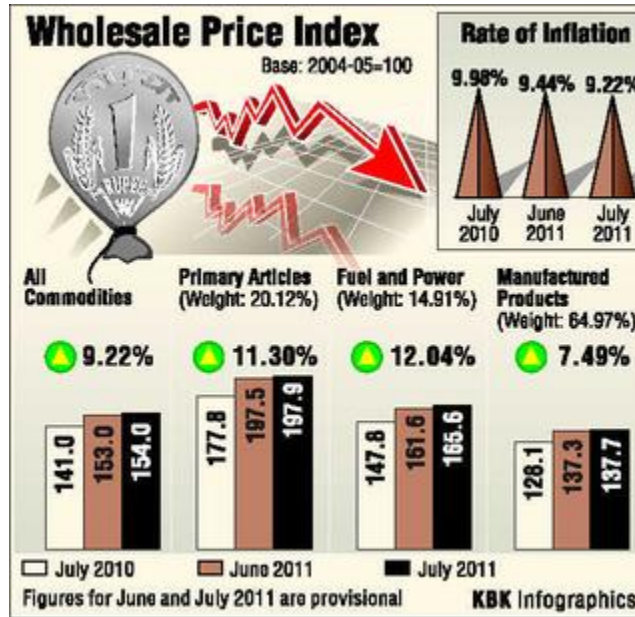


Inflation eases to 9.22 % in July



Headline inflation eased to its eight-month low at 9.22 per cent in July from 9.44 per cent in the previous month but that is unlikely to bring any cheer in the months ahead as prices of both edibles and manufactured products continue to rule at higher levels.

With the moderation in WPI (Wholesale Price Index) headline inflation during July — the previous low point was 8.20 per cent in November, 2010 — Finance Minister Pranab Mukherjee hoped that the government and the Reserve Bank working together would lead to a further cooling of the price spiral in the coming months.

On the contrary, however, Chief Economic Advisor Kaushik Basu viewed that headline inflation might remain at elevated levels and even rise further to near double digits in August before tapering down later during the year. In effect, the high inflation would prompt the RBI to continue with its tight-money stance during its monetary policy review in September.

Commenting on the WPI data, Finance Minister Pranab Mukherjee said: “Inflationary pressure is in the system and we shall have to make efforts to have the inflationary pressure at an acceptable moderate level for which we are working in tandem with the RBI.”

Alongside, however, Mr. Mukherjee felt that a good monsoon coupled with the ongoing monetary policy stance would lead to a moderation in prices. “I am quite confident that a good monsoon will ensure moderation of inflationary pressure. The measures taken to remove supply constraints in some of the agricultural products and the monetary policy adopted by the RBI will help bring about moderation of inflationary pressure...,” he said.

Ruling out any respite from high prices in the coming months, Dr. Basu said: “By our calculation, there are still a couple of more months of relatively same level of inflation [as in July]...it will be roughly where we are, we are expecting till December. After that we do expect some sharp decline in inflation. In fact, inflation could climb a little bit next month...”

Planning Commission Deputy Chairman Montek Singh Ahluwalia felt that despite the decline, overall inflation was still on the high side. “There is slight decline in inflation. It is still on high side. We have to be vigilant. It's good that it is gradually declining,” he said.

Published: August 17, 2011 00:00 IST | Updated: August 17, 2011 04:12 IST August 17, 2011

Soaring food prices intensifying Africa crisis



A consignment of food aid at a Mogadishu market. — PHOTO: AP

A volatile global food supply is deepening the humanitarian catastrophe in the Horn of Africa, the World Bank warns in a new report.

Shortages and near-historic prices for staples such as corn, wheat and sugar have magnified the impact of the drought now ravaging the Horn of Africa, the Food Price Watch report said.

“While the emergency in the Horn of Africa was triggered by prolonged droughts, especially in areas struggling with conflict and internal displacement such as Somalia, food prices that are near the record high levels seen in 2008 also contributed to the situation,” the bank said in a statement.

More than 12 million people are in urgent need of humanitarian assistance in the Horn of Africa, the report said. In some areas of Somalia, more than 40 per cent of children under five are suffering from acute malnutrition.

The report also warned that production of biofuels — specifically America's production of corn ethanol — was contributing to rising food prices.

In global terms, food prices last month (JUL) were on average 33 per cent higher than a year ago, the report warned. Corn, or maize, has risen by 84 per cent; sugar 62 per cent and wheat 55 per cent.

But the price rises were particularly severe in Africa. Corn prices doubled in Kampala, Mogadishu and Kigali over the last year, the report said.

Sorghum prices have increased more than fourfold, 240 per cent, over last year in parts of Somalia, the report said.

It blamed the soaring prices on poor local harvests as well as shrinking global food stocks.

The report said corn stocks were at their lowest levels since the 1970s creating a situation in which “even small shortfalls in yields can have an amplified effects on prices”, the report warned.

U.S. production of corn ethanol — which the report said rose by eight per cent in the first three months of this year — was also eating into supplies.

“Another factor that adds to the potential upward pressure on the price of maize is the diversion into the production of biofuels,” the report said.

Aid organisations have also connected rising food prices to the use of food crops for energy.

Some prices had fallen back slightly since last February, but the bank warned the volatility still left the most vulnerable populations, in the Horn of Africa, dangerously exposed.

“Persistently high food prices and low food stocks indicate that we're still in the danger zone,” the bank's president, Robert Zoellick, said in a statement.

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UDHAGAMANDALAM, August 17, 2011

21 m kg drop in world tea output



The United Planters' Association of Southern India (UPASI) has outlined the world tea supply situation.

In a statement issued at Coonoor on Tuesday, UPASI Tea Committee Chairman Peter Mathias said the prospects for tea exports were picking up. Listing out the reasons for his optimism and referring to the trends in the tea sector in the first half of the current year, he said out that there was a shortage in the world supply.

The subdued supply level in the world tea market was a result of lower Kenyan crop by 34.5 million kg. Though this was partially compensated by higher North India crop of 23.9 million kg, world tea production in the first half was lower by 20.6 million kg. In the South, the crop was down by 4.6 million kg due to dry weather in the first quarter of this calendar year.

The price realisation across auction centres around the world was more in the first half due to the tight supply situation. In South India, the average price realisation was higher by Rs.1.92 a kg and accordingly the average realisation was Rs.71.17 a kg during January-June 2011. Despite a decline in production, the quantity of tea sold at south Indian auction centres was

higher by 2.3 million kg compared to the corresponding period of last year. In the orthodox category, sales have come down by about 17.3 per cent. But increasing export demand for this is expected to have a positive effect on the prices. The increase in the price realisation from South India despite lower exports of 9.7 million kg is mainly on account of an increase in the domestic demand for CTC teas.

The lower export (16.2 million kg) from India in general and South India in particular was on account of disturbance in the West Asia North Africa (WANA) region and also due to payment problem with Iran. As the situation is improving in the WANA region, export to the region is bound to pick up in the second half of 2011.

A close scrutiny of offering in major auction centres such as Mombasa and Colombo suggests that the quantity offered at the forthcoming auctions are low, implying tighter supply position in the short-run.

Published: August 17, 2011 00:00 IST | Updated: August 17, 2011 04:10 IST KHAMMAM,
August 17, 2011

'Sowing operations of all crops completed in 2 lakh hectares'

Contingency plan will be implemented to enable farmers to raise alternative crops



Meeting of minds: Wyra MLA B. Chandravathi and farmers with District Collector Siddartha Jain discussing at Gollenapadu village in Khammam District on Tuesday. — PHOTO: G. N. RAO

The district administration has formulated a contingency plan for cultivating alternate crops in about 40,000 hectares keeping in view deficit rainfall.

Giving the details of the contingency plan at a press conference held here on Tuesday evening, Collector Siddharth Jain said the district received 21 per cent deficit rainfall so far in the current monsoon season. The district recorded deficit rainfall of – 17 per cent in June, - 8 per cent in July and -54 per cent in August so far.

Sowing operations in respect of all crops have been completed in 2 lakh hectares as against 2.10 hectares during the corresponding period last year. Despite the deficit rainfall, paddy was sown in 36,000 hectares till August 15 this year as against 44,300 hectares, the total area sown under paddy last year, he said adding that there was a gap of 8,300 hectares.

He said the contingency plan would be implemented to enable the farmers to raise alternative crops such as maize, green gram and black gram if the same situation continued for another one week. A requisition has been made to the seed agencies concerned for supply of 14,000 tonnes of additional seeds to meet the exigency, he added.

Crop holiday

Referring to the “crop holiday” declared by the farmers of Motamarri in Bonakal mandal, he said the officials concerned were deputed to inquire into the grievances of the farmers and redress the same expeditiously as part of “Rythu Bata” programme.

“Efforts are underway to procure the unsold paddy pertaining to the last kharif season in the village,” he said adding that a paddy procurement centre was already set up at Rayannapeta in the same mandal. He said the grievances raised by the farmers pertaining to irrigation facilities, unsold paddy, and other issues were being attended to by teams comprising the officials of agriculture, irrigation and other allied departments.

