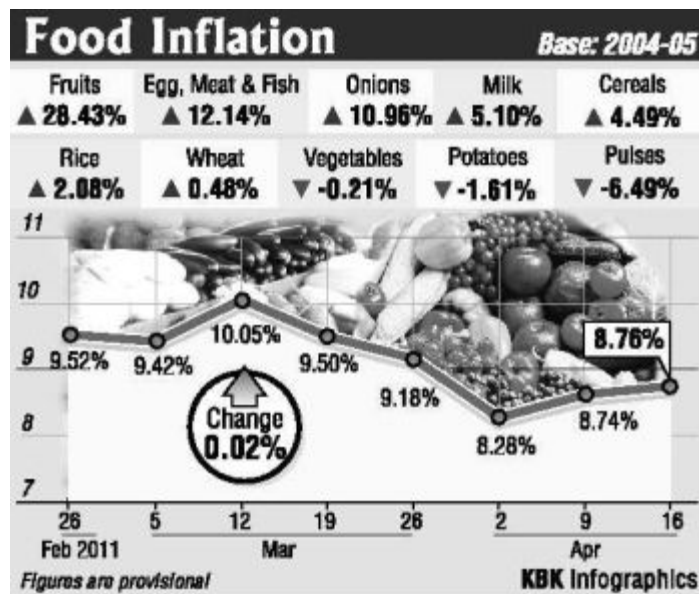


## Food inflation inches up to 8.76 %

Special Correspondent



NEW DELHI: Food inflation inched up a tad to 8.76 per cent for the week ended April 16 from 8.74 per cent in the previous week which, analysts feel, has sealed the prospects of yet another hike in key short-term lending and borrowing rates by the Reserve Bank of India (RBI) in its annual credit and monetary policy review next week on May 3.

With rising inflationary pressures persisting, the customary consultations that the RBI Governor has with the Finance Ministry to review the economic scenario prior to announcing the credit policy assumes greater significance this time round in view of a discernible slowdown in growth in the wake of high headline and food inflation.

Commenting on the wholesale price index (WPI) inflation data on primary articles which call for a delicate calibration of monetary policy measures, Finance Minister Pranab Mukherjee maintained that the latest figures on food inflation were in line with the upward trend witnessed earlier.

“We will talk with the Governor of RBI [D. Subbarao] before he announces the monetary policy. We will have a discussion. I think he is coming tomorrow [Friday]... as far as April 16 [WPI data] is concerned, it has been on the same lines. There has been some marginal variation. More or less, the trend that was noticed on April 9... the same trend is being maintained,” Mr. Mukherjee said.

Economic analysts, however, point out that apart from food prices which are expected to decline in the coming weeks, it is the rising commodity prices, including crude oil, which is exerting additional pressure on headline inflation.

Hinting at the need for some strong measures to get a hold on the price situation, KASSA Director Siddharth Shankar said: “Inflation numbers released today are indicative that the inflation is not getting under control and somehow simple policy initiatives will be of no help”.

Even as a hike in short-term lending (repo) and borrowing (reverse repo) rates by at least 25 basis points is on the cards, the industry has warned that any harsh measure to suck out liquidity and render funds unduly expensive would further impact industrial and overall growth which has already shown a decelerating trend in recent months.

However, this is despite the fact that the RBI has already raised its key policy rates eight times since March last year in its bid to suck out excess liquidity and thereby rein in inflation but the steps have not yielded results at the level desired.

**Date:29/04/2011 URL: <http://www.thehindu.com/2011/04/29/stories/2011042958940500.htm>**

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**Farmers urged to make use of good summer rain**

L. Renganathan

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*“Current month, second most beneficial in terms of rainfall in the past six years”*

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KARUR: Make use of the extremely good summer rain that lashed several parts of Karur district this past week by resorting to ploughing, especially in the rain-fed areas, to raise pulses and grams, Joint Director of Agriculture K. Jagadeesan said adding that it would be prudent for farmers to harness the maximum average summer rain recorded in the district since April 2005.

During this month, already the average rainfall in the district has touched 71.45 mm and that is the second most beneficial since April 2005 when the district recorded 112 mm rainfall. The normal average for Karur district for April is 34.5 mm; but this year, it has almost doubled — courtesy the current wet spell. Even on Thursday, the sky remained overcast with dark clouds gathering menacingly as the day wore on in several parts of the district.

During April 2006, the average rainfall recorded in the district was 47 mm. It was 37 mm in 2007, six mm in 2008, 19 mm in 2009, and four mm in 2010. From the field statistics, it is found that the current month has been the second most beneficial in terms of rainfall in the past six years and farmers should make the most of it by going in for summer ploughing that would harness up to 20 lakh litres of water per acre. By saving such a huge quantum of water profitable agriculture in summer such as raising pulses and grams in the rain-fed areas could be taken up.

