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Sugarcane glut worries farmers

G.V. Prasada Sarma

40 per cent increase in the cane production in the district: official

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The issue was raised at the District Review Committee meeting by Chodavaram MLA

GMR sugar factory in Srikakulam district permitted to source 40,000 tonnes from the Chodavaram factory area

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VISAKHAPATNAM: With output turning out to be good this season, farmers may face the problem of being left with sugarcane after the sugar factories crush the quantity agreed upon.

The problem may crop up particularly in the area coming under the Chodavaram sugar factory which has agreed to crush 5.5 lakh tonnes up to the first week of May. The issue was raised at the District Review Committee meeting by Chodavaram MLA K.V.N.S. Raju.

According to unofficial estimates, after the factory completes crushing farmers may be left with about one lakh tonnes of sugarcane. The quantity the factory was crushing this year was much higher than the 3.6 lakh tonnes the previous season. It had paid up to Rs.2,200 a ton last season compared to the Rs.1,800 now.

Overall there has been a 40 per cent increase in the cane production in the district, says Assistant Cane Commissioner V. Venkata Rao. The output from 30,000 ha has been estimated at 15 lakh tonnes including seed cane and the quantity that went for production of jaggery. It has turned out the best year for sugarcane output after 2006-07.

Since the output is more, the government has accorded permission to GMR sugar factory in Srikakulam district to source 40,000 tonnes from the Chodavaram factory area. Mr. Venkata Rao admits that there are apprehensions among farmers in Chodavaram area over being left with more sugarcane.

Three of the four co-operative mills in the district will fulfil their agreement this season and are expected to reach their crushing capacity. The factory at Anakapalle has already stopped having crushed 62,000 tonnes, lower than the quantity agreed upon.

But the picture with regard to Chodavaram will be clear only after April 20, says Mr. Venkata Rao.

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ADB meet to focus on food, fuel prices

Special Correspondent

Floods, earthquakes add to the pressure

Global economic rebalancing is among other challenges Reforming international monetary

system on agenda

NEW DELHI: Skyrocketing food and fuel prices in Asia and the Pacific will be the prime focus of discussion at the annual meeting of the board of governors of the Asian Development Bank (ADB) starting May 3 in Hanoi.

Even as nearly two billion people in the Asia-Pacific region have already been struggling on less than $2 a day, soaring prices of food and fuel have further complicated economic and monetary policy-making for governments, while floods and earthquakes have added to the pressure.

Alongside, environmental degradation and climate change, growing and ageing populations, and global economic rebalancing are among the myriad other challenges as Asia seeks to cement the foundations for a prosperous future.

According to an ADB statement here, the multilateral lending agency's upcoming annual board meeting in Vietnam will assess these immediate and long-term hurdles with ministers and senior government officials, business leaders, fellow international financial institutions and civil society representatives.

Starting May 3 alongside a gathering of finance ministers of the Association of Southeast Asian Nations plus China, Japan and Korea (ASEAN+3), the meeting is slated to end on May 6. Initial findings of a key study which looks at what the region must do to secure sustainable growth over the next four decades will be discussed at a seminar on the second day of the four-day meeting.

Seminar

A panel of top policy-makers, including Finance Ministers of Bangladesh, France, India and Japan, plus the Vietnam central bank governor and the Parliamentary State Secretary of Germany are expected to participate in the deliberations, the statement said.

A special seminar organised jointly by the ADB, the G20 group of leading emerging and advanced economies, the International Monetary Fund (IMF) and the Japanese Finance Ministry will discuss reform of the international monetary system against the backdrop of slow growth in G7 economies, the high government debt in Europe and an economically muscular Asia.

French Finance Minister and current G-20 chair Christine Lagarde, and her Japanese counterpart Yoshihiko Noda are expected to join ADB President Haruhiko Kuroda and International Monetary Fund's Deputy Managing Director Naoyuki Shinohara in the talks, the statement said.

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Imported germ plasm to boost milk production

Ignatius Pereira

Bovine splendour:A purebred Holstein-Friesian bull at the Mattupatty farm of the Kerala Livestock Development Board.

KOLLAM: As many as 10,000 frozen doses of progeny-tested bull semen have been imported to Kerala from the U.S. and Canada, giving the dairy sector of the State a boost.

