on ‘The Global Economic Crisis and The Challenges of Food Security' will be handled by B. Ashok, Vice-Chancellor, Kerala Veterinary and Animal Husbandry University; and P. Rajashekharan, Chief, Agriculture Division, State Planning Board.

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Arecanut farmers stage rally

Protest: Arecanut farmers taking out a rally in Chitradurga on Friday.

Chitradurga: Arecanut farmers under the banner of the Chitradurga District Arecanut Farmers' Association staged a rally in front of the Deputy Commissioner's office here on Friday in protest against the Supreme Court's decision to ban the sale of gutka in plastic sachets.

Addressing the rally, working president of the Karnataka Rajya Raitha Sangha, K.T. Gangadhar said nearly 80 lakh families in the State depend on arecanut cultivation for a living. “The Supreme Court should have thought about the future of these people before passing the order,” Mr. Gangadhar said. Owing to the ban, gutka manufacturers had stopped purchasing arecanut and farmers were incurring huge losses.

Mr. Gangadhar demanded a similar ban on all other products sold in plastic sachets.

“The extensive use of plastic packets by various manufactures is polluting the environment. Why cannot the Supreme Court or the Government stop it,” he asked.

Mr. Gangadhar asked the Union Government to file a review petition in the court to revoke the order. He also said that the association would also submit a memorandum to President Pratibha Patil seeking her intervention in the issue. Arecanut farmers, supported by various farmers' organisations, have been opposing the apex court decision alleging that it was biased and against their interests.

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Agri-budget will only help land mafia: CPI(M)

Special Correspondent

‘It has dealt a big blow to the very core of land reforms laws'

Bangalore: The Communist Party of India (Marxist) has described the Bharatiya Janata Party Government's budget for 2011-12, with its focus on agriculture, as a “sham” designed to aid only the big agri-business corporations and land mafia.

Speaking to presspersons here on Friday, G.N. Nagaraj, CPI(M) State Secretariat member, said that the budget was "historic" only to the extent that it "dealt a big blow to the very core of land reforms laws" that were put in place to protect farming land from being taken over by money-lenders, businessmen and other non-agricultural interest groups.

Citing the budget's proposal to amend clauses of the Land Reforms Act, 1961, and the Land Revenue Act of, 1964, to "make land easily available for all purposes", he said that it was recipe for disaster at a time when agriculture was in deep crisis. The proposed changes in clauses will give land mafia a free hand to buy large tracts of land without any restrictions.

He said that lakhs of acres of land had been acquired over the last three years for industries without offering any rationale on land use and the amendments proposed in the budget would take that agenda further.

Between 8,000 and 10,000 acres of land was being acquired for a single steel factory in districts like Bellary, whereas the biggest plant like the Bokaro Steel Plant runs on less than 2,000 acres, he said.

Mr. Nagaraj said that the budget, presented with an eye on the elections, was designed to "transfer State finances for purchasing votes". Suvarna Bhoomi scheme is a classic example, he said, where 10,000 Below Poverty Line (BPL) families will be given Rs. 10,000 each out of 76,000 such families in Karnataka, where the criterion for choice of beneficiaries remains vague.

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Aqua farmers' meet

Staff Reporter

KOCHI: Fisheries Minister S. Sarma will inaugurate the first State meet of the Kerala Aqua Farmers Federation here on Saturday.

T. Purushottaman, convener of the federation, said here on Thursday that a seminar on 'aquaculture in Kerala - problems and possibilities' would be held on the occasion. He said that the meet would also discuss the various problems being faced by aqua farmers in the State. The federation has urged the government to streamline the various programmes announced for the aqua farmers.

It has also urged the authorities to evolve a scientific method to implement the various programmes.

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Call to focus on edible oil production

Staff Reporter

KOTTAYAM: Chief Minister V.S. Achuthanandan, on Friday, commissioned the new corporate office complex of Oil Palm India Ltd.

He stressed the need to focus on edible oil production as the country was facing a major deficit in the sector.

The Chief Minister said the State had taken a stance against the import of palm oil as it hurt the interests of coconut farmers in the country. The need of the hour was to make use of the huge market potential for edible oil the world over and focus on palm oil production with an eye on the global market.