Noting with satisfaction that the district has received copious rains in the past month, Mr. Jagadeesan has said that that the rains have been beneficial to summer crop such as black gram, pulses apart from sugarcane, coconut and banana crops. Especially the rains have benefited the ‘manavari’ crops raised in over 1,500 hectares across Kulithalai, Krishnarayapuram and Thogamalai areas. In the areas where paddy has been harvested, black gram has been sown and the current wet spell is a great boon for its germination and growth. Those farmers can apply di-ammonium phosphate (DAP) as top dressing spray to reap a good harvest.

In the Kulithalai and Thogamalai areas, in a few hundred hectares, green gram has been sown and the summer rains will aid their growth. In the K. Paramathi and Aravakurichi taluks, ‘manavari’ groundnuts has been raised in more than 800 hectares. The unseasonal rain is a

wonderful lifeline for the crop ready for harvest. That apart, all over the district, the standing sugarcane crop raised in over 4500 hectares has benefited from the rains. Coconut growers could form micro-catchments in their groves to tap the rainwater and all rain-fed farmers should go in for summer growing as one acre could harness 20 lakh litres of rain water that would permeate to the lower layers. When crops are raised the sub-surface water would feed the routes adequately.

During 1998 and 2002 there was no rain during April and the rainfall recorded in the previous years would go to show how much the recent rains would bring cheer to farmers. Now, it is up to them to make the best use of the summer rain opportunity, Mr. Jagadeesan says.

Date:29/04/2011 URL: <http://www.thehindu.com/2011/04/29/stories/2011042956650300.htm>

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#### 4.5 tonnes of mangoes seized in Dindigul and Ramanathapuram

Madurai Bureau

*Health officials warn fruit vendors of legal action; surprise raids to continue*



**Sub-standard:Officials raiding a wholesale mango godown in Dindigul on Thursday; artificially ripened mangoes, and wax-coated apples being confiscated in Ramanathapuram.**



**Sub-standard: Officials raiding a wholesale mango godown in Dindigul on Thursday; artificially ripened mangoes, and wax-coated apples being confiscated in Ramanathapuram.**

DINDIGUL: The municipal health officials seized two tonnes of mangoes that were ripened by using chemicals and warned the wholesale merchants and fruit vendors of legal action during a surprise raid conducted in the town on Thursday.

50 kg of carbide was also seized. Sendura, Banganapalli, Malgova and other varieties of mangoes were seized from fruit shops and godowns in the central bus stand and in various parts of the town.

“Fruits ripened with the help of chemicals will not have any smell and only the peel's colour will change to yellow from green. They will not be ripened fully. Moreover, such fruits will have sour taste only. On consumption of such fruits, consumers will have stomach pain and other ailments,” cautioned health officials.

The seized fruits would be buried in the yard, said municipal officials.

“We will seal the shops if they continued to adopt the same method in ripening the fruits. Legal action will also be initiated against them,” they said.

“We have plans to conduct more surprise raids in the town to wipe out such harmful method of ripening,” the officials added.

With the commencement of mango season, sale of carbide stone was picking up as well.

At present, one kg of carbide was sold at Rs.60 a kg., said local people.

Ramanathapuram

The authorities on Thursday seized around 2.5 tonnes of artificially ripened mangoes, banana and wax-coated apples.

Officials said that based on a tip-off that some wholesale fruit merchants were using chemicals to ripen the fruits, they conducted a search operation simultaneously in various godowns of fruit merchants situated in the market area.

While the mango traders stored the mangoes with a few carbide stones to enable the mangoes ripen quickly than the traditional and natural way, some merchants kept wax-coated apple in boxes.

The authorities led by the Municipal Commissioner, Mujibur Rahman, seized all of them. They also seized a few kilograms of meat sold without following the basic conditions imposed by the authorities.

The raid was carried out for more than three hours. The officials said that Rs. 1-lakh worth fruits were seized. The officials warned that they would continue to conduct surprise raids and tough action would be taken against the offenders.

**Date:29/04/2011 URL: <http://www.thehindu.com/2011/04/29/stories/2011042964930600.htm>**

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## **Consumers hit hard by rising coconut prices**

C.Jaishankar

RAMANATHAPURAM: Though the coconut farmers across the State seem to be happy over the high prices for their produce, the consumers are hit hard by the rising prices of tender coconut, coconut and copra during the last two months.

Though the districts in the proximity of Western Ghats such as Coimbatore, Dindigul top the list in coconut production, Ramanathapuram district also contributes to nearly one tenth of it. Coconut is being cultivated on around 25,000 acres.

#### Prominent occupation

It is a prominent occupation for farmers particularly in the eastern parts of the district. Besides meeting the demands of Ramanathapuram, Sivaganga and nearby districts, the farmers send a part of the coconuts to the copra producers in Kangeyam and other areas.

According to market sources here, the prices have increased atleast by 100 percent, causing inconvenience to the consumers.

A moderate-size matured coconut, which was priced at Rs.6 till January, is now being sold at Rs.12 in the local market.