Ani S. Das, Managing Director of the Kerala Livestock Development Board, told The Hindu that the doses were from purebred Holstein-Friesian and Jersey bulls.

The import comes after 15 years, a gap that left the State with the critical lack of a line of first-generation bulls. Using germ plasm from subsequent generations results in loss of hybrid vigour in the offspring, which, in turn, brings down the production of milk. Dairy farmers across the State had been demanding imported semen of high genetic merit.

With the import, the board aims to create a line of first-generation purebred bulls for creating first-generation purebred and crossbred dairy cattle in the State. The State's dairy sector has a breeding programme to produce crossbreeds based on Sunandhini Jersey and Sunandhini Holstein-Friesian cows and purebred Jersey cows and Holstein-Friesian cows.

Dr. Das said the imported semen could be used in pure native breeds to produce high milk-producing crossbreeds. Such crossbreeds would have the immunity of the Indian breed and milk production of the foreign breed. The plan is for genetic improvement of the State's dairy cattle through systematic breeding plans.

He said that under the breeding policy of the State, Jersey- and Holstein-Friesian-based crossbred cows would be promoted in the normal climate zones and the purebred Jersey and Holstein-Friesian cows in the cool zones of Wayanad and Idukki districts.

He said insemination using the imported doses had started at the Kulathupuzha, Mattupatty and Puthur dairy farms of the board. The first-generation bull sperms will be available to the farmers in less than two years.

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Haryana to monitor supply of Bt Cotton seeds

Special Correspondent

CHANDIGARH: Haryana Chief Minister Bhupinder Singh Hooda, now on a visit to Israel, directed the State Agriculture Department and Deputy Commissioners on Thursday to closely monitor the availability and supply of Bt Cotton seeds.

An official spokesman said the State Government had arranged adequate quantity of Bt Cotton seeds and there was no need for panic among the farmers.

He further said that the government had arranged 36.61 lakh packets of Bt Cotton seeds whereas only 23.50 lakh packets were consumed last year.

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Reuters

New Delhi, April 15, 2011

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India's March headline inflation at 8.98 pct y/y - govt

Country's wholesale price index (WPI) rose an annual 8.98% in March on higher fuel and manufactured product prices, government data showed on Friday.The figure was above the median forecast for an 8.36% rise in a Reuters poll and was higher than the annual rise of 8.31% in February.The annual reading for January was upwardly revised to 9.35% from 8.23%.The WPI is more closely watched than the consumer price index (CPI) in India as it covers a higher number of products.

http://www.hindustantimes.com/StoryPage/Print/685511.aspx

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Apr 17	Apr 18	Apr 19	Apr 20	Apr 21
39° | 28°	38° | 24°	39° | 23°	39° | 22°	40° | 22°
Rainy	Rainy	Partly Cloudy	Sunny	Sunny

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THE TIMES OF INDIA

Inflation overshoots target, at 8.98% in March

IANS | Apr 15, 2011, 01.12pm IST

NEW DELHI: Despite rampant rate hikes initiated by India's central bank and assurances from policy makers, the annual rate of inflation rose to 8.98% in March from 8.31% the month before, way above the target of 8% set by the Reserve Bank of India, official data showed on Friday.

The rise in the general price level was due to higher prices of fuels and manufactured products, according to data released by the commerce and industry ministry.

The provisional annual rate of inflation for December, which was earlier pegged at 8.23% for January, stood revised upwards to 9.35%.

The data will increase the pressure on the government to address supply side inefficiencies and not just look at prompting the Reserve Bank of India to raise rates to curb inflation -- something which the central bank has done eight times in the past 15 months.

The government will also be worried over high prices as five states go to vote in April-May to elect their new legislative assemblies.

The limited weekly data for the week ended April 2 showed a third successive decline in food inflation, which was registered at 8.28%.

Following is the 12-month inflation for some sub-indices within the overall wholesale price index:

Primary articles: 12.96%

Food Articles: 9.47%

Vegetables: 9.17%

Cereals: 3.96%

Pulses: (-)4.17%

Non-food articles: 25.88%

Fuels and power: 12.92%

Cooking gas: 14.99%

Petrol: 23.14%

Diesel: 6.22%

Manufactured products: 6.21%

Sugar: (-)7.46%

Edible oils: 12.54%

Manmade Textiles: 11.35%

Cotton Textiles: 27.45%

15 Apr, 2011, 07.46AM IST, S Sanandakumar,ET Bureau

Pepper shoots 16% on low production

KOCHI: Pepper prices have shot up 16% in the last one month due to concern that availability will be low this year. Production is less than the initial estimates in India while largest producer Vietnam is not active in the market. The spot price that ruled at around Rs 223 per kg in mid-March has seen a sharp escalation to Rs 258 per kg on April 14.

