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Watershed programme brings 480 acres of arid land under cultivation

Staff Reporter

1,000 hectares are targeted in district, says Collector

Effective programme: Collector C. Kamaraj interacting with farmers at Chekkipatti near Melur in Madurai.

MADURAI: The watershed programme at Chekkipatti village in Melur taluk has brought 480 hectacres of arid and rain-fed land under cultivation.

Madurai Collector C. Kamaraj, who inspected the land on Saturday, said that this was one of the eight watershed programmes under implementation.

Mr. Kamaraj said the rocky jungle area was cleaned up and different technologies to harvest rainwater were used to irrigate the land.

Out of the 1,000 hectares targeted to be improved, 480 hectares have benefited so far.

A voluntary organisation, Indian Agricultural Development Foundation, was implementing the programme that began in 2005-06.

A total of Rs. 20.26 lakh has been allocated and spent on the project so far, he said.

The local people have made a contribution of 16 per cent through their labour.

Ninety landless women, under six self-help groups, were given Rs. 1.80 lakh revolving fund for goat rearing and to run grocery shop.

Joint Director (Agriculture) P. Sankaralingam said that different technologies like graded bunding, countour bunds, stone bunding and check dams had harvested the rainwater effectively.

The ground water table had increased by three to six feet.

The increased moisture has helped cultivation of different types of crops, including vegetables, pulses and fruits.

The Collector has promised the beneficiaries that their goods will be procured by the Department of Co-operation at a good price.

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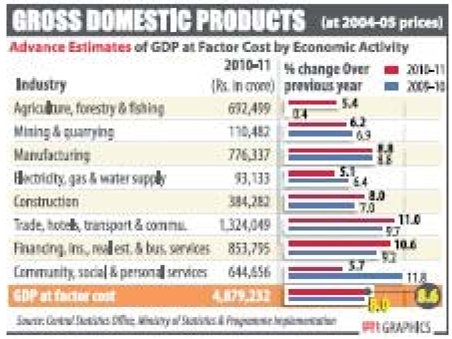
Economy to grow at 8.6 %: CSO

Special Correspondent

Agriculture and allied activities likely to grow at 5.4 % in 2010-11



NEW DELHI: Pumped by a strong agriculture growth and allied activities, the Central Government on Monday declared that the economy would grow at an estimated 8.6 per cent during the current financial year as against 8 per cent a year ago.

The gross domestic product (GDP) estimates released by the Central Statistical Organisation (CSO) are higher than the predictions made by the Reserve Bank of India (RBI) and the Finance Ministry but are also an indication of the fact that the economy had slowed down somewhat in the second-half of the current financial year.

The Advance Estimates released by CSO on Monday revealed that agriculture and allied activities are likely to grow at 5.4 per cent in 2010-11 as compared to just 0.4 per cent in 2009-10 making a huge stride.

Earlier, Finance Minister Pranab Mukherjee had exuded confidence that the economy would grow by 8.5 per cent despite rising inflation. The RBI had also projected that the economy would expand by 8.5 per cent in its quarterly monetary policy review last month.

The latest GDP growth estimate of 8.6 per cent for the entire fiscal implies that the pace of economic expansion slowed in the second-half of 2010-11, given that GDP growth in the April-September 2010, period stood at 8.9 per cent.

According to data released, agriculture and allied activities are projected to grow by 5.4 per cent this fiscal, as against 0.4 per cent a year ago.

The official figures said growth this fiscal is likely to be driven by an 8.8 per cent expansion in the manufacturing sector, the same as in the year-ago period. According to the advance estimates, mining and quarrying is likely to grow by 6.2 per cent as compared to 6.9 per cent a year ago, while electricity, gas and water production will grow by 5.1 per cent as against 6.4 per cent.

“The growth rate of 8.6 per cent during 2010-11 has been due to the growth rate of over 8 per cent in sectors of manufacturing, construction, trade, hotels, transport and communication, financing, insurance, real estate and business services,” an official statement said here.

During the current fiscal, the trade, hotel, transport and communication sectors are projected to grow by 11 per cent as against 9.7 per cent last fiscal and construction by 8 per cent as compared to 7 per cent in 2009-10. Furthermore, the finance, insurance, real estate and business services sectors are likely to grow by 10.6 per cent this fiscal as against 9.2 per cent last fiscal.

However, community social and personal services are likely to witness a slowdown in growth and register just 5.7 per cent expansion as compared to 11.8 per cent in the year-ago period.

The global financial crisis pulled down the growth of the Indian economy to 6.8 per cent in the 2008-09 fiscal from over 9 per cent in the preceding three years. The advance GDP estimates are released before the end of a financial year to enable the government to formulate various estimates for inclusion in the Budget.

Per capita income

The CSO said India's per capita income was projected to grow by 17.3 per cent to Rs.54,527 in 2010-11 from Rs.46,492 in the year-ago period.

Per capita income is calculated by evenly dividing the national income among the country's population. However, the increase in per capita income would be only 6.7 per cent in 2010-11 if it is calculated on the basis of 2004-05 prices.

Per capita income (at 2004-05 prices) stood at Rs.36,003 in 2010-11 against Rs.33,731 in the previous fiscal, according to the latest data on national income.

The size of the economy at current prices is projected to rise to Rs.72,56,571 crore at the end of the current fiscal, up 18.3 per cent from Rs.61,33,230 crore in 2009-10. Based on 2004-05 prices, the Indian economy is projected to expand by 8.6 per cent in the current fiscal ending March 2011.

This is higher than 8 per cent growth recorded in fiscal 2009-10.

The country's population is expected to increase to 118.6 crore at the end of March 2011, from 117 crore in fiscal 2009-10.

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Dairy farmers take to the streets

Special Correspondent

Take out procession and submit memorandum to the Collector

Seek parity:Milk suppliers taking out a procession in Udhagamandalam on Monday.

Udhagamandalam: Dairy farmers took to the streets here on Monday to draw the attention of the authorities to their grievances and demands. Under the banner the Nilgiris District Milk Suppliers Welfare Association, they took out a procession from the main bus stand to the Collectorate.

In a memorandum to the Nilgiris Collector, Archana Patnaik, they claimed that various factors had affected their trade.