He pointed to the example set by Malaysia which had emerged as a major producer and exporter of palm oil. The Indian farmers could take a cue from that country, he said.

Mr. Achuthanandan said the various steps initiated by the government, including ensuring remunerative support price for products such as paddy and coconut and establishing a social welfare net for farmers, had already made an impact on the farm sector. Paddy cultivation had registered a healthy growth both in terms of area and production, he said.Mr. Achuthanandan said that Oil Palm India(OPIL) had set an example for other public sector units to emulate.It was making profits and utilising them for socially relevant projects, he said.OPIL chairman V.B. Binu welcomed the gathering.

The Hindu Business Line

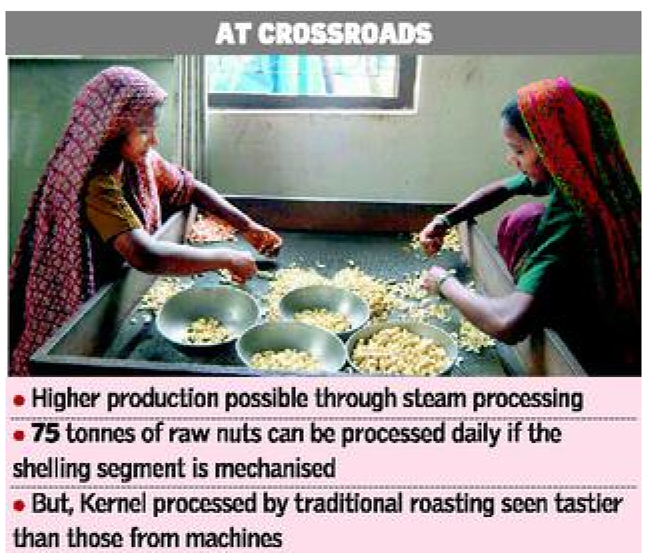
CIS, W. Asia demand adds flavour to Lankan tea

Colombo, Feb. 25:

Although irregular, there was good demand for tea at this week's auction, after orders came in from CIS, Turkey, UAE, Iran, Kuwait, Saudi Arabia and Iraq.The total offering was 6.6 million kg (mkg), including 1.1 mkg of ex-estate offerings. Select range of seasonal quality Westerns moved up on inquiry, while the demand for CTC B1s improved, gaining (Lankan) Rs 20-30 a kg. Liquoring leaf teas, particularly those from NuwaraEliya, were sold at Rs 500-700 a kg, according to Forbes and Walker Tea Brokers.There was demand for low growns that totalled 3.4 mkg in the leafy/tippy category. Perkoes maintained previous levels.

Cashew industry leaning on migrant workers

Comes to grips with mechanisation and its requirements



Kochi, Feb. 25:

Kerala's dependence on migrant workers in the agricultural, industrial and construction sectors is on the rise with workers mainly from West Bengal and Orissa filling up vacancies in the cashew industry following an acute shortage of hands.

Already the Rubber Board has resorted to a scheme to train workers from Orissa in rubber tapping. Now, a good number of rubber tappers are from outside the State. Even cardamom, pepper,coconut and cocoa growers are looking for outside labour for their estates, estate owners said.

“Twenty-five per cent of the workers in the cashew industry at present is from West Bengal. They are trained in cutting and deployed,” Mr Shahan Hassan Musaliar, Chairman, Cashew Export Promotion Council of India (CEPC) told *Business Line*. “They work for long hours and earn good wages and remit Rs 10,000 a month to their homes,” he said.

Educated youths in Kerala look for white collar jobs which are abundantly available in other sectors and that in turn is creating severe shortage of workers, he said.

In fact, the cashew industry, of late, has been exploring mechanisation to enhance labour efficiency and solve the problem of shortage in women workers. However, given the complex nature of the work involved, a full mechanisation does not seem to be practical and viable, he said.

Shortage of labour is felt only in the shelling section and that is mainly because a majority of the factories are still following the conventional method of roller roasting. If some sophistication is brought in, 90 per cent of the problem will be solved, said some of the processors.

Steam processing

An advanced method introduced in recent years in several factories is steam processing, under which the hard shells are softened and the kernel is extracted by cutting the shell using a manually operated mechanical system. Blades are adjusted in such a way that it does not touch the kernels. In this case, workers' daily output is higher at 12 to 13 kg, which means an increase of 20 to 25 per cent in their daily wages.