In the futures market, the May contract rose 19% during the period and stood at Rs 270.22 per kg on April 13. Domestic production was earlier estimated at 48,000 tonne but was subsequently revised to 45,000 tonne by trade and industry though there are a few traders who say that the production could not be more than 40,000 tonne.

Supplies from Kerala's leading production centres have been thin. But in the neighbouring Karnataka, production is considered to be higher this year. Despite the acceleration in prices, domestic demand has been high this season, according to Kishor Shamji, managing director, Kishor Spices. The domestic demand is around 40,000 tonne, leaving out hardly any volume for exports.

Leading exporters are offering superior grade pepper at $6,900 per tonne. The market is also worried over low supplies from Vietnam. "Prices in Vietnam are at a record level but supplies are poor as farmers seem to expect a further rise in prices," said Philip Kuruvila , managing director, Indian Products. Prices are likely to rise further due to the possibility of a global supply squeeze.

Except for Vietnam, production seems to be lower in most other origins while it is steady in Indonesia, he said. Vietnam's production is better than the last year's and is likely to be around 1.2 lakh tonne but traders expect a supply shortfall leading to speculation in prices.

15 Apr, 2011, 07.43AM IST,PTI

India may harvest record cotton at 35 m bales this year

NEW DELHI: India is likely to achieve a record cotton output in the 2011-12 season at 35 million bales as farmers are expected to put more area under the crop, buoyed by higher prices, the US Department of Agriculture (USDA) said. Cotton production of India, the world's second biggest cotton producer, stood at 32 million bales in 2010-11 season (August-July). One bale is equal to 170 kg. "India's cotton production is forecast to increase to a record 25 million bales on expected record planting," the USDA said in its latest report.

The area under cotton may rise by 12% this year at 12.5 million hectares due to record cotton prices. Bt cotton area is expected to reach 90% of the total area this year, but share of unapproved Bt seeds may also rise, it said. "Currently, cotton appears to be the most remunerative major crop in the country and few, if any, summer crops can match its potential returns for farmers given current expectations," the USDA noted. For instance, prices of Shankar-6 cotton have more than doubled to Rs 1,67,880 per tonne in the last one year.

Similarly, prices of popular cotton varieties H-4 and DCH-32 have also increased to record levels, it said. Cotton, a major cash crop, is planted from the end of April and harvested from October onwards. The USDA report said while even larger area is certainly possible, especially if weather conditions at planting are favourable, then most farmers' traditional tendency is to diversify their plantings as a hedge against risk. "Concerns about the availability of seeds are expected to constrain significant area expansion. Seed companies have already expressed concern about seed supplies," it said.

It further pointed out that cotton yields are expected to be lower at 476 kg per hectare on the expectation of increased planting of lower quality seeds. The report also observed that most of the Bt hybrids are of medium and long staple cotton (26-32 millimeters), which is resulting in declining production of short staple (below 22 mm) and extra long staple (35 mm and above).

The US body also said that India's production is likely to oustrip demand this year. The domestic consumption is forecast at 29 million bales, buoyed by economic growth and rise in population. However, current higher cotton prices may eventually reflect in higher cotton textile products prices for consumers and likely to dampen demand for cotton clothing and textiles or cause consumers to shift to man-made fibre, it said. On India's overseas sales of cotton, the USDA has pegged exports at 5.1 million bales despite record domestic production.

15 Apr, 2011, 07.39AM IST,Bloomberg

Commodity price swings threaten world recovery

The leaders of Brazil, Russia, India, China and South Africa said excessively volatile commodity prices pose a threat to the global economy and called for greater regulation of derivatives markets. Volatility "poses new risks for the ongoing recovery of the world economy," the leaders said, according to a communique from their summit in the Chinese resort of Sanya.