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THIRUVANANTHAPURAM, August 17, 2011

Dairy, poultry farm awards

The government has announced the 2010 award for the best dairy and poultry farmers at the State and district levels.

Sojan Mathew of Idukki won the award for the best dairy farmer in the State, which carries a purse of Rs.one lakh. D. Sanchi of Kollam won the State award for excellence in integrated farming, which also carries a cash component of Rs.one lakh.

The awards were announced by Agriculture Minister K.P. Mohanan at a news conference here on Tuesday.

M.C. Mohammed of Kasaragod won the best poultry farmer award. K.P. Unnikrishnan of Thrissur won award for the best young farmer and R. Sudha of Thiruvananthapuram won the best woman farmer award. All the three awards carry a cash prize of Rs.50,000 each.

The Society for Prevention of Cruelty to Animals (SPCA), Kollam was chosen for the best animal welfare initiative award. It carries a cash prize of Rs.25,000.

The awards for best dairy farmers at the district level, each carrying a cash prize of Rs.20,000, were won by K.N. Vijayakumar (Thiruvananthapuram), V. Suresh (Kollam), Prakash K. Shenoy (Alappuzha), R. Suresh (Pathanamthitta), Reji Punnoose (Kottayam), George Mathew (Idukki), Biju George (Ernakulam), V.A. Prasannan (Thrissur), M. Rajesh (Palakkad), Kerala Kumari (Malappuram), Jose Scaria (Kozhikode), Saji Kurian (Wayanad), A.K. Mithun (Kannur), and M.V. Chandran (Kasaragod).

The award for excellence in integrated farming at the district level was won by V.P. Ravi (Alappuzha), Thomas Tharakan (Pathanamthitta), Joy Lukose (Kottayam), Biju George (Idukki), P. K. Ali (Ernakulam), M. Jayakumar (Thrissur), C. Balasubrahmanian (Palakkad), Abubaker Haji (Malappuram), Robin Thomas (Kozhikode), and N.H. Prakash (Wayanad). Replying to questions, Mr. Mohanan said the government was considering the conduct of a fresh cattle census in the State.

Published: August 17, 2011 00:00 IST | Updated: August 17, 2011 04:06 IST NAGAPATTINAM, August 17, 2011

'Upgrade primary veterinary clinic'

Sustained efforts to prevent arrack distillation and upgrade of primary veterinary clinic, were among the slew of demands placed at the gram sabha meeting for Paalakurichi panchayat on the Independence Day celebration on Monday.

Participating in the proceedings, Collector T.Munusamy underlined the significance of gram sabhas that were eponymous of grassroots democracy in its real sense. Gram Sabha represented social audit, where people had to decide on what works need be taken up and ascertain the progress of works that were taken up.

Mr.Munusamy pointed out to various welfare schemes announced by the Chief Minister, with special reference to the promise on home appliances for women, a release said. Functioning of the MNREGS was ascertained, and beneficiary rolls under the old age pension scheme were verified. The Collector also urged households to take steps towards sanitation and ensure all houses were equipped with toilet facilities.

Demands at the meeting include abolition of illicit arrack, a special bus from Paalakurichi via Melapidagai up to Thiruthiraiipoondi, expedition of works along the Paalakurichi-Ottathattai road, and desiltation works in temple ponds under Collector's special fund.

Resolutions were passed to set up a hospital on the land proposed for construction of a government hospital, and establishing ambulance facility for the area.

Published: August 17, 2011 00:00 IST | Updated: August 17, 2011 04:09 IST MADURAI, August 17, 2011

“Reclassify tariff for foodgrains”

The Tamil Nadu Foodgrains Merchants' Association has urged the Union Railway Ministry to reduce the freight charges for food articles and pulses by reclassifying them from tariff 130 to tariff 110.

Such a move would provide immense relief to Tamil Nadu, which was heavily dependent on the far-off northern States of Haryana, Uttar Pradesh, Madhya Pradesh, Gujarat and Maharashtra to meet its requirement of food grains.

A delegation from the association led by its president S.P. Jeyapragasam met the Railway Minister Dinesh Trivedi recently and submitted a memorandum pressing various demands.

The association also sought the expeditious conversion of double line of railway track between Chennai and Madurai and extending the same to other southern districts such as Kanyakumari and Tirunelveli.

It also requested that adequate funds be allotted for gauge conversion in the Dindgul-Coimbatore and Shencottah-Punalur sections.

It requested new lines from Palani to other pilgrimage sites such as Tirupati, Rameswaram and Kanyakumari.

Published: August 17, 2011 00:00 IST | Updated: August 17, 2011 04:12 IST CHENNAI, August 17, 2011

“Firm up farm production”

Pointing out that the fall in agriculture production over the areas and the shrinkage of cultivable lands had left the primary sector on its death bed, the CPI(M) on Tuesday said in the Assembly the wrong policies pursued by the rulers in the past had created such a situation.

Participating in the demand for grants for agriculture, CPI (M) whip K. Balakrishnan said it was not an easy task for the government to increase the cultivable land to 53.50 lakh acres and food production to 115 lakh tonnes in the present circumstances. He welcomed the State's decision to fix the price for sugarcane, oil seeds, cotton. Desiya Murpokku Dravida Kazhagam whip V.C. Chandrakumar said the government should implement an insurance scheme to provide relief to farmers in the event of crops damaged by wild animals.

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Published: August 17, 2011 00:00 IST | Updated: August 17, 2011 04:12 IST HYDERABAD, August 17, 2011

Aid sought for farmers in crop holiday districts

The Andhra Pradesh Ryotu Sangham has demanded that the government pay compensation of Rs. 10,000 an acre to farmers who are observing crop holiday in some districts.

The CPI-affiliated sangham decided to stage protests in front of district collectorates on September 5 in support of its demand. This would be followed by Chalo New Delhi in November to mount pressure on the Centre to take measures to make agriculture remunerative.

Addressing a press conference here on Tuesday, sangham president K. Ramakrishna demanded that the Government scrap the Land Acquisition Act of 1894 and bring a new legislation making it mandatory to allot land only for public purpose like setting up of hospitals or schools. The new legislation was necessitated as the government was handing over vast tracts of land to industrialists and private persons using the archaic Act.

Mr. Ramakrishna expressed concern that farmers in over one lakh acre land in seven districts were observing crop holiday. The sangham decided to constitute three teams to visit the districts shortly and interact with.

- *Rs. 10,000 per acre sought for ryots in crop holiday districts*

- ***'Scrap Land Acquisition Act of 1894'***

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Published: August 17, 2011 00:00 IST | Updated: August 17, 2011 04:12 IST HYDERABAD, August 17, 2011

Farm officers to interact with ryots

In a bid to bridge the 'lab-to-land' gap and find village-specific solutions to the problems being faced by farmers, agricultural officers will visit villages and interact with farmers under 'Rythu Baata' programme launched all over the State on Monday.

Each agricultural officer will visit villages on a fixed date and time and educate the farmers on various aspects, including the quantum of fertilizer to be used, according to State Agriculture Commissioner, V. Usha Rani.

As part of the programme, active farmers would be identified in the coming months and mandal level committees consisting of farmers would be constituted crop-wise. The committee members would also be imparted training by experts. Rythu Baata would continue till March 20 next and the government had recently recruited 500 agricultural extension officers.

On crop holiday, she said the committee headed by former Chief Secretary Mohan Kanda to go into the issue and suggest measures would submit its report within a month. It would be visiting East Godavari district August 19 & 20.

Published: August 17, 2011 00:00 IST | Updated: August 17, 2011 04:12 IST KORUKOLLU (WEST GODAVARI DIST), August 17, 2011

Crop holiday widens chasm in delta village

Tenant farmers forced to work as farm workers in distant villages



Disturbing trend: Buffaloes grazing in the fields deserted by farmers in view of crop holiday at Korukollu, a delta village in West Godavari district. — Photo: A.V.G. Prasad

Pydi Rama Rao, a sharecropper from the Backward Classes community in this prosperous delta village in West Godavari district feels the pinch of crop holiday. The landless family members of Rama Rao turned into agricultural workers engaged in fields in neighbouring villages with his

landowner declaring crop holiday. "We may find work for another 10 days. But after that we do not know We do not know what to do," he says.

A 500-strong workforce of tenant farmers go to distant places daily in autorickshaws for work even as fertile farmlands have now turned into grazing fields for cattle as a result of the crop holiday.

The very geographical features of the village speak of its social and economic divide. The BC and SC families, all landless, live in a colony named Kothapeta on one side of the village while the landlords reside on the other. Strikingly, the whole extent of 1,300 acres of agricultural land is owned by upper castes. "The land owners will suffer in no way. It is the tenant farmers who are feeling the impact of the crop holiday," says Rama Rao. Agriculture is no longer a main source of income for land owners as they are engaged in the lucrative activities of money-lending, paddy trading and selling fertilizer and pesticides. But tenant farmers have no alternatives", he said with a sense of resignation..

