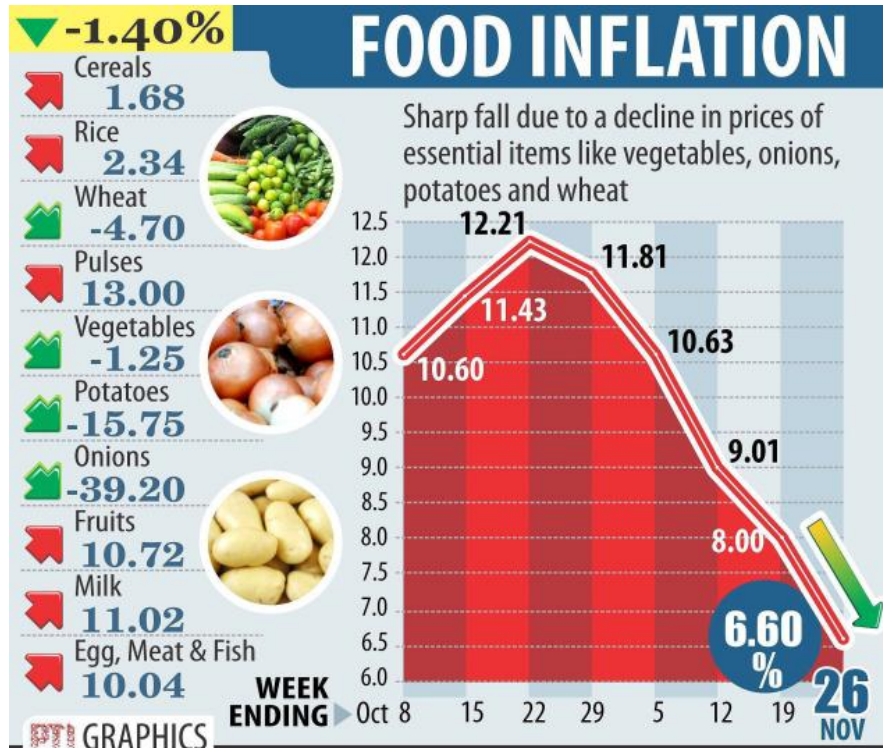


Sharp fall in food inflation to 6.6%

Special Correspondent



Much to the respite to the common man as well as the government, which has been facing Opposition flak on rising prices, food inflation fell sharply to over a three-year low at 6.60 per cent for the week ended November 26 from 8 per cent in the previous week, following a significant moderation in prices of essentials such as onions, potatoes and wheat.

As per the WPI (Wholesale Price Index) data released here on Thursday, food inflation at this level is at its lowest since August 9, 2008, when it pegged at 6.19 per cent to afford some relief in spending on edibles even as the moderation in the food price spiral appears sharp, partly owing to the effect of a higher base. Food inflation during the like week in the previous year was higher at close to 9 per cent.

However, even as there are apprehensions in certain quarters over what steps the Reserve Bank of India chooses to take during its monetary policy review on December 16 to tame overall

inflation despite the slowdown in growth, the timely easing of food inflation is likely to provide some comfort to the apex bank. The official data revealed that while onions turned cheaper by 39.20 per cent, prices of potatoes and wheat also declined by 15.75 per cent and 4.70 per cent, respectively, on a year-on-year basis. For a change, prices of vegetables as a whole also eased by 1.25 per cent to provide some relief from double-digit inflation in kitchen greens in the past few months.

The bad news, however, is that prices of protein-rich items such as pulses, eggs, meat and fish has continued to soar during the week on an annual basis. As per the WPI data, pulses turned dearer by 13 per cent and milk by 11.02 per cent while prices of eggs, meat and fish went up by 10.04 per cent. Keeping pace, fruits also were costlier by 10.72 per cent, as were cereals by 1.68 per cent.

According to Crisil's chief economist D. K. Joshi, while food inflation is expected to moderate in the months ahead following a good farm output, the high inflation in protein-rich items is owing to structural factors. In the overall primary articles category, inflation stood at 6.92 per cent during the November 26 week as against 7.74 per cent in the previous week.