The BRICS, as the five are known, called for greater vigilance over the impact of the flow of capital from developed economies into emerging markets and agreed on a plan to make more loans in local currencies. Rising food and fuel prices are pressuring importers such as China and India to hold down prices for their 2.6 billion people. Exporting countries such as Brazil, Russia and South Africa are benefitting from the trade, yet are concerned that over-reliance on resources will stifle diversification of their economies, leaving them vulnerable should demand drop.

"The fiscal outlook for emerging economies is more favorable , but this reflects in part the tailwinds of high asset and commodity prices, low interest rates and strong capital inflows," the International Monetary Fund said in a report this month. A "reversal could leave fiscal positions exposed." China is the world's biggest importer of soybeans and consumer of energy, depending on imported oil to fuel economic growth.

India has also expressed concern over rising food prices. "Regulation of the derivatives market for commodities should be accordingly strengthened to prevent activities capable of destabilising markets," the document said. Corn, coffee and cotton prices have more than doubled on global commodity futures markets in the past year, while crude oil prices are up 42% in London. Wheat futures in Chicago may rise to $8.60 a bushel by December 31, 31 percent up from this year's low, Paris-based brokerage OTCex Group said earlier this month.

Corn may reach a record $10 a bushel, Alex Bos , an analyst at Macquarie Group said April 6. This year China is forecast to import 57 million tons of soybeans, or almost 60 percent of global trade in the animal- feed and tofu ingredient. The BRICS communique called for greater cooperation on food security to redress the lack of timely and reliable information on supply and demand. The international community needs to work together to increase production, increasing funding and technological support to developing countries as part of "establishing a more equitable and fair world."

15 Apr, 2011, 07.35AM IST, Jayashree Bhosale,ET Bureau

Maharashtra farmers prefer Cotton to Soyabean this year

PUNE: According Maharashtra agriculture department estimates, soyabean is no longer the prime favourite in India's second largest producer as farmers shift to cotton. That could be a setback for India's attempts to become more self-sufficient in cooking oil, which is the second largest import item after crude oil. "Due to good price realisation for cotton this year, area conversion from soya to cotton is most likely to happen. It is too early to predict numbers but we think it can be even more than 2 to 3 lakh hectare in Maharashtra," said Ruchi Soya Industries vice president P Kumar.

Ruchi Soya is one of leading soya oil manufacturers and also an exporter of soya meal. Sources in the Maharashtra agriculture department said the state government is likely to revise its kharif oilseeds target area downward by four lakh hectare. Soyabean is the most important oilseed crop in Maharashtra. The area under soyabean is likely to shift to cotton in the rainfed Marathawada region , where cotton and soyabean are the two important cash crops.

Though soyabean prices are good enough, cotton farmers got historic high prices for their produce in the current season. "The state government is likely to keep to the target of kharif oilseeds at 29.28 lakh ha as against 34.82 lakh ha last year. The actual area under soyabean in Maharashtra in 2010-11 kharif was 30.84 lakh ha, less by about 4 lakh ha than the targetted area," said the official of on condition of anonymity. But the Soyabean Processors Association of India (SOPA) estimates that the overall area under soyabean cultivation is likely to remain stable.

SOPA spokesperson Rajesh Agarwal said, "It is true that the area under soyabean may decline by about two to three lakh ha in Maharashtra. Yet, the all-India area under soyabean is likely to remain the same as some new area is expected to come under soyabean cultivation in the southern states of Tamil Nadu, Karnataka and Andhra Pradesh." The poultry industry in the southern states is the main consumer of soyabean. The soya industry, already facing the problem of 50% excess capacity, is now banking on good monsoon for better yields and better production. The total of imported and locally produced soyabean oil accounts for 20% of oil consumption in the country.

Business Standard

Friday, Apr 15, 2011

Weather conditions delay wheat arrival in Haryana

BS Reporter / New Delhi/ Chandigarh April 15, 2011, 0:21 IST

The inclement weather conditions prevailing in the state have resulted in late wheat arrival in Haryana.

Till date 487,761 tonne wheat has arrived in the terminal market in Haryana, as against 634,703 tonne recorded last year.

According to the food and civil supplies department officials, of the total wheat arrival, 126,119 metric tonne (mt) of wheat had been purchased by HAFED, 122,568 mt by Food Corporation of India, 140,716 mt by Food and Supplies Department, 48,186 mt by Haryana Warehousing Corporation, 21,060 mt by CONFED and 28,128 mt by Agro Industries, he added.

