

## Farmers sore over low paddy price

K. Raju

*Traders make good of purchase centre ills*

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*Costs of bag, labour and transportation eat into profit Farmers want a reasonable price for their produce*

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THENI: Timely rain, sufficient water for irrigation, and satisfactory yield in most of the areas in Cumbum Valley must mean paddy growers in Theni district must be happy.

On the contrary, owing to low prices offered for their produce by local traders and practical difficulties and hardships faced by them at government purchase centres, they are an aggrieved lot.

Paddy is being procured by local traders from the field for Rs.410 to Rs.430 a bag for a 60-kg bag. The government procurement price is Rs.670.

Absence of arrival of traders from other parts of the State is cited as the main reason for the slump in paddy procurement price.

With strict implementation of model code of conduct by the Election Commission of India (ECI), many outstation traders did not visit the district till the general election to the Assembly on April 13 was over. Harvesting of paddy started by March-end itself. But, since paddy procurement involves huge cash transactions between traders and farmers, and carrying cash having

become difficult, outstation traders did not turn up this season. Capitalising such a precarious position, local traders managed to keep the prices low.

#### First vs. second crops

Normally, yield from the second crop used to be lesser than the first crop. Farmers get around 50 bags per acre in the first crop and around 30 to 35 bags in the second crop.

At the same time, production cost will be high for second crop compared to the first one, according to N. Palpandi, a farmer at Chinnamanur.

In the first-crop season, plants get rain thrice, receive good air circulation and less pest attack. The climate is also ideal. In the second-crop period, air circulation is less owing to change in climate. Pest attack is also high leading to increase in quantum of fertiliser used. Rainfall is also less. Sudden showers, particularly during pollination period, destroyed standing crops in many areas this season, scaling down number of grain in every panicle.

These factors reflected in poor yield. Inordinate delay and impracticable regulations at government procurement centre too force many farmers to stay away from it.

Officials do not procure paddy immediately. Moreover, farmers had to collect paddy in bags and transport them to Uthamapalayam.

Many farmers do not have a place to stock them. Costs of bag, labour and transportation cost from field to lorry and unloading charges at the centre cut 20 to 30 per cent of procurement price. Sometimes, farmers were asked to clean the paddy at the centre again. It increases the costs further.

The money they get just drains in meeting such expenses itself. But traders procured paddy from the field directly bearing all additional costs.

The farmers have appealed to the government to procure paddy from field to get a 'reasonable' price for their produce, leave alone profits.

## Licences of some fertilizers dealers suspended

Special Correspondent

VILLUPURAM: The licences of certain fertilizers dealers at Kallakurichi have been temporarily suspended following the complaints of irregularities in stock maintenance and pricing aspects.

A statement released from the Collectorate stated that subsequent to a slew of complaints received from the farmers about unhealthy practices adopted by the fertilizers, an official team inspected the dealers' premises.

During the check, it was found that they were either charging excessive prices, over and above the prices fixed by the government, or hoarded the stocks in anticipation of higher prices.

However, they misled the farmers by stating that they had run out of stocks. Certain other dealers did not follow the practice of displaying the price list. The statement further stated that adequate stocks of all sorts of fertilizers were kept with the Primary Agricultural Cooperative Societies and the private dealers.

Therefore, there need not be any apprehension over the availability of fertilizers. It informed the farmers to check the prices marked on the fertilizers bags and pay only the specified amount, and never any extra money.

The dealers ought to get the signatures of the farmers who are lifting the supplies in "M" forms and for which they ought to issue genuine receipts

Those dealers found issuing bogus receipts would be legally proceeded against. The farmers can register their complaints over phone number 04146—222291.

## **Sunflower farmers asked to sell seeds**

Staff Reporter

COIMBATORE: Since there is little chance for sunflower price to increase, farmers are asked to sell sunflower seeds upon harvest without resorting to storage.

The Domestic and Export Market Intelligence Cell of Tamil Nadu Agricultural University has analysed the monthly price of sunflower that prevailed in Vellakoil Regulated Market for the last 11 years and said that price would be around Rs. 27 to Rs. 30 a kg during April-May.

The maximum price would be offered to high quality seeds which will weigh about 40 to 42 gms for a volume of 100 gm seeds. Depending on the volume and weight the price will change.

The total area of sunflower in Tamil Nadu is 0.29 lakh hectares and the production during 2008-09 is 0.34 lakh tonnes. Karur, Tiruchi, Dindigul, Tuticorin and Thiruvannamalai are the major sunflower growing districts in the State.

The major market centres are Vellakoil, Moolanur and Kodumudi.

In India, the sunflower seed production in Kharif 2009-10 was 3.2 lakh tonnes and in 2010-11 was 1.35 lakh tonnes.

## **'Crops on the verge of wilting'**

COIMBATORE: Tamil Nadu Toddy Movement has said that crops will wilt if the current state of power supply continues. In a release C. Nallasamy, organiser, said that farmers were getting only three hours power in the day as against six hours. And given the fact that Model Code of Conduct was in force, the farmers were at a loss to know to whom to complain about the power situation.

## Stress on profitable agriculture practice

Staff Reporter

*Call to increase area under various crops*



**TIPS:**Tirunelveli Collector M. Jayaraman (second from left) addressing the workshop at Courtallam.

TIRUNELVELI: Collector M. Jayaraman has advised the officials of the Department of Agriculture to keep in mind the sustainable and profitable agriculture practices and subsequent increased productivity while preparing the action plan.

Officials from the Department of Agriculture from various parts of the State had come down to Courtallam to attend a two-day workshop on Thursday and Friday to prepare the State Extension Work plan and the District Action Plan for their districts for the financial year 2011 - 2012 under Agricultural Technology Management Agency (ATMA) scheme, sponsored by the Government of India.

Inaugurating the workshop, Dr. Jayaraman stressed the importance of increasing the area under various field crops and appealed to the officials that the latest technologies, which were successfully adopted in a particular district, need to be adopted in all other districts also so that the farmers could get maximum profit.

He stressed the need for including crops like water melon in their action plan so that the farmers could get maximum profit with minimum cultivation cost.

He explained the increasing need for farm machineries and appealed the officials to prepare action plan so as to maximize the use of farm machineries especially for harvesting operation (combine harvesters, threshers etc.)

The District Collector insisted the officials to plan for minimizing the gap between food requirement and food production.