The price of a big coconut, sold at Rs.7 to 8, is priced at Rs.15 to 16.

#### Average price

The average price rules at Rs.9 to 10. The tender coconut price has gone up to Rs.20 from Rs.12 to 15. Traders cite poor arrival of coconuts as the main reason for the steep increase in prices. "We usually receive 300 to 350 bags of coconut per day to the local market but the arrival has come down to 150 to 200 bags.

It has steeply shot the prices up," says K. Mani, a coconut merchant in Ramanathapuram. Industry sources revealed that the prevailing high rates for edible oil and copra had impacted the coconut prices. Moreover, the production has also come down dramatically during the last few months.

As against the support price of Rs.50 for a kilo of copra, farmers are reportedly being offered Rs.65 to 72 a kilo in the copra market in the western districts of the State. It was hovering around Rs.30 to 40 till a few months ago.

"We were selling coconut at a cost of just Rs.2 from 2006 to 2010. It has now increased to Rs.4 to 5. It is the right price for us," said Chelladurai Abdullah, president, Ramanathapuram District

Coconut Farmers' Association. He added that they were in dire straits for few years when they were offered just Rs.2 per coconut. With the poor rate, many farmers could not even undertake the basic maintenance of coconut groves.

It had hit the production not only in the region but across the State.

Customers feel that the government should step into the issue to create a level playing mechanism for all stakeholders.

Date:29/04/2011 URL: <http://www.thehindu.com/2011/04/29/stories/2011042965220600.htm>

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### **Weaving a livelihood from banana fibre**

Nagesh Prabhu

— Photo: Nagesh Prabhu



**To the rescue: The Natural Fibre Society for Craft has helped nearly 200 women find an alternative source of livelihood.**

Chitradurga: Nearly 200 landless, non-literate and poor women of Lakkavanahalli and surrounding areas in Hiriyur taluk of Chitradurga district have found an alternative source of livelihood — making products out of banana fibre.

Women, majority of them Dalits, united under the Natural Fibre Society for Craft, a self-help group (SHG), have been producing various lifestyle products using fibre extracted from the bark



of the mature banana plant. Women supported by Initiatives for Development Foundation (IDF), a NGO comprised of former bank employees, now earn Rs 4,500 a month by producing products by hand-weaving and in handlooms.

Earlier, the women had little exposure to natural fibre. They used to collect “typha grass” from the Cauvery basin and sell it to earn their living. “The local availability of banana fibre combined with their experience of working with a natural fibre and training initiated by IDF made them now good artisans,” says S.M. Hebbal, chairman, Gramya T.S. Ltd, a marketing arm of the cluster and IDF.

Women artisans, who bring bark from nearby villages, split barks into strips which are treated with water to make it smooth and supple. These strips are then hooked to the spinning wheel to make the yarn. The yarn made is used to make banana fibre products by hand-weaving. River grass, hibiscus fibre, jute and wool are blended with banana fibre for innovation in design, says Savita Parik, designer at the cluster.

Besides Grameen Bank, Chitradurga, the National Bank for Agricultural and Rural Development supported the formation of the Natural Fibre Cluster at Hiriya by grating Rs. 11.29 lakh. “It all began with the ‘Swashakti’ socio-economic empowerment programme in 2003 in Lakkavanhalli. The poorest of poor women were included in the project as they were so far not touched by any governmental development projects,” says Mr. Hebbal.

“We have some hopes now. We need not migrate to cities now for those two square meals. Five years ago, we hardly used to get wages for 60 to 70 days in a year. Now we have our own place and get work round the year. Our earning has increased from Rs. 25 a day to Rs. 150 now. Now we have visited many cities. I am now called Dubai Shankamma,” said Shankamma (55), who visited Dubai to showcase the products. Others have visited Delhi, Mumbai and Bangalore several times.

The cluster comprises Lakkavanahalli, Mayasandra, Sigeehatti, Kunikere and Huchhavanhalli villages. The product base expanded from simple yarn to now aesthetically beautiful handcrafted range of utility handicrafts such as runners, window blinds, yoga mats, files, folders, coasters, dinner mats, pillow covers, bedspreads, lamp shades, table mats, cushion covers, purse, bags used for making shopping and conference bags and wine bottle holders. The cost

of most of the products ranges from Rs. 50 to Rs. 1000. Gramya opened its shop at first block at Rajajinagar, Bangalore, to promote the products.

Many women, who were rolling beedies, underwent training and became artisans. The cluster has recorded turnover of Rs. 40 lakh a year.

Date:29/04/2011 URL: <http://www.thehindu.com/2011/04/29/stories/2011042957340300.htm>

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### **A ray of hope for cotton growers**

Special Correspondent



**The bulk of the seeds will go to H.D. Kote.**

MYSORE: The travails of cotton farmers of Mysore district hit by short supply of seeds may ease with the authorities arranging for its distribution at key cotton-growing areas on Friday.