Wheat procurement begins in Punjab

Government agencies and private millers have procured more than 10,079 tonne of wheat this season.

Out of the total procurement at all procurement centres of Punjab, government agencies procured 8,819 tonne (87.1 per cent) whereas private traders procured 1,260 tonne (12.5 per cent). The Central government agency, FCI had been able to procure 2,115 tonne of wheat which was 21 per cent of the total procurement in the state.

The state government has set up 1,734 procurement centres and activated its total machinery to ensure smooth procurement of wheat.

Farmers prefer chilli over cotton, tobacco

Sharleen D'Souza / Mumbai April 15, 2011, 0:09 IST

Farmers in southern India may prefer to hedge their risk arising out of unseasonal or extended monsoon by increasing chilli acreage in the coming kharif season.

Chilli prices have almost doubled in a year. An official from the Spices Board confirmed that the acreage under chilli may increase 10-15 per cent when sowing for the kharif begins.

While of late cotton has been preferred in the south, with more and more farmers opting for it, last kharif season's late rain highlighted the risk of sowing crops like cotton and tobacco. Chilli emerged as a better crop, giving good returns.

Cotton was preferred because of the better yield with use of Bt seeds. But chilli would be preferred over cotton and tobacco as it can be grown in a nursery initially and later transplanted to the farm, while cotton and tobacco have to be grown directly. This makes cotton and tobacco riskier compared to chilli.

This year, production of chilli has fallen not due to lower acreage but due to lower transplantation, as plants were kept in the nursery due to heavy rain which continued till December.

Year	Area	Production	Yield
2005-06	172,000	538,000	3,136
2006-07	214,000	766,000	3,579
2007-08	223,000	772,000	3,463
2008-09	203,000	773,000	3,803
2009-10	207,000	831,000	4,023
Note: Area in hectare, production in tonnes and yield in kg/hectare			

The cotton crop saw more destruction, as it was exposed to heavy rain, causing a steep rise in its prices. Cotton prices in the spot market rose 82 per cent in the last one year. Traders expect a 20-30 per cent drop in chilli output this year compared to last year, as transplantation was lower. This year, the output is expected to be around 7-8 million bags (1 bag = 40 kg) compared to 12.5 million bags last year. Chilli has given return of Rs 80 a kg, compared to Rs 45 a kg last year.

In the last five years, yield per acre has gone up by 29 per cent from 3,136 kg per hectare to 4,203 per hectare. Demand for the spice is also strong and export demand is providing a cushion to prices at higher levels. This year, India exported 218,500 tonnes of chilli during April-February compared to 180,750 tonnes last year, a rise of 21 per cent.

Bourses cut margins on mentha oil futures contracts

Anindita Dey / Mumbai April 14, 2011, 0:47 IST

In a relief to the mentha traders and hedgers, commodity exchanges have brought down margins on mentha oil future contracts effective from April 13, 2011.

“The move was triggered by a considerable fall in mentha oil prices since March 22 when FMC had directed exchanges to raise margins on mentha contracts sharply. Prices were stable at Rs 1,035-1,050 a kg as against high of Rs 1,200-1,300 a kg in February and early March,” said a market source.

According to the directive issued early this week, additional margin has been brought down to five per cent as against 10 per cent for buy (long) and sell (short) positions. Besides, the special margin of 20 per cent imposed only on long positions has been removed for all contracts apart from April contract.

For April contract, special margin has been brought down by five per cent to 15 per cent . Besides, only five per cent of the special margin has to be paid in cash as against 10 per cent earlier.

Traders said the margin for April contract does not bother much because anyway, the exchanges keep imposing additional five per cent margin daily for the last five days of trading contract before it expires.

On March 23, to counter volatile price rise in mentha contract, FMC had raised margins according to which as against the usual margin of five per cent paid in cash for both long and short positions in the contract, an additional margin of 10 per cent was imposed on both positions. In addition to this, a special margin of 20 per cent was also imposed for only long positions. In effect, the margin for long position is 30 per cent (inclusive of five per cent paid in cash) and 10 per cent for short positions (inclusive of five per cent paid in cash).

Since March 1, mentha oil futures shot up from Rs 1,135 a kg to Rs 1,314 a kg.