They said that that on the one hand the price of fodder had gone up considerably and on the other grazing areas are becoming increasingly hard to come by.

Since there was no alternative they are continuing to eke out a living by maintaining milch animals.

Pointing out that the cost of fodder was Rs. 24 per kg, they said that milk was fetching only Rs. 14 per litre.

They urged the Government to ensure that they get Rs. 25 per litre of cow milk and Rs. 30 per litre of buffalo milk.

They said that insemination of cows should be done free of cost by the Nilgiris District Cooperative Milk Producers Union (NDCMPU) for the farmers who are supplying milk to the union.

The NDCMPU should arrange for free treatment of ailing cattle. Veterinarians should visit the milk procurement centres at least once a week and redress the grievances of the milk suppliers. The centres should be upgraded. The employment of those working in the centres should be regularised.

Fodder should be made available at subsidised cost and interest free loans should be extended to the dairy farmers for buying milch animals.

Normal in Coimbatore

Even as dairy farmers across the State have gone on strike by stopping supply to the union, Aavin in Coimbatore recorded normal procurement. There was no setback to procurement or in supply to the end consumers.

The General Manager of Aavin (Coimbatore District Co-operative Milk Producers Union), C. Siraj, said that procurement remained almost normal except for minor incidents of a few farmers wanting to take part in the strike. The Union recorded a procurement of 1,02,262 litres on Sunday and 1,03,231 litres on Monday.

The procurement was almost similar to the period earlier and the minor fluctuations were due to marriage orders.

When contacted, Patron of the Coimbatore District Co-operative Milk Producers Association, S.R. Rajagopal said that dairy farmers in Coimbatore and Tirupur coming under the Coimbatore Aavin were not taking part in the strike. Last year, through talks the Association was able to get a hike of Re 1 per litre from the Government. In the last two years, almost all contentious issues had been resolved through talks. Even the present issue of seeking hike in procurement price, the dairy farmers here are confident of resolving it by holding talks with the Government, hence they were not taking part in the strike, he said.

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State-run shops come to aid of vegetable buyers

L. Srikrishna

Onion prices coming down owing to steady arrival

MONEY-SAVER: People buying vegetables from a co-operative store in Madurai. —

MADURAI: Timely intervention of the Department of Cooperation in opening vegetable retail outlets at several vantage points in the city seems to be working in favour of consumers and vegetable-growers.

Prices of vegetables had started coming down owing to steady arrivals from different places, officials said here on Monday.

After the prices of onions — Bellary and small onions — touched a new high, there was a hue and cry among people. In January, while many did not buy onions at all, some others bought it in small quantities.

The price of small onions in 'uzhavar sandhais' during January first week was Rs. 44 per kg while Bellary onions were sold at Rs. 60. In the second week, it went up to Rs. 46 and Rs. 60 respectively. In the third week, it was Rs. 50 and Rs. 60 respectively.

During the fourth week, the price of both varieties remained at Rs. 50. In the first week of February, it was sold at Rs. 36 – Rs. 45 (small), and Rs. 20 – Rs. 26 (Bellary), depending on the quality, officials said.

While many factors are being attributed to the fall in prices, Collector C. Kamaraj told The Hindu that it was the timely intervention of the Department of Cooperation which arrested the price-rise. "The plan to procure directly from the fields of vegetable-growers by making cash payments through primary agricultural cooperative banks is working well. Steady arrivals have brought down the prices. We will open more such outlets as they help a large number of people," he said.

Officials at 'sandhais' said that prices of tomato had also come down from Rs. 40 per kg (in January first week) to Rs. 18 in February first week. Similarly, brinjal, which was sold at Rs. 14–Rs. 26 per kg last month, is available at Rs. 12– Rs. 20.

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66,000 farmers go on indefinite strike

Staff Reporter

Supply comes down to 22,000 litres

Farmers stage demonstration at Rayapalayam Of the 741 societies in the district, 241 remained open

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ERODE: The supply of milk to Erode District Cooperative Milk Producers' Union (Aavin) came down drastically on Monday as milk producers affiliated to the Tamil Nadu Milk Producers Welfare Association began their indefinite strike.

The strike was called by the association urging the State Government to increase the procurement price of cow milk by Rs. 5 and buffalo milk by Rs. 8.

The milk producers in the district used to supply over 1.03 lakh litres of milk to Aavin every morning. On Monday the cooperative union could realise only around 22,000 litres. Over 60,000 farmers in the district did not supply milk in Erode district, association members said.

A majority of the milk producers' cooperative societies in the district remained closed on Monday. In a few places, the societies were kept open.

But the farmers abstained from supplying milk. Officials said that out 741 societies in the district, 241 remained open.

Officials, however, said that the supply of milk to the people was not affected in the district as the cooperative union was having adequate stock. “The stock will last for two days. The supply of milk to the people will get affected only when the strike continues for more than two days,” a senior official told The Hindu.

A group of farmers staged a demonstration in front of the Rayapalayam cooperative milk producers society. They brought their cows too along with them. They said that the strike would continue till the government increased the milk procurement prices. The milk production cost had gone up several folds because of sharp increase in the fodder cost.

They wanted the government to regularise the services of the employees attached to the cooperative milk producers' societies with a time scale of pay and other benefits.

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Milk procurement normal

Coimbatore: Even as dairy farmers across the State have gone on strike by stopping supply to the union, Aavin in Coimbatore recorded normal procurement.

No setback

There was no setback to procurement or in supply to the end consumers.

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Horticulture officers to get vehicles

Staff Correspondent

DAVANGERE: The Government is planning to fill over 1,650 vacant posts in the Horticulture Department and provide vehicles to horticulture officers at taluk level this year, said S.A. Ravindranath, Minister for Horticulture and in charge of the district, here.