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Beehive of activity

K. A. Martin



RPSs advise farmers on sourcing the best saplings; identify the best plant protection methods; take up maintenance of rubber plantations; process latex and augment income for members through secondary activities.

Honey is not what you normally associate with natural rubber. But in the nooks and crannies of the rubber plantation in Kerala, farmers are harvesting thousands of kg of honey from their

holdings, thanks to their collective action cemented and formalised by an idea — the Rubber Producers' Societies (RPSs).

Farmers like V. Babu in Palakkad, and George Philip, Pala and K. E. Chacko in Kanjirappally, swear by their RPSs

Mr. Chacko's Chirakkadavu RPS, which just won the triennial best RPS award, had a turnover of Rs. 11.75 crore last year in activities ranging from sheet supplies to bee-keeping. Farmers in self-help groups under the Elavampadam RPS, headed by Mr. Babu, harvested eight tonnes of honey last year. No mean feat these considering that RPSs were meant to be extended arms of the Rubber Board.

They are today the engines that drive rubber production, said the Rubber Production Commissioner, J. Thomas, who described them as miracles of 'Responsible, Participatory Synergy.'

RPSs advise farmers on sourcing the best saplings; identify the best plant protection methods, take up maintenance of rubber plantations, process latex and augment income for members through secondary activities.

RPSs are solely responsible for what is today an astonishing farm gate price — 95 per cent of the market price for natural rubber. Former chairman of the Rubber Board, P. C. Cyriac, recalled how exploitative traders were before RPSs came into operation. RPSs also took India to the top in global productivity at 1,806 kg a hectare.

RPSs are central to the model of rubber cultivation in India, said the Chairman of the Rubber Board, Sheela Thomas, on the benefits that have accrued to small and marginal farmers, who account for 93 per cent of the Rs. 20,000-crore worth of natural rubber production.

RPSs, registered under Charitable Societies Act, are made up of 50-200 farmers. There are 2,449 RPSs across India, representing more than a million farmers, cultivating over seven lakh hectares of which the average holding is 0.54 hectares.

On their silver jubilee, being celebrated by the Rubber Board from December 13, RPSs are held up as models to be imitated for other crops. Nothing less could do for such a successful idea.

Some States fight the trend but ...

P. Sainath

Farm suicide annual averages in select States 1995-2002 & 2003-10			
State	Farm suicides annual average		Difference (2nd Avg - 1st Avg)
	1995-2002	2003-2010	
Andhra Pradesh	1590	2301	+711
Assam	155	291	+135
Karnataka	2259	2123	-136
Kerala	1292	1071	-221
MP + Chhattisgarh	2304	2829	+525
Maharashtra	2508	3802	+1294
Tamil Nadu	992	866	-126
Uttar Pradesh	640	531	-109
West Bengal	1426	990	-436

The table only includes States whose annual averages have risen or fallen by over 100 farm suicides between the two periods. It also treats Madhya Pradesh and Chhattisgarh as one unit for data purposes.

Source: NCRB Accidental Deaths & Suicides in India reports 1995-2010.

Five States did manage a significant decline in the average number of farm suicides between 2003 and 2010. However, more States have reported increases over the same period.

The television story was genuine and sensitive. At least 90 farmers, it said, had committed suicide in two months in Andhra Pradesh. These were cotton growers. Actually, last year, Andhra farmers killed themselves at the rate of 210 each month on average, according to the National Crime Records Bureau. But it is heartening that somebody took note of what's going on. The more so when dishonest bureaucrats feed gullible sections of the press awful crud on farm suicides being at 'a 15-year low.' NCRB data show Andhra Pradesh has seen the *second worst increase* in farm suicides among all States (after Maharashtra) over the last eight years for which data exist.

However, five States *did* manage a significant decline in the average number of farm suicides each year between 2003 and 2010. Andhra Pradesh was not amongst them. Of those who did, only Karnataka is amongst the worst five States which account for nearly two-thirds of farm suicides in the country. On average, 2,259 farmers killed themselves each year in Karnataka between 1995 and 2002. In the next eight-year period, that figure was 2,123 — a fall of 136 in yearly average. But the fall is fragile, and the last two years 2009 and 2010 have seen the State's numbers rising again. And Karnataka remains the second worst State for farm suicides (in absolute numbers) after Maharashtra. It has seen 35,053 farmers kill themselves since 1995, according to the NCRB.