The devastating floods in last kharif left Rama Rao in debts ranging up to Rs. 1 lakh as the crop in his nine acres of leased lands suffered heavy damages. But the relief measures extended by the government in the form of input subsidy and crop insurance went to his landlord. All the 200 tenant farmers from the village suffered the same fate as their engagement in the leased lands is off the record. The attempts by sharecroppers to secure the loan eligibility card (LEC) reportedly widened the gap between the land owners and them.

The lease-holders suspect that the issue of LECs was the reason for declaration of crop holiday by the land owners. But Uddaraju Subba Raju, a land owner, said it was the government's failure to provide remunerative prices for the paddy which was the cause for the crop holiday. He, however, stated that the landowners in his village had serious apprehensions over extension of bank credit to sharecroppers over the leased lands under LEC.



HT Correspondent, Hindustan Times

Email Author

New Delhi, August 16, 2011

First Published: 21:23 IST(16/8/2011)

Last Updated: 21:38 IST(16/8/2011)

Inflation dips to 9.2% in July

India's inflation rate in July dipped marginally to 9.22% from 9.44% in the previous month but economists warned that it was unlikely to prevent the Reserve Bank of India (RBI) from raising interest rates in its mid-quarter monetary policy review next month.

Food inflation slowed to a five-month low of 8.2% as price pressures in grains - cereals and pulses - were relatively weak but those for fruits, vegetables, milk and egg, meat and fish categories continued to remain at elevated levels.

Manufactured products' inflation edged up to 7.5% primarily because of the knock-on effects of a hike in diesel prices that cascaded through the economy.

Finance minister Pranab Mukherjee said a good monsoon will help ease prices.

"I am quite confident that good monsoon will ensure moderation of inflationary pressure," Mukherjee said. "The measures taken to remove supply constraints in some of the agricultural products and the monetary policy adopted by the RBI will help bring about moderation of inflationary pressure and at the same time it will ensure the average ratio of liquidity of the legitimate credit requirement of the industry and other sectors."

The central bank has raised the repo rate - the rate at which banks borrow from the RBI - by 11 times in the past 17 months to cool prices."

A higher repo raises banks' borrowing costs, which in turn would raise interest rate on final home, auto and corporate loans

"Overall, the inflation indicators will still favour further (monetary) tightening," said Rajeev Malik, senior economists at broking and research firm CLSA.

<http://www.hindustantimes.com/StoryPage/Print/734022.aspx>

Weather

Chennai - INDIA

Today's Weather



Cloudy

Wednesday, Aug 17

Max Min
34.3° | 24.6°

Rain: 0.5 mm in 24hrs Sunrise: 5:56
Humidity: 56% Sunset: 18:29
Wind: Normal Barometer: 1005

Tomorrow's Forecast



Rainy

Thursday, Aug 18

Max Min
34° | 26°

Extended Forecast for a week

Friday Aug 19	Saturday Aug 20	Sunday Aug 21	Monday Aug 22	Tuesday Aug 23
31° 26° Rainy	31° 26° Rainy	30° 26° Rainy	31° 26° Rainy	31° 26° Rainy

Chandrababu to meet paddy farmers

Owing to poor price of the produce, cultivation of paddy is in danger of disappearance in Prakasam district. The district produces about 4.92 lakh tonnes paddy in the kharif. Farmers of Karamchedu, Chirala, Inkollu and other areas have already declared a crop holiday over 5,000 acres. Joining them are farmers of Tangedumalli village in Santamagalur mandal. Around 150 farmers of the village decided to stop paddy cultivation over 600 acres. They complained of poor prices, government refusal to purchase paddy for the last two years, and reduction of free power supply of seven hours to four, that too at midnight. The Telugu Desam president, Mr N. Chandrababu Naidu, is going to visit villages where farmers have declared a crop holiday on August 22. The Telugu Rythu state president Mr Karanam Balaramakrishnamurthy, said that Mr Naidu would interact with paddy farmers to know their plight. Earlier on July 25, the TD Rajya Sabha member, Mr S.M. Laljan Basha, TD official spokesperson, Mr Kodela Sivaprasad Rao, and other leaders visited the villages and conveyed their impressions to Mr Naidu.

Source URL: <http://www.deccanchronicle.com/channels/cities/regions/nellore/chandrababu-meet-paddy-farmers-432>

Headline inflation falls to 9.22% in July

Headline inflation declined to an eight-month low of 9.22 per cent in July as the rate of price rise in food articles and petro-products eased, though pressure remained on manufactured items. Inflation, as measured by the Wholesale Price Index (WPI), stood at 9.44 per cent in June. It was 9.98 per cent in July, 2010. As per data released by the government today, the overall inflation figure for May this year has been revised upward to 9.56 per cent from the provisional estimate of 9.06 per cent. On an annual basis, prices of food articles went up by 8.19 per cent in July, which is lower than the 8.38 per cent inflation recorded in June. Inflation in overall primary articles, which have a share of over 20 per cent in the WPI basket, stood at 11.30 per cent in

July, down from 12.22 per cent in June. However, prices of manufactured products, which have a weight of around 65 per cent in the WPI basket, went up by 7.49 per cent year-on-year in July. Inflation in manufactured products has been steadily rising since February this year, when it crossed the 6 per cent mark. It was 7.43 per cent in June. The index for the fuel and power segment stood at 12.04 per cent year-on-year in July, down from 12.85 per cent in the previous month. The index has a weight of almost 15 per cent in the WPI basket. In addition, inflation in non-food primary articles moderated to 15.51 per cent in July from 18.57 per cent in June. The July inflation number is the lowest in eight months. The previous low of 8.20 per cent was reported in November, 2010.

Source URL: <http://www.deccanchronicle.com/channels/business/news/headline-inflation-falls-922-july-246>



By ENS Economic Bureau

17 Aug 2011 03:28:15 AM IST

Bad weather hits tea output in South

THIRUVANANTHAPURAM: Tea production from South India was down by 4.6 million kilograms due to weather related factors in the first quarter of this financial year.

Peter Mathias, Chairman, United Planters' Association of Southern India (UPASI), said that incidentally, this would be the fourth successive year of lower crop from South India, if the current trend continues. The average price realisation was higher by `1.92 per kg and accordingly the average realisation was `71.17 per kg during January-June 2011.

Despite decline in production, quantity sold at South Indian auction centres were higher by 2.3 million kg compared to the corresponding period of last year. Supply in pipeline is relatively dry and given the demand and supply gap, the prices are expected to be buoyant.

In Orthodox category, offered quantity has come down sharply this year and accordingly the

sales of Orthodox teas have also come down by about 17.3 per cent. Increasing export demand for Orthodox tea is expected to have a positive effect on prices.

The increase in the price realisation from South India despite lower exports of 9.7 million kg is mainly on account of increase in the domestic demand for CTC teas, which is a good sign as South India's CTC production caters primarily to the localised demand that is more stable. The lower export (16.2 M.kg) from India in general and South India in particular was on account of disturbance in WANA (West Asia North Africa) region and also due to payment problem with Iran.

As the situation is improving in WANA, export to the region is bound to pickup in the second half of 2011. This could augur well for South India in terms of better price realisation.

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By PTI

16 Aug 2011 01:01:49 PM IST

Inflation falls to 9.22 per cent in July

NEW DELHI: Headline inflation declined to an eight-month low of 9.22 per cent in July as the rate of price rise in food articles and petro-products eased, though pressure remained on manufactured items.

Inflation, as measured by the Wholesale Price Index (WPI), stood at 9.44 per cent in June. It was 9.98 per cent in July, 2010.

As per data released by the government today, the overall inflation figure for May this year has been revised upward to 9.56 per cent from the provisional estimate of 9.06 per cent.

On an annual basis, prices of food articles went up by 8.19 per cent in July, which is lower than the 8.38 per cent inflation recorded in June.

Inflation in overall primary articles, which have a share of over 20 per cent in the WPI basket, stood at 11.30 per cent in July, down from 12.22 per cent in June.

However, prices of manufactured products, which have a weight of around 65 per cent in the WPI basket, went up by 7.49 per cent year-on-year in July.

Inflation in manufactured products has been steadily rising since February this year, when it

crossed the 6 per cent mark. It was 7.43 per cent in June.

The index for the fuel and power segment stood at 12.04 per cent year-on-year in July, down from 12.85 per cent in the previous month. The index has a weight of almost 15 per cent in the WPI basket.

In addition, inflation in non-food primary articles moderated to 15.51 per cent in July from 18.57 per cent in June.

The July inflation number is the lowest in eight months.

The previous low of 8.20 per cent was reported in November, 2010.

Although the headline inflation numbers for July have shown signs of moderation, the Reserve Bank is unlikely to take a breather on its monetary tightening policy as there is no respite in the rate of price rise in manufactured items.

This was the eighth consecutive month in which headline inflation has remained above the 9 per cent mark.

In his Independence Day address to the nation yesterday, Prime Minister Manmohan Singh said that sometimes the reasons for price rise lay outside the country and added that the government's efforts to tame inflation have not met with lasting success.

"The prices of petroleum products, food grains and edible oil have risen steeply in international markets in recent times. Since we import these products in large quantities, any rise in their prices adds to inflationary pressure in our country," Singh said.