He said that Tirunelveli district is a trendsetter in practising 'Rajarajan 1000' (System of Rice Intensification) method of cultivation and bagged the state-level first prize under Crop Yield Competition - Paddy (record yield of 17,257 Kg / Hectare). He said that Tirunelveli district has also bagged the state-level first prize under Crop Yield Competition – Maize by recording a yield of 15,710 Kg / Ha.

The Additional Director of Agriculture (Research) Ponnusamy gave spoke account on the preparation of SEWP and District Action Plan.

The Deputy Director of Agriculture (IAMWARM), The Commissioner of Agriculture, Ganesan, Joint Director of Agriculture, S. Devasahayam and Deputy Director of Agriculture (Farmers' Training Centre), Tirunelveli Alagirisamy also briefed the officials.

The National Facilitator, Agricultural Technology Management Agency, Sankara Subramanian co-ordinated the preparation of action plans.

The District Action Plan 2011 - 2012 for all the districts of Tamil Nadu were prepared by the officials and tabled it at the end of the workshop. As appealed by the District Collector, Tirunelveli, sustainability and profitability were given top most priority in the action plans. The District Action Plans of all the districts were compiled and comprehended and the State Extension Work Plan was finalised at the end of the workshop.

The Deputy Directors of Agriculture (Government of India schemes) and the Agriculture Officer (Government of India schemes) of all the districts attended the workshop.

## Rain hits paddy, mango crops badly

Staff Reporter

*District records rainfall of 372.6 mm; low-lying areas in Rajahmundry water-logged*



**Colossal loss:A farmer draining out rainwater from his field at Vemagiri in Rajahmundry rural mandal on Friday.**

RAJAHMUNDRY: Incessant rain damaged standing and harvested crops, including mango, in East Godavari district on Friday.

Unofficial sources said that paddy in 15,000 acres and horticulture crops in 5,000 acres were affected.

Paddy fields in Vemagiri, Venkatanagaram, Palicharla, Seethanagaram, Gokavaram, Korukonda, Rangampeta, and Veldurthi were hit badly as harvested crop was damaged. "We harvested the crop only yesterday. The sudden downpour shattered our expectations of a good yield and price. We may lose at least 20-30 per cent of the produce," said Satyanarayana, a farmer of Venkatanagaram.

Rain dampened the hopes of mango farmers in Gokavaram, Korukonda, Rangampeta, and Seethanagaram, who were already disappointed due to late arrival of the crop. According to

rough estimates, crop in over 4,000 acres was damaged in the district. Meanwhile, most of the low-lying areas in Rajahmundry were logged with water.

Tobacco auctions were stalled in Torredu on the third day as buyers did not turn up. Banana plantations too were affected due to rain.

Some relief

KAKINADA: The downpour provided a sigh relief to the people residing in the city. The day began with heavy rain coupled with gales, which continued till afternoon. Rain resumed in the evening and continued till night.

At a time when mercury touched 37 degree Celsius, the rain was welcome relief. There was hardly any traffic on the roads as it was a public holiday.

Except the theatres screening new films, the other theatres wore a deserted look for the morning shows.

The district recorded a total rainfall of 372.6 mm during the day, with an average rain fall of 6.2 mm. Maredumilli mandal recorded the highest rainfall of 65.4 mm.

Date:23/04/2011 URL: <http://www.thehindu.com/2011/04/23/stories/2011042358721100.htm>

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## Cashew-growers wary of bad price

Special Correspondent

*Increased demand for processed nuts in domestic market*

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*Crop loss owing to summer showers feared Price of cashew kernel high*

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KANNUR: Cashew yield in the region this season, to last till early June, may not be bad despite the initial crop delay attributed to extended monsoon. But cashew-growers are not wholly free



from concerns about declining price the raw cashew nuts fetch in the market and a possible crop loss because of summer showers in the major cashew growing areas in Kannur and Kasaragod.

The opening price for raw cashew in the market when the cashew season started this year was Rs.95 per kg. This had enthused cashew-growers in Kannur and Kasaragod districts which account for nearly 70 per cent of the total area under cashew cultivation in the State. The price has since then come down and the raw cashew nuts now fetch between Rs.65 and 75.

According to growers, cashew nuts fetch Rs.65 in the Iritty market, a major cashew market in the area, while they are being procured at Rs.75 or even Rs.77 in smaller markets such as Cherupuzha.

Raw cashew nuts procured by cashew traders in the market are sold to processing units. Though the current price for raw cashew nuts is Rs.10 or Rs.12 more than what they fetched in the last season, there is a concern among the growers that the price may go down further. This comes at a time when the price of cashew kernel, both domestic and imported, has gone up to Rs.450 per kg for the 'count 320' variety as a result of increased demand for processed cashew nuts in the domestic market. (The higher the size of the nuts, lower the count number and higher the price).

While nuts from the high-yielding graft plant varieties have count numbers in the range of 180, 210 and 240, which fetch higher prices, the growers here are not beneficiaries of higher pricing for quality nuts because of the absence of any grading of raw nuts. "If there is grading at the procuring stage, large-sized cashew nuts produced in the region, especially in the Peravur and Kottiyur areas in this district, will be collected at higher prices," says Michael George Kallivayalil, cashew-grower at Kolayad here who also runs a nursery of high-yield variety cashew grafts.

The system of procuring nuts without any grading made sense when there was only traditional varieties of cashew, he says adding that the system is still continuing though the raw nuts yielded today are of different counts including higher sizes that sells at higher prices.

Despite the muted concern about falling prices, the cashew-growers here are not unhappy about the crop yield this season, though there is some delay in the onset of the season as a result of the extended monsoon showers. Normally, cashew plants in the region yield 95 per

cent of the crop by this time, they say raising some concern about a possible crop loss if the summer showers continue in some parts in the region and if the last phase of the season coincides with the onset of monsoon showers.

According to Agriculture Department sources, the government-sponsored scheme for rehabilitation of areas under cashew cultivation by replacing the senile cashew plants with high-yield graft varieties is expected to attract more growers this year because the price that cashew fetches is wholly discouraging.

**Date:**23/04/2011 **URL:** <http://www.thehindu.com/2011/04/23/stories/2011042364140200.htm>

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### **Sunflower farmers asked to sell seeds**

Staff Reporter

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In India, the sunflower seed production in Kharif 2009-10 was 3.2 lakh tonnes and in 2010-11 was 1.35 lakh tonnes.