“The price range of Rs 1,200-1,300 for mentha oil was highest since 2006. In fact, the price, till sometime back, used to be backwardation (future prices below spot prices). Suddenly, contracts are in contango (future prices higher than spot) without much increase in productivity,” added an official source.

Traders said the sudden volatility in mentha contracts was due to reports that the United States had decided to continue use of mint based/menthol cigarettes as against a total ban earlier. Traders said there was no confirmation on this front but speculations kept adding to the confusion.

Now also the positions is not clear but the steep margins kept prices rangebound. In any case, India is the largest producer and exporter of menthol and mint oil in the world, and thus, whatever global consumption of mentha oil is there, India will be a major player, they added.

India’s mint belt lies in Uttar Pradesh, Punjab, Himachal Pradesh, Haryana and Bihar. Almost 80 per cent of the crop in India comes from Uttar Pradesh (Rampur, Moradabad, Bareilly, Barabanki and Badaun) and the remaining from the other states.

Sugar production goes up in Haryana

Vikas Sharma / New Delhi/ Chandigarh April 14, 2011, 0:34 IST

Sustained efforts on the part of sugar mills and Haryana agriculture officials have yielded results as sugar mills in Haryana have recorded a better crushing season this year.

Mills, numbering three in private sector and eleven in co-operative sector, are reasonably pleased with the crushing season this year. Private sugar mills in Haryana control 45 per cent of the total sugarcane area of the state.

Officials at the Saraswati Sugar Mill located in Yamunanagar in Haryana maintained this year the mill was expecting to crush 12.4 million quintals of sugarcane compared to 11.8 million quintal sugarcane crushed last season, and around 7 million quintal sugarcane crushed for the season 2008-09.

Sugarcane cultivation in Haryana is becoming a challenging proposition in the wake of higher remunerations in the paddy-wheat cycle and also because of shortage of migrant labour deterring farmers to opt for sugarcane. The Saraswati Sugar Mill has been taking measures to motivate farmers towards sugarcane cultivation.

The mill had earmarked a budget to help farmers ensure quality availability of seeds and regular supply of insecticides. The mill is also encouraging farmers to opt for trench method of plantation for sugarcane. According to officials, the trench method of sugarcane plantation increases yield by 20-25 per cent. To encourage farmers to adopt new methods of sugarcane plantationm, the mill is providing 25 per cent subsidy on the cost of machines.

Another advantage of trench plantation is that it provides opportunity to farmers to go for multi cropping and different crops can be sown on the bed between the two trenches.

Similarly, officials in Naraingarh sugar mill maintained this year they would crush 2.8 million quintal sugarcane as against 2.5 million quintal sugarcane the previous year.

Officials in private sugar mills said incentivising farmers who opt for sugarcane cultivation with varying options was a regular feature. Besides providing assured supply of seeds and pesticides at subsidised costs, sugar mills also impart knowledge to farmers about the crop and how it can be protected from pathogens.

Even the 10 cooperative sugar mills in Haryana have produced 1.8 million quintal of sugar by crushing 22.6 million quintal of sugarcane till date.

The overall capacity utilisation of sugar mills in the state has been 91.6 per cent, during the current crushing season as compared to 71.7 per cent last season.

In crushing season 2009-10, the co-operative sugar mills of the state had crushed 8.8 million quintals of sugarcane and produced 0.75 million quintals of sugar.

Sugar prices to decline as output likely to climb 5%

Bloomberg / April 14, 2011, 0:16 IST

Sugar production in India, the world's second-biggest grower, may advance for a third year as farmers increase plantings, pushing down global prices.

The harvest will increase at least 5 percent in the 12 months starting October 1 from 25 million tonnes this year, boosting the country's surplus, Vinay Kumar, managing director of the National Federation of Cooperative Sugar Factories, said in an interview today. Rising production and exports are likely to pressure futures, said Abah Ofon, an agricultural analyst at Standard Chartered in Singapore.

Declining prices may curb global food costs that the United Nations estimates advanced to a record in February. Rising prices contributed to conflict in Libya, riots in the Middle East and the ousting of leaders in Egypt and Tunisia. Sugar will drop 18 per cent to 20 cents per pound in the next six months, according to Goldman Sachs Group Inc. in a report April 12. The sweetener traded at 24.38 cents in New York today.

"There will be more surplus available for export next year," said Kumar, whose group represents 50 per cent of output. "We will be in a more comfortable situation to export."