Noting that sometimes the reasons for rising prices lay outside the country, Singh stressed that the government would consider new steps to arrest rising inflation.

However, the latest numbers are in line with the RBI's projection of a high inflation rate in the first half of the fiscal.

In its monetary policy for 2011-12, the central bank had said that continued high prices of global commodities, particularly oil, would continue to drive the rate of price rise.

The RBI had projected inflation to average 9 per cent for the first six months of 2011-12 before moderating to around 7 per cent by March-end.



Inflation dips to 9.22% in July; worries remain

ENS Economic Bureau Posted online: Wed Aug 17 2011, 01:36 hrs

New Delhi : Headline inflation, as measured by the Wholesale Price Index (WPI), moderated to 9.22 per cent in July. The WPI-based inflation, stood at 9.44 per cent in June, while it was 9.98 per cent in July, 2010.

However, the sharp upward revision of inflation in May from 9.06 per cent to 9.56 per cent indicate that the July inflation, too, may be understated. Economists said that keeping in mind the high cost of living and the robust industrial output data for July, RBI may further tighten its monetary policy at a review on September 16.

Encouraged by moderate fall in inflation, finance minister Pranab Mukherjee said, "I am quite confident that good monsoon will ensure moderation of inflationary pressure." "Inflationary pressure is in the system and we shall have to make efforts to have the inflationary pressure at an acceptable moderate level for which we are working in tandem with the Reserve Bank," Mukherjee said. He acknowledged that inflationary pressure is in the system and that efforts are needed to bring it to an acceptable level.

Planning Commission deputy chairman Montek Singh Ahluwalia was more cautious in his optimism. "There is slight decline in inflation. It is still on the high side. We have to be vigilant," he said. Headline inflation in August is expected to be near 10 per cent, chief economic advisor to the finance ministry Kaushik Basu said.

Mukherjee said that the measures taken to remove supply constraints in some of the agricultural products and RBI's monetary policy will help in moderating inflation, while at the same time ensuring liquidity to the legitimate credit requirement of the industry and other sectors. Primary articles including non-processed food items such as rice, onion and fruits having a weight of

14.3 per cent in the WPI as well as fuel items having a weight of 15 per cent in the index recorded double-digit growth in July.



Headline inflation falls to 9.22

August 16, 2011 9:46:03 PM

Headline inflation declined to an eight-month low of 9.22 per cent in July as the rate of price rise in food articles and petro-products eased, though pressure remained on manufactured items. Inflation, as measured by the Wholesale Price Index (WPI), stood at 9.44 per cent in June. It was 9.98 per cent in July, 2010. As per data released by the Government on Tuesday, the overall inflation figure for May this year has been revised upward to 9.56 per cent from the provisional estimate of 9.06 per cent.

Reliance Broadcast in talks with PEs, strategic investors

Media firm Reliance Broadcast Network Ltd (RBNL) on Tuesday said it is in talks with private equity firms and strategic investors to fund its expansion plans in radio and television segments. The Anil Ambani-led Reliance Group company has plans to invest up to Rs 200 crore on radio business once licences for the FM Phase-III expansion are issued by the Government and also make investment on the TV business to expand its portfolio of channels and reach.

Pong dam to release 1 lakh cusec water

August 16, 2011 10:11:41 PM

PNS | Chandigarh

In view of forecast of heavy rainfall and excessive high inflows in Beas, one lakh cusec of water

could be released from Pong Dam.

According to the reports received from Bhakra Beas Management Board (BBMB), the release of water from Pong Dam in Beas River has been increased from 17738 cusec to 45000 cusec. According to a officer of the Punjab Irrigation Department the instructions have been issued to the Divisional Commissioners of Jalandhar and Ferozepur and Deputy Commissioners of Shaheed Bhagat Singh Nagar, Gurdaspur, Hoshirapur, Jalandhar, Kapurthala, Amritsar, Moga, Tarn Taran and Ferozepur to keep strict vigil along the embankment of the rivers. He said that in case of any emergency the State Flood Control Room should be informed immediately at telephone number 0172-2749901 and fax number 0172-2747798.

The spokesman further said that due to continuous heavy rain fall the water level in Bhakra Dam has been increasing. The water level at Bhakra Dam today touched 1658.93 feet water mark whereas its capacity was 1680 feet. He said that the water level in this day on the previous year was recorded as 1659.43 feet.

Cong committee urges compensation to farmers

August 16, 2011 10:23:29 PM

PNS | Chandigarh

Punjab Pradesh Congress Committee president Captain Amarinder Singh has served an ultimatum to the Punjab Govt asking compensation to the farmers of Mansa, otherwise congress will lead a 'morcha' from September 2.

While supporting the protest of the farmers against Gobindpura power project saying, the Government had robbed them of their precious possession. He said that the land holdings in Mansa, where the land had been acquired, were quite small and the rate offered by the Government `23.77 lakh per acre was less than half of the market price.

The PCC president questioned the very motive of the Akali-BJP Government to acquire land for a private company Indiabulls. "What is more intriguing is that the Government handed over the land to Indiabulls without any competitive bidding", said Singh while adding the standard

procedure for allotting a power project is through competitive bidding and global tendering.

The former Chief Minister condemned the use of brute force against the farmers who are not allowed to go to their land. "It reminds of the Hitler's rule in Germany", Singh remarked.

The PCC president asked CM Parkash Singh Badal to tell the people of Punjab that what he did during four terms as the Chief Minister for which people will remember him.

Meanwhile, they have called a meeting of all the office bearers, district presidents and MLAs on August 19 to finalise the programme of setting up a morcha on September 2 at Mansa in support of the farmers who are protesting against the arbitrary acquisition of their land by the Akali-BJP Government.

Business Standard

Wednesday, Aug 17, 2011

Natural rubber output up 7% in July

George Joseph / Chennai/ Kochi August 17, 2011, 0:50 IST

Natural rubber (NR) production continued to record an increasing trend in July as the cumulative output during April – July period increased to 238,400 tonnes, registering a growth of 5.8 per cent. It was 225,250 tonnes in the same period of last financial year.

As per the provisional estimates of the Rubber Board, the total consumption during the period was up by 4.8 per cent at 323,875 tonnes as against 309,050 tonnes. The production of NR for July increased by 7.2 per cent to 62,700 tonnes compared to 58,500 tonnes during July 2010. But consumption in July increased only by 1.9 per cent to 82,000 tonnes compared to 80,500 tonnes.

At the end of July, the total stock in the country has increased marginally to 247,490 tonnes compared to 180,958 tonnes in the same month of last year. The board estimated a total stock of 247,442 tonnes at the end of Q1 of 2011-12, was against 180,697 tonnes in 2010 June.

Though the industry associations like Automotive Tyre Manufacturers Association (ATMA) and All-India Rubber Industries Association (AIRIA) strongly refute this, the Rubber Board is confident of such a huge domestic stock.

Onkar S Kanwar, chairman, Apollo Tyres, recently said that it was the availability of NR, not the high price, that was a serious concern of the industry. He said that even at the higher prices, the supply of rubber was not enough to meet the industry requirements.

According to various local traders, the actual stock in the market would be around 80,000 tonnes. Both ATMA and AIRIA have appealed the government to allow duty-free import of 200,000 tonnes of rubber to tide over the supply constraint.

During April – July period, the imports increased to 62,056 tonnes as against 56,208 tonnes in the same period of last fiscal. Export has recorded 100 per cent growth at 9,504 tonnes as against 4,347 tonnes. Rubber production rose 5.4 per cent during April – June period (Q1) while consumption had grown 3.9 per cent.

Total production in the period was 175,700 tonnes as against 166,750 tonnes in the corresponding period of last FY. Cumulative volume of consumption increased to 242,000 tonnes as against 232,850 tonnes.

Export of rubber has almost doubled in April- June period to 8,189 tonnes against 4,323 tonnes in April – June period of 2010-11. Marginal rise recorded in the case of import as 41,929 tonnes were brought in as against 38,233 tonnes.

Cashew kernel exports to US dip 29.4% in 4 yrs

Mahesh Kulkarni / Bangalore August 17, 2011, 0:43 IST



India's cashew kernel exports to the US have steadily been declining for the past four years. The emergence of Vietnam as the leading exporter, shortage of raw nuts in the country and rising domestic consumption are the main reasons.

The US share in India's cashew kernel exports has declined from a high of 42,694 tonnes in 2007-08 to 30,100 tonnes in 2010-11, a drop of 29.4 per cent. In 2009-10, the US imported 117,000 tonnes, of which India's share was 30,000 tonnes. In 2010-11, US imported 126,000 tonnes, while India's share accounted for 30,100 tonnes.

"Export of cashew kernels to the US has stagnated over the past two years after witnessing decline in the previous two years (from 2007-08 to 2008-09). During this time, Vietnam replaced India as the major supplier to the US, mainly due to the low prices it offered. However, Indian exporters have made rapid strides in exporting to other countries like Japan and the West Asian countries in the past few years," Pankaj Sampath of Samsons Trading Co, a Mumbai-based trading company said.