The NCRB data on farm suicides now cover 16 years. Let's divide that into two halves of eight years each. By comparing the first half (1995-2002) with the second (2003-10), we can figure out whether things are getting better or worse in the major States.

What qualifies as a significant decline? That's when a State's yearly average in the second eight years is at least 100 farm suicides less than in the first eight-year period. Tamil Nadu (-126) and Uttar Pradesh (-109) are two others in this bracket. But there's better. Kerala managed a drop of 221. And West Bengal pulled off the biggest decline among all States. Its 2003-10 average is 436 lower than its figure for 1995-2002.

Except Karnataka, all the Big 5 States show terrible upward spikes in their 2003-10 annual averages. The yearly average of farm suicides in Andhra Pradesh in this period was 711 higher than it was in 1995-02. In Maharashtra, the figure was 1,294 higher. Madhya Pradesh and Chhattisgarh were one composite State for six of the 16 years and what has happened in that region is best understood by still treating them as one unit in terms of data. They show a rise of 525 in the second eight years.

But comparing the two eight-year periods doesn't work for the smallest States with very few farm suicides. For instance, Manipur's average for 1995-2002 was one farm suicide. It was two during 2003-10, a massive 'increase' in percentage terms — and quite meaningless. However, among small States that have seen farm suicides, Tripura brought down its annual average by 90 in the second half, a drop of 78 per cent.

The decline Kerala has managed (-221) is in many ways the most significant one. Kerala is perhaps India's most globalised economy. Its agriculture is hugely cash crop-based and fragile at the best of times. Cash crop prices are highly volatile, and often rigged by powerful corporations at the global level. This makes Kerala more vulnerable to price shocks than any

other State in India. In the early years of the last decade, for instance, vanilla fetched Kerala farmers prices of up to Rs. 4,000 a kilogram. It then crashed to under Rs. 80 a kg or less (where it remains), wrecking farmers who had invested huge amounts of (borrowed) money in its cultivation. Most plunged into debt, several committed suicide in despair.

Price shocks have also hit Kerala in coffee, pepper, and other cash crops into which the State is deeply locked. The price of coffee, for instance, is controlled by about four major global corporations. These companies always seek to drive down the share of the original producers to boost their own profits. They will do that even more strongly as economic problems mount in Europe — to where much of our coffee is exported. Across India, suicides amongst cash crop farmers are far higher than those amongst food crop growers. Cash crop farmers run far greater risks, incur much higher cultivation costs, and have to borrow a lot more money than their food crop-growing counterparts.

So that drop of 221 in Kerala's yearly farm suicide average is remarkable and came against the odds. The period from 2008 to 2010 was better for that State than any other in the entire 16 years for which data are available. Kerala set up a debt relief tribunal in 2005, raised support to the farm sector and took other steps to mitigate distress. Even its troubled food crop sector received a boost. Between 2005 and 2010, Kerala doubled the support price for paddy from Rs. 700 to Rs.1,400. Yet, the State will take a worse hit than any other due to the multiple free trade agreements the Union government has signed or will enter. And reports of rising farm suicides again in the cash-crop citadel of Wayanad signal which way Kerala is now headed.

West Bengal's (-436) drop in farm suicide yearly averages is perhaps best understood in comparison with Maharashtra. Bengal has a smaller population (91 million) than Maharashtra (112 million), but is a more rural State and has many more farmers. Yet, the annual averages are starkly different. During 2003-10, almost four times as many farmers (3,802) killed themselves each year in Maharashtra. In West Bengal that figure was 990. Though Bengal has its own sharp concentrations of cash crop, it produces more food crop than Maharashtra and has been the country's largest producer of rice for some years. In the latter, cash crops continue to overwhelm food crop. In 2010-11, as Maharashtra's Chief Minister informed his colleagues at a kharif review meeting earlier this year, the area under cereals and pulses dropped further by about 3.7 million acres. (*BusinessLine May 28, 2011*). West Bengal had, in fact, begun procuring grain through the panchayats (a scheme derailed by the Centre) and pushed other measures to promote rice and vegetable cultivation.