Speaking to presspersons after inaugurating a mobile unit of the Horticultural Producers' Cooperative Marketing and Processing Society (HOPCOMS) on Monday, he said that the Government was also planning to set up raitha samparka kendras at the hobli level. All proposals had been sent to the Finance Department and, once approved, they would implemented. The Government was considering providing complete infrastructure to the Horticulture University set up at Bagalkot and the four horticultural colleges.

hindustantimes

HT Correspondent, Hindustan Times
Email Author

New Delhi, February 07, 2011
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Last Updated: 01:07 IST(8/2/2011)

Inflation index renewed to show new lifestyles

In a move that could better reflect actual changes in cost of living while measuring inflation, the government on Monday unveiled a national consumer price index (CPI) that incorporates the price of several key services including telephone bills, education and recreation to mirror current lifestyles.

The statistics and programme implementation ministry released the methodology of the new CPI that will come into effect for the prices of January. The base for the new series will temporarily have calendar 2010 as the base year, which will be shifted to 2011-12 once the 68th round of consumer expenditure survey is completed. Data is being collected from 1,183 villages and 310 towns across India.

The government said the new consumer price series for rural, urban and combined for January, reflecting the impact of price rise on common man, will be released on February 18.

Work for a comprehensive CPI started in 2008 when the country saw an inflationary surge as measured by WPI.

The finance ministry instructed the statistics ministry to hasten the process for releasing an all-India CPI as it was of the view that WPI-based inflation overstated the level of the price rise in the economy.

THERE'S MORE IN THE BASKET

How they weigh in the new consumer price index

Items	Rural	Urban	Combined
Food, beverages and tobacco	59.3	37.2	49.7
Fuel and lighting	10.4	8.4	9.5
Clothing, bedding and footwear	5.4	3.9	4.7
Housing	–	22.5	9.8
Education	2.7	4.2	3.4
Medical care	6.7	4.3	5.7
Recreation	1.0	2.0	1.4
Transport and communication	5.8	9.8	7.6
Personal care	3.1	2.7	2.9
Household requisites	4.5	3.9	4.3
Others	1.1	1.0	1.1
Total	100	100	100

The present four CPI numbers do not encompass all the segments of the population and as such they "do not reflect the true picture of the price behaviour in the country," chief statistician T C A Anant said.

"It is, therefore, necessary to compile a CPI which takes into account the consumption patterns of all segments of the population," he said on the sidelines of the 15th conference of commonwealth statisticians here.

The government proposes to release provisional indices for a period of one year. "These provisional numbers will be subsequently revised and final numbers with complete data for all-India and also for all the state and Union Territories would be released with a time lag of two months," Anant said.

Central banks rely mostly on CPI data to decide monetary policy, unlike RBI, which uses WPI as the key inflation index.

In a 2009 report of a committee on financial sector assessment, chaired by then RBI deputy governor Rakesh Mohan, said: "Relying on a single index might result in loss of information on some crucial sectors and might be less useful in tackling the diversity of issues."

http://www.hindustantimes.com/StoryPage/Print/659675.aspx

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India predicts 8.6% growth this fiscal

Projecting a noteworthy 5.4 growth in farm output, 8.1% in factory production and 10.2% in services, India on Monday estimated the overall economy to expand 8.6% this fiscal against 8% the previous year.

As per fresh estimates released by the Central Statistical Organisation (CSO), the gross domestic product (GDP) expanded by 8% last fiscal and 6.8% in 2008-09. The latest estimate is also higher than 8.5% forecast by the central bank.

The per capita income in real terms is forecast to expand well to Rs 36,003, compared to the estimate of Rs 33,731. "The growth rate in per capita income is estimated at 6.7% during 2010-11, as against the previous year's estimate of 6.1%," CSO said.

Following are the growth projections for this fiscal released on Monday. Previous year's figures in brackets:

-Agriculture, forestry and fishing - 5.4% (0.4%)

-Mining and quarrying 6.2% (6.9%)

-Manufacturing - 8.8% (8.8%)

-Electricity, gas and water supply - 5.1% (6.4%)

-Construction - 8% (7%)

-Trade, hotels, transport communications - 11% (9.7%)

-Financing, insurance, real estate and business services - 10.6% (9.2%)

-Community, social and personal services - 5.7% (11.8%)

Weather

Chennai - INDIA

Today's Weather	
Partly Cloudy	Tuesday, Feb 8 Max Min 31.5° | 20.8°
Rain: 00 mm in 24hrs	Sunrise: 6:34
Humidity: 65%	Sunset: 18:12
Wind: Normal	Barometer: 1010.0

Tomorrow's Forecast	
Cloudy	Wednesday, Feb 9 Max Min 30° | 21°

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Feb 10	Feb 11	Feb 12	Feb 13	Feb 14
27° | 20°	28° | 20°	28° | 21°	28° | 23°	28° | 22°
Cloudy	Cloudy	Cloudy	Rainy	Cloudy

THE TIMES OF INDIA

Flush farms to push 2010-11 GDP growth to 8.6%: CSO

TNN, Feb 8, 2011, 02.04am IST

NEW DELHI: The Indian economy is expected to grow 8.6% in 2010-11, compared to 8% last year, the Central Statistics Office (CSO) announced on Monday. In its edition dated February 5, TOI had reported that the economy was expected to grow at 8.5% for the current fiscal year.

But economists say growth, particularly in the manufacturing sector, is moderating due to the impact of higher interest rates. Monetary tightening to tame inflation is also taking a toll on creation of fresh capacity as is borne by the data on capital formation in the economy.

Data released by the CSO on Monday estimated farm sector growth at 5.4% in 2010-11, sharply up from the previous year's expansion of 0.4%. Robust monsoon rains have boosted prospects for strong farm output this year. The manufacturing sector is estimated to grow 8.8% and overall services sector growth is seen at 9.6%.

Per capita income in real terms (at 2004-05 prices) is likely to grow by 6.7% to Rs 36,003 in 2010-11 compared to the previous year's Rs 33,731. At current prices, per capita income is estimated at Rs 54,527 in 2010-11, an increase of 17.3% from the previous year's Rs 46,492.

The CSO's estimate is broadly in line with the government's and the Reserve Bank of India's estimates.

Tue, Feb 08, 2011 | Updated 10.15AM IST

8 Feb, 2011, 03.36AM IST, Jayashree Bhosale,ET Bureau

Maharashtra sugar co-ops in financial trouble as prices drop

PUNE: The decline in sugar prices by about Rs 300/quintal in a month has affected the finances of cooperative sugar factories in Maharashtra. As a result, factories are paying farmers much less than the agreed cane price and the payment is late by two-three weeks.