Joint Director, Agriculture, K.R. Krishnaiah told The Hindu that the district required 1.35 lakh packets of Bt cotton seeds, but only 61,000 packets were available.

The farmers were promised that their demand would be met as orders had been placed for an additional 93,000 packets, according to Mr. Krishnaiah. He said the bulk of the seeds would be distributed in H.D. Kote, which is a key cotton-growing region, followed by Nanjangud. Mysore and Hunsur taluks were marginal players, he added.

Nearly 50,000 seed packets would be distributed on Friday, of which more than 60 per cent would go to farmers in H.D. Kote, while 30 per cent would be earmarked for Nanjangud.

### Coverage

The district had 40,313 hectares under cotton cultivation last year, with the bulk of it in H.D. Kote taluk at 26,720 hectares followed by Nanjangud ( 12,772 hectares). Hunsur accounted for 335 hectares and Mysore taluk 486 hectares.

However, there was an increase in the demand for cotton seeds, as rates surged in the market due to a slump in cotton supply. As a result, a large number of tobacco cultivators decided to shift to cotton, creating a mismatch between demand and supply, according to Mr. Krishnaiah. "Hence, we expect the area under cotton cultivation to increase to at least 54,000 hectares," he added, although other sources indicated that the area could be even higher. The scarcity of seeds was also attributed to a slump in seed production due to rain in Andhra Pradesh and Gujarat, where private companies have their manufacturing facilities, Mr. Krishnaiah said.

However, other sources pointed out that the scarcity was artificially created by private companies that withheld the existing stock seeking an upward revision of price.

"The plan to arm-twist the Government had apparently worked with the authorities giving their consent to increase the price of BG-I variety from Rs. 650 a packet of 450 gm to Rs. 830, and for BG-II variety from Rs. 750 a packet to Rs. 930," according to the sources.

The hike in the sale price of cotton seeds was reckoned to be a long-pending demand of the private companies, the sources said. Officials in the Department of Agriculture admitted in private that the Government should learn from the crisis and not allow a handful of companies to monopolise the market as they adopted blackmailing tactics in pursuit of their demands.

## No decision taken on Bt Brinjal

Gargi Parsai

NEW DELHI: No decision was taken at the first meeting of experts that deliberated on issues relating to the moratorium on the commercial release of Genetically Modified Bt Brinjal.

The experts were invited by the Genetic Engineering Approval Committee (GEAC) for their views on the controversial issue.

Noted agriculture scientist M.S. Swaminathan, however, recused himself from the meeting.

He told The Hindu that being a member of a Parliamentary Committee that was looking into the issue of Genetically Engineered Crops and Genetically Modified Organisms (GMOs), he would not participate in any such deliberations.

While there is no indication from the government that this was a move to lift the moratorium imposed by Union Environment and Forests Minister Jairam Ramesh last February, civil society groups claimed it was a step in that direction particularly since some of the experts involved were seed-developers and were a part of the GEAC that cleared the Bt Brinjal seed. The developer, Mahyco, had sought permission of the GEAC for commercialisation of their Bt Brinjal seed last year.

While imposing a moratorium on commercialisation of Bt Brinjal, Mr. Ramesh had said that the moratorium “will last till such time that independent studies establish, to the satisfaction of both public and professionals, the safety of the product from the point of view of its long- term impact on human health and environment, including the rich genetic wealth of brinjal in our country.”

He had also referred to the existence of ecologically friendly and successful alternatives such as Non Pesticide Management for solving pest problems in crops.

'NGOs can't stop us'

Asked by The Hindu whether the meeting of experts meant the moratorium was being lifted, Mr. Ramesh retorted: "NGOs cannot stop us from holding a discussion on the issue."

**Date:29/04/2011 URL:**

**<http://www.thehindu.com/2011/04/29/stories/2011042957810600.htm>**

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## **New farming method raises paddy yield**

P.S. Suresh Kumar

*It is expected to cross 7,400 kg per hectare*

Nagercoil: The farmers in different parts of Kanyakumari district have expressed their happiness over getting more yields in the 'Kannipoov' (first season) as they were instructed by the officials of the department of agriculture to undertake 'Raja Rajan – 1000' paddy cultivation method by making use of the certified seeds.

The harvest was going on in full swing in the second season and it would be completed at the earliest in different parts of the district, particularly in the tail end areas, including Agastheeswaram taluk, in the present Kumbapoov season.

In the meantime, the maximum yield of 9,180 kg paddy per hectare was obtained by the farmers instead of 7,000 kg paddy per hectare by adopting new harvesting method in the Kannipoov season. In the tailend areas of the district, the officials of Agriculture Department expected the maximum yield of 5,660 kg per hectare but the farmers got an average of 7,400 kg of paddy per hectare in the Kannipoov season. The Rajakkamangalam block recorded the highest yield in Kannipoov season.