Overall, 15 of 28 States showed worse averages in the second eight years. Across the entire 16 years from 1995-2010, more than a quarter of a million Indian farmers have committed suicide.

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Tamil Nadu not to take part in talks on Mullaperiyar

T. Ramakrishnan

The Tamil Nadu government has decided not to attend the proposed talks on the Mullaperiyar dam dispute issue to be held in New Delhi on December 16.

The talks have been convened by the Union government, inviting Secretaries of the governments of Tamil Nadu and Kerala in charge of irrigation.

Last week, Prime Minister Manmohan Singh had directed the Union Water Resources Ministry to arrange official-level talks between the two States.

On Wednesday evening, Chief Minister Jayalalithaa chaired a meeting with senior Ministers and officials and discussed with them several issues in the light of the dam dispute.

An official says that the State government would prefer to await the completion of the task assigned to the Empowered Committee, which was constituted in February 2010 on the directions of the Supreme Court to analyse various issues [except legal] of the dam dispute. When the Committee is seized of the matter, there is no point in holding discussion now with Kerala.

A communication from the State government was sent to the Central government, intimating its decision.

Ban on film

The government has extended the suspension of the screening of the controversial film "Dam 999" by two more weeks, invoking powers vested under provisions of the Tamil Nadu Cinemas (Regulation) Act, 1955. The ban, imposed on November 24, was to expire on Thursday. An order, issued by the State Home Department, extended it for two more weeks from Friday. The order stated that the period of suspension would continue to be in force in view of the fact that "the screening of the film 'Dam 999' in the State of Tamil Nadu will cause a breach of peace and law and order."

In a letter sent to film director Sohan Roy, Principal Secretary (Home), Rameshram Mishra, stated that in response to the director's request for adjournment of the proposed personal hearing on Thursday, the department had decided to hold it on December 15. [As per the Act, the person concerned should be given a "reasonable opportunity" of showing cause against the order.]

However, the Department held a hearing on Thursday for the film distributor of the State, R.V. Mahalingam.

One of the reasons cited by the government in its communication to the film director was that characters in the film spoke of the theme that a dam, though built for drinking water and irrigation requirements, was a potential disaster on account of tremor and breach, "which was explicitly spelt [out] in the film as ten times dangerous a nuclear disaster." Such deliberations were likely to shatter the public faith in the beneficial factors of the very existence of dams, the government's communication stated.

In his first reply, Mr. Roy stated, "You have wrongly assumed that the subject of the movie is based on [the] Mullaperiyar Dam." In the film, he had neither mentioned the name of the dam nor any information about structure or design regarding the dam."

In his subsequent letter, the film director expressed his inability to attend the personal hearing in Chennai on Wednesday as he would have to be in New Delhi. The hearing, he said, was not proper as the matter was sub judice since he had moved the Supreme Court challenging the State government's decision. While informing the postponement of the hearing to December 15, the Principal Secretary (Home) stated that except for one issue (wherein the director clarified that the Censor had muted a reference 999-year leasehold rights to a dam), the reply did not "satisfactorily" explain other issues.

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Paddy growers to discuss problems at convention

Paddy growers from six States — Andhra Pradesh, Maharashtra, Kerala, Tamil Nadu, Goa and Karnataka — will participate in a two-day convention of paddy growers to be held in Bangalore on December 16 and 17.

President of the Karnataka Rajya Raitha BJP Morcha Eshwarchandra Hosamani told presspersons here on Thursday that the South India-level convention of paddy growers had

been organised with the objective of helping growers continue cultivation of crops, and coming together to find solutions to the problems faced by them. The convention will be held at Gayatri Vihar on the Palace Grounds in Bangalore.

Participation

Mr. Hosamani said around 2,000 paddy growers from the southern States and 25 farmers each from every district of Karnataka would participate in the convention, to which agricultural scientists had also been invited.