In value terms, Indian cashew exporters have also witnessed a decline in their realisation due to appreciation of the rupee against the dollar during this period. As compared to a realisation of Rs 838 crore in 2007-08 and Rs 975 crore in 2008-09, exporters earned Rs 806 crore in 2009-10.

The declining trend in exports to the US is likely to continue for 2011-12 . According to export data for the first four months of the financial year, the US imported around 7,000 tonnes of kernels valued at about Rs 275 crore.

"At one time, the US was the largest consumer of cashew kernels. However, over the last couple of years, India has overtaken the US in terms of consumption of kernels. Traditionally, every exporter who wants to make his presence in the international market will look at the US as a potential market and so did Vietnam when it started exporting in 2003. It offered kernels at lower prices compared to India and gradually captured the US market, overtaking India," Giridhar Prabhu, managing director, Achal Cashew, an exporter from Mangalore, said.

Of an estimated 250,000 tonnes of kernels annually produced by India, around 110,000 tonnes are exported, while the remaining are consumed internally.

Explaining the reason for decline in India's exports to the US, he said India has diversified its export basket over recent years by exporting to about 65 countries. West Asia and Japan have emerged as the important markets for Indian exporters, apart from the US. Whereas Vietnam exports only to the US, he said.

Apart from the US, Australia is another importer that has reduced its dependence on India for cashew kernels. Its imports from India have declined from 90 per cent to 10 per cent of its total requirement over the last few years.

"There is an urgent need to increase the availability of raw nuts for Indian exporters to utilise their installed capacity of around 1.8 million tonnes annually. Presently, the country produces around 500,000 tonnes of raw cashew nuts, while it imports about 700,000 tonnes," Sampath said.

However, for the current financial year, the import of raw nuts are likely to decline by around 100,000 tonnes, as Vietnam and Brazil have increased their buying this year. Vietnam is likely to import around 325,000 tonnes, while Brazil may import about 40,000 tonnes. This scenario will further affect India's processing industry, he added.

Andhra crop outlook normal on good rain

B Ramakrishna / Hyderabad August 17, 2011, 0:37 IST

With rainfall remaining in the 'normal' range in most parts of Andhra Pradesh, the total area under cultivation as of August 3 reached 4.82 million hectares, which is 90 per cent of the as-on-date normal of 5.34 million ha and 62 per cent of the season normal of 7.81 million ha.

The southwest monsoon began with a lull and remained sluggish through June, accounting for 39 per cent deficit in that month. However, the state saw a revival in July, as regular rain pushed the total rainfall five per cent above normal. The trend continued into the first few days of August.

The total rainfall as of August 3 was 283.1 mm, nine per cent below the normal of 311.6 mm. In most parts of the state, the rainfall remained within the 'normal' range (defined as 19 per cent deviation), except in Karimnagar and Adilabad, where it was in deficit and Krishna district, where it was in excess.

While the acreage under most crops is above 50 per cent of the normal level for the season, it remained below the halfway mark in paddy, onion, sunflower and chillies. In contrast, the acreage under cotton and soybean exceeded the normal level.

Officials said the sluggish rain in June was the cause behind the relatively low acreage under these crops. On paddy, they said water was released last week and the acreage is expected to increase as transplantation picks up. According to officials, the crop holiday being observed by paddy farmers in 11 mandals of East Godavari was over an extent of 45,000 hectares. The total targeted area for the crop in the state is 2.87 million hectares in kharif and 1.7 million hectares in rabi. "As such, the area under holiday is small and would not impact the production target of 9.1 million tonnes in kharif," the official said.

However, the issue drew the attention of the chief minister, who on August 1 asked the district collector to enumerate the labourers in need of additional employment programmes in the wake of the crop holiday.

The official view of the issue is that there was 32 per cent excess production of paddy in the last rabi season, and due to a shortage of storage capacity, the produce could not be lifted either by rice millers or by the government agencies. The government said it had sanctioned Rs 2,100 crore to the civil supplies department for procurement of 2.2 million tonnes of paddy. It was also considering construction of new godown space for 180,000 tonnes in the next one-and-a-half years, along with taking one million tonne space available with the central agencies in the state. At present, the godown space in the state is 4.3 million tonnes.

Region-wise, the cultivated area in irrigated districts remained less than 50 percent as of August 3, while it was above that level in districts falling broadly in the rainfed region. Officials say this is because the sowing in irrigated areas would pick up after the release of water, while in other areas, it proceeds according to the rain.

Cotton area rises by 250,000 ha in Gujarat

Press Trust Of India / Mumbai/ Ahmedabad August 17, 2011, 0:30 IST

As the Kharif sowing gets into its last leg amid a mixed monsoon in Gujarat, acreage under cotton has spurted by over 252,000 hectares in the state, officials said on Tuesday.

"Acreage under cotton this Kharif season has reached 2.88 million hectare so far in Gujarat, up by nearly 252,000 as compared to 2.63 million hectare in last season (2010-11)," a Cotton Corporation of India (CCI) official said, adding that the acreage can go up further by a few thousand hectares.

"The sowing of cotton got delayed somewhat this year in Gujarat by nearly 15 days. Sowing began in irrigated pockets of the state like Sabarkantha after mid-May, but has been delayed in the rainfed areas," he said.

Monsoon arrived on time in Gujarat at the beginning of June, but rains were scanty.

"Scanty rainfall in the first leg of monsoon had created a situation of deficient rains, but in the second leg beginning August, Gujarat has recorded one per cent surplus monsoon so far," a regional IMD official said.

"This year Kharif sowing in Gujarat has been completed in 7.68 million hectare of land so far. The three year average sowing in Kharif has been 8.69 lakh hectares in the state," a state agriculture department official said.

"The prospects of crops like cotton, castor and rice are good in Gujarat, while the state will have to cope up with lower production of groundnut, tur, bajra, jowar, maize and moong," the official said.

The kharif sowing usually commences in Gujarat from June and lasts till September end, state officials added.

Castor sowing, output to see sharp rise in 2011-12

BS Reporter / Mumbai/ Ahmedabad August 17, 2011, 0:26 IST

So far, there has been a 25 per cent rise in acreage of the commodity.

With monsoon being timely and sufficient for the castor crop in Gujarat, the state expects a steep rise in the area under castor cultivation in the state over last year supported by an increase in the production to the tune of about 30 per cent.

Trader sources expect a bumper castor crop in Gujarat, which holds the largest share in the country's total castor production. Even as monsoon was delayed for the early sowing, the widespread rains in recent weeks has boosted the sentiments of castor growing farmers.

According to the figures provided by state agriculture directorate, so far the castor sowing was 25 per cent more than the corresponding period last year. As of August 1, 2011, castor sowing in Gujarat stood at 254,700 hectares against 202,800 hectares recorded during the same period in 2010.

The total area under castor cultivation was recorded about 482,000 hectares in 2010-11, showing a growth of about 10 per cent over the previous year.

"Castor sowing will pick-up momentum after mid-August and will continue till September-end. The sowing has been robust so far, so there will be a sharp increase in the total castor area for this year. Also, good monsoon this year has made us hopeful for a bumper castor crop for 2011-12," said Manoj Agarwal, a trader from Palanpur.

The industry insiders expect a steep rise to the tune of 30 per cent rise in castor production in Gujarat for 2011-12.

The state's castor production stood at around 860,000 tonnes for 2010-11 up 17 per cent against 736,000 tonnes in 2009-10.

Meanwhile, government officials informed that the sowing was still on in many parts of the state, hence the final estimate on crop production was not possible.

"The sowing in central Gujarat is still to be taken up. Once we are ready with the sowing figures, we can have a crop estimate for 2011-12. But considering this year's returns from castor, many farmers are believed to take up castor cultivation in anticipation of a similar return in the next year too," said D Z Patel, joint director of Agriculture, Gujarat.

Besides Gujarat, Rajasthan and Andhra Pradesh are among the other major castor producing states. India's total castor production stood at 1.19 million tonnes for 2010-11 against 978,000 tonnes for 2009-10, showing a rise of about 22 per cent.

Tamil Nadu Agri output to rise 31%

T E Narasimhan / Chennai August 17, 2011, 0:05 IST



A 31 per cent increase is expected in agriculture production this kharif season in Tamil Nadu, compared to last season. The state agriculture department has set a production target of 34.95 million tonnes (mt), compared to 26.64 mt achieved in kharif 2010.

“The area under cultivation in Tamil Nadu is shrinking due to urbanisation. Crop and irrigation intensity are not showing improvement”, said O Panneerselvam, state minister for finance. So, the agriculture department has commenced pre-positioning of all agricultural inputs to meet the demand of farmers and is planning to use technology aggressively and private sector participation to achieve higher production.

The net irrigated area in the state is only 58 per cent and the irrigation intensity has been reducing over the years, he said. There is stagnation in productivity and in production. “We will usher in a second green revolution by addressing the productivity gap and through value addition”.

“The government intends to achieve higher productivity through effective dissemination and adoption of front-end advanced technology, farm-based interventions for mixed farming and by convergence of schemes to ensure integrated farm development”.