The maximum yield in the present season would be expected to cross 7,400 kg per hectare and this would be confirmed after the completion of harvest in the tailend areas. The harvest would be expected to complete by the end of this month. Owing to the heavy rain which lashed the different parts of the district as well as the adequate storage of water in all the four dams, Pechipparai, Perunchani, Chittar I and Chittar II the farmers had already started their agriculture operations (Kannipoov).

Adequate stock of paddy seeds and other agricultural inputs like fertilizers, bio-fertilizers and pesticides were available in all the agriculture extension centres and Primary agriculture co-operative societies, according to the agriculture department sources.

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**hindustantimes**



**Reuters**

New Delhi, April 28, 2011

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### **India's food inflation rises to 8.76%**

India's food price index rose 8.76% and the fuel price index climbed 13.53% in the year to April 16, government data on Thursday showed.

In the previous week, annual food and fuel inflation stood at 8.74% and 13.05%, respectively.

The primary articles price index was up 12.08%, compared with an annual rise of 11.96% a week earlier.

The wholesale price index-based inflation, the most widely watched gauge of prices in the country, rose 8.98% in March from a year earlier, higher than February's 8.31% rise.

<http://www.hindustantimes.com/StoryPage/Print/690596.aspx>

**Weather**

Chennai - INDIA

### Today's Weather



Clear

**Friday, Apr 29**

Max Min

34.4° | 25.6°

Rain: 00 mm in 24hrs

Humidity: 84%

Wind: Normal

Sunrise: 5:49

Sunset: 18:23

Barometer: 1005.0

### Tomorrow's Forecast



Cloudy

**Saturday, Apr 30**

Max Min

35° | 26°

### Extended Forecast for a week

Sunday

**May 1**



35° | 26°

Cloudy

Monday

**May 2**



35° | 26°

Partly Cloudy

Tuesday

**May 3**



36° | 27°

Cloudy

Wednesday

**May 4**



38° | 28°

Cloudy

Thursday

**May 5**



38° | 28°

Rainy

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**THE TIMES OF INDIA**

**Food inflation up, RBI set to hike rates**

TNN | Apr 29, 2011, 04.21am IST

NEW DELHI: Ahead of the Reserve Bank of India's monetary policy statement next week, food inflation went up marginally to 8.76% for the week ended April 16 compared to 8.74% in the previous week. During the week, prices of fruits went up 28.43%, while egg, meat and fish prices rose by over 12%. Onions, which had become a political hot potato, saw a near 11% rise on a year-on-year basis.

The good news was that food price index dipped marginally and economists expect food inflation to moderate in the coming months. But with oil and commodity prices remaining at elevated levels, economists are predicting further increase in policy rates next week. While a 25 basis point increase is a given, economists are saying that RBI could opt for a steeper 50 basis point increase (100 basis points = one percentage point).

"While the base case is that of the RBI hiking rates by 75-100 basis points through the year, due to inflationary pressures... the current debate now is whether it hikes by 25 bps or 50 bps on May 3. We place the odds at 60:40 for a 25 bps hike. Apart from rate hikes, a key factor to watch out for is the RBI's guidance on growth and inflation," Citi economist Rohini Malkani said in a note.

"With the rise in inflation related to non-food manufactured products in March 2011 and the anticipated increase in the prices of some petroleum products, the RBI is expected to maintain its anti-inflationary stance and hike the repo and reverse repo rates by 25 basis points in the upcoming review of monetary policy," Icmra economist Aditi Nayar added.

RBI governor D Subbarao is due to hold consultations with finance minister Pranab Mukherjee ahead of Tuesday's announcement. We will talk with RBI governor before he announces the monetary policy. We will have a discussion," Mukherjee said, while maintaining that food inflation numbers were in line with recent trends. The central bank and the government had misread the price situation last year and latest data showed the inflation was estimated at 8.98%, higher than estimates put out by the finance ministry (7.5%) and RBI (8%). Subbarao has already hiked policy rates eight times since March 2010 to get a firmer grip over inflation, which economists say is headed upwards.

"Inflation will continue to be a major concern, unless there is an improvement in the situation in the Middle East and North Africa and oil prices come down. Inflation is also expected to remain firm because of administered coal prices increases and stickiness in manufactured non-food products inflation," research agency NCAER said in a statement on Thursday.

Corporate India's confidence level in doing business declined in April-June period to its lowest level in six quarters due to rising prices and global uncertainties, an NCAER-MasterCard



Worldwide Index of Business Confidence survey revealed. At the present level this is the lowest confidence level seen in the last six quarters. "Our analysis suggests that the cost pass through is still incomplete and both headline and core WPI inflation will accelerate further in the first half of FY12 before retreating in the second half," economists at Japanese financial services firm Nomura said in a recent report.

Earlier this week, the Asian Development Bank had warned that high food prices could spoil India's growth story as nearly 30 million would be driven into extreme poverty.

28 Apr, 2011, 02.14PM IST,PTI

### **Chana futures trade higher on good demand**

NEW DELHI: Chana prices inched up by Rs 17 to Rs 2,526 per quintal in futures trade today as speculators enlarged their positions on expectations of pick-up in demand at domestic markets.