Of course, the current price is higher than the fair and remunerative price (FRP) mandated by the central government. Mills have agreed to pay a price higher than FRP following protests by farmers. Sugar prices, which remained stable at Rs 28/kg for a long time till December, declined to Rs 26/kg after the government banned exports till January end and allocated a higher quota for January.

“The ex-mill tender rate today without any tax is Rs 25.50/kg while the production cost of sugar is Rs 28/kg. The cooperative bank gives us an advance at 85% of the benchmark sugar price, which is Rs 26/kg," said Shahaji Bhagat, managing director, Shri Someshwar Sahkari Shakkar Karkhana, controlled by deputy chief minister Ajit Pawar.

Many cooperatives are suffering from the short margin and are resorting to over-drawal from banks. For example, if a sugar cooperative has produced two lakh bags of sugar (each of 100 kg), the stock immediately goes into the custody of the cooperative bank. The bank has financed the sugar mills considering a benchmark sugar price of Rs 26/kg. As per the benchmark, the total value of the two lakh bags is Rs 52 crore. Of this, the banks gives 85% as an advance to the mill, which is Rs 44 crore. But as the mill is realising only Rs 25/kg to Rs 25.50/kg, the value of the two lakh bags in the bank's custody decreases to RS 50 crore, with a consequent reduction in the permitted withdrawal amount to Rs 42.20 core. This difference of Rs 1.80 crore, the over-drawal amount, is called as short margin in the industry.

This often results in sugar factories defaulting on the payment towards farmers for the last lot. Sources say that most of the mills in the medium to low-recovery zones of Pune and Marathwada belt are paying Rs 1,500/tonne as the first advance as against the agreed cane price of Rs 1,800/tonne.

The central government stopped the export of sugar till January 31 and the industry is desperately waiting for the issue of release orders as international prices are ruling at an all-time high. According to the state sugar commissionerate, Maharashtra had crushed 367 lakh tonne cane till January 28 producing 388 lakh quintal sugar at a 10.57% average recovery. The crushing till now is close to 45% of the expected target of crushing over 800 lakh tonne cane.

Deccan Chronicle On The Web
Published on Deccan Chronicle (http://www.deccanchronicle.com)

Food crisis: Warning of a warming world

By By Paul Krugman

Feb 08 2011

We're in the midst of a global food crisis — the second in three years. World food prices hit a record in January, driven by huge increases in the prices of wheat, corn, sugar and oils. These soaring prices have had only a modest effect on US inflation, which is still low by historical standards, but they're having a brutal impact on the world's poor, who spend much if not most of their income on basic foodstuffs.

The consequences of this food crisis go far beyond economics. After all, the big question about uprisings against corrupt and oppressive regimes in West Asia isn't so much why they're happening as why they're happening now. And there's little question that sky-high food prices have been an important trigger for popular rage.

So what's behind the price spike? American Right-wingers (and the Chinese) blame easy-money policies at the Federal Reserve, with at least one commentator declaring that there is "blood on Bernanke's hands". Meanwhile, President Nicolas Sarkozy of France blames speculators, accusing them of "extortion and pillaging".

But the evidence tells a different, much more ominous story. While several factors have contributed to soaring food prices, what really stands out is the extent to which severe weather events have disrupted agricultural production. And these severe weather events are exactly the kind of thing we'd expect to see as rising concentrations of greenhouse gases change our climate — which means that the current food price surge may be just the beginning.

Now, to some extent soaring food prices are part of a general commodity boom: the prices of many raw materials, running the gamut from aluminum to zinc, have been rising rapidly since early 2009, mainly thanks to rapid industrial growth in emerging markets.

But the link between industrial growth and demand is a lot clearer for, say, copper than it is for food. Except in very poor countries, rising incomes don't have much effect on how much people eat.

It's true that growth in emerging nations like China leads to rising meat consumption, and hence rising demand for animal feed. It's also true that agricultural raw materials, especially cotton, compete for land and other resources with food crops — as does the subsidised production of ethanol, which consumes a lot of corn. So both economic growth and bad energy policy have played some role in the food price surge.

Still, food prices lagged behind the prices of other commodities until last summer. Then the weather struck.

Consider the case of wheat, whose price has almost doubled since the summer. The immediate cause of the wheat price spike is obvious: world production is down sharply. The bulk of that production decline, according to US department of agriculture data, reflects a sharp plunge in the former Soviet Union. And we know what that's about: a record heat wave and drought, which pushed Moscow temperatures above 100 degrees for the first time ever.

The Russian heat wave was only one of many recent extreme weather events, from dry weather in Brazil to biblical-proportion flooding in Australia, that have damaged world food production.

The question then becomes, what's behind all this extreme weather?

To some extent we're seeing the results of a natural phenomenon, La Niña — a periodic event in which water in the equatorial Pacific becomes cooler than normal. And La Niña events have historically been associated with global food crises, including the crisis of 2007-2008.

But that's not the whole story. Don't let the snow fool you: globally, 2010 was tied with 2005 for warmest year on record, even though we were at a solar minimum and La Niña was a cooling factor in the second half of the year. Temperature records were set not just in Russia but in no fewer than 19 countries, covering a fifth of the world's land area. And both droughts and floods are natural consequences of a warming world: droughts because it's hotter, floods because warm oceans release more water vapour.

As always, you can't attribute any one weather event to greenhouse gases. But the pattern we're seeing, with extreme highs and extreme weather in general becoming much more common, is just what you'd expect from climate change.

The usual suspects will, of course, go wild over suggestions that global warming has something to do with the food crisis; those who insist that Ben Bernanke has blood on his hands tend to be more or less the same people who insist that the scientific consensus on climate reflects a vast leftist conspiracy.

But the evidence does, in fact, suggest that what we're getting now is a first taste of the disruption, economic and political, that we'll face in a warming world. And given our failure to act on greenhouse gases, there will be much more, and much worse, to come.

Source URL:

http://www.deccanchronicle.com/dc-comment/food-crisis-warning-warming-world-061

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Back **Cotton export policy requires a new spin**

Indiscriminate issue of quotas will be counter-productive over time.

