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Inflation likely to moderate to 6-7 % by March end: Pranab

Special Correspondent



The Hindu Union Finance Minister Pranab Mukherjee with the Chief Ministers of Karnataka, Andhra Pradesh and Kerala, D.V. Sadananda Gowda, N. Kiran Kumar Reddy and Oommen Chandy, at a meeting with Chief Ministers of southern States, Union Territories and CEOs of public sector banks in Bangalore on Sunday. Photo: V. Sreenivasa Murthy

"Headline inflation still high and perilously close to double digit"

Inflation would moderate to 6 to 7 per cent by March 2012 if the present trend continued, Union Finance Minister Pranab Mukherjee said here on Sunday.

"It is true that we are going through difficult times, not just in India, but all over the world," he told journalists after a meeting with the Chief Ministers of southern States, Union Territories, and CEOs of public sector banks.

The country's GDP growth in the first quarter of 2011-12 was 7.7 per cent, and 6.9 per cent in the second quarter. In this context, "we are also facing problems," he said.

Despite inflation rates being high in the manufacturing sector, fuel and some commodities, he said food inflation had come down. "If this trend continues, then inflation by March will be 6 to 7 per cent."

“I do agree headline inflation is still high and perilously close to double digit inflation.” Japan, the United States and the European countries were also facing problems. As per latest assessment, there was no possibility of recovery of Eurozone, comprising 28 countries of the European Union, till the third quarter of the next calendar year. The U.S. economy was making a slow recovery, but “how long it will continue and how far is yet to be seen.”

“The growth rate in many emerging economies has declined and rate of inflation is high,” Mr. Mukherjee said.

Project delays

Expressing concern over delay in the execution of 14 major projects, for which banks had committed an investment of Rs. 39,424 crore in the southern region, he requested the Chief Ministers to pay personal attention to this aspect and review the status of approvals (relating to water, electricity, land and state-level environmental clearances, among others) in large projects in their States.

“Bank CMDs have been told to approach the State governments for expediting the approvals in projects financed by them.” Eighteen districts out of 156 in the seven States and UTs did not have any LIC branch and non-life insurance companies did not exist in four districts. “I have instructed LIC and non-life insurance companies to ensure that all districts have at least a branch or a satellite office in these districts in the coming year.”

Referring to the growth of the farm sector, Mr. Mukherjee said the target for agriculture credit flow was fixed at Rs. 4,75,000 crore, against which the banking system had extended a credit of Rs. 2,23,380 crore as on September 30.

For the southern States, the figure was Rs. 20,622 crore.

Directing the Chief Ministers to take up the issue of Kisan credit cards on a campaign mode, he requested them to make efforts to generate awareness on short-term crop loans, where credit was available at 4 per cent interest per annum.

On disbursement of educational loans, he said the performance of the south zone was as per all India average, but Andhra Pradesh, Karnataka and Kerala needed to improve their performance.

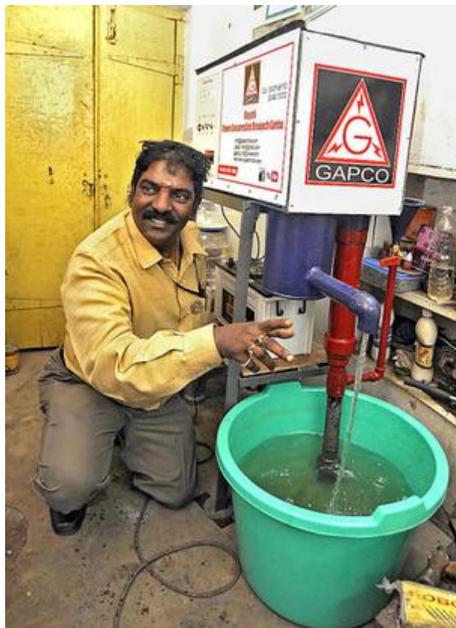
Of the 14,612 villages allotted under financial inclusion in southern States and UTs, 11,114 were covered by October end (76 per cent). The rest would be covered in the remaining months of this fiscal.

Chief Ministers D.V. Sadananda Gowda (Karnataka), N. Kiran Kumar Reddy (Andhra Pradesh), Oommen Chandy (Kerala) and N. Rangasamy (Puducherry), Tamil Nadu Finance Minister O. Panneerselvam and top officials from Andaman and Nicobar Islands and Lakshadweep attended the meeting.