The department’s production target of 34.95 mt during the kharif season includes paddy production target of 2.78 mt (as compared to 1.98 mt achieved in kharif 2010), millets 1.11 mt (1.05 mt), pulses 182,500 tonnes (115,800 tonnes), oilseeds 892,500 tonnes (510,400 tonnes), cotton 267,000 tonnes (188,900 tonnes) and sugarcane 29.7 mt (22.78 mt).

The targeted area under production for this kharif is 2.14 million ha, according to the department, as compared to 1.97 million ha last season, an increase of eight per cent.

On usage of technology, Panneerselvam said, front-end technological interventions like system of rice intensification (SRI), sustainable sugarcane initiatives (SSI) in sugarcane, precision farming and promotion of Bt cotton, adoption of appropriate crop management practices in

pulses and oilseeds, protected cultivation and precision farming for vegetables and high density planting for horticultural crops would be aggressively promoted.

During 2011-2012, around 2.22 million acres are to be covered under SRI to enhance paddy productivity. Similarly, 14,000 acres of sugarcane will be brought under SSI cultivation. "We intend to increase it to 245,000 acres in the next two to three years to increase the productivity of sugarcane," the minister said.

Productivity of pulses will be improved by bringing a larger area under irrigated pure crops, with better management. Precision Farming will be adopted on 22,000 acres at a cost of Rs 20.93 crore and protected cultivation on 400,000 sq meter to increase the productivity of fruits and vegetables.

Sugar, sugar

This season of surplus is a good time for full decontrol

Business Standard / New Delhi August 17, 2011, 0:00 IST

The government's move to allow an additional 0.5 million tonnes of sugar exports on top of one million tonnes permitted earlier is well intended. However, the total permissible exports are still not enough to adequately slash unsustainable inventories and improve the economic health of the sugar industry so that it can clear the mounting cane price dues.

Given the robust rebound in sugar production in the current season (October 2010 to September 2011) and favourable international prices, the country can comfortably export another 0.5 to one million tonnes of sugar. As the year's sugarcane crushing season comes to an end, it is clear that the total sugar output this year would be over 24 million tonnes, up five million tonnes from last year's 19 million tonnes and well above the anticipated consumption of 22 or 23 million tonnes. It will, therefore, be safe to export two to 2.5 million tonnes of sugar and still have a comfortable end-of-season reserve for the next sugar year. Why the government has opted for baby steps in permitting sugar exports is, therefore, not clear. The delay in allowing exports has already cost the industry dearly because international sugar prices have come down from the 30-year peak they touched in January 2011. However, they remain high, which makes exports attractive. One way in which the government can make a higher export quota more politically palatable is to give farmers a share of export earnings.

Exports would provide relief to an industry that has seen profit margins squeeze in recent months. Domestic sugar prices have declined in recent months in response to the bumper output, while production costs have soared owing to an increase in the fair and remunerative price for cane fixed by the Centre and even more generous hikes in the state advised prices. Besides, ill-conceived policies of imposing stockholding limits and stringent stock turnover norms on the sugar trade and fixing liberal monthly free sales quotas have adversely impacted the industry's price realisation.

There are indications that the output in the next season (2011-12) will be even higher. That makes a medium-term policy for sugar and sugarcane all the more urgent. The current disconnect between the prices of sugarcane and those of sugar is not in the long-term interest of any stakeholder in this sector. This is one of the factors causing wide annual fluctuations in cane and sugar production, thus perpetuating the long-standing cycle of high and low sugar production phases. The time has perhaps come for a complete decontrol of the sugar industry, starting with sugarcane pricing to the sale of sugar. The present sugar surplus phase is an opportune time to do away with needless controls and curbs without worrying about an adverse fallout for the consumer. Inaction on this front will only exacerbate the sugar glut, pushing the industry into the kind of crises it encountered in the post-surplus production phases of 2000-01 to 2002-03 and again from 2006-07 to 2007-08.

Karnataka foodgrain output may rise 9.3%

Mahesh Kulkarni / Bangalore August 16, 2011, 0:58 IST

The near-normal monsoon across most of Karnataka so far has raised hopes of higher foodgrain output for the year 2011-12. Sowing operations were satisfactory during the first two months of the current kharif season. Though the sown area was 17 per cent less than the normal coverage at 4.4 million hectares as on July 31, the agriculture department expects to achieve the target of 14 million tonnes (mt) for 2011-12, a growth of 9.3 per cent over last year's output.

The normal coverage as on July 31 is 5.3 million hectares. As on July 31, sowing status was above normal in seven districts, normal in 16 and below normal in seven.

However, compared to the corresponding period last year, the sowing coverage was down 18.5 per cent. Last year, as on date, the total area sown for all crops was 5.4 million hectares.

“We have set a target of 7.46 million hectares to be covered in this kharif, an increase of 2.9 per cent over last year. Of this, 5.15 million hectares will be covered under foodgrain and 1.37 million hectares for oilseeds, 398,000 hectares under sugarcane, 412,000 hectares for cotton and 123,000 hectares under tobacco,” an agriculture department official said.

For the full year 2011-12, the department has set a target of covering 11.54 million hectares under various food crops and commercial crops, an increase of 7.3 per cent over the previous year.

The state has pegged the production of foodgrain during 2011-12 (kharif and rabi) at 14 mt, a growth of 9.3 per cent over 12.8 mt produced last year. For the kharif season alone, the production of foodgrain is pegged at 9.22 mt.

During the period from June 1 to August 5, the state as a whole recorded an actual amount of 477 mm rainfall, as against the normal rainfall of 488 mm, a shortage of 2.2 per cent. While 27 districts received normal rainfall, three districts witnessed deficit rainfall during the period. The rainfall pattern in north-interior Karnataka was better than south-interior Karnataka. It was normal in coastal areas and near-normal in the Malnad belt, according to data compiled by the Karnataka State Natural Disaster Monitoring Centre.

During the first two months of the kharif season, total sowing for foodgrains was completed in 2.79 million hectares, which is 84 per cent of the normal coverage area. The total sowing for oilseeds was completed in 759,000 hectares, about 58 per cent of the normal coverage. The sowing for cash crops witnessed a phenomenal growth of 139 per cent, at 843,000 hectares, as against the normal coverage of 605,000 hectares.

BALANCE SHEET

Current acreage and targets for various kharif crops

CROP	Normal acreage for	Sowing as of	Sowing in last comparable	Acreage target for	Production target for
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	season (ha)	Aug 4 (ha)	period (ha)	kharif (ha)	kharif (tonnes)
Paddy	2.6 million	741,011	801,221	2.87 million	9.1 million
Groundnut	1.29 million	817,855	1.25 million	1.4 million	1.53 million
Cotton	1.35 million	1.57 million	1.59 million	1.95 million	6.02 (mn bales)
Maize	500,000	409,419	412,773	500,000	1.97 million
Sugarcane	211,000	190,038	176,735	170,000	13.98 million
Chillies	161,000	19,230	38,195	150,000	622,000
Soybean	123,000	152,382	133,928	140,000	277,000
Sunflower	93,000	7,931	21,695	100,000	64,000
Ragi	44,000	28,287	29,027	50,000	61,000

Rice, ragi and maize are the three major crops under cereals in the state and account for 82 per cent of the total targeted area at 2.9 million hectares. So far, the sowing for rice has been satisfactory at 83 per cent of the normal coverage at 359,000 hectares. Maize sowing has been done in about 936,000 hectares, 117 per cent of normal coverage as on July 31.

THE HINDU Business Line

Additional export quota perks up sugar



Mumbai, Aug. 16:

Demand for fair-quality S-grade sugar lifted its price by Rs 20-25 a quintal on Tuesday when markets opened after three days of festival holidays.

Physical prices have increased after the Centre allowed exports of additional five lakh tonnes last Friday. Arrivals were higher than dispatches as mid-month demand eased and buying remained need-based.

The Union Government has declared 17.03 lakh tonnes of non-levy sugar quota (17.00 lakh tonnes normal and 0.03 lakh tonnes sugar processed out of imported raw sugar) for August, against total 15.6 lakh tonnes for July. It has increased the levy quota for August to 2.22 lakh tonnes from 2.12 lakh tonnes in July.

However, a higher quota will not push up prices any further as producers have to sell the allotted quota till month-end.

Arrivals increased to 68-70 truckloads of 100 bags each as the market opened after holidays, while local dispatches were limited to 54-55 truckloads. Freight rates remained unchanged. Sugar futures fell during the day as speculators reduced positions amid higher supplies, but pick-up in spot demand ahead of the festive season checked the losses.

Market sources said 18-20 mills offered tenders and sold 75,000-80,000 bags of a quintal each at Rs 2,640-2,670 (Rs 2,600-2,670) for S-grade and at Rs 2,670-2,750 (Rs 2,670-2,750) for M-grade on Friday.

Bombay Sugar Merchants Association's spot rates: S-grade Rs 2,741-2,782 (Rs 2,716-2,855) and M-grade Rs 2,786-2,951 (Rs 2,781-2,951).