23 Apr, 2011, 04.51AM IST, New York Times

## **Expert predicts higher food, fuel commodity prices**

NEW YORK: Those who think gasoline and food prices are high now should brace themselves for what is coming, a leading commodities strategist warns.

"People may be surprised at how high prices can go," predicts Colin Fenton, the head of commodities research at JP Morgan in New York. Fenton, in Denver this week to talk to clients, said inflation is well under way in everyday items consumers buy, even if the consumer price index reports a modest 2.2% rate.

As an example, he points to the little bag of chips that are a staple of sack lunches and sandwich shops. From November 2001 to August 2007, they were stable in price, rising only a penny to 34 cents. They now cost 45 cents, with a 6% jump the past 12 months.

Gasoline prices are where consumers probably notice commodity volatility the most. But people need to fill their tanks to get to work, he said.

Consumers may reduce their downloads from iTunes, the number of lattes they drink or cut their cable viewing, Fenton predicts, but they will keep buying gasoline. Last August, Fenton and his team turned bullish on commodities, and in January they issued a prescient warning that commodity markets had become too complacent about risk.

While he couldn't have predicted the specific events that would push volatility higher -- uprisings in the Middle East and a massive earthquake in Japan -- Fenton's forecast soon panned out.

Rising food prices contributed to revolts in the Middle East, which have contributed to higher oil prices, which in turn has pushed food prices even higher.

Most revolts have occurred in countries where food purchases consume 35% or more of household budgets. Other countries most vulnerable to food inflation include Pakistan, India,

Indonesia, Nigeria and the Philippines. But the real force of higher commodity demand comes from growth in emerging economies, especially China, which is hungry for fuel. Although US consumers may grumble, the Chinese government is in a much stronger position financially to absorb price hikes. Fenton predicts oil will hover around \$180 a barrel by 2016.

But not everyone is convinced that the strong demand out of China is sustainable. "The hard landing suggested by weakening Chinese stocks would no doubt burst the global commodity bubble, including agricultural product prices," predicts leading deflationist A. Gary Shilling.

A reversal in China would hit other emerging markets dependent on commodity exports, dampening demand globally. But Fenton, who recently visited China, said that the country's economy looks solid and demand for transportation fuel remains high.

23 Apr, 2011, 04.35AM IST, Bloomberg

### **Rice exports from Thailand may increase**

BANGKOK: Rice exports from Thailand, the world's largest shipper of the grain, may gain more than expected this year, boosted by strong demand from the Middle East and Asia, according to the Ministry of Commerce .

"Shipments will probably exceed 9.5 million tonne this year if we continue selling 1 million tonne a month," Permanent Secretary for Commerce Yanyong Phuangrath, said at a conference in the outskirts of Bangkok on Friday. That figure, forecasted by the government in January, compared with 9 million tonne last year.

Rice, the staple food for half the world, gained to the highest level in more than two years in February when global food costs rose to a record, the United Nations data showed. Thailand, which represents one-third of global shipments of 30 million tonne, exported 3 million tonne in the first quarter of the year, Yanyong said. That was a 40% increase from 2.14 million tonne last year, according to the Ministry of Commerce.

"Rice trade this year will be outstanding both in terms of quantity and prices," Yanyong said without providing a price forecast. "Prices are unlikely to fall despite new crops coming onto the market because overseas demand is strong," Yanyong said.

The July-delivery contract on the Chicago Board of Trade gained as much as 1.1% to \$14.380 per 100 pounds and settled at on \$14.31 Thursday. Futures reached a record \$25.07 in April 2008.

Strong overseas demand is expected from Africa, Bangladesh and the Middle East, said Yanyong. About 4 million tonne of rough rice is expected to be harvested in May and another 1.4 million tonne will be harvested in June, he said.

Thailand reached deals to supply a total of 250,000 tonne of rice to Bangladesh and Iraq under government-to-government contracts for a delivery by May, said Pranee Siriphand, deputy director general at the Department of Foreign Trade. "Normally exports are quite slow during the beginning of the year. If we can sell this much in the first three months, we'll definitely ship 10 million tonne this year," said Sermsak Kuonsongtum, vice president of Thai Rice Exporters Association. "The Price should peak at \$550 a tonne this year in the third quarter when supplies subside," said Sermsak said.

Thai 100 percent grade-B white rice has fallen 8.8% so far this year and was last at \$506 a tonne on April 20.

23 Apr, 2011, 04.31AM IST, Bloomberg

### **Rubber futures rise on China, India demand**

BANGKOK: Rubber climbed on concerns that demand from China and India may outpace supply during the low-production season in Southeast Asia .

The September-delivery contract advanced as much as 3.1% to 425 yen per kg (\$5,185 a tonne) and settled at 419 yen on the Tokyo Commodity Exchange. Futures declined 3.7% this week, the second straight fall.

"Rubber demand from China and India is still high, while supply remains low in the short term," said Masahiro Tamagawa, senior manager at HS Futures Co. Prices are in so-called backwardation, when nearby contracts are more expensive than long-term ones, he said.

Consumption in China, the largest buyer, is expected to grow by 6% this year to 3.5 million tonne, the Kuala Lumpur-based Association of Natural Rubber Producing Countries said in a March report. India's demand may rise 5% to 991,000 tonne, it said.

Michelin, the world's second-largest tyre maker, said first-quarter revenue rose 28% to 5.05 billion euros (\$7.36 billion), led by surging demand for speciality tyres to equip construction equipment and agricultural vehicles. Thai output may decline from last year if rains that caused floods persist, according to the Thai Rubber Association . Production may be 3.2 million tonne this year, Luckchai Kittipol , president of the group, said on April 21. That compares with last year's 3.25 million tonne and an earlier 2011 target of 3.49 million tonne.

"Inventories in China remain low and Chinese buyers may soon step in to buy the commodity," Sureerat Kunthongjun, an analyst at Agrow Enterprise, said by phone from Bangkok. "Some investors took this as a cue to buy."

Unseasonal rains from the start of this year in Thailand caused floods in 10 southern provinces in March that may have damaged about 50,000 rai (19,641 acres) of rubber plantations, according to the Department of Disaster Prevention & Mitigation. Water levels have since receded, it said.