Sticky policy

Most of the export contracts are at least 20 per cent lower than international prices.

Quantitative restriction and quota allocation have done more harm than good.

Changes in tariff in accordance with world market prices will keep exporters alive to evolving market conditions.

G. Chandrashekhar

Mumbai, Jan. 31

The cotton export quota allocation policy followed by the Directorate-General of Foreign Trade (DGFT) may be consistent with the country's liberalised trade policy of recent years, but it is doing nothing to advance the brand building exercise that was started by traditional exporters some time ago.

If anything, the liberalised policy of seeking applications from all and sundry, and indiscriminate issue of quotas to many with no track record is likely to prove counterproductive over time.

Steep discount

Two issues are worth noting. One is the steep discount at which India cotton has been traded or, some say, thrown away.

According to trade representatives, most of the export contracts are at least 20 per cent (equivalent to about 30 cents a pound) lower than international price.

While overseas buyers may only be too happy to receive goods at discounted prices, such sales are not going to enhance the image of Indian cotton.

Buyers are obviously not going to complain about the quality of cotton shipments from India this season simply because of the cheap price at which goods have been sold.

“If we wish to pitch our cotton in the premium segment, then it should be sold at a price commensurate with its quality,” commented a traditional exporter. It is in this context that the DGFT could be faulted for ignoring global cotton market conditions while formulating its policy that some traders sarcastically described as ‘grand clearance sale'.

What prevented the Government and indeed the Ministry of Commerce from ensuring higher unit value realisation at a time of record global prices remains a mystery. There are ways and means by which the country can realise higher unit value for goods in line with global market conditions.

Why not MEP?

Imposition of Minimum Export Price (MEP) is one such. Basmati rice export is a good example to follow.

While rice (non-basmati) exports are banned, basmati (an aromatic premium rice variety) is exportable without quantitative limits subject to a specified MEP. The system is said to be working well.

To those genuinely keen to promote Indian cotton, valuable lessons are available in this year's cotton export policy and performance.

The very idea of releasing a limited ceiling and quota allocation deserves to be reviewed. Quantitative restriction and quota allocation have done more harm than good to Indian cotton, going by this season's experience.

Without tinkering with the export policy in terms of imposing quantitative controls, it may be possible to allow exports under open general license and, yet, monitor and moderate exports through a system tariffication, depending on exigencies of the situation.

Work in coordination

The Central Government and, in particular, the Commerce and Finance Ministries should work in close coordination to ensure that the tariff mechanism is used effectively to regulate export shipments. Changes in tariff in accordance with world market prices will keep exporters alert and alive to evolving market conditions. Windfall gains would be eliminated.

Tariff changes (especially a hike in Customs duty) hanging like Damocles Sword is the answer to invoice manipulation.

The Government has already lost revenue following unimaginative procedural changes and poor implementation of cotton export quotas. One hopes these are not repeated.

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Back **Record domestic cotton prices lower than global rates**

Small, medium mills may face problems as they carry low stocks.

M.R. Subramani

Chennai, Jan.31

While cotton prices have run up to a record Rs 50,000 a candy (of 356 kg), they are still lower than the rates in the global market for the comparable quality produce.

And, with small and medium mills having stocks that can last not more than a month, prices could come under further pressure.

On Monday, raw cotton in Rajkot was quoted at Rs 5,375 a quintal, down Rs 575 in the last two sessions on higher arrivals.

“Cotton prices, after touching Rs 51,000 a candy for Shankar-6 in Gujarat, have now dropped to below Rs 50,000. In comparison, global prices are higher,” said Mr A. Ramani, cotton analyst.

While Shankar-6 is quoted at 155-160 cents c&f for exports, comparable cotton from other destinations is quoted at 180-200 cents.

Former Cotton Corporation of India's Chairman-cum-Managing Director, Mr M.B. Lal, said domestic cotton prices are lower by Rs 15,000 a candy compared with global prices.

“Domestic prices have eased in the last two days as arrivals have picked up,” he said.

“People are talking about higher cotton prices in the domestic market. But are farmers paid price on par with global prices?” asked Mr Manickam Ramaswami, Managing Director of Loyal Textiles.

“The problem for spinning mills is that they are not able to procure cotton at these prices. Small and medium mills have stocks that can last between 15 days and a month. Big mills may have stocks that can last them two months,” said Dr K. Selvaraju, Director-General of Southern India Mills Association.

Arrivals lower than CAB estimates

A short calculation on the arrivals, carryover stocks and exports shows that mills could, on an average, have stocks that can last them two-and-a-half months. However, it is likely that well-to-do mills could have higher stocks, leaving others with a hand-to-mouth situation, said trade sources.

According to sources, cotton arrivals till last weekend are estimated at 185 lakh bales.

Usually, 62-65 per cent of the crop arrives by January 31 and going by the Cotton Advisory Board (CAB) revised production estimate of 329 lakh bales (of 170 kg each), at least 210 lakh bales should have arrived by now.

“The crop is lower than CAB estimates. I see it around 323 lakh bales,” said Mr Lal.

“The crop could be around 310 lakh bales,” said Mr Ramani, while Dr Selvaraju also pegged it around this level.

“Unseasonal rain has affected the crop in Maharashtra, Gujarat and Andhra Pradesh,” said Mr Ramani.

“Maharashtra crop could be around 80 lakh bales only against CAB estimates of 92 lakh bales,” said Dr Selvaraju.

Andhra Pradesh crop is being seen around 48 lakh bales against CAB estimates of 55 lakh bales, while Gujarat crop is also seen around 95-98 lakh bales against estimates of 103 lakh bales.

This, according to trade sources, will see the crop some 24-27 lakh bales lower than CAB estimates. It also would mean that the carry-forward stocks for the next season will be much lower than CAB's projection of 44.50 lakh bales.

“Stocks may hardly last one month if our fears turn true,” said a trade source.

“Even if we go by CAB estimates, scope for further exports does not exist,” said Mr Lal.

It is the crop estimates that is now proving to be an issue for the industry, trade and policy makers.

January-February is the peak period for procurement by spinning mills. During this period, their buying will be to build inventories that can last them until the new crop arrives in October.