With this method, the capacity utilisation of the factory can be enhanced, an industry source said. He said that at present only 50 tonnes of raw nuts are processed in his unit daily for want of sufficient workers.

If mechanisation is introduced in the shelling segment, 75 tonnes of raw nuts can be processed daily, he said. Thus, the capacity utilisation could be increased and that in turn will enhance the output of the workers, and consequently their daily wages.

The industry can easily afford to purchase cutting machines, he said.

Most of the factories in Mangalore are operating on the semi-mechanised steam process; there too mechanisation has been introduced only in the “cutting/shelling” segment.

According to another processor, who represents a major processing factory in the outskirts of the cashew city of Kollam, mechanisation in the next two stages of processing: peeling and grading, does not seem to be necessary as there is no shortage of workers in these sectors. Besides, it is also not practical, he said.

According to Mr Anu S. Pillai, another major processor, peeling (removal of thin skin from the kernel) is done by skilled workers. Since it is done manually, damage to the kernel is much less. Mechanisation in this segment requires more research so as to achieve higher sophistication and to minimise broken kernels, he added.

Panic sales pound rubber

Kottayam, Feb. 25:

Physical rubber prices fell sharply on Friday. The market lost ground on panic selling from dealers following the sharp declines in domestic futures. Reports from the trend-setting international markets were also extremely disappointing. There were no buyers even at lower levels and according to observers, it was difficult to sort out the prevailing rates in certain counters.

Sheet rubber declined to Rs 220 (225) a kg according to dealers. The grade closed weak at Rs 224 (228) a kg both at Kottayam and Kochi, according to the Rubber Board.

The March series nosedived to Rs 211.01 (219.80), April to Rs 220.33 (229.51), May to Rs 225.85 (235.26) and June to Rs 231.62 (241.27) while the July series closed marginally higher at Rs 242.98 (241.92) a kg on the National Multi Commodity Exchange.

RSS 3 (spot) moved down to Rs 284.27 (288.02) a kg at Bangkok. The March futures for the grade declined to ¥511 (Rs 282.65) from ¥515 during the day session and then to ¥495 (Rs 273.78) in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 220 (225); RSS-5: 216.50 (222); ungraded: 213.50 (218); ISNR 20: 220 (227) and latex 60 per cent: 140 (143).

Spice exports up 18%

Kochi, Feb. 25:

Spices exports from the country continue in the current fiscal. Foreign exchange realisations from spices export were up 23 per cent while rupee earnings grew 18 per cent even as total volumes were up by five per cent during April-January 2010-11.

Mint, chilli dominate

Mint and mint products constituted the biggest component in the export basket at over 25 per cent. Although the volume of mint and mint product exports registered a fall of 10 per cent during the period, smart recovery in unit value ensured that the total value realisations appreciated by 34 per cent.

This was followed by chilli exports, which constituted 22 per cent of the total value realisations. Chilli exports registered a growth both in terms of value and volume during the period.

Spice oils and oleoresins export was the third biggest component in the export basket at 13 per cent. While there was nominal growth in volume of spice oils and oleoresins exports, surge in unit value propelled value realisations by 21 per cent.

During April-January 2010-11 the country exported 4,33,455 tonnes (4,13,895 tonnes) of spices valued at Rs 5,485 crore (Rs 4,646 crore) fetching $1,203 million ($974 million) in foreign exchange. Export of chilly, ginger, fennel, garlic and other spices such as asafoetida and tamarind have shown an increase in both quantity and value.

Value-added products

The export of value-added products such as spice oils and oleoresins and curry powder/paste has also shown an increasing trend. However, in the case of pepper, large cardamom, turmeric and mint products the increase was in value terms only. Others such as small cardamom, coriander, cumin, celery, fenugreek, nutmeg and mace as well as some other seed spices have decreased both in volume and value.

Target hit

The export of spices during the period has already exceeded the target in terms of value, both in rupee and dollar terms. Against a spices export target of 4,65,000 tonnes valued at Rs 5,100 crore and projected foreign exchange earnings of $1,125 million for the year 2010-11, the achievement for the first 10 months has already touched 93 per cent in terms of quantity, 108 per cent in rupee value and 107 per cent in terms of dollar realisations.