Some enquiries from dal mills further fuelled the uptrend in chana prices.

At the National Commodity and Derivative Exchange , chana for delivery in July gained Rs 17, or 0.68 per cent to Rs 2,526 per quintal, with an open interest of 14,080 lots.

Similarly, the chana for delivery in June edged up by Rs 11, or 0.61 per cent to Rs 2,291 per quintal, with a business turnover of 51,150 lots. Chana for delivery in May rose by Rs 7, or 0.30 per cent to Rs 2,315 per quintal, with an open interest of 1,51,240 lots. Traders attributed the rise in chana futures prices to enlarging of positions by speculators on pick-up in demand in spot markets.

*By PTI*

*28 Apr 2011 03:08:02 PM IST*

## **Food inflation up; RBI rate hike likely**

NEW DELHI: Food inflation went up to 8.76 per cent for the week ended April 16, raising fears of another hike in the key policy rates by the Reserve Bank in its annual policy to be announced next week.

Amid concerns of rising inflation, RBI Governor D Subbarao is expected to hold consultations with Finance Ministry officials before firming up proposals for the annual credit policy to be announced on May 3.

"We will talk with RBI Governor before he announces the monetary policy. We will have a discussion," Finance Minister Pranab Mukherjee said.

He, however, maintained that the latest food inflation numbers are in line with recent trends.

"... as far as April 16 is concerned it has been on the same lines. There has been some marginal variations. More or less the trend that was noticed on April 9... the same trend in being maintained," Mukherjee said.

Experts, however, said the rising food prices, coming on top of increasing commodity prices, would force the RBI to go for another round of hike in key policy rates next month.

"The marginal increase in the weekly food inflation rate is statistically insignificant. Of larger relevance is the persistent level of headline inflation," Deloitte, Haskin & Sells director Anis Chakravarty said.

Food inflation went up marginally from 8.74 percent in the previous week. The latest number of 8.76 per cent is also the highest in three weeks, after a brief phase of downward trend in March. During the week under review, fruits became dearer by 28.43 per cent year-on-year, while egg, meat and fish prices went up by 12.14 per cent. Onions became expensive by 10.96 per cent. Headline inflation has been above 8 per cent since January 2010.

As per latest data, it stood at 8.98 per cent in March this year, which is above the government's projection of 8 per cent.

RBI has already hiked its key policy rates eight times since March 2010 to suck in excess liquidity from the system and tame demand.

"Pace of food inflation has been easing. However, given the seasonality, there could be some

transient pressure on perishable food items," Yes Bank chief economist Shubhada Rao said.

For the week ended April 16, milk became dearer by 5.10 per cent.

Similarly, cereal prices went up by 4.49 per cent, while rice and wheat rose by 2.08 per cent and 0.48 per cent respectively.

However, pulses bucked the trend and witnessed a decline of 6.49 per cent in their wholesale prices. Overall, vegetable prices were down by 0.21 per cent and potatoes by 1.61 per cent.

ICRA economist Aditi Nayar echoed the views of Rao and Chakravarty.

"Food inflation is broadly expected to ease over the coming quarter.

"With the rise in inflation related to non-food manufactured products in March 2011 and the anticipated increase in the prices of some petroleum products, the RBI is expected to maintain its anti-inflationary stance and hike the repo and reverse repo rates by 25 basis points in the upcoming review of monetary policy," Nayar said.

During the week under review, prices of non-food articles were up by 26.48 per cent year-on-year. Fuel and power became dearer by 13.53 per cent, while petrol was up 21.81 per cent.

Core inflation, which does not take into account rise in food prices, was reported at over 7 per cent in March.

Global crude prices have gone over USD 120 per barrel as supply from Libya, a major exporter and OPEC member, has been disrupted due to civil war.

International banking and brooking giants had earlier predicted inflation in India to remain sticky.

While Citigroup said that headline inflation would average 7.5-8 per cent in 2011-12, Goldman Sachs had said the numbers would be 7.5 per cent. She, however, cautioned against the sustaining headline inflation. "As such we maintain our call on RBI rate hike (repo and reverse repo) by 25 basis points on May 3 and 50 basis point hike by December-end this year," Rao said.

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## **Spot rubber slips on selling pressure**

Kottayam, April 28:

Spot rubber finished lower on Thursday. According to sources, the market slipped in tune with declines on the National Multi Commodity Exchange (NMCE). There was no fresh demand from major consuming sectors and the commodity remained under pressure on scattered selling from dealers. The volumes were comparatively low.

Natural rubber market has showed signs of correction beginning from mid-April largely on concerns about the global economy, Japanese yen's appreciation, and a marginal drop in crude oil prices according to the Association of Natural Rubber Producing Countries. However, the extent of the decline has been marginal following a rise in China's demand and sharp fall in dollar.