“High prices are creating problems of working capital for us,” said Dr Selvaraju.

The current situation means any correction could be short-lived.

“We may witness a scenario that was enacted last June when prices began to flare upthis year too,” said Mr Ramani.

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Back **Cardamom prices drop on low demand, higher supply**

G.K. Nair

Kochi, Jan 31

Cardamom prices declined last week, on bearish sentiments resulting from reports of increased availability at auctions.

“It might have dropped on correction after ruling at moderately higher levels. An artificially created over supply situation also aided the price decline,” dealers in Bodinayakannur said.

Upcountry demand was low as nobody was interested to buy from the declining market, Mr P.C. Punnoose, General Manager, CPMC, told Business Line.

Declining phase

The average price at the individual auctions dropped to Rs 1,220 on Sunday from Rs 1,282 last week at the KCPMC auction, he said.

There had been gradual decline from Rs 1,352.62 on Tuesday. Severe cold wave conditions in the north Indian states coupled with unconfirmed reports of arrival of Guatemalan cardamom in the upcountry markets led to a slow down in buying activities.

The market will improve from next week as the wedding season in north India is to begin, traders said. At the same time, arrivals also declined to about one-third of it during the peak time of the season. Besides, the quality of material arriving at the market is also inferior which the trade attributed to holding back by growers hoping the prices would move up in the coming days, they said.

On account of the Republic Day, there was no CPMC auction on Wednesday, Mr Punnoose said.

Total arrivals at the KCPMC auction on Sunday stood at 42 tonnes and the entire quantity was sold out. Maximum price fetched was at Rs 1,498.50 a kg and the minimum was Rs 850 a kg. Auction average was at Rs 1,220 a kg, he said.

The high prices had reduced exports of small cardamom to 700 tonnes during April–December from 1,190 tonnes in the corresponding period a year ago.

The average unit value shot up to Rs 1,159.54 a kg against Rs 745.75 a kg in April-December 2009, according to the Spices Board sources.

“The current negative trend is only a temporary phenomenon and indications are that the average price may touch Rs 1,500 a kg,” Mr Punnoose claimed.

Prices for 8 mm green colour bold declined by Rs 50 to Rs 1,550 a kg, while bulk is being sold at Rs 1,175-1,275 a kg, Bodi trade sources said.

Arrivals at the auctions held in Vandanmettu and Bodi last week stood at 162 tonnes and of this, around 4 tonnes were withdrawn, trade sources said.

Individual auction average prices ranged between Rs 1,200 and Rs 1,350 a kg during last week from Monday to Sunday. Total arrivals during the current season from Aug 1, 2010 to Jan 30, 2011 stood at 6,689 tonnes.

Of this 6,547 tonnes were sold. Arrivals and sales in the same period of the previous season were 6,760 tonnes and 6,630 tonnes respectively.

Weighted average price as on Jan 30 was Rs 1,078 a kg, up from Rs 745 a kg same day last year. Prices for graded varieties in Rs/kg in Kumily on Monday were: AGEB 1,365-1,380; AGB 1,285-1,295; AGS 1,260-1,270 and AGS1 1,210-1,235.

Bodinayakannur open market prices in Rs/kg were: AGEB (7-8 mm) 1,350-1,375; AGB (6-7 mm) 1,275-1,300; AGS (5-6 mm)1,250- 1,260 and AGS 1 1,200-1,225.

Dry weather prevails in the growing areas for the past couple of weeks. Growers said that they were hoping for summer rains in February.

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Back **Marginal rise in pepper futures**

G. K. Nair

Kochi, Jan. 31

Pepper futures on Monday moved up marginally on buying support and bullish sentiments. Good additional buying of March was seen. The market, as usual, remained highly volatile. It opened on a weak note, moved up and down and eventually closed marginally above Saturday's close.

Leading exporters were showing interest in covering new good quality pepper at Rs 215-216 a kg.

High moisture new pepper mixed with old pepper traded at Rs 203-206 a kg. Jharkhand- and Bihar-based dealers were reportedly buying it.

Steady arrivals

Meanwhile, one to two tonnes of new pepper have been arriving almost daily at major cities in North India by rail, directly from the primary markets of Kasargode in northern Kerala and Nagarcoil in Kannyakumari district of Tamil Nadu, market sources told Business Line.

Domestic demand, however, was slow as the buyers were covering for only the minimum requirement because of the high prices. As they have not been maintaining any inventory and this being the ideal time for the grinding industry to buy, the buyers may be entering the market eventually, some of the traders felt.

Meanwhile, multinational companies with multi-origin operations were reportedly taking forward positions too. February contract increased by Rs 92 to close at Rs 22,400 a quintal. March went up by Rs 84 to close at Rs 22,775 a quintal, while April declined by Rs 32 to close at Rs 23,098 a quintal.

Higher turnover

The total turnover increased by 2,118 tonnes to 7,250 tonnes. Total open interest went up by 285 tonnes to close at 11,392 tonnes, indicating additional purchases.

February open interest declined by 29 tonnes to 8,638 tonnes while that of March increased by 279 tonnes to 2,161 tonnes indicating additional purchases. April moved up by 17 tonnes to 439 tonnes.

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Back **Old turmeric crop prices drop sharply**

Erode, Jan. 31

Old turmeric crop price dropped Rs 1,000 a quintal on Mondayon lack of demand.

“The price of new turmeric is stable, but sales improved due to demand for the new turmeric. But there is no demand for old turmeric and so the price decreased by Rs 1,000 a quintal at Erode,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said: “Growers are having limited stock of old turmeric and because of heavy arrivals of new turmeric, demand for the old turmeric has decreased drastically. No one is ready to buy the product at Rs 12,000-12,500 a quintal, as the new crop is available below that price”.

“We are expecting from next week huge stock of new crop, like Number 8, Mysore variety and also Erode variety will arrive heavily to the market. But limited sales would be done and the price will remain unchanged,” he said.

In Erode Turmeric Merchants Association sales yard, the finger variety (new crop) fetched Rs 9,010-11,766 a quintal, root variety Rs 8,160-10,689. Of the 1,812 bags received, 500 were sold.