Rains aid wheat crop; hailstorm damage feared in others

Thiruvananthapuram, Feb. 25:

An agro-met advisory bulletin issued by India Meteorological Department (IMD) on Thursday has said that occasional rains during the last two weeks over northwest India have benefited the standing wheat crop in the region.

The mercury level has also been near normal over most parts of Himachal Pradesh, Uttarkhand, Punjab, Haryana, Delhi and Uttar Pradesh, which is beneficial for the growth of the crop.

But the advisory warned that the hailstorm lashing several parts of Bihar last week may have caused considerable damage to standing crops like maize and pulse. The accompanying rain, coming as it did after a long dry spell, has, however, done a favour for standing crops such as wheat, maize, vegetables.

It would also facilitate the sowing of jute, summer maize and vegetables, besides helping stand the litchi and mango crops, too, in good stead.

Met sub-divisions of Kerala, Tamil Nadu, coastal Andhra Pradesh, Telangana and Rayalaseema in the south received reasonably good amounts of rainfall during last week.

This will benefit the standing rice crop in these regions. Farmers are advised to postpone irrigation and intercultural operations in view of improved soil moisture conditions.

Land preparation for the “puncha” rice in Kerala may be started by utilising the realised rainfall, the advisory said.

Prevailing weather condition is as well favourable for sowing of leafy vegetables, green gram and cowpea in central Gujarat; groundnut in north Gujarat; and summer vegetables and transplanting of onion in Bihar.

Other crops in which sowing may be undertaken are summer sunflower, green gram, groundnut and maize in Orissa and summer green gram, black gram, maize and vegetables in Assam.

Mixed trend in rice

Karnal, Feb. 25:

The rice market witnessed a mixed trend with prices of a few aromatic and non-basmati varieties rising, while dropping for some other varieties marginally on Friday.

Mr Amit Chandna, proprietor of Hanuman Rice Trading Company, told *Business Line* that limited buying lifted the prices of some aromatic and non-basmati varieties, while others dropped on account of thin trading.

Prices of Pusa-1121 (steam) dropped by Rs 40 and ruled at Rs 5,200-Rs 5,300 a quintal, Pusa-1121(sela) rose by 50 and ruled at Rs 4,250-Rs 4,400, and Pusa-1121(raw) at Rs 5,150-Rs 5,200. Basmati (sela) was sold at Rs 6,200-Rs 6,260 and basmati (raw) at Rs 7,300-Rs 7,370. Prices of duplicate basmati rose by Rs 130 and ruled at Rs 3,950-Rs 4,100 a quintal.

Brokens of aromatic varieties moved up by 100 a quintal. Tibar was quoted at Rs 3,000-Rs 3,500, Dubar at Rs 2,200-Rs 2,600 and Mongra was at Rs 1,900-Rs 2,100.

Prices of sharbati varieties rose by Rs 30-Rs 100 a quintal, sharbati (sela) was sold at around Rs 2,650-Rs 2,670 while the Sharbati (steam) at Rs 3,000-Rs 3,150.

Permal (sela) ruled at Rs 1,900-Rs 2,100 and Permal (steam) was at Rs 2,100-Rs 2,200 a quintal. For the brokens of Sharbati variety, Tibar dropped by Rs 50 and was quoted at Rs 2,450, Dubar rose by Rs 40 and was at Rs 2,090 and Mongra was at Rs 1,470. About 470 bags of Pusa (duplicate basmati) went for Rs 2,050 a quintal and around 500 bags of Pusa-1121 at Rs 2,000-Rs 2,350 a quintal. Around 300 bags of pure basmati arrived and were sold at Rs 2,200-Rs 2,600 a quintal.

Sugar range-bound as traders stay hand

Mumbai, Feb. 25:

Spot sugar prices on the Vashi wholesale terminal market ruled steady on Friday with Rs 2-3 range-bound price movement, as traders kept away from taking fresh positions before the Budget. Bullish sentiment at the mill level continued.