Farmers in Thailand, Indonesia and Malaysia reduce tapping during so-called wintering, from February to May, when trees shed leaves and latex production drops, according to the Association of Natural Rubber Producing Countries. The physical price of Thai rubber was unchanged at 177.05 baht (\$5.90) per kg on Friday, according to the Rubber Research Institute of Thailand. Rubber for September delivery in Shanghai advanced as much as 2% to 35,195 yuan (\$5,408) a tonne before closing at 34,780 yuan.

Bridgestone plans to suspend some production lines and limit operating hours at factories serviced by Tokyo Electric Power to save power during Japan's summer. The tyre maker will shift some production to other regions to cut power use by 25% between July and September, according to a statement on its website.

23 Apr, 2011, 04.18AM IST,Bloomberg

### **Sugar prices rise on Brazil supply drop**

NEW YORK: Sugar rose for a second day on signs that Brazil, the world's biggest grower and exporter, will reduce cane output and increase ethanol production. Cocoa fell, while cotton gained.

Almost all the sugar cane processed last week was used to make biofuel, according to Cepea, a University of Sao Paulo research group. The risk of crop damage from frost has increased in Brazil with the weakening of the La Nina weather pattern, an agronomist at the Somar Meteorologia said on March 28. Prices are up 43% in the past year.

"The market is bullish, and I expect the price to continue to rally," said Jimmy Tintle, an analyst at Transworld Futures in Tampa. Raw sugar for July delivery rose 0.27 cent, or 1.1%, to settle at 23.8 cents at 2 pm on ICE Futures US in New York on Thursday. The contract has dropped 3.6% this week. In London, refined-sugar futures for August delivery rose 40 cents, or 0.1% to \$639.10 a metric tonne on NYSE Liffe. Cocoa futures for July delivery fell \$18, or 0.6%, to settle at \$3,088 a tonne in New York. Cotton futures for July delivery advanced 0.45 cent, or 0.3%, to \$1.6751 a pound on ICE.

22 Apr, 2011, 03.40PM IST,PTI

### **Jeera prices fall by Rs 100 on subdued demand**

NEW DELHI: Jeera prices fell by Rs 100 per quintal in the national capital today owing to weak local demand amid adequate stocks.

Jeera common and jeera best quality prices fell by Rs 100 each to conclude at Rs 14,800-14,900 and Rs 16,800-17,000 per quintal, respectively.

Market analysts said poor local demand amid adequate stockists mainly pulled down the jeera prices in the wholesale kirana market here.

Following are today's quotations in Rs per quintal: Ajwain 17,000-23,000, black pepper common 26,500-26,800, betelnut (kg) 110-120, cardamom brown-Jhundiwali (kg) 1,030-1,060, and cardamom brown-Kanchicut (kg) 1,170-1,320.

Cardamom small (kg): Chitridar 890-950, cardamom (colour robin) 930-950, cardamom bold 940-950, cardamom extra (bold) 1,120-1,140 and cloves (kg) 525-575.

22 Apr, 2011, 02.38PM IST,PTI

### **Wheat declines on increased supply**

NEW DELHI: Wheat and its product prices fell by up to Rs 30 per quintal in the wholesale grains market today on adequate stocks following increased arrivals amid reduced offtake by flour mills.

Traders said mounting stocks following increased arrivals from producing region amid reduced offtake by flour mills led to the decline in wheat prices.

In the national capital, wheat dara (for mills) fell by Rs 30 to Rs 1,180-1,185 per quintal. Atta chakki delivery followed suit and traded lower by the same margin to Rs 1,200-1,205 per 90 kg.

Similarly, maida and sooji also weakened by Rs 20 each to Rs 730-760 and Rs 800-820 per 50 kg, respectively.

# **Business Standard**

Monday, Apr 23, 2011

### **Gujarat raises Bt cotton seed prices**

**BS Reporter / Ahmedabad April 23, 2011, 0:21 IST**

The Gujarat government has allowed a raise in the prices of genetically modified (Bt), Bollgard-I and Bollgard-II. On an average, prices were raised by 25 per cent for the ensuing kharif season. Prices increased from Rs 650 per packet (each of 450 gms) to Rs 830 per packet for BG-I, while prices of BG-II were raised from Rs 750 per packet to Rs 930 per packet, the government announced yesterday.



The largest cotton producing state in India, previously saw a Bt cotton seed price revision in 2008. There will be an increase of Rs 200 a kg in the production cost to farmers as compared to 2008.

In a statement, the state government said the price rise was due to higher production cost, inflation and other factors affecting seed cultivation. "The decision of a price rise was taken to provide seed-growing farmers remunerative prices for their produce and keep them interested in cultivating Bt cotton seeds," an official statement said.

The government further informed that cotton prices had witnessed a steep rise of around 118 per cent during 2007-11, whereas there was no rise in the seed prices during these years.

Three years ago, the state government had forced the seed companies to cut prices from Rs 1,200 per packet to Rs 750 per packet, and now the seed distributors are demanding a revision of the price.

Gujarat produces around 6.5-7 million packets of Bt cotton seeds every year, while the requirement in the state for the ensuing kharif season is estimated to be at around 6.5 million packets.

The rise came after Haryana increased seed prices recently. In Gujarat, Banaskantha, Sabarkantha and Mehsana district are among the top cotton seed growing areas, with around 50,000 acres being used exclusively for growing seeds.

### **Rubber output may dip, tyres to be expensive**

**Bloomberg / April 22, 2011, 0:33 IST**

Rubber production in Thailand, the world's largest grower and exporter, may decline for the first time in four years if rain persists across key plantations in the country's south, according to the Thai Rubber Association.

Output may fall to 3.2 million tonnes this year, down from an earlier estimate of 3.49 million tonnes, said Luckchai Kittipol, president of the group. Production last year totaled 3.25 million tonnes, according to the group. That would be the first annual decline since 2007.

Lower output from Thailand, which accounts for 30 per cent of global supply, would mean less raw material for tyre companies such as Bridgestone Corp, Michelin & Cie. and Goodyear Tyre & Rubber Co, the top three tyre makers, potentially increasing their costs.

“Obviously, this would drive rubber prices higher and will increase production costs for tyre companies, especially truck tyre makers as they use massive volumes of rubber,” Niels Fehre, an analyst at HSBC Trinkaus & Burkhardt AG, said by phone on Thursday from Dusseldorf.