Naka delivery rates: S-grade Rs 2,690-2,730 (Rs 2,670-2,730) and M-grade Rs 2,750-2,870 (Rs 2,750-2,870).

(This article was published in the Business Line print edition dated August 17, 2011)

Fertiliser sales take a hit on supply shortfall, higher price

Reduced offtake may affect kharif crop prospects

New Delhi, Aug. 16:

Supply shortfalls, coupled with disproportionate price increases, have led to a sharp slump in sales of non-urea fertilisers. Reduced consumption of phosphatic and potassic nutrients could play spoiler in the current kharif season, which has seen higher acreages under most crops on the back of a good monsoon.

During April-July, fertiliser firms have sold 26.40 lakh tonnes (lt) of di-ammonium phosphate (DAP), which is 25.9 per cent lower than the 35.62 lt in the corresponding four months of the previous fiscal. Sales of muriate of potash (MOP) have fallen even more by 34.7 per cent, from 9.68 lt to 6.32 lt.

On the other hand, urea sales have registered a 16.5 per cent jump, from 73.6 lt in April-July 2010 to 85.76 lt in April-July 2011. Complex fertilisers, which contain various proportions of nitrogen, phosphorous and potash (N:P:K), have likewise posted a 10 per cent growth, from 26.90 lt to 29.60 lt.

The huge dip in sales of DAP and MOP, alongside a jump in consumption of urea and complexes, is being ascribed to two factors.

The first is availability. Imports of both DAP and MOP have been lower during April-July this year over the corresponding four months of 2010, at 20.16 lt (versus 29.37 lt) and 4.32 lt (versus 27.20 lt) respectively. That, in turn, has been a result of high world prices, with landed costs currently at around \$650-690 a tonne for DAP and \$490 for MOP, against \$525-530 and \$370 during this time last year.

There have been no similar supply constraints in urea and complexes, with the imports of the former rising from 15.31 lt to 18.40 lt and that of the latter from 3.59 lt to 7.44 lt for the latter. Companies have, moreover, increased domestic production of both urea and complexes, especially those with lesser P and K content. Thus, instead of DAP (46 per cent P) or 12:32:16, they have gone in for manufacture of "low-analysis" complexes such as 20:20:0 or 14:28:14.

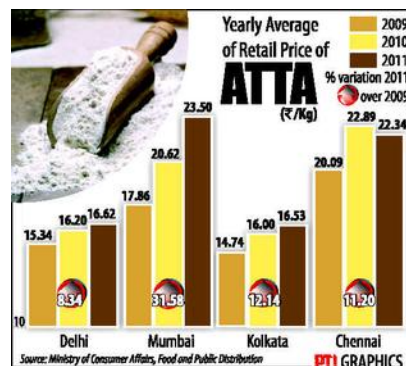
Availability apart, the other factor responsible for lower sales of DAP and MOP this year is farmgate prices. Since March 31, 2010 – when all non-urea fertilisers were brought under the nutrient based subsidy (NBS) regime and freed from price controls – the maximum retail price of DAP has gone up from Rs 9,350 to Rs 12,000 a tonne, while rising from Rs 4,455 to Rs 6,300 for MOP.

On the other hand, urea has been kept outside the purview of NBS and its MRP (controlled by the Centre) has been increased only moderately from Rs 4,830 to Rs 5,364.69 a tonne.

“Farmers are, no doubt, finding it expedient today to increase application of urea, as other fertilisers have become disproportionately more expensive. This could, however, worsen the overall soil nutrient imbalance that is already tilted excessively in favour of nitrogen,” noted a fertiliser industry source.

(This article was published in the Business Line print edition dated August 17, 2011)

Uncertain weather drags wheat



Karnal, Aug. 16:

Sluggish domestic demand coupled with uncertain weather dragged prices of *Dara* and *Desi* wheat further by Rs 10-55 a quintal on Tuesday.

Dara prices eased by Rs 10 and settled at Rs 1,070 a quintal, while it was trading at Rs 1,075-1,077 a quintal in retail market.

Following low buying, there were no fresh arrivals from Uttar Pradesh. However, a stock of around 45 tonnes of dara was offloaded by local stockists and it was lifted by small *atta chakki* owners.

Dara wheat prices have dropped by Rs 50-55 a quintal since the beginning of this month and are ruling at their lowest level in last two years. Amid continuous fall, it is hard to anticipate levels where the market may get any support, said Mr Subhash Chander, a wheat trader. Decline in the demand of flour is the prime reason behind the fall, he said. Similarly, *desi* wheat prices continued to tumble on account of low buying. They dropped further by Rs 15-55 a quintal. Tohfa variety decreased by Rs 15 and quoted at Rs 2,100 a quintal, Maruti sold at Rs 1,780 a quintal, Lal Quila witnessed the major fall and went down by Rs 55 and quoted at Rs 1,905 while Kangan traded at Rs 1,930 a quintal, down Rs 40 from previous level.

On the National Commodity and Derivatives Exchange, wheat for August delivery dropped to Rs 1,132 a quintal after hitting a low at Rs 1,131.20.

Flour Prices

With a drop in wheat prices, flour prices, too, dropped by Rs 5 and quoted at Rs 1,150 for a 90-kg bag. Similarly, *Chokar* prices dropped by Rs 15, after ruling firm last week and quoted at Rs 470 for a 49-kg bag.

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Cardamom gains marginally on domestic buying support



Kochi, Aug. 16:

Cardamom prices gained marginally last week on good domestic buying support despite heavy arrivals at auctions held in Kerala and Tamil Nadu.

Auction average moved up to above Rs 600 a kg as upcountry buyers started covering good quantities for the festival/wedding season, trade sources said.

Some export buying estimated at 30 tonnes also took place.

Nearly 95 per cent of the arrivals are of the new crop giving the impression that the old stocks have been cleared.

Weekly arrivals continued to remain at around 400 tonnes because of the early good crop and that has happened during the usual peak period of the season only. First round of picking is over and second round has begun. "Good quality capsules normally start arriving during the second and third round of picking," they said.

Arrivals at the Sunday auction conducted by the KCPMC stood at 78 tonnes and the entire quantity was sold out, Mr P.C. Punnoose, General Manager, CPMC, told *Business Line*. The maximum price fetched was Rs 928.50 a kg and the minimum was Rs 337.50. Auction average increased to Rs 612.16 a kg from Rs 578 on the previous Sunday, he said.

He said the moderate price at this juncture kept the market stable and buyers seem to have realised that the prices are unlikely to fall sharply. "Therefore, they are ready to take a calculated risk," he said.

Total arrivals during the current season up to August 14 stood at 802 tonnes against 175 tonnes in the same period the previous season.

Sales during the period were at 790 tonnes and 171 tonnes, respectively.

Weighted average price as on August 14, 2011 was at Rs 624 a kg while that on the same day last year was at Rs 1,355 a kg.

Good buying interest kept the market firmer on Monday in Bodinayakannur, according to trade sources.

Prices of all grades dropped at the auctions as well as in the open markets.

Prices in Kumily for graded varieties in rupees per kg were: AGEB Rs 870-880; AGB 685-695; AGS 640- 650 and AGS 1: 600 - 610.

Prices in the open market at Bodinayakannur in rupees per kg were:

AGEB (7mm) 850-860; AGB (6mm) 655- 660; AGS (5mm – 6mm) 640-650 and AGS 1: 580-585.

Favourable weather in all growing areas has led to expectations among Kumily traders of a bountiful harvest.

(This article was published in the Business Line print edition dated August 17, 2011)

Rain deficit cut to 2%; fresh spell forecast

Thiruvananthapuram, Aug 16:

An ongoing heavy spell in north-west and East India has cut back the rain deficit for the country as a whole to two per cent on Tuesday.

The deficit had reached six per cent after July ended up in the red to the extent of 14 per cent.

Monsoon flows have since bounced back smartly, bringing in back-up showers first in central India before cutting loose over west and north-west India.

The deficit in Gujarat, the worst affected after the monsoon played truant in the first phase, has since reduced drastically, and so too in central and east-central India.

The position is still weak over east and northeast India, apart from peninsular India. But a fresh spell of rains is expected over the west coast, central and north peninsular over the next week, according to an update from India Meteorological Department (IMD).

Global models too had hinted about this possibility from last week, signalling a flare-up along the south Andhra Pradesh coast, that translate into some rains for Vidarbha and Telengana as well.

If this were to happen, this would make for the best spatially distributed rain profile in the short-to-medium history of monsoons on show.

The IMD said that the interaction between a prevailing monsoon low-pressure area over Haryana and a western disturbance would continue to rain it heavily down over north-west India on Wednesday.

In fact, the “low” had caused the eastern end of the monsoon trough to shift to the foothills of the Himalayas. This is expected to bring heavy rains over east and north-east India over the next two days.

Active monsoon conditions over northwest and east India and freshly forecast rains across the west coast come in the background of friendly La Nina conditions having been predicted to return to the equatorial east Pacific.

(This article was published in the Business Line print edition dated August 17, 2011)

Food Corporation to rejig supply chain system

Chennai, Aug. 16:

The Food Corporation of India plans to rework its supply-chain management. A consultant will help the corporation assess the current system and suggest improvements.