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A 'farmer-friendly' invention

Santosh Patnaik



Inventor's pride: B. Adimurthy explaining the functioning of his power-saver pumpset at his laboratory in Visakhapatnam on Sunday.

After toiling hard, innovator Bogipati Adimurthy is today proud of his new creation – a hybrid pumpset designed to generate electricity with a solar panel, wind turbine, and chemical energy with a 0.5 HP hydraulic pump.

The idea is to save energy and make the innovation useful and less expensive for the farmers, who are presently facing problem with regard to availability of power.

It can extract 1,000 litres at a depth of 200 ft. The pumpset is enough to meet the irrigation needs of paddy and other crops in an area of one hectare. The total cost is Rs.1.8 lakh.

Wins acclaim

Mr. Adimurthy, who stays on a rented premises near Shankarmatham converting two tiny rooms into a laboratory for research, received wide acclaim when he showcased his invention at an exhibition conducted here by the AP Eastern Power Distribution Company Ltd (APEPDCL) recently.

A diploma holder in electrical engineering from Andhra Polytechnic, Kakinada, in 1983, Mr. Adimurthy took up contract jobs in electrical, instrumentation, and mechanical fields in Naval Dockyard, Hindustan Shipyard Ltd, NTPC, and other companies.

“For the last five years, I have stopped earning money through contracts and investing my savings on my innovations,” he told *The Hindu*. He has applied for patent rights for the pumpset named as ‘Energetic Motor.’

He says farmers can use renewable energy as a primary source to run the motor. This provides a solution to bring back the growth in technology and economy of the nation, he says, brimming with confidence.

How it works

A member of the National Innovation Foundation, he explains that the pump works on ex-centre jet propulsion system of hydraulic method. It contains a DC drive which drives the cylindrical pump and gets water from either sump, pits, or canal.

Zero pollution

“The system causes zero pollution and we want to assist him to experiment it as a pilot project in an agriculture field,” says K.V. Satyanarayana, General Manager (energy conservation), APEPDCL.

Bogipati Adimurthy says his low-cost pumpset – Energetic Motor – meets agricultural needs of one hectare

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Maharashtra plans to use MGNREGS labour for agriculture: Ajit Pawar

Staff Reporter

Maharashtra Deputy Chief Minister and Nationalist Congress Party leader Ajit Pawar revealed on Sunday that the State was in talks about utilising the labour under the Mahatma Gandhi Rural Employment Guarantee Scheme (MGNREGS) for agriculture, to bridge the shortage of supply of farm labour.

“The State government is discussing whether it will be possible to divert the labour available under the MGNREGS to agriculture in the State, which is losing out on the labour supply,” Mr. Pawar said, at a public programme here. He was of the opinion that because of the MGNREGS, farm labour was being diverted from agriculture towards developmental work.

Earlier this month, NCP Chief Sharad Pawar was reported to have written to Prime Minister Manmohan Singh about “freezing” the MGNREGS for three months of the year, to ensure that the necessary amount of labour is provided for agriculture. Mr. Pawar had also suggested subsidising wages being paid by farmers to the labourers in agriculture by 50 percent of the wages being paid through the MGNREGS. He had cited increasing agricultural wage rates, as a result of the labour diversion to the MGNREGS.

Mr. Pawar had also suggested a consultation with the State governments to discuss the issue.

By echoing the senior Pawar's statement, Mr. Ajit Pawar gave an indication of a possible policy decision in Maharashtra.

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- *'Farm labour diverted from agriculture towards developmental work'*
 - *Sharad Pawar reportedly favoured a freeze in MGNREGS*
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Multimedia course in ODL mode from TNAU

Tamil Nadu Agricultural University will offer a diploma course in multimedia in the Open and Distance Learning (ODL) mode starting January 2012.

The course duration is one year and will be offered in two semesters. Minimum qualification for applying is a pass in Plus-Two. Candidates can also be pursuing a degree course. The content includes animation, graphics, audio and video effects, Adobe Photoshop, Adobe premiere, combustion, After Effects, Maya, and so on. Those who complete the course can work as story board artists, freehand cartoonists, digital effects animators, digital effects painters, visual effects supervisors, and the like.