The Finger variety (old crop) was sold at Rs 9,201-12,579 and the root variety Rs 9,100-12,296. Out of arrival of 277 bags 100 were sold.

In Erode Cooperative Marketing Society, the finger variety was sold at Rs 9,241-13,369, the root variety Rs 7,089-13,045. 352 bags of old and new varieties received, 260 were sold. In the Regulated Market Committee, the finger variety of the old turmeric was sold at Rs 12,467-13,249, the root variety Rs 12,467-13,215.

The finger variety of the new variety fetched Rs 9,010-11,766, the root variety Rs 8,166-10,689 a quintal.

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Back **Edible oil steady on lower offtake**

Our Correspondent

Mumbai, Jan. 31

Edible oils ruled steady on Monday due to less-than-expected demand despite report from the Malaysia's of higher closing. Poor local demand kept volumes at a bare minimum. Groundnut oil, palmolein and sunflower oil and cotton oil prices ruled steady. Soya refined oil rose marginally by Rs 2. Rapeseed oil declined by Rs 7 per 10 kg. According to market sources, in palmolein, only about 80-100 tonnes were traded in resale in the Rs 585-588. Liberty quoted palmolein at Rs 607-610. Ruchi's rates were Rs 600 for palmolein, Rs 630 for soya refined oil and Rs 715 for sunflower refined oil. In the Saurashtra-Rajkot market, groundnut oil was Rs 1,135 (Rs 1,130) for telia tin and Rs 735 (Rs 730) for 10 kg.

Total arrivals of groundnuts in Gujarat, Rajasthan, Andhra Pradesh and Karnataka were about 1.45/1.50 lakh bags. There was no demand for other indigenous oils. Brand makers are also keeping away from fresh buying.

Malaysia's crude palm oil February contracts closed at Malaysian ringgit (MYR) 3,840 (3766) and March at MYR 3,832 (3,743). Mumbai commodity exchange spot rate (Rs/10 kg): Groundnut oil 760 (760), soya refined oil 627 (625), sunflower exp. ref. 675 (675), sunflower ref. 730 (730), rapeseed ref. oil 645 (652), rapeseed expeller ref. 615 (622), cotton ref. oil 613 (613) and Palmolein, 585 (585).

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Back **Sugar rules steady on robust trade**

Our Correspondent

Mumbai, Jan. 31

Spot sugar prices on the Vashi wholesale market ruled steady on Monday with buying and selling remaining at nominal levels. Retail buying witnessed at the beginning of a new month lent support. The Centre on Monday declared 16.23 lakh tonnes of sugar as free sale quota for February.

Spot sugar prices were down Rs 5 in M-grade. Naka prices due to resale selling declined Rs 10-20. The February free sale quota of 16.23 lakh tonnes includes 13 lakh tonnes as normal, 0.23

lakh tonnes as sugar processed from imported raw sugar and 3 lakh tonnes of carry forward from January. With the start of new month and expected fresh retail demand, freight rates firmed up by Rs 5 a quintal in some producing areas. On Saturday evening, about 12/14 mills floated tender offers and sold about 35,000-38,000 bags of sugar in the range of Rs 2,710-2,750 for S-grade and Rs 2,740-2,790 for M-grade a quintals. Arrivals in the markets for two days were about 48-50 truckloads (each 100 bags) and local dispatches were about 52-53 truckloads. The Bombay Sugar Merchants Association rates were: Spot S-grade Rs 2,850-2,871 (Rs 2,850-2,876) and M grade Rs 2,872-2,931 (Rs 2,886-2,931). Naka delivery rates: S-grade Rs 2,790-2,820 (Rs 2,810-2830) and M-grade was Rs 2,820-2,880 (Rs 2,850-2,880).

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Back **Soya oil subdued on limited inquiries**

Our Correspondent

Indore, Jan. 31

Notwithstanding strong global cues, demand for soya oil in the domestic market continued to remain subdued on Monday. Deriving strength from bullish palm oil futures, soya refined in the morning opened at Rs 610 for 10 kg and went up to Rs 615 but apparently weak and scattered demand from the domestic market pulled prices down and most of the trading in refined was done at Rs 610-612. Traders hope that prices of soya refined is unlikely to go below Rs 605-610. In resale, it was quoted at Rs 606-608. Soya solvent also ruled firm on subdued demand. In the spot, it was quoted at Rs 570-574 for 10 kg. According to oil traders, demand for soya oil continues to be sluggish. On the other hand, soya oil futures traded on positive note. On the NBOT, soya oil February contract , closed Rs 1.80 higher at Rs 655.80. Compared with the past few days, the gain in soya oil futures in the domesticmarket has turned out to be limited with continuing weak demand.

Soyabean ruled firm on weak arrival and comparatively weak support to soya meal in the export market. In the state mandis, soya seeds quoted Rs 10-15 up at Rs 2,270-2,325 a quintal, while in Indore mandis, it was quoted at Rs 2,260-2,335 a quintal.

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Back **Mills' buying keeps prices high**

Rajkot, Jan. 31

Aggressive demand from mills has put cotton prices at a record level and a similar trend was seen on Monday. However, compared with Friday's situation prices were ruling lower but showed an uptrend during the day.

Cotton was traded at Rs 48,000-48,500 a candy of 356 kg on Monday with a gain of Rs 500 in Gujarat. Raw cotton was also traded higher by Rs 10-20 at Rs 1,130-1,135 for 20 kg. .

A Rajkot-based broker Mr Mayurbhai said, “Overall sentiments are positive for cotton as demand continues in the market.”

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Back **Delayed data lead to additional exports**

Chennai: The Centre has been saying that it will review the cotton export cap of 55 lakh bales (of 170 kg) after February 10. But the fact is that it has already allowed 58 lakh bales of cotton for exports.

According to sources, initially the Textiles Commissioner Office had reported that of the 55 lakh bales that were to be exported by December 15.36 lakh bales had been shipped out.

Based on the Textiles Commissioner Office's data, the Directorate-General of Foreign Trade has allocated 19 lakh bales of the unutilised cotton for shipments abroad.

However, data collated now by the Government show that by December 15, 39 lakh bales were exported.