The nodal agency that procures and distributes foodgrains across the country annually buys 250 lakh tonnes of wheat and 300 lakh tonnes of rice. In 2010-11, it lost Rs 482 crore from storage and transit loss of foodgrains. Taking 2010-11 as the base year, the consultant should assess the Railway's performance on areas such as availability of rakes according to the plan, honouring monthly plans and their impact on utilisation of storage capacity in godowns, and reasons for bunching of rakes at receiving godowns.

New tech

The consultant should examine the scope of introducing new technologies for material handling, examine characteristics of a desirable logistics model and suggest a mix of transport, including use of coastal shipping, the corporation said. The consultant will also study whether turn-key

logistics service providers could be engaged, and, if feasible, specify the scope of activities that can be managed through such agencies.

Linear programming, a technique the corporation applies to manage movement of stocks, is of limited use as all loading railheads and recipient railheads cannot handle full rakes. At times, demands of nearby railheads are combined so that a full rake is used to reduce operational cost and time.

Foodgrains are transported from surplus regions, such as Punjab, Haryana, Andhra Pradesh, Madhya Pradesh and Chhattisgarh, to consuming or deficit regions. A detailed monthly movement plan is charted out to help the Railways in allotting rakes and ensuring smooth movement of food grains.

When the demand of a railhead is less than a rake, then demands of nearby centres are combined so that instead of operating two half rakes a full rake is operated.

(This article was published in the Business Line print edition dated August 17, 2011)

Turmeric gains on supply squeeze



Erode, Aug. 16:

Turmeric prices increased by Rs 350 a quintal on Tuesday as fewer bags were available for sale.

“After three days of closure (due to the long weekend), only 6,000-odd bags of turmeric arrived for sale. The prices increased by Rs 350 a quintal, but the demand for the hybrid variety was totally poor; so the price of hybrid Salem Crop has decreased by Rs 400 a quintal,” said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association. “ Since we are not getting fresh orders from North Indian traders, the arrivals and sales were very medium,” he added.

To meet pending orders — received from some north Indian areas and also local masala firms — bulk buyers have purchased the commodity, Mr Ravishankar said. Out of 6,200 bags, 60 per cent of the commodity was sold.

Due to the proposed lorry owners' strike from August 18, no lorry goods booking agents have booked the commodity to north Indian towns, he said, adding the rates would tumble if the strike call holds. Turmeric farmers have hired some private godowns at Erode near the turmeric market to stock their produce to get them to market faster .

At the Erode Turmeric Merchants Association Sales yard, the finger variety fetched Rs 5,106 to Rs 6,235 a quintal, the root variety Rs 4,864-5,209 a quintal.

Salem Crop: The finger variety was sold at Rs 5,689-6,666, the root variety Rs 5,094-5,609. Totally 1,237 bags of turmeric arrived for sale and 397 were sold.

At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 5,4686,327. The root variety ruled at Rs 4,865-5,609 a quintal. All the 152 bags that arrived for sale were sold.

At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 5,300-6,188. The root variety quoted at Rs 4,968-5,696 a quintal.

(This article was published in the Business Line print edition dated August 17, 2011)

Cotton blooms on mills, export demand



Rajkot, Aug. 16:

Demand from mills lifted cotton by Rs 3,000 a candy of 356 kg in the past week. Gains in the international markets have supported the rise in price.

Sankar-6 variety was traded at Rs 35,500-36,000 a candy, up Rs 3,000 a candy in the past week. Raw cotton or kapas also went up by Rs 40-50 a *maund* of 20 kg to Rs 860-875 in Rajkot.

Ginners said there were enquiries for export as well. Demand is expected to be strong as the new season starts.

Area under cotton has spurted by over 2.52 lakh hectares (lh) in the State in the last leg of kharif sowing, officials said on Tuesday.

“Acreage under cotton this kharif season has reached 28.84 lh so far in Gujarat, up by nearly 2.52 lh, as compared to 26.32 lh sown in last season (2010-11),” a Cotton Corporation of India official said.

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Spot chana up a tad amid dull trade



Indore, Aug. 16:

Trading in pulses and pulse seeds remained sluggish at local mandis as they opened after three days of holidays, with most traders shying away from the market. Barring chana and moong, all pulses and pulse seeds ruled steady despite subdued demand.

Trading remains dull as people come out to support Anna Hazare's campaign against corruption, Mr Ramchandra Khandelwal, a pulse trader, told *Business Line*.

Taking cues from higher futures, spot chana gained marginally even as demand remained subdued. On Tuesday, chana (kanta) was quoted at Rs 3,000-3,050 a quintal against Rs 2,975-3,025 last Friday. Rise in chana also perked up chana dal, with chana dal (bold) being quoted at Rs 3,750-3,775, chana dal (medium) at Rs 3,650-3,675 and chana dal (average) at Rs 3,525-3,550 a quintal.

Masoor ruled firm at Rs 2,775-2,800 and masoor (medium) quoted at Rs 2,300-2,500.

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Imported oils rise as domestic seed arrivals drop



Mumbai, Aug. 16:

Imported soya oil and palmolein gained Rs 2 each for 10 kg tracking initial firm reports from foreign markets and lower seed arrivals at domestic producing centres.

Rapeseed oil rose by Re 1, while groundnut oil, cotton oil and sunflower oil remained unchanged despite absence of demand.

Crude palm oil (CPO) futures on Bursa Malaysia Derivatives (BMD) shaved off initial gains made during the day as soya-oil and crude oil futures weakened. While domestic refiners have increased prices for palmolein and soya oil, resellers choose to stick to lower rates, traders said. Need-based demand kept volumes thin.

Resellers traded 80-100 tonnes of palmolein at Rs 550-551. Retail demand eased. Liberty offered palmolein at Rs 555, soya oil at Rs 638 and sunflower oil at Rs 695. Ruchi quoted palmolein at Rs 552, soya refined oil at Rs 634 and sunflower oil at Rs 695.

Allana offered palmolein at Rs 553. Importers reduced price for palmolein by Rs 2-3 for delivery in September or October. In Rajkot and Saurashtra, groundnut oil was up by Rs 10 to Rs 1,485 for *telia* tin and to Rs 965 for loose (10 kg).

Malaysia's BMD CPO September contract closed at MYR3,131 (MYR3,148), October at MYR3,046 (MYR3,070) and November at MYR3,002 (MYR3,036) a tonne. September contract of soya oil on National Board of Trade in Indore rose to Rs 653.50 (Rs 651.90) and October was up at Rs 637 (Rs 636.70).

Mumbai Commodity Exchange spot prices (Rs/10 kg): Groundnut oil 965 (965), soya refined oil 634 (632), sunflower exp. ref. 650 (650), sunflower ref. 700 (700), rapeseed ref. oil 690 (689), rapeseed expeller ref. 660 (659), cotton ref. oil 655 (655) and palmolein 551 (549).

(This article was published in the Business Line print edition dated August 17, 2011)

Spot rubber declines on global cues

Kottayam, Aug. 16:

Domestic rubber prices declined further on Tuesday. On the spot, prices lost strength as buyers stayed away, following declines in the domestic and international futures. "We are expecting an all-round selling pressure in the market once RSS 4 break the immediate support level of Rs 200 a kg," an observer said. Volumes were better.

Sheet rubber weakened to Rs 200 (202.50) a kg, according to traders. The grade dropped to Rs 201 (203) a kg both at Kottayam and Kochi, as reported by the Rubber Board.

The September series weakened to Rs 198.70 (201.56), October to Rs 197.45 (200.72), November to Rs 197.50 (200.90), December to Rs 198 (202.58) and January to Rs 200.50 (204.00) while the February series finished the debut trading session at Rs 201 a kg for RSS 4 on the National Multi Commodity Exchange.

The August futures moved down to ¥353 (Rs 208.92) from ¥356.8 during the day session and then to ¥351 (Rs 207.75) a kg in the night session on the Tokyo Commodity Exchange. RSS 3 (spot) slipped to Rs 211.88 (212.83) a kg at Bangkok.

Spot rates were (Rs/kg): RSS-4: 200 (202.50); RSS-5: 195 (199); ungraded: 185 (191); ISNR 20: 197 (202) and latex 60 per cent: 130 (132).

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Coonor tea trade body's turnover rises

Coonor, Aug 16:

The cumulative turnover of Coonor Tea Trade Association which, for the first time in 2011 increased in June over last year, continued to post cumulative gains in the seven months.

Till May end, the turnover was Rs 2.30 crore less than last year, despite an increase in price, because of lower volume sold. For the first time this year, in June, both the volume sold and the prices fetched increased resulting in cumulative gain of Rs 8.26 crore in the first half over H1 of 2010. An analysis of the Market Reports shows that the rising trend continued in July. In the first seven months, in all, 30 auctions had been conducted. The volume sold increased to 2.98 crore kg from 2.93 crore. The prices also increased – from Rs 60.59 a kg to Rs 64.11. Consequently, the overall turnover in the first seven months of current calendar increased to Rs 191.05 crore.

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