'High quality'

He said paddy growers faced more problems than those cultivating sugarcane.

Mr. Hosamani said that the Centre had given priority to the export of the Basmati variety of rice, but had neglected the Sona Masuri variety, which was grown in large quantities across South India and was of high quality.

The Centre was yet to grant permission for the export of the Sona Masuri variety, as a result of which paddy growers had been deprived of better prices for their crop, he said.

He said the convention would pass resolutions on the steps required to be taken by the Union Government on the issue and the same would be forwarded to Union Minister for Agriculture Sharad Pawar.

'Inaction'

To a query, Mr. Hosamani said that although the Swaminathan Committee had submitted its report with recommendations on helping the farming sector, the Union Government was yet to act on it.

Inauguration

BJP State in-charge Dharmendra Pradhan will inaugurate the convention on December 16 at 10.30 am, while Chief Minister D.V. Sadananda Gowda will be the chief guest for the valedictory ceremony the next day.

-
- *'Centre has given priority to the export of Basmati and neglected Sona Masuri'*
 - *'No action taken on recommendations of Swaminathan Committee report'*
-

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Monitor fertilizer dealers: Minister

Staff Reporter

Minister for Major Irrigation P. Sudarshan Reddy has asked the Agriculture authorities to keep a watch on fertilizer dealers and take severe action against those who are indulging in selling urea and other fertilizer at more than the maximum retail price.

At a review meeting with authorities here on Thursday, the Minister said there were may complaints that private fertilizer dealers were selling the urea at more than the MRP of Rs.281 per bag in the district. He directed the officials to collect the details on the fertilizer received by the dealers and the selling price from time to time.

Earlier, the Agriculture Joint Director told the Minister that about 90,000 tonnes of urea was required for rabi in the district and proposals were also sent to the government. As against the required 46,000 tonnes by November month-end, 16,000 tonnes arrived till date. Another 2,600 tonnes would arrive shortly.

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Paddy procurement process to begin on Dec. 14

Staff Reporter



HARVEST TIME: A farmer harvesting paddy with a hand-operated fan at Langaleswar in Ganjam district on Thursday. — **PHOTO:** LINGARAJ PANDA

Paddy procurement centres will be opened from December 14 to procure paddy from farmers of the drought-hit Ganjam district.

At a meeting held under the chairmanship of Ganjam District Collector Kishen Kumar, it has been decided to take strict measures to stop distress sale of paddy by farmers, as well illegal transportation of paddy to outside the State from the district. Special squads will be formed at block level to check distress sale and smuggling of paddy.

The squads formed at block level would be headed by Block Development Officers (BDO). In the three sub-divisions of the district, there would be three special squads for the purpose, headed by the sub-collectors concerned.

Several farmers' organisations allege that unscrupulous traders from Andhra Pradesh procure paddy from poor farmers of Ganjam at low rate and large quantity of paddy from the district gets transported to adjoining Andhra Pradesh. Though check-posts have been put up, they failed to serve any purpose, they point out.

Procurement target

Despite drought condition, the administration has targeted to procure 1,46,000 tons of paddy from the district. Like past years women self-help groups (WSHG) will also play a major role in paddy procurement process. As many as 426 WSHGs have been registered for the purpose.

Despite protest by farmers' organisations such as Odisha Krushak Sabha (OKS), the administration has decided to involve millers in the paddy procurement process. The OKS has demanded complete exclusion of millers from the paddy procurement process.

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THE ECONOMIC TIMES

Fri, Dec 09, 2011 | Updated 06.34AM IST

9 DEC, 2011, 04.23AM IST, BLOOMBERG

Wheat prices slip with record crop reserves

CHICAGO: The biggest slump in wheat prices in three years may have further to go as expanding harvests from Russia to Canada bolster inventories to the most in a decade.