Admissions will be open from December 19. Course will commence in the first week of January 2012. For information, visit the university website www.tnau.ac.in or call 0422-6611356 / 94421-11048 / 98943-76932.

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Farmers demand protection for Mullaperiyar dam

Staff Reporter

Thousands stage demonstration in Cumbum and Goodalur



Farmers staging a demonstration at Goodalur in Theni district on Sunday. — Photo: G. Karthikeyan

Members belonging to various farmers' associations and the local people in Cumbum and Goodalur took out massive rallies and staged demonstrations on the Mullaperiyar dam issue here on Sunday. A total of 20,000 farmers thronged Goodalur town and staged a demonstration on Theni-Kumili highway demanding protection for the dam and increase in water level to 142 feet. The protesters built a bier for Kerala Chief Minister Ooman Chandy and former Chief Minister V.S. Achuthanandhan and took out a mock funeral procession. They also performed funeral rituals by breaking water pots to show their indignation. The demonstration commenced

at 9.30 a.m. and ended at 11.30 a.m. Though the demonstration was a peaceful one, traffic was completely blocked for more than two and half hours on Theni-Kumili Highway. Shops remained closed from 9 a.m. to 5 p.m. for the 11th consecutive day in Goodalur. Shops opened only after 5 p.m. and the TNSTC extended their services up to Lower Camp on Sunday.

Around 15,000 farmers, who have lands under ayacut of the 18th channel in Pannaipuram, Kombai, Mallingapuram and nearby villages took out a massive procession in Cumbum town. The police stopped them at Sri Adhi Chunchanagiri College for Women and allowed to stage a demonstration.

The farmers had come in 600 bikes, 400 vans and cars and 10 lorries. Effigies were also burnt by the protesters. Farmers in Uthamapalayam and Thevaram also took out similar rallies which ended at Cumbum.

After a long break, Tamil estate workers and Sabarimala pilgrims came on foot to Lower Camp crossing Kumili check post to board the bus. Pilgrims said that the situation was calm in Kumili. With no bus to Kumili, many pilgrims ended their 'viratham' at Sri Iyyappan Temple at Thamanampatti village near the Lower Camp.

"In this tense situation, we did not want to go to Sabarimala", they said.

Protests also spread to Dindigul and members of 13 farm produce commission agents associations, including vegetable, tomato, raw banana, banana leaves, goat growers associations and traders associations closed their 'mandis' and shops and observed fast in Batlagundu. Farmers at Kannuranpatti village also observed a fast to show their support to the Mullaperiyar issue.

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Mettur level

The water level in the Mettur Dam stood at 103.83 feet on Sunday, against its full level of 120 feet. The inflow was 2,843 cusecs and the discharge, 5,002 cusecs.

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DECCAN
Chronicle

Inflation to fall to 6-7% by March if trend continues: Pranab



Finance Minister Pranab Mukherjee on Sunday said headline inflation in the country remains 'perilously close' to double digits but is expected to moderate to 6-7 per cent by March if the present declining trend continues. "So far as inflation is concerned, yes, I do agree headline inflation is still high, perilously close to double-digit inflation," Mukherjee said at a press conference here today after meeting with the chief ministers of southern states and the CEOs of public sector banks based in the South. "I do hope if this trend continues, then the year-end inflation by March will be 6-7 per cent," he said. However, he highlighted that though overall inflation is high in the manufacturing sector, fuel and certain other commodities, food inflation has come down. Food inflation fell sharply to a four-year low of 4.35 per cent in the week ended December 3 from 6.6 per cent in the previous week, while headline inflation moderated to 9.1 per cent in November from 9.7 per cent in the previous month. Talking about the global slowdown, Mukherjee said, "It's true that we are going through difficult times, not only in India, but also all over the world." As per the latest assessment, there is no possibility of a recovery in the euro zone -- comprising 28 countries of the European Union -- till the third quarter of the next calendar year (2012), he said. Mukherjee said as per another assessment, there has been slow recovery in the US economy, but "how long it will continue and how far it is, is yet to be seen". "The same is the story with Japan," he said, adding that the growth rate in many

emerging economies has come down and the rate of inflation is also high in these countries. "In that context, we are also facing problems," Mukherjee said.