Sugar sector is expecting positive measures in the forthcoming Budget. At the local level, routine demand-supply position kept the sentiment steady at spot and *naka* levels. According to mill sources, the country's sugar production will be around 245-250 lakh tonnes in the season ending September. Maharashtra is expected to produce 94 lakh tonnes and Uttar Pradesh 64 lt. A wholesale trader said that on Thursday 14-15 mills sold around 60,000-65,000 bags in the range of Rs 2,680-Rs 2,730 for S-grade and Rs 2,750-Rs 2,800 for M-grade. Arrivals in the markets were higher at 52-53 truckloads (10 tonnes each) and local dispatches were 48-50 truckloads. Freight rates rule steady after sharp increase in the last fortnight, he said.

According to the Bombay Sugar Merchants Association, spot sugar rates were (Rs/quintal): S-grade Rs 2,811-2,850 (Rs 2,811-2,845) and M-grade Rs 2,831-2,921 (Rs 2,831-2,921). Naka delivery rates: S-grade Rs 2,780-2,800 (Rs 2,780-2,800) and M-grade Rs 2,830-2,880 (Rs 2,830-2,870).

Onion prices shrink on heavy arrivals

WHAT'S HAPPENING AT LASALGAON

	Arrival*	Price**		
Date		Min	Max	Modal
Feb 21	2560.5	401	1115	950
Feb 22	2158.5	400	1001	851
Feb 23	1347.5	300	925	751
Feb 24	1708	292	868	661
Feb 25	1900	200	803	625

*Arrivals in tonnes
** Price in Rs/quinta
Source: NHRDF

Chennai, Feb. 25:

Onion prices continued their south-bound journey this week as arrivals flooded markets in Maharashtra and Gujarat.

“We are seeing huge arrivals in almost all terminal markets in Maharashtra now. On Friday, over 1,600 tonnes arrived at Lasalgaon, whereas at Umrane arrivals were about 1,500 tonnes,” said Mr Rupesh Jaju, Director of Nashik-based United Pacific Agro Pvt Ltd.

The modal price or rates at which most trades took place slid to Rs 625 a quintal from Rs 925 last week.

“Quality onions are fetching about Rs 850 a quintal but the average price is Rs 500-600 a quintal,” Mr Jaju said.

In Gondal Agricultural Produce Marketing Committee yard, onion was quoted at Rs 180 for a maund of 20 kg. “Arrivals were high at 20 truckloads (12-14 tonnes each). This affected the sentiment, though demand was good,” said Mr Hirenbhai Patel, a trader.

Though domestic demand existed, it did little to stop prices from dropping further.

“The issue is that kharif onion cannot be stored. Farmers can hold it for at the most 20 days. As they are trying to sell, markets are flooded,” said Mr Jaju.

The situation has not improved despite the Centre lifting the ban on onion exports imposed in December after prices crashed to around Rs 500 a quintal.

“The floor price of $600 a tonne fixed by the Centre for exports is proving to be a hurdle,” said Mr Jaju.

Buyers abroad are pointing out at crashing domestic prices and are quoting lower rates. They are of the view that there is room to cut the minimum export price. “We are getting enquiries from Indonesia and Malaysia but buyers are saying even $400 is higher,” said Mr Madan Prakash, Director of Chennai-based Rajathi Group of Companies.

In line with their view, the Maharashtra Government and the Union Agriculture Minister, Mr Sharad Pawar, have demanded cut in the export floor price.

“The current falling trend will continue as farmers will have to clear stocks with arrivals of rabi onion looming. We expect more pressure on prices,” said Mr Jaju.

Mr Prakash said prices could rise next week and then drop.

Cotton wilts on weak mill demand

Rajkot, Feb. 25:

Cotton prices continued to decline on lack of demand from mills. Rates dropped by over Rs 3,000 a candy (356 kg each) this week to Rs 54,000-55,000.

In Rajkot, Gujarat Sankar-6 cotton on Friday traded at Rs 55,000 a candy, down by Rs 1,000 from Thursday's price. Raw cotton declined by Rs 10-15 to Rs 1,220-1,240 for a maund of 20 kg; it traded at Rs 1,250-1,260 at Kadi. About 45,000 bales (170 kg each) arrived in Gujarat and 1 lakh bales in the country as a whole.

A Rajkot-based broker, Mr Mayurbhai, said that limited buying by mills and a weaker international market led to cotton prices going down in the last couple of days.