Cane planting is in progress in India and the area may increase by five per cent from 4.89 million hectares (12 million acres) the previous year, said Abinash Verma, the director general of Indian Sugar Mills Association, in an interview today. The crop will be harvested starting in October.

UTTAR PRADESH

Farmers in Uttar Pradesh, the biggest cane grower, received an average Rs 210 a quintal this year, 51 per cent more than the federal government's minimum benchmark price of Rs 139.12, said Verma.

The cane harvest probably climbed 17 per cent to 340.54 million tonnes this year from 292.3 million tonnes a year ago because of rising prices, the farm ministry said this month. Increased supply prompted the government to allow 500,000 tonnes of exports under the so-called open general license plan. The government may publish rules for the shipments on April 15, said Kumar.

"Even if you see supplies grow by the same amount that they grew this year, it's going to have a greater impact on prices" as stockpiles are building up, Ofon said. "It will give more comfort to exporters such as India to sell more."

THE HINDU Business Line

Fruit & Nut

Aromatic fruit: A fruit seller in Hyderabad arranges cashew-apples. Priced at Rs 180-200 a kg, the aromatic fruit belonging to family Anacardiaceae arrives from Palasa in Srikakulam district of Andhra Pradesh. — P.V. Sivakumar

(This article was published in the Business Line print edition dated April 15, 2011)

Edible oils remain steady

Mumbai, April 14:

Edible oil market witnessed steady trend despite weak reports from the Malaysian market. Mumbai commodity exchange was closed due to Ambedkar *Jayanti*. The spot market witnessed good volumes in the wake of a shortage in ready delivery and as stockists covered to build stocks. About 1,800-1,900 tonnes of palmolein changed hands. Fresh demand at the retail level also supported the market. The undertone was positive on expectation of higher demand and shortage in ready delivery. Traders said negligible stocks at the local level will check the bears despite weak foreign marekets.

Crude palm oil (CPO) futures at Bursa Malaysia Derivatives (BMD) declined for a third straight day on Thursday, as uncertainty in comparative oil prices such as soyabean and crude oil weighed on the market and as investors wait for the export data due on Friday. Selling by investors as they book profits, better-than-expected output and a build-up in month-end stocks also weighed on the sentiment. In Mumbai, a refinery sold 1,200-1,300 tonnes of palmolein at Rs 550-551 for forward delivery, and another sold 450-500 tonnes palmolein at Rs 554-556 for ready delivery.

Slack demand pounds aromatic rice

Karnal, April 14:

After ruling firm at the beginning of this week, prices of aromatic rice dropped marginally while the non-basmati rice rose from their upper levels on Thursday.

Sluggish domestic and overseas demand pulled the aromatic rice down while some buying lifted the non-basmati varieties up, said Mr Amit Chandna, proprietor of Hanuman Rice Trading Company. It is hard to anticipate that where the market will go from now at present, he added.

Prices of Pussa 1121(steam) rice dropped by Rs25 ruled at Rs 5,150-5,350 a quintal, Pusa-1121(sela) dropped by 20 and was quoted at Rs 4,150-4,330, and Pusa-1121(raw) was at Rs 5,100-5,140. Prices of duplicate basmati dropped by Rs 20 and quoted at Rs 3,700-4,050 a quintal. Prices of Pure Basmati (Raw) ruled at Rs 7,500 a quintal.

Farmers are looking forward to grow “Satthi Dhan” (summer paddy) but the Agricultural Department has warned them to not grow ‘Satthi' otherwise they will destroy their saplings.

It's a harmful practice as ‘Satthi' consumes high amount of ground water, said an agricultural expert.

On the other hand, annoyed farmers have given two options to the local administration, either impose a ban on the trading of ‘Satthi Dhan' which arrives from Uttar Pradesh or allow us to grow.

Sluggish trend in soya on slack demand

Indore, Apr 14:

Sluggish trend continued in soya seeds and soya oil on slack demand in domestic market and fluctuating global markets. Soyabean ruled firm at Rs 2,260-2,325 a quintal in absence of trading as *mandis* were closed for Ambedkar *Jayanti*. Sluggish trend is also being witnessed in soya oil because of weak buying and slack demand in the physical market. Soya oil also remained bearish as stockists booked profits at the higher rate and soya oil futures witnessed a bearish trend. Soya refined ruled firm at Rs 580-585 for 10 kg, which is Rs 5-7 less as compared to prices four days ago.