Source URL: <http://www.deccanchronicle.com/channels/business/news/inflation-fall-6-7-march-if-trend-continues-pranab-711>



New record set in enhancing irrigation potential

SUNDAY, 18 DECEMBER 2011 23:43

Madhya Pradesh created a new record in the wake of its constant efforts of increasing irrigation potential. This can be gauged by the fact that one lakh hectare area was brought under irrigation every year on an average during the last eight years.

The success is stupendous in the light of the fact that during 50 years after India's independence only 21 lakh hectares irrigation potential was generated in the State.

Now, the total irrigation potential has reached upto 29 lakh hectares. The existing State Government has been increasing its efforts constantly for enhancement of agriculture production and providing adequate irrigation facilities to farmers.

Decade-wise, irrigation potential was generated in only 2.3 lakh hectare area between 1993 and 2003, whereas it touched the tune of eight lakh hectare area during only eight years after 2003.

Madhya Pradesh also expedited works to bridge the gap between irrigation potential and actual irrigated area during these eight years.

It can be judged by the fact that actual irrigation capacity was only 21.4 lakh hectares in the year 2002-03, which has now been increased to 7.7 lakh hectares as equal to 35 per cent. Presently, efforts are afoot to increase the actual irrigation capacity to about 15 lakh hectares against the potential of 29 lakh hectare area.

The area under irrigation had reduced to 7.69 lakh hectares from 10.59 lakh hectare between the years 1993 and 2003. On the other hand, no reduction has been witnessed in the area under irrigation during the last eight years.

On the contrary, the present State Government is going to increase irrigation capacity by 7 lakh hectare this year.

Business Standard

Monday, Dec 19, 2011

Food Security Bill gets Cabinet nod

BS Reporters / New Delhi December 19, 2011, 0:29 IST

Draft passed unanimously; disagreements may be sorted out by a standing committee.

The Union Cabinet tonight cleared the much-awaited draft food security Bill, brightening the prospect of providing legal entitlement of food to three-fourth of the country's rural population and half its urban dwellers.

Food minister K V Thomas said a meeting of the cabinet that cleared the Bill also decided to introduce it in the current session of Parliament.

"The objective is to provide access to nutrition at affordable rates to citizens. The Bill will also bring within its fold a number of ongoing schemes," he told reporters. The draft was passed "unanimously" with all ministers agreeing to the proposals.

GRAIN MATTERS

* Bill aims at legal entitlement of cheap grains to 75% of rural and 50% of urban populace

* Of this, 46% of rural and 28% of urban people to be classified as priority, the rest as general category

* Priority category beneficiary to get 7 kg a month

* General category beneficiary to get 3-4 kg a month

* Bill for priority beneficiaries will be Rs 3/kg for rice, Rs 2/kg for wheat, Rs 1/kg for coarse grains

* Price for general category will be 50% of minimum support price

* Bill will hike average annual procurement to 60-65 million tonnes of grains, from 55-60.

* Food ministry estimates additional expenditure of Rs 51,000 crore annually

* Agriculture ministry estimates the cost to cross Rs 200,000 crore

* Targeted public distribution system now gives subsidised grains to 6.52 crore Below Poverty Line and almost 11.05 crore Above Poverty Line families

The meeting was convened for a second time in the last one week owing to differences between the ruling UPA allies and also within its main Congress party over some of the contents of the Bill. The last meeting on the matter saw agriculture minister Sharad Pawar, who heads the Nationalist Congress Party, opposing a huge subsidy that the proposed legislation would entail once Parliament passed it.

Some ministers were also concerned about the stringent opposition the draft Bill faced from states — largely because of a high cost burden they would have to bear. Tonight, the Centre was keen to persuade allies to arrive at an agreement on various sticking points in the Bill, sources said. Clearly, it did not want to further defer matter.

The government might still face hurdles, in which case it might leave all the areas of disagreement to a standing committee to resolve them.

Economist Jean Dreze welcomed the Bill's approval on Sunday. "It is a step forward," he said.

In the last one week, the Thomas had been holding a series of meetings with all senior ministers to convince them about the draft's salient portions, including the impact of resultant subsidy burden.