The US Department of Agriculture (USDA) will predict on Friday a 3.4% gain in stockpiles to 202.89 million tonne by June, according to the average of 16 analyst estimates compiled by

Bloomberg. Prices that fell 35% from a 29-month high of \$9.1675 a bushel in February will drop 11% more to \$5.30 in the next 12 months, Credit Suisse forecasts. World food prices declined for a fifth month in November, the longest slide in more than a year, amid signs commodity prices may be "bottoming out," the UN's Food and Agriculture Organisation said. An index of 55 food items fell 0.5% to 215 points from 216 in October, the FAO said on its website on Thursday. The gauge dropped 4% in October, the biggest slide since March 2010, after rising to a record 237.7 in February. Wheat has fallen 25% to \$5.97 on the Chicago Board of Trade this year, heading for the biggest annual drop since 2008. It is the fifth-worst performer in the Standard & Poor's GSCI gauge of 24 commodities behind cotton, cocoa, sugar and nickel. The index has risen 3.6% as the MSCI All-Country World Index of equities declined 8%. Treasuries have returned 9.1%, a Bank of America Corp index shows.



Hedge funds and other money managers have held a net-short position, or bets on lower prices, in wheat since September, with a record bearish holding of 50,582 contracts on November 22, data from the Commodity Futures Trading Commission show. The most widely held option gives holders the right to sell wheat at \$6 by the end of February, according to CBOT data.

Global wheat production will advance 5.3%

to 683.3 million tons in the 12 months ending May 31, according to the USDA, which releases its new estimates at 8:30 am in Washington Friday. Rabobank said production will rise to 685 million tonne, topping the record of 684.3 million in 2010.

Demand will expand 3.3% to 673.3 million tonne. The USDA will probably increase its inventory estimate by 2,90,000 tonne, the Bloomberg survey showed. The department also will raise its estimate of the global soyabean inventory by 0.9% to 64.15 million tonne and its corn stockpiles prediction by 0.5% to 122.13 million tonne, the survey showed.

Investors may be skeptical about the USDA's figures. It reduced the corn crop estimates in 2010 and 2011 by the most for any two-year period since 1984, data compiled by Bloomberg show. The estimates changed as rain delayed planting and hot, dry weather disrupted the growing season in the US Midwest. The USDA cut its forecast four times in as many months this year, leading critics such as Darrel Good, an agricultural economist at the University of Illinois, to question their reliability.

In June, at the start of the hottest Midwest summer in 50 years, corn futures for July delivery touched a record \$7.9975 in Chicago. The grain then tumbled 17% that month as the government said US farmers planted more than analysts were expecting and June 1 stockpiles were 12% larger than anticipated.

"In the past, basically the US has totally dominated the world export market, but we're starting to see increased competition," said Shawn McCambridge, a senior grain analyst for Jefferies Bache Commodities in Chicago.

Nations that were absent from the export market for almost a year have now returned, ensuring global grain supply keeps expanding even as US shipments contract. Russia lifted an almost year-long export ban in July as its crop recovered from the drought that had decimated it a year earlier.

Ukraine also eased export quotas and its cargoes will almost double in the year to June, the USDA predicts. Kazakhstan will ship 8.5 million tonne wheat this season, almost 3 million tonne more, the department forecasts.

Printed from

THE TIMES OF INDIA

Food inflation falls to 6.6% for week ended Nov 26

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TNN | Dec 8, 2011, 12.10PM IST

NEW DELHI: India's food inflation plunged sharply to 6.6 per cent for the week ended November 26 as compared to 8 per cent in the previous week as onions, potatoes and wheat became cheaper and the rise in the prices of other items moderated on the back of a good monsoon, official data showed Thursday.

Food inflation has dropped sharply in the last four weeks. It had come down in single digit for the week ended November 12 from 10.63 per cent in the previous week. The headline inflation

based on the wholesale price index was recorded at 9.73 per cent in October, according to the latest official data.

The Reserve Bank of India (RBI) has hiked key policy rates 13 times since the beginning of 2010 to control the price rise.