Unseasonal rain from the start of the year caused by a La Nina weather pattern boosted Thailand’s sugar output to record levels, while inundating rubber plantations in the south. Rains may have cut rubber output by 30,000 tonnes in the second quarter, Luckchai said. Futures of the commodity used in tyres and gloves have climbed 27 per cent in the past year.

#### **‘HURTING PRODUCTION’**

“Floods in southern Thailand have been hurting rubber production,” Luckchai said on Thursday in a phone interview.

The loss forecast was 50 per cent higher than an initial estimate on March 30. “We have to continue monitoring the weather to see how bad it will affect rubber output this year,” he said.

Thai production may total 3.43 million tonnes this year from 3.25 million tonnes last year, the Kuala Lumpur-based Association of Natural Rubber Producing Countries said in a March report. The September-delivery contract declined 3.2 per cent to settle at 412.3 yen a kg (\$5,024 a tonne) on the Tokyo Commodity Exchange.

Unseasonal rains from the start of this year in Thailand caused floods in 10 southern provinces in March and may damage about 50,000 rai (19,641 acres) of rubber plantations, according to the Department of Disaster Prevention & Mitigation. Water levels have since receded, it said.

Fourteen provinces in Thai south account for 80 per cent of the country’s output, according to the Office of Agricultural Economics.

## **India goes from big player to has-been on pepper scene**

**George Joseph / Kochi April 22, 2011, 0:31 IST**

Vietnam has shipped almost 23 per cent of their fresh crop, signalling some interesting developments in the global black pepper market. The country, which is estimated to have a crop size of 110,000 tonnes this season, has already exported 25,000 tonnes according to the latest estimates available.

As the entire global pepper market is now eyeing the supply from Vietnam, it is expected to swell up further due to increasing global demand. It is reported that buyers from Europe and the US have been active in Vietnam market on account of an anticipated short supply in the third and last quarters of the current year.

The market has ballooned up during the last couple of weeks and is expected to breach the level of \$6,000 a tonne soon. According to experts, the price of Asta grade is likely to stabilise around \$6,000.

As of now the nerve centre of the pepper market is Vietnam. India is no longer a player in the global scene. Supply from India is too short in the world market due to lower output in this season.

According to a leading Kochi-based exporter, India is not having much surplus to export, hence importing nations are not keen here. Also the current Indian price tag is slightly higher than that of Vietnam at \$6,100 a tonne. Though Vietnam market moves in tune with the Indian futures counters, pepper is available there in the range of \$5,600-5,800.

China is now in an aggressive buying mood due to crop failure there. Incessant rainfall in Vietnam had upset the processing and arrival of fresh harvests to warehouses which is also dampening the global supply. Interestingly suppliers across the globe, especially of Vietnam, are not keen as main market parameters favour a sharp increase in the price of the commodity. Growers in Vietnam are not so aggressive in selling the crop due to high prices of other agri products like coffee and cashew.

China and Indonesia, both reported to have small crop this time and China is expected to have a big offtake from Vietnam this season. Around 23 per cent of the crop from Vietnam has

already been exported and it is estimated that by August-September stock from Vietnam would be exhausted.

In certain areas of Vietnam, harvest is starting now and more arrival is possible this month. But, after April a major chunk of the fresh crop will be in the hands of exporters and traders. So, middle men and exporters expect a sharp increase in prices in the latter half of this year.

An estimated sharp fall in global production is also likely to pursue a sharp increase in prices this year. There may be a shortfall of around 33,000-35,000 tonnes as global production of the spice is pegged at 257,000 tonnes for this year. Last year, the total production was 290,700 tonnes. Sharp decline in production is projected in countries like India, Indonesia, China and Brazil while production will be static in Vietnam, Malaysia and Sri Lanka. The position of Indonesia will be more critical as this year production is likely to be only 10,000 tonnes due to adverse climatic condition.

In 2010, their production was 30,000 tonnes and had a carryover stock of 15,000 tonnes, aggregating a total supply of around 45,000 tonnes. But for the next crop season, scheduled for this July, the total output might be 10,000 tonnes and their carryover stock is negligible. Thanks to aggressive selling in the last season almost cent per cent of their stock was sold out. Similarly, in India production will drop to 40,000 tonnes from the normal size of 55,000 tonnes.

### **India's dependence on imported veg oil to decline to 3-year low**

**Dilip Kumar Jha / Mumbai April 22, 2011, 0:29 IST**

Imports fell a staggering 16 per cent in the first four months of the 2010-11 oil year.

India's dependence on imported vegetable oil is likely to decline by six percentage point to the lowest in three years due to higher production from domestic sources. Higher oilseed output and favourable crushing parity have helped mills to produce more from domestic sources and reduce reliance on imports. Experts believe that the contribution of import in overall vegetable oil consumption will decline this year to 47 per cent as compared to a staggering 53 per cent last year.

Vegetable oil imports to India declined a staggering 16 per cent in the first four months of the oil year 2010-11 (November-October) due to falling demand of imported oil. India imports nearly 85

per cent of crude palm oil mainly from Indonesia while the remaining 15 per cent of both crude and refined oil is met through imports from Malaysia and Argentina, among others.

<b>OIL METER</b>				
In lakh tonnes				
<b>Year</b>	<b>Total consumption</b>	<b>output</b>	<b>Imports</b>	<b>Import dependence (%)</b>
2010-11*	16.7	8.5	8.0	47.0
2009-10	16.6	7.8	8.8	53.0
2008-09	16.3	8.2	8.1	49.7
2007-08	14.1	8.5	5.6	39.0
2006-07	12.5	7.8	4.7	37.6

*Source: SEA, \* estimated*

Between November 2010 and March this year, vegetable oil imports plunged to 3 million tonnes as against 3.6 million tonnes in the corresponding period of the previous year. Considering the fall in import continues, overall import of veg oil in India will decline to 8-8.2 million tonnes.

Dorab Mistry, director of Godrej International attributed the fall in import to higher availability of domestic seeds and dramatic fall in crude palm oil prices.

“We are already half a million tonne short in imports this year as compared to last year. But it is too early to say that India’s imports will decline to below 8 million tonnes from 8.8 million tonnes last year. Now we must see if the higher production of domestic oils would continue for the rest of the year,” said Mistry.

If world prices fall and RBD olein comes down locally to Rs 50,000, then local production of mustard oil will decline. Stockists will prefer to hold stock and wait for prices to improve. So, it is a dynamic situation, Mistry added.