New concerns about the supply caused by unseasonal rains during March in Thailand and during April in Malaysia have also cushioned the price fall. The natural rubber market is appeared to have gained from a recent rebound of hedge funds in Asia-Pacific markets and their inflationary pressure on commodity prices.

According to traders, sheet rubber closed weak at Rs 236.50 (237.50) a kg on buyer resistance. The grade dropped to Rs 237.50 (238.50) a kg, as quoted by the Rubber Board.

The May series weakened to Rs 234.91 (237.00), June to Rs 239.28 (241.11), July to Rs 239 (241.74), August to Rs 234.60 (234.65) and September to Rs 229.75 (230.83) a kg for RSS 4 on the NMCE.

RSS 3 recovered at its May futures to ₹439 (Rs 238.80) from ₹429.8 a kg during the day session but then remained inactive in the night session on the Tokyo Commodity Exchange. The grade (spot) slipped to Rs 250.41 (250.95) a kg at Bangkok.

Spot rates were (Rs/kg): RSS-4: 236.50 (237.50); RSS-5: 233 (234); ungraded: 229 (230); ISNR 20: 230 (231.50) and latex 60 per cent: 145 (146).

## Anand Sharma promises to look into small tea growers' problems



The Union Minister of Commerce and Industry, Mr Anand Sharma.

Kolkata, April 28:

A delegation of small tea growers that met the Union Commerce Minister, Mr Anand Sharma, on Wednesday received assurance that various problems facing the country's small tea growers would receive the attention of the Union Government in the 12<sup>th</sup> Plan, according to Mr Bijoy Gopal Chakravarty, President, Confederation of Indian Small Tea Growers Associations (CISTA).

Mr Chakravarty led the delegation, which also included Mr D K Sarmah of All Assam Small Tea Growers Association, Mr Pronoy Basumatari of All Bodoland Small Tea Growers Association, Mr Tadak Gas of Arunachal Pradesh Small Tea Growers Association, Mr Pabitra Kar of All Tripura Small Tea Growers Association and Mr J John of Centre for Education & Communication, New Delhi.

The number of small tea growers in the country will be about 2.5 lakh, producing 257 million kg of tea, accounting for more than 27 per cent of the country's total tea production. The concentration of small tea growers is largest in Assam, followed by West Bengal and Tamil Nadu. Other States having small tea growers include Kerala, Tripura, Arunachal Pradesh, Himachal Pradesh, Mizoram, Meghalaya and Bihar.

The various issues raised by CISTA at the meeting with the Union Commerce Minister included constitution of a separate directorate for small growers within the Tea Board, representation of the growers in various tea bodies including Tea Board, announcement of a special package for the growers, extension of easy credit facilities from commercial banks including introduction of plantation credit cards on the line of kisan credit cards and formation of SHGs (self help groups) to free growers from the stranglehold of middlemen controlling sale and processing of teas.

Mr Chakravarty, while talking to *Business Line*, expressed the view that like Kenya and Sri Lanka, where small growers contributed the bulk of the tea production and exports, the growers in India too could produce quality tea at low cost provided they received proper guidance in this regard from the appropriate authorities. “The Union Commerce indicated that Tea Research Association would be asked to look into the matter,” he added.

### **New biological method to extract coir from husk**

Microbiological process converts degradable plant components into soluble compounds

Thiruvananthapuram, April 28:

The National Institute for Interdisciplinary Science and Technology (NIIST)-Thiruvananthapuram has developed a clean bioprocess for the extraction of quality coir fibre from coconut husk.

This biological method carries out separation of fibres from their matrices by a process of cementing compounds with localised microbial growth and enzyme production.

This microbiological process converts degradable plant components into soluble compounds, a spokesman for NIIST, an affiliate of the Council of Scientific and Industrial Research (CSIR).

### **METHANE-RICH**

Anaerobic reactor (that which facilitates a chemical reaction without the presence of oxygen) removes chemical oxygen demand (COD) from liquid and recovers it as methane-rich biogas.

That the bioprocess not only converts all organic pollutants emanating from the extraction process to methane but also facilitates its recovery as an energy source, is an added advantage.

Quality coir fibre can also be used for processing of natural fibres like jute, banana, and pineapple leaf.

## **MAJOR CONCERN**

However, retting leads to extensive pollution of water bodies. Environmental pollution, methane and sulphide emission and water contamination are associated with conventional retting.

It is a major concern that retting areas are almost devoid of higher aquatic life. Retting also leads to destruction of fisheries in these areas.

Given the above circumstances, it is found that biological methods shall be preferred to mechanical and chemical routes for extracting fibres of good quality from the embedding matrix.

## **RETTING PROCESS**

Kerala produces the best quality coir fibre in the world. Better quality white fibre is extracted from fresh coconut husks after a decaying process called “retting.”

Husk retting is carried out by immersing coconut husks in lakes, rivers and ponds for a period ranging from six months to one year.

During retting, materials of the husk which bind fibres together are degraded and fibres are loosened. Further extraction is simple and hence it yields fibre with polished surface properties.