Food ministry officials said the Bill would increase the expenditure burden by just Rs 51,000

crore annually, but an agriculture ministry official said the actual expenditure of running the programme would be more than Rs 200,000 crore, as it has to include enhanced budget provision of the agriculture ministry which needs to raise farm production to meet the obligations under the Bill.

The draft Bill, as formulated by the food ministry, seeks to divide allocations among priority and general categories. The latter comprise those who are not considered poor as per a sociology economic census that is being done to identify the poor.

While 46 per cent households in rural areas will be classified as priority category, the percentage will be 28 in urban areas.

Priority-category classification is similar to the current concept of BPL (below the poverty line), but with much wider coverage. The remaining will be classified as general-category households, which is similar to the current APL (above the poverty line).

A priority-category household will have each of its member supplied with 7 kilograms of grains per month, while the figure will be 3 or four kg in the case of general-category households.

Rice will be given to priority sector households at Rs 3 per kg, wheat at Rs 2 per kg and coarse cereals at Rs 1 per kg, while the same will be given to general-category household grains at a price related to the minimum support price.

At present, the targeted public distribution system provides subsidised grains to around 6.52 crore BPL families and almost 11.05 crore APL families. Once the Bill is in operation, the country's average annual procurement will have to rise to 60-65 million tonnes as against the current 55-60 million tonne grains.

It was in July that an empowered Group of Ministers cleared the draft food bill, following which major changes like incorporating a provision for providing free meals and an allowance of Rs 1,000 per month for six months to pregnant women and lactating mothers was included — at the insistence of Congress President Sonia Gandhi.

Vietnam 2012 rice output to be steady: Report

Reuters / Hanoi December 18, 2011, 0:34 IST

Vietnam's rice output in 2012 is expected to remain steady at this year's record levels of around 42 million tonnes of unhusked grain, a government minister said yesterday, which could help ensure supply in Asia and soften food prices.

"We will strive to keep production figure next year at least on par with this year," Deputy Agriculture Minister Bui Ba Bong said.

A steady production in Vietnam, the world's second-largest rice exporter after Thailand, would help provide some supply reassurance amid forecasts calling for a 50 per cent drop in Thailand's 2012 exports to 5 million tonnes.

The output target would be achieved despite a delay caused by floods in the planting of the winter-spring crop, Vietnam's biggest crop with grain used mostly for export, Bong said, dismissing earlier worries in the rice industry.

He was speaking on the sidelines of an international conference looking at stopping the misuse of pesticide on rice fields across Asia.

The delay in planting the winter-spring crop prompted Vietnam to cut its paddy output projection by 1.2 per cent next year to 41 million tonnes, Director Nguyen Tri Ngoc of the ministry's Crops Department was quoted on Thursday as saying.

Vietnam's average rice yield has been rising in the past two decades, reaching 5.3 tonne per hectare now — the highest among Southeast Asian nations — from 3 tonnes in 1990, Bong told scientists and government officials at the conference.

He declined to comment on Vietnam's rice export target for 2012, saying it was in the hand of the trade ministry.

Ngoc was quoted on Thursday by a state-run newspaper as saying the nation's rice export next year could fall to 6.5 million tonnes after shipping a record 7.2 million tonnes in 2010.

As of December 15, Vietnam has exported 6.89 million tonnes of rice, up 6 per cent from a

year earlier and higher than a record shipment of 6.83 million tonnes in the whole of 2010, the Vietnam Food Association said in a weekly report.

Tea industry likely to touch Rs 33,000 cr turnover by 2015

BS Reporter / Kolkata/ Guwahati December 19, 2011, 0:42 IST

The total turnover of the tea industry in India is likely to touch Rs 33,000 crore by 2015 from the current level of about Rs 19,500 crore, as per a study titled 'Indian Tea Industry', released by industry body ASSOCHAM.

With nearly six lakh hectares area under tea cultivation, the domestic tea industry is growing at a compound annual growth rate (CAGR) of about 15 per cent, stated the study.

"India is world's largest consumer, second largest producer and fourth largest exporter of tea after China and accounts for nearly 30 per cent of global output and nearly 25 per cent of tea produced worldwide is consumed in India," said DS Rawat, secretary general of ASSOCHAM while releasing the findings of the study.