Domestic oil production, meanwhile, is estimated to surpass all previous records and set the new benchmark at 8.52 million tonnes this year as against 7.77 million tonnes last year. The Agriculture Ministry estimated total oilseed output to rise to 30.25 million tonnes in 2010-11 as against 24.8 million tonnes last year. Soybean production is estimated at 12.6 million tonnes and groundnut production at 7.1 million tonnes.

On basis of the additional production of about 6 million tonnes of oilseeds, India would be producing an additional 2 million tonnes of oils during the current year. This should check the unabated imports, said B V Mehta, executive director of the apex trade body the Solvent Extractors Association (SEA).

Meanwhile, SEA urged the government that the industry would have to therefore step up oilmeal exports to dispose off the surplus. In view of the expected bumper oilseed crop, the restriction imposed on export of edible oil in bulk as well as imposition of export duty on deoiled rice bran becomes redundant and needs to be done away.

Oil mills are processing maximum quantity of seeds to make higher margin this year. Unlike last year around same time, when crush margin was negative at around Rs 1,000 a tonne, the same is positive this year and mills are making profit between Rs 2,500 and Rs 3,000 on every tonne of seed.

Crude palm oil prices turned bearish for the near-month contract to trade currently at 3,360 ringgit in Malaysia.

**Poor rains may hit coffee output: KPA**

**BS Reporter / Chennai/ Bangalore April 22, 2011, 0:19 IST**

Coffee production in the country may take a hit for 2011-12 crop period on the back of sporadic and patchy rainfall in the major growing regions of Karnataka and other coffee producing states.

While the arabica crop is likely to be affected by insufficient rainfall during the February-March period, robusta production is expected to fall due to cyclical reasons.

“A combination of untimely and insufficient rain has resulted in an arabica blossom below its potential. This is expected to drag production for the 2011-12 crop year,” Sahadev Balakrishna, president of Karnataka Planters’ Association (KPA) said.

Arabica production during the last crop year was also low due to untimely rainfall and pest attack in the major growing regions of Karnataka.

Similarly, factors like crop cycle along with sporadic rainfall will impact the overall production levels of robusta in the 2011-12 crop season.

“For robusta, the ideal blossom rains is during the first week of March. However, lower rainfall has adversely affected the blossom, which will impact production of this variety,” he said.

He, also, said that a weak crop cycle year for robusta will also affect the overall production.

Meanwhile, the Karnataka Planters’ Association has pegged post-harvest production of robusta crop at 200,000 tonne in the country.

“In Karnataka, post-harvest robusta crop was estimated to be 130,000 tonnes,” Balakrishna said.

India produces around 300,000 tonne of coffee per annum. While over 65 per cent of total production come from robusta variety, remaining is contributed from arabica.

The country exports 70 per cent of coffee to other countries like European Union nations, Russia and other parts of the world.

Major coffee growing regions of the country comprises of Karnataka, Tamil Nadu, Kerala among others.

## More cuppas



Higher output: A daily-wage labourer handling tea leaves at a collection centre near Mirik in Darjeeling district of West Bengal. Production this year in Darjeeling and Dooars has improved against last year. — A. Roy Chowdhury

## White arecanut peaks to Rs 130 a kg

Mangalore, April 22:

Old stocks of white arecanut touched Rs 130 a kg mark in Mangalore market on Wednesday.

The price of old stocks of the commodity — which was around Rs 80-85 a kg during the same time last year — stood at Rs 120-130 a kg in Mangalore market.

This price rise comes almost after a decade. During 1999, growers had got around Rs 160-170 a kg for old stocks of white arecanut.



Mr A.S. Bhat, Managing Director of Central Arecanut and Cocoa Marketing and Processing Cooperative Ltd, told *Business Line* that various factors such as curbs on the import of the commodity and decline in production have helped boost the price.

### **Strict vigilance**

Because of the strict vigilance by the State and Central Governments, there is restriction on the import of arecanut. Added to this, there is a crop shortage of around 20-25 per cent this year, he said.

Mr Ravish Hegde, Managing Director of the Sirsi-based Totagars' Cooperative Sale Society, said that Assam and West Bengal are going for elections now, and there is strict vigilance along the border of these States. The borders will be sealed in those States till the election comes to an end in May. This has helped control arecanut import from international borders and helped boost the price of arecanut, he said. He estimated the crop shortfall at 25-30 per cent this season.

### **Disease, rainfall**

Mr M. Srinivasa Achar, President of All-India Arecanut Growers Association, attributed the reasons such as climate change and diseases for the decline in production. Continuous rainfall till November 2010 had an impact on the production of the commodity. The production was affected by diseases such as fruit rot disease and yellow leaf disease a year earlier to that. These factors brought down the production of the commodity, he said.

Stating that all commodity prices have gone up, Mr Achar said arecanut is the last one to get a fillip among agricultural commodities.

### **Firm trend in Assam CTC tea prices**

Kolkata, April 22:

Offerings at Sale 16 this week dropped to 1,15,534 compared with 1,20,587 in the corresponding sale last year at three North Indian tea-auction centres in Kolkata, Guwahati and Siliguri, according to auctioneers J. Thomas & Co. Pvt Ltd. The share of Kolkata was 38,151, comprising 29,293 of CTC/dust, 8,693 of orthodox and 165 of Darjeeling. Kolkata's share of

38,913 comprised 33,010 of CTC/dust, 5,437 of orthodox and 466 of Darjeeling in the corresponding sale of the previous year. Offerings in Guwahati and Siliguri were 38,767 (30,815) and 47,507 (50,859), respectively.

Good and best Assam CTC offerings were firm-to-dearer while mediums were irregular with quality. Well-made Dooars generally sold at dearer rates, except for the irregularly lower remainder. Western India and local dealers were active with support from other internal sections. Major blenders were quiet. There was selective export enquiry for plainer bolder broken.

Well-made and liquoring orthodox teas were readily absorbed at higher levels than that of the previous year. Smaller broken and fannings witnessed fewer enquiries and eased in line with quality. West-Asian exporters were active. Selected continental interest was on tippy sorts. Good support came from local dealers for the fannings and smaller broken.

Demand for the nominal weight of old-season Darjeeling teas on offer was limited.