## **MOSTLY IMPORTED**

Most of the coconut fibre being used by the industry is at present imported from the neighbouring States where fibre is extracted from chemically-treated raw coconut husks using machines.

Retting causes chemicals that stick on the fibre to get dissolved in water. According to studies, retting has caused large-scale destruction to fish wealth of backwaters and other water bodies in the coastal areas of the State.

The foul smell associated with retting has also been objected to by the coastal communities.

## **State CMs urged to press for ban on endosulfan**

Thiruvananthapuram, April 28:

Seeking to widen his government's campaign against endosulfan, the Kerala Chief Minister, Mr V.S. Achuthanandan, has written to his counterparts in other states requesting them to bring combined pressure on the Centre to impose a nationwide ban on the pesticide.

Ahead of a Kerala 'hartal' tomorrow called by the ruling CPI(M)-led LDF on the endosulfan issue, Mr Achuthanandan, in his letter, highlighted the ill-effects due to use of the pesticide over the years in Kerala's Kasargode district where over 400 people died and hundreds were suffering from serious health problems.

He also attached the copies of reports of studies on the death and environmental devastation caused by spraying of endosulfan over the years at a state-run cashew estate in Kasargode.

The 87-year-old CPI-M leader, who recently observed a day-long fast on the issue, wanted his counterparts to prevail upon the Centre to ask for global ban on endosulfan at the ongoing Stockholm Convention on Persistent Organic Pollutants.

Realising the grim danger posed by the pesticide to living beings and nature, it had been banned by 80 countries but the UPA Government at the Centre was still reluctant to take action, Mr Achuthanandan said.

He said there was no need for further studies to establish the grievous consequences of endosulfan as the experience of Kerala had sufficiently brought out that aspect.

An all-party delegation from Kerala had met the Prime Minister, Dr Manmohan Singh, recently to press the demand for ban on endosulfan.



## **Govt hikes benchmark prices of imported DAP, MoP**

New Delhi, April 28:

The Government today increased the benchmark prices of imported di-ammonium phosphate (DAP) and muriate of potash (MoP) fertiliser for the fiscal to ensure uninterrupted availability in the country during the coming kharif sowing season.

The decision was approved in a meeting of the Cabinet Committee on Economic Affairs (CCEA) here.

However, the CCEA also gave freedom to fertiliser companies to raise retail prices of DAP by up to Rs 600 a tonne from the existing rate of Rs 10,750 a tonne.

The Government reimburses subsidy on these two nutrients to fertiliser companies based on the benchmark price. The benchmark price has been increased to \$612/tonne for DAP and \$420/tonne for MoP from the current level of \$580/tonne and \$ 390/tonne, respectively.

The Group of Ministers headed by the Finance Minister, Mr Pranab Mukherjee, had decided in February that the Government will shoulder an additional fertiliser subsidy burden in the wake of rising global fertiliser prices.

The country imports six million tonnes of DAP and four million tonnes of MoP every year.

“This (revision in benchmark prices) will enable manufacturers and importers to import fertiliser and fertiliser inputs and undertake domestic production and make fertiliser available to the farmers in 2011-12,” an official statement said adding that farmers would be able to buy fertilisers at subsidised rates at the maximum retail price.

The budgetary provision for phosphatic and potassic fertilisers for the 2011-12 fiscal is Rs 33,500 crore.

However, the total subsidy outgo on potassium and phosphatic fertilisers for the ongoing fiscal will depend on the overall sale of the fertilisers, it added.

## **Cabinet approves hike in benchmark import prices of fertilisers**

New Delhi, April 28:

The Centre has hiked the benchmark import prices of di-ammonium phosphate (DAP) and muriate of potash (MOP) used to determine the nutrient-based subsidy (NBS) rates on non-urea fertilisers.

The decision, approved by the Union Cabinet here on Thursday, will push up the fertiliser subsidy bill for 2011-12 beyond the budgeted Rs 49,998 crore.

The new benchmark prices for imported DAP has been taken to \$612 a tonne from the \$580 level originally fixed for the current fiscal. The corresponding reference rate on imported MOP has been raised from \$390 to \$420 a tonne.

However, the exchange rate to be used for computing the new import parity rates has been taken at Rs 45.65-to-the-dollar, against the earlier Rs 46.06-to-the-dollar level.

The upward revisions in the benchmark import prices of DAP and MOP would translate into higher NBS rates for phosphorus (P) and potash (K), respectively. Currently, the NBS rate on P, linked to a \$580-a-tonne reference price for imported DAP, is Rs 29.407 a kg, while the same on K (against a benchmark \$390 a tonne for MOP) is Rs 24.628 a kg.

The new NBS rates, along with the corresponding higher subsidy on individual fertilisers, will be separately notified by the Department of Fertilisers. The NBS regime covers 22 non-urea fertilisers, with the subsidy payable on each linked to their nutrient content.