"Branded market accounts for nearly 55 per cent of the total market and is growing at about 20 per cent while the unbranded market is growing at 10 per cent annually," said Mr Rawat.

Nearly 35 lakh workers are employed in over 1,500 tea estates across India and about 65 per cent of these are employed indirectly.

According to an ASSOCHAM estimate, the tea production during the current year is likely to stay over 950 million kg as against 966.4 million kg in 2010.

"Awareness about health benefits associated with moderate intake of tea is another significant factor behind this upsurge in its demand as now more and more people are familiar with healing properties of tea," said Mr Rawat.

Historically regarded as a hot beverage, the penetration of tea in the non-alcoholic cold beverage segment is another driving force for this industry owing to the rising affinity towards

ice-tea which currently accounts for over five per cent of entire non-alcoholic beverage market in India, found the study.

“There is not much product differentiation at rural and urban levels and thus key industry players are coming out with value added products but with rapidly changing market scenario and technological advancement in agri-business, there is tremendous scope and potential for growth and development of domestic tea industry,” the study found.

The Indian tea industry is presently facing tough competition from China, Sri Lanka, United Kingdom, Kenya and Japan.

Hindustan Unilever is the current market leader in terms of sales value with over 20 per cent market share; while Tata Tea is the leader in terms of sales volume with nearly 20 per cent market share.

THE HINDU Business Line

Bellary mining ban, a boon for coffee planters

Vishwanath Kulkarni

BLESSING IN DISGUISE



New Delhi, Dec. 18:

Mr Ashok Kuriyan, Managing Director of the Bangalore-based Balanoor Plantations and Industries Ltd, is a bit relaxed on one count this year.

There is an improved labour supply for the coffee harvest at his company's estates in Chikmagalur, Karnataka. The harvest of Arabica, a milder and premium variety, has already commenced while that of robusta will start from February. Several hundreds of the mining labourers from Bellary – who were rendered jobless in the aftermath of Supreme Court ban on iron ore mining – have migrated to the hilly tracts of Chikmagalur, Coorg and Hassan districts. These key regions account for 70 per cent of the country's coffee output of 3.2 lakh tonnes.

While exact numbers on this phenomenon is not available, anecdotal evidence suggests many other coffee growers are also benefiting from this trend. "There is a better labour movement this year. I don't see the vacuum that we witnessed last year," Mr N.K. Pradeep, a coffee grower and President of the Karnataka Growers Federation, Hassan, said.

Coffee berries have to be harvested within a specific window of time once they ripen. The availability of adequate labour assumes significance for the harvest or else the quality of the bean gets affected.

Labour costs

The labour costs account for around 60 per cent of the total coffee cultivation cost. Plantation labourers are paid a minimum of about Rs 140 a day for which they are supposed to pick about 52 kg of coffee berries during the harvest time. Any picking above the stipulated quantity helps them earn extra at an average of Rs 5 a kg. A seasoned worker can earn up to as high as Rs 400 each day.

Coffee estates, like any other segment of the farm sector, have been grappling with the labour shortage in the recent years as workers have preferred to switch over to better paying alternative jobs in construction and textiles among others. Besides, welfare schemes such as National Rural Employment Guarantee Act (NREGA) had compounded the farm sector's labour woes including that of coffee sector in the recent past.

Mr Anil Bhandari, a large grower and Chairman of India Coffee Trust, an industry body recently formed to promote coffee consumption, attributed the improved labour supply to the slowdown in development and infrastructure projects including mining. "Besides, the crop size is huge this year and workers who had migrated away know that they stand to make more money through higher pickings within a short period of time," he added.

However, in neighbouring Tamil Nadu, the labour supply for coffee estates continues to be acute. "There is a lot of competition for labour from sectors such as dairy, textiles and road

construction from others,” said Mr Vijayan Rajes, Chairman of Upasi Coffee Committee. The Arabica crop in the Shevaroyis looks good and is likely to be 20 per cent more than last year. “Any amount of labour can be absorbed,” said Mr Rajes indicating the gravity of the situation as harvesting of coffee is difficult to mechanise.