### **Tea prices rise a tad**

Coonoor, April 22:

Tea prices have risen marginally by 28 paise a kg in the first two months of the current calendar against over the same period of 2010, reveals an analysis of the latest information available with the Tea Board.

The prices averaged Rs 91.55 a kg against Rs 91.27 last year. All auction centres except Siliguri achieved an increase in price.

North Indian auction prices increased Rs 1.98 a kg to average Rs 99.37. Kolkata auctions continued to achieve the country's highest price. Its average was Rs 109.75 a kg (Rs 106.74). Guwahati achieved an average price of Rs 91.70 (Rs 89.95). However, Siliguri's price declined by Rs 3.16 to Rs 89.98.

South Indian auctions registered an increase of Rs 2.31 a kg to average Rs 76.69. Kochi auctions achieved an average price of Rs 84.17 (Rs 80.20), followed by Coimbatore Rs 74.23

(Rs 70.51) and Coonoor Rs 71.85 (Rs 71.58). Teaserve auctions fetched the country's lowest price average of Rs 66.66 (Rs 66.44).

### **Small farmers ride rubber price boom**

Families share work to cut labour costs



Kochi, April 22:

Prosperity has come knocking on the doors of millions of small cultivators of rubber as prices have soared in domestic and international markets.

The sudden spurt in income is evident in the case of Mr Siby whose family owns 6-7 acres in Mundakkayam, a traditional rubber growing belt in Kerala. As prices and incomes shot up last year, the Siby family bought a Maruti Alto while continuing to incur major expenditure on education of its two children, who are pursuing engineering degrees.

India produced rubber worth approximately Rs 16,377 crore in 2010-11 of which over 93 per cent, or close to Rs 15,230 crore went into the households of small cultivators. The average size of the small holder of rubber was around half a hectare. The price of RSS-4 grade rubber in Kottayam markets shot up to Rs 190/kg last year, against an average of Rs 115 in 2009-10. The total value of rubber produced in 2009-10 was just Rs 9,561 crore.

The growth in income from rubber to the small farmers who number just over a million was Rs 6,338 crore last year. By implication, the average income to a small rubber farmer last year would have been close to Rs 1.5 lakh — around Rs 12,000/month tax-free income, if the labour involved was also sourced in-house.

Mr M.S. Peethambaran, Joint RTO of Perumbavoor, which forms part of rural Kerala, said each year the number of cars registered in his office was increasing 25 per cent. And reflecting the changing lifestyles of the hinterland, most of these growing car numbers come from the small-size B-segment – the hatchbacks.

Gone are the days when it was just the large rubber estate owners and the huge single owner proprietorship concerns that used to flaunt their wealth with opulent cars and fancy mansions. Down the line, the small and medium grower and the rubber tapper are also rapidly upgrading their lifestyles.

The good times have begun to percolate to the 11,60,000 small rubber farmers. The Rubber Board statistics for 2009-10 enumerate every cultivator with an average holding of less than 10 hectares as a small farmer. However, the average holding size of the small farmers in India is just 0.53 hectares. Small farmers account for 90 per cent of the country's 6,86,515 hectares of rubber cultivation. Revealing better personal care and sustenance, they accounted for 93 per cent of the country's total rubber production.

The high returns for the Siby family was possible because the husband-wife duo team up as the tapper and helper in tapping the trees, converting that into rubber sheets before drying and selling them in the market. While there is an acute shortage of rubber tappers, the Siby family remains self-sufficient. There is also a rapid turnover of tappers as they hop from job to job in pursuit of higher wages and better working conditions, leaving fair amount of area untapped. Though there is no immediate cause for concern for the Siby family, they also remain apprehensive about the future as none of their children would want to enter into agriculture.

### **Shortage of tappers**

Even as the rubber prices spurt, the paucity of rubber tappers is giving sleepless nights to the small holders. The estates and the large holdings have their own captive labour as they are able to provide other incentives like housing, water and electricity which the small holders are unable to, Mr N. Radhakrishnan, Advisor to the Cochin Rubber Merchants Association, said. And to add to the woes of the rubber farmer, tapping is a skilled job which needs patience and practice.

A smooth transfer from the domestic labour to migrant workers does not seem likely at the moment. The booming rubber prices has ushered in prosperity and changing lifestyles to millions of farmers, but the question remains: how long can the cultivation cycle be sustained.

### Onion surges as farmers hold back produce

UPSWING*				
Date	Arrivals	Min	Price Max	Modal
Apr 15	872.2	300	560	430
Apr 18	851	300	580	440
Apr 19	1042.4	300	580	440
Apr 20	699.4	300	600	450
Apr 21	934.8	350	630	490

\*Arrivals in tonnes; price in Rs/quintal in Pune APMC

Chennai, April 22:

Onion prices gained this week on lower arrivals and higher demand.

“Arrivals petered out a bit this week as farmers are holding back their produce,” said Mr Madan Prakash, Director of Rajathi Group of Companies that exports onions and other agricultural produce. Export demand has also resulted in prices increasing.

While markets were closed on Friday due to Good Friday, on Thursday prices touched the Rs 500-level in markets such as Pune after two weeks.

But elsewhere in markets such as Lasalgaon, Asia's biggest onion market, and Pimpalgaon, the modal price or rates at which most trades took place increased to Rs 600 a quintal from around Rs 500 last week.

Arrivals generally were below 500 tonnes this week at Pimpalgaon, except Wednesday when they were 689.9 tonnes. In Lasalgaon, arrivals were down to around 1,000 tonnes daily.

Two weeks ago, arrivals averaged 1,500 tonnes. In markets such as Pune, arrivals were over 2,000 tonnes a fortnight ago.

“Export demand is good and enquiries from Malaysia and Sri Lanka are good,” said Mr Madan Prakash.

Indian onions are currently the cheapest in the global market.

At present, Indian onions are quoted between \$175 and \$200 a tonne.

Onion prices have begun to surge after the Centre lowered the minimum export price to \$175 at the beginning of this month. The minimum export price is in effect to ensure availability of onions in the domestic market and check any surge in prices, like the way it happened in December.

Then, the Centre had to ban exports, before lifting it in February with a rider that the minimum export price will have to be \$600 a tonne. Since then, the minimum price has been lowered five times to the current \$175.

**In 3 weeks, cotton plunges Rs 10,000/candy**



Rajkot, April 22:

Cotton prices have started declining after a six-month rally. The *Sankar-6* variety fell from Rs 63,000 a candy of 356 kg to Rs 53,000-54,000 on the spot market this month.