Mr Arvindbhai Raichura of Balkrishna Ginning Mill said that millers are waiting for a further fall but as raw cotton price is high, the scope for going down steeply is limited. Price will decrease but it may not go below Rs 52,000-52,500 a candy.

According to traders, cotton prices will only drop only when raw cotton prices fall. But farmers are not expected to sell at a lower price. However, the overall sentiment favours a downside as the demand now is lower.

According to an industry body member, soaring cotton prices could shrink India's apparel exports by at least 15 per cent in volume terms this year, even as the demand from developed economies is still only limping back to recovery.

Lower upcountry buying hits turmeric

Erode, Feb. 25:

Spot turmeric price decreased Rs 100-150 a quintal on lower demand from upcountry buyers. This frustrated growers and they refused to sell their produce at a lower price.

“The demand for the turmeric from other parts of the country has reduced and the bulk buyers did not receive enough orders on Friday, so the price dipped Rs 150-200 a quintal,” said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association, on Friday.

He said: “The trend may continue for a few more days, but sales will go up next week as the demand in other parts of the country is increasing. The price in other turmeric sales centres such as Nizamabad on par with Erode, so buyers in North India purchased from there.”

On Friday, over 15,000 bags arrived for sale but only 40 per cent were sold.

In Erode Turmeric Merchants Association sales yard, the finger variety fetched Rs 8,306-12,679 a quintal and the root variety Rs 8,009-11,589.

Salem Crop: The finger variety Rs 13,070-14,189 and the root variety Rs 11,665-12,489. Both varieties witnessed a hike of Rs 200-500. Only few bags were sold. Totally 3,759 bags arrived with 1,265 being sold.

In Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety sold at Rs 11,019-12,089 and the root variety Rs 8,999-11,119 and out of 158 bags, 72 were sold.

In Erode Cooperative Marketing Society, the finger variety was at Rs 10,109-12,681and the root variety Rs 9,501-11,349 Of 835 bags, 435 were sold.

In Regulated Marketing Committee, the finger variety was sold at Rs 10,889-12,720 and the root variety Rs 9,689-11,469. Of 1,091 bags, 898 were sold.

Improved offtake boosts tur, dal

Indore, Feb. 25:

Pulses continued to trade low on slack demand, barring tur which saw a gain of Rs 100 on slightly improved demand.

On the other hand, chana ruled firm at Rs 2,450 a quintal on lack of buying support and rise in arrival. Currently, Indore *mandis* are witnessing an average daily arrival of 1,000-1,500 bags of new chana. In the spot, chana dal also ruled steady with its prices quoted at Rs 3,100-3,150 a quintal for bold quality, while chana dal (medium) quoted at Rs 3,000 a quintal and chana dal (average) quoted at Rs 2,900 a quintal respectively.

Masoor also ruled firm at Rs 3,150 with traders not evincing much interest in the old crop . Currently, new masoor is trickling in with a mere 5-7 bags arriving in the local *mandis*. Masoor dal (bold) in the spot quoted at Rs 3,850-3,900, masoor dal (medium) at Rs 3,750-3,800, while masoor dal (average) quoted at Rs 3,650-3,700 a quintal.

In the spot, best quality urad on Friday quoted at Rs 4,100 a quintal. Urad dal also ruled firm with its mongar quality quoting at Rs 6,500-6,800while urad dal (bold) quoted at Rs 5,700-5,850 and urad dal (chilka) quoted at Rs 4,800-5,500 a quintal. The best quality moong in local *mandis*quoted at Rs 4,000-5,000 a quintal. On the other hand, downtrend in tur (Maharashtra quality) came to a halt on Friday with its prices in the spot gaining Rs 100 at Rs 4,000 a quintal. In the past two days,couple of day tur prices in the local *mandis* had slipped from Rs 5,000/quintal to Rs 3,900 a quintal on total lack of buying.

In the spot, tur dal (marka) quoted at Rs 6,300-6,400 a quintal, tur dal (full) quoted at Rs 5,800, while tur dal (sawa no.) quoted at Rs 5,000-5,300 respectively. On the other hand, tur dal (Maharashtra) quoted at Rs 5,750 a quintal.