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(This article was published in the Business Line print edition dated December 19, 2011)

Coonor tea auction buoyant

P.S. Sundar

Coonor, Dec. 18:

A buoyant trend prevailed at the Sale No 50 – the penultimate sale for the calendar year – of Coonor Tea Trade Association auctions with nearly 90 per cent of the five-week low offer of 14 lakh kg being absorbed at about Rs 3 a kg more than the previous week.

“Generally, the demand was strong on both domestic and export fronts. Better liquoring CTC leaf fetched Rs 2-3 a kg more, mediums Rs 2-5 and cleaner blacker plainers Rs 3-5 more.

Orthodox leaf grades, however, lost Rs 2-3. Better liquoring CTC dusts gained Rs 2-3, mediums Rs -12 and cleaner blacker grades up to Rs 3. Primary orthodox dusts gained Rs 5-10”, an auctioneer told *Business Line*.

Among CTC teas, Homedale Estate, auctioned by Global Tea Brokers, topped at Rs 145 a kg.

Vigneshwar Estate got Rs 139, Hittakkal Estate Rs 138 and Blue Monte Speciality Rs 133.

In all, 44 marks got Rs 100 and more.

Among orthodox teas from corporate sector, Curzon got Rs 228 Tiger Hill clonal Rs 181, Chamraj Rs 178, Havukal Rs 166, Kairbetta Rs 161 and Highfield Estate Rs 155.

In all, 37 marks got Rs 100 and more.

On the export front, Pakistan bought strongly in wide range – Rs 51-77 a kg and the CIS Rs 50-62.

Quotations held by brokers indicated bids ranging Rs 45-50 a kg for plain leaf grades and Rs 80-134 for brighter liquoring sorts.

They ranged Rs 45-51 for plain dusts and Rs 85-139 for brighter liquoring dusts.

(This article was published in the Business Line print edition dated December 19, 2011)

Pepper turns hot on supply squeeze; spot zooms to Rs 360/kg

G.K. Nair

Kochi, Dec. 18:

Pepper market appears to be in the hands of operators having the money power to oscillate the market to their rhythm.

Last week witnessed their entry into the market with a purchase of an estimated 200 tonnes of 550 GL and high bulk density pepper at Rs 350-351 a kg.

Spot prices, as a result, scaled new heights at Rs 360 a kg for garbled pepper on Saturday. Good buying interest amid limited supply coupled with bullish overseas and local support the market went up last week. Despite bearish efforts from upcountry experts the bull operators had the upper hand.

Much of the coverage for the Christmas and New Year appears to be over and the overseas buyers in the Europe and US are in the process of getting into the 'ensuing long holidays'. Hence, there is unlikely to be any major activities in the coming days. However, there may be some who might prefer to fish for the material of their choice in available sources.

Limited supply

Availability of black pepper is said to be tight, at present, and it might continue till the Vietnam new crop hits the market, which is, of late, reportedly going to be delayed. Indonesia has not been showing any aggressiveness in the open. Brazil was offering at slightly lower rates but was not showing any selling pressure. In India also the material is available mainly on the exchange platform as the arrival of new crop has not picked up so far as expected.

The new crop in India is estimated at around 43,000 tonnes this season and that is believed to be below the domestic requirement, which is estimated at around 50,000 tonnes.

This year, the domestic demand for the winter months has not shown any increase so far because of supply of the material from major upcountry dealers who had bought good quantities earlier this year when the prices were ruling much lower, they said.

Last week all the contracts increased but Dec showed a significant rise. Dec, Jan and Feb went up by Rs 2,210, Rs 940 and Rs 380 respectively to close at Rs 37,805, Rs 35,700 and Rs 35,010 a quintal .

However, activities during the week were limited as is evident from the turn over, which dropped by 1341 tonnes to 24,752 tonnes. Total open interest fell by 1,037 tonnes to 11,198 tonnes .

Spot gains

Spot prices during the week increased by Rs 1,000 on good buying support amid limited supplies.

Those who were holding sales positions were buying back Dec and selling Jan in “ulta badla” and that kept on raising the Dec price up while pushing Jan down.

Indian parity in the International market was at around \$7,150-7,200 a tonne (c&f) for Europe and \$7,450-7,500 a tonne (c&f) US. Overseas buyers are said to in a holiday mood and are waiting for the new Vietnamese crop hoping its arrival will pull the prices down on their return from holidays.

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