A Cotton Advisory Board source differed with the data and said 38.4 lakh bales were shipped by December 15.

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Back **Coir Board to help TN coir industry**

Our Bureau

Kochi, Jan. 31

The Coir Board will extent all possible help for the speedy mechanisation of the coir industry in the neighbouring Tamil Nadu which has helped generate more employment among the rural women, and contribute to the faster growth of the export trade.

The industry, coming under the Micro, Small and Medium Enterprises (MSME) sector, and spread over 22 districts of Tamil Nadu, provides employment to over 200,000 people, majority of whom are women. The export earnings was worth Rs 200 crore last year, Mr V.S.Vijayaraghavan, Chairman, Coir Board, has said.

Expo

Inaugurating the three-day Agri Expo-2011, organised jointly by the Pollachi Chamber of Commerce and the Coir Board at Pollachi, he exhorted the industry to concentrate more on value addition in exports, rather than confining to export of raw materials like coir fibre and yarn. In this context, strengthening a closer relationship between the coir industries of Tamil Nadu and Kerala would vastly benefit both the domestic and export market, while overcoming the raw material and labour requirements of the industry in general, he said.

About 70 stalls, showcasing the growth of the industry in the recent past, contributed by the latest technological developments, and helped by the centrally aided schemes available for the benefit of the industry, are the main attraction of the expo .

A seminar on coir and coir industry and a buyer-seller meet involving the coir yarn and fibre exporters of Tamil Nadu and Kerala's export-oriented coir sector, would also be held as part of the three-day expo.

CFC opens

The Chairman also launched the Common Facility Centre (CFC) under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) at Gudiyatham in Vellore for the five coir clusters located at Gudiyatham, Pattukottai, Salem, Cuddallore and Periyakulam.

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Back **Coonoor tea prices ease on poor demand**

P.S. Sundar

Coonoor, Jan. 31

In the CTC market of Sale No: 4 of the auctions of Coonoor Tea Trade Association, Darmona Tea Industry topped at Rs 148 a kg. “Our red dust (RD) fetched this price. In all, our six grades got Rs 106 and more,” Mr Dinesh Raju, Darmona Managing Partner, told Business Line.

Homedale Estate, auctioned by Global Tea Brokers, topped the CTC leaf market at Rs 144. “Our broken orange pekoe fannings (BOPF) got this price. Our broken pekoe (BP) and broken orange pekoe (BOP) grades got the second highest price of Rs 140 each. In all, our five grades got Rs 140 and more”, the Managing Partner, Mr Prashant Menon, said.

Vigneshwar Estate got Rs 146, Shanthi Supreme Rs 136, Hittakkal Estate Rs 134, Deepika Supreme Rs 133, Kannavarai Estate and Professor Rs 130 each. In all, 79 marks fetched Rs 100 and more.

Orthodox

Among orthodox teas from corporate sector, Curzon got Rs 173, Havukal Rs 166, Kairbetta Rs 165, Highfield Estate Rs 164, Prammas Rs 161 and Quinshola clonal Rs 160. In all, 25 marks got Rs 100 and more.

Although the volume of 8.21 lakh kg offered was the lowest in over a year, 16 per cent was withdrawn for want of buyers despite shedding Rs 3 a kg resulting in teas worth Rs 97 lakh remaining unsold.

“Orthodox leaf market eased Rs 2-4 a kg. High-priced CTC leaf lost Rs 2-5, better mediums Rs 2-4 and plainers Rs 5-7. Orthodox dusts were firm. CTC medium dusts eased Rs 3-4 and others up to Rs 4”, an auctioneer said.

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Back **Spot rubber declines further**

Aravindan

Kottayam, Jan. 31

Physical rubber prices moved down further on Monday. The market lost ground following the sharp declines in domestic futures on the National Multi Commodity Exchange. According to sources, selling from dealers kept the commodity under pressure during the day. The markets in general seemed to be moving under the grip of speculators, they said. Certain tyre companies bought RSS 4 up to Rs 225 a kg on early trades, an observer said.

Sheet rubber slid to Rs 221.50 (224.50) a kg, according to dealers. The grade moved down to Rs 223 (226) a kg, as quoted by the Rubber Board.

Futures weak

The February series for RSS 4 weakened to Rs. 217.99 (223.21), March to Rs 222.60 (228.38), April to Rs 231.36 (238.16) and May to Rs 239.25 (244.78) a kg on the NMCE.

RSS 3 (spot) improved to Rs 262.46 (261.42) a kg at Bangkok. The February futures for the grade slipped again to ¥478.7 (Rs 267.44) from ¥479.3 a kg during the day session but then remained unchanged in the night session on the Tokyo Commodity Exchange.

Spot rates were: RSS-4: 221.50 (224.50); RSS-5: 215 (216); Ungraded: 210 (213); ISNR 20: 219 (220) and latex 60 per cent: 149 (151).

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Back **Steady trend in rice market**

Our Correspondent

Karnal, Jan. 31

The rice market witnessed a steady trend, with the prices of aromatic and non-basmati rice ruling firm on the previous levels, on Monday.

The market witnessed an uptrend last week and trade inquiries are supporting the market at current levels, said Mr Amit Kumar, a rice trader. With arrivals of paddy being low, the market is likely to witness another rally soon, he said.

Pusa-1121 steam ruled at Rs 5,300-5,500 a quintal, Pusa-1121 sela at Rs 4,300-4,500 and Pusa-1121 at Rs 5,300. Pusa (sela) ruled around Rs 3,250 and Pusa (raw) around Rs 4,300. Basmati sela quoted at Rs 5,700-5,750 and basmati raw at Rs 6,750.Duplicate Basmati ruled around Rs 4,000 a quintal. The prices of brokens of 1121 variety were: Tibar was quoted at Rs 3,000-3,400, Dubar at Rs 2,200-2,500 and Mongra at Rs 1,800-2,000. Around 2,000 bags of PR sold between Rs 1,030 and Rs 1,050. About 3,000 bags of Sugandha-999 that arrived were quoted at Rs 1,550-1,650. Around 1,200 bags of Pusa (duplicate basmati) quoted at Rs 2,000-2,150 and about 2,000 bags of pure basmati, Rs 2,200-2,600.