Gujarat *Sankar-6* variety for super quality was traded at Rs 52,000-54,000 a candy on Thursday and the inferior one quoted Rs 45,000-50,000 a candy.

*Kalyan* was at Rs 36,000-40,000 a candy. *Sankar-6* raw cotton was traded at Rs 1,200-1,240 for 20 kg. About 20,000-22,000 bales of cotton arrived in Gujarat and 65,000 in the rest of the country.

Out of the 31.2 million bales estimated by the Cotton Advisory Board, only 27.8 million bales arrived. Even stockists have started offloading cotton expecting further fall. Weak demand in the spot market has also pulled down the prices.

According to traders in Rajkot, the market is still hoping that the Government will allow cotton export.

**Our Chennai Bureau reports:** Cotton prices are dropping mainly since spinning mills are not buying. They are wary of building inventories at high prices.

The spinners' problem is that they are burdened with stocks of yarn and cannot afford to additionally build up cotton inventories.

Yarn stocks are stuck up because of problems mainly in the garment sector.

The Madras High Court's order to close dyeing units in Tiruppur is one of the main problems facing the garment sector.

Besides, the Finance Minister, Mr Pranab Mukherjee's announcement in the budget to levy a 10 per cent excise duty in the Budget has led to problems.

The garment sector, in protest against the proposal, has now and then struck work.

Though the lifting of curbs on yarn exports was expected to help, the spinning mills have not seen any immediate demand from abroad.

This is seen as the main problem in mills not buying and as a result, prices have come under pressure.

## Tur, urad slip on sluggish offtake



Indore, April 22:

Trading in pulses and pulse seeds remained sluggish on subdued buying interest. Increased arrival and weak buying dragged tur, masoor and urad, while chana and moong remained firm. Tur (Maharashtra) declined to Rs 3,300 a quintal on sluggish demand. Tur (Nimari) and tur (red) also declined by Rs 50 at Rs 2,950 and Rs 3,050 a quintal. Decline in tur lowered demand for its pulses as well. Tur dal (marka) in the spot quoted about Rs 100 down at Rs 6,100, while tur dal (full) quoted at Rs 5,600 and tur dal (sawa no) quoted at Rs 5,150 a quintal.

Urad also witnessed a sharp decline on rise in selling pressure of importers. Urad (bold) fell with its prices on the spot being quoted Rs 100 down at Rs 4,050 a quintal. Similarly, urad (medium) quoted at Rs 3,600-Rs 3,700 a quintal. Urad dal, however, remained firm with urad dal (chilka) quoted at Rs 4,900-Rs 5,000, urad dal (bold) quoted at Rs 5,900 and urad mongar quoted at Rs 6,800-Rs 7,100 a quintal.

Masoor also witnessed a downtrend on subdued demand. In the spot, masoor (bold) quoted Rs 50 down at Rs 3,050 a quintal, while masoor (medium) quoted at Rs 2,750. On the back of weak support to masoor, its dal also declined by Rs 25-Rs 50 with the prices of masoor dal (bold) in the spot being quoted at Rs 3,750, while masoor dal (medium) quoted at Rs 3,550 a quintal.



Moong and chana remained firm. In the spot moong (bold) quoted at around Rs 5,100, while moong (medium) quoted at Rs 4,300-Rs 4,500 a quintal. On the other hand, moong dal showed a marginal decline with moong mongar in the spot quoted at Rs 6,200-Rs 6,300, moong dal (bold) quoted at Rs 6,200-Rs 6,250.

### **Sugar rules steady on retail buying**



Mumbai, April 22:

Spot sugar prices at Vashi market ruled steady on Friday on fresh retail buying. Naka rates, under selling pressure, declined by Rs 10 a quintal as mills reduced tender rates.

Arrivals and dispatches were on par because of increase in local demand. Next week, more selling pressure may be seen at mill level as current month's free sale quota's validity is due to end.

Mr. Jagdish Rawal, Joint Secretary of Bombay Sugar Merchants Association, told *Business Line*: "Some resale selling pressure at naka level was because some mills have started selling at reduced price. The current month's free sale quota's will add to the pressure.

"According to market talk, still a good amount of quota is still available for sale. How much quantity the government declares for next month's free sale quota is to be seen.

According to the industry, this year up to April 15, total sugar production increased to 218 lakh tonnes compared with 176 lakh tonnes in the same period last year. On Thursday, merely 28-30

mills offered tenders and sold about 65,000-70,000 bags (100 kg each) to local stockists in the range of Rs 2,625-2,670 for S-grade and Rs 2,675-2,750 for M-grade.

In Vashi market, arrivals were about 50-52 truckloads (each 100 bags) and local dispatches were 46-48 truckloads. Gujarat and Rajasthan's buying was limited and it was stagnant in Maharashtra.

**Bombay Sugar Merchants Association sugar rates:** Spot rates: S-grade Rs 2,751-2,810 (Rs 2,752-2,810) and M-grade Rs 2,796-2,901 (Rs 2,791-2,901).

**Naka delivery rates:** S-grade Rs 2,710-2,740 (Rs 2,720-2,750) and M-grade Rs 2,760-2,860 (Rs 2,770-2,850).

**Wheat, flour drop as arrivals gather pace**



Karnal, April 22:

Wheat arrivals have picked up at the Karnal grain market terminal once again.

Around 2,700 tonnes of new wheat arrived and ruled at Rs1,120 a quintal, though a bonus of Rs 50 a quintal has been announced by the Union Government, the local administration has not received any notification yet. Because of this, farmers are still getting the minimum support price only.

Mr Tara Chand Sharma, a wheat trader, told *Business Line* that the moisture level in the crop is still on the higher side.

Mill delivery of the old wheat was at Rs 1,150-1,160 a quintal while it traded at Rs1,170 in retail markets.

After ruling flat, prices of desi wheat dropped marginally on account of low buying.

Tohfa variety ruled at 2,170 a quintal, Bhojan King Rs 2,180 while the Nokia variety traded at 2,030 a quintal.

Flour prices dropped Rs 20 and quoted at Rs 1,180 for a 90 kg bag against Rs 1,200 quoted two days ago.

Branded flour such as Om Bhog and Lal Quila were quoted at Rs 140 and 145 for a 10 kg bag, respectively.