Sugar rules firm on stockists' buying

Mumbai, April 14:

Sugar prices at the mill level continued to rule firm on Thursday on fresh buying at the Vashi market. Mill tender rates increased by Rs 10-15 on fresh buying by State-level stockists. At the physical wholesale market in Vashi, prices remained steady on ample supplies. *Naka* rates jumped by Rs 15-20 a quintal taking cues from the firm trend at producing centres. Arrivals and dispatches were normal. Traders expect higher demand in summer to support the price trend.

Mr Harakhchand Vora, Vice-President of Bombay Sugar Merchants Association, said prices at the local level were steady as demand matched supplies. At the producing level, buying by State-level wholesalers and stockists supported prices, he said. .

Bombay Sugar Merchants Association's spot rates: S-grade Rs 2,751-2825 (Rs 2,751-2,825) and M-grade Rs 2,792-2,911 (Rs 2,800-2,901).

***Naka* delivery rates:** S-grade Rs 2,730-2,760 (Rs 2,710-2,750) and M-grade Rs 2,770-2,850 (Rs 2,760-2,810).

Spot rubber turns weak

Kottayam, April 14:

Physical rubber prices turned weak on Thursday. The market continued to be in a holiday mood prior to *Vishu* and prices slipped marginally on buyer resistance. Meanwhile, the Japanese market was under pressure during closing hours due to fall in prices. The trend was mixed.

Sheet rubber slipped to Rs 239 a kg (Rs 239.50), according to traders. The grade finished unchanged at Rs 240 a kg, both at Kottayam and Kochi, as reported by the Rubber Board.

The National Multi-Commodity Exchange remained closed on account of Ambedkar *Jayanti*.

RSS-3 improved marginally with April futures rising to ¥468 a kg (Rs 250.87) from ¥466 a kg during the day session but then declined to ¥461.5 a kg (Rs 247.39) in the night session on the Tokyo Commodity Exchange.

Spot rates

Spot rates were (Rs/kg): RSS-4: 239 (239.50); RSS-5: 236 (237.50); ungraded: 232 (232); ISNR 20: 235 (236) and latex 60 per cent: 143 (143).

Tobacco export volumes slip 3% on higher global output

Hyderabad, April 14:

Export of tobacco and tobacco products from India have declined in the first 11 months of the financial year. Volumes declined to 2.23 lakh tonnes for the period ending February 2011 against 2.31 lakh tonnes in the corresponding period previous year, a decline of 3 per cent.

By value, the decline was 5 per cent as sale proceeds dropped to Rs 3,728 crore from Rs 3,909 crore during the period. Excess production in Brazil and Zimbabwe contributed to the decrease in exports, Mr G. Kamalavardhana Rao, Chairman of the Tobacco Board, told *Business Line* on Thursday.

processed tobacco

However, there is a significant increase in volumes and value of processed tobacco. Sale of tobacco products went up to 36,874 tonnes this year from 26,752 tonnes in the corresponding period last year, a growth of 38 per cent.

By value, this segment grew 38 per cent to Rs 929 crore from Rs 673 crore. “The total quantity of produce has come down because of unprecedented rain. But interestingly it was the lower-grade tobacco that had taken a beating. The bright-grade constitutes 60 per cent of the output against 27 per cent last year. We expect a good export opportunity this year,” he said.

As a result, , farmers could achieve break-even this year despite heavy losses caused by floods. Though average yields fell to 1,100 kg a hectare from the average 1,800 kg, increase in bright-grade would offset the yield losses.Drop in contribution from unmanufactured tobacco, however, resulted in the fall in overall exports. Export of this segment fell to 1.87 lakh tonnes in the 11 months from 2.04 lakh tonnes last year, witnessing a drop of 9 per cent. By value, its contribution fell to Rs 2,799 crore from Rs 3,237 crore, witnessing a decline of 14 per cent.

Auction sales drop

For the auction season in Karnataka as on April 13, 2011, the Board saw a decline of sales to 109.54 million kg as against 115 million kg on the same day last year. Average price fell by 17 per cent at Rs 95 from Rs 111.

“Excess production in Brazil and Zimbabw contributed to the decrease in exports,” — Mr G. Kamalavardhana Rao, Chairman of the Tobacco Board