DECCAN Chronicle

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Food inflation declines sharply to 6.60% for week ended Nov 26



Food inflation fell sharply to 6.60 per cent for the week ended November 26, reflecting a decline in prices of essential items like vegetables, onions, potatoes and wheat. Food inflation, as measured by the Wholesale Price Index (WPI), stood at 8 per cent in the previous week ended November 19. It was recorded at 8.93 per cent in the corresponding period last year. According to data released by the government today, onions became cheaper by 39.20 per cent year-on-year during the week under review, while potato prices were down by 15.75 per cent. Prices of wheat also fell by 4.70 per cent. Overall, vegetables became cheaper by 1.25 per cent, a big relief after double-digit inflation in vegetable prices during the months of September and October. However, other food products grew more expensive on an annual basis, led by protein-based items. Pulses became 13 per cent costlier during the week under review, while milk grew dearer by 11.02 per cent and eggs, meat and fish by 10.04 per cent. Fruits also

became 10.72 per cent more expensive on an annual basis, while cereal prices were up by 1.68 per cent. Inflation in the overall primary articles category stood at 6.92 per cent during the week ended November 26, as against 7.74 per cent in the previous week.

Primary articles have over 20 per cent weight in the wholesale price index. Inflation in the non-food segment, which includes fibres, oilseeds and minerals, was recorded at 1.37 per cent during the week under review, as against 2.14 per cent in the week ended November 19. MORE PTI PPB ARV ARV 12081206 The rate of price rise in non-food primary articles has fallen sharply during the past couple of months, from over 8 per cent to around 1 per cent, as per the latest numbers.

Fuel and power inflation stood at 15.53 per cent during the week ended November 26, the same as in the previous week. The decline in the rate of price rise in food items is likely to bring some relief to the government and the Reserve Bank, which have been facing flak from all quarters for persistently high prices.

Speaking in the Lok Sabha on Wednesday, Finance Minister Pranab Mukherjee said the ideal rate of inflation is around 5-6 per cent. The fall in food inflation comes as a silver lining for the government at a time when the economy is experiencing a slowdown, with GDP growth dipping to 6.9 per cent in the second quarter, the lowest rate of expansion in over two years. The eight key infrastructure industries witnessed dismal growth of 0.1 per cent in October, the lowest in the past five years.

Headline inflation, which also factors in manufactured items, has been above the 9 per cent-mark since December, 2010. It stood at 9.73 per cent in October this year. The RBI has hiked interest rates 13 times since March, 2010, to tame demand and curb inflation. In its second quarterly review of the monetary policy last month, the central bank had said it expects inflation to remain elevated till December on account of the demand-supply mismatch before moderating to 7 per cent by March, 2012.

Source URL: <http://www.deccanchronicle.com/channels/business/news/food-inflation-declines-sharply-660-week-ended-nov-26-195>



Inflation control is a collective responsibility of Centre, states: FM

Express news service Posted online: Fri Dec 09 2011, 00:31 hrs

New Delhi : Finance Minister Pranab Mukherjee today said that increasing prices of crude oil, metals and intermediate goods in the international market were partly responsible for high inflation in the country. Quoting from his own study of retail prices in 78 different markets, he said prices of many essential commodities have become cheaper or rose only marginally in the last two years.

With the Opposition mounting a scathing attack on the UPA government for not doing enough to tame prices, Mukherjee told the upper house that it was the collective responsibility of states and the Centre to control inflation. Admitting that 66 per cent of the value of products of a farmer reach the middleman, he said, only state-controlled agencies can control it. The mismatch between the wholesale and retail prices can be addressed by creating infrastructure by states. It is states that control marketing of agricultural products under the APMC (Agricultural Produce Marketing Committee) Act, he pointed out.

Not satisfied with his reply, the Opposition staged a walkout. "We tried our best to have a constructive debate. You are in power for six years and this is the seventh... no structural changes could take place...so we are walking out from the House," said BJP Leader M Venkaiah Naidu.

Giving details of retail prices in the Delhi market, Mukherjee said the price of 1 kg of rice has increased by just Re 1 to Rs 24 against Rs 23 two years ago, while that of wheat has increased to Rs 15 per kg from Rs 14.5 during the same period. Prices of other essential items like tur dal, urad dal and moong have eased over this period, he said. "If the government had not done anything, prices would not have come down. Prices do not remain static," he said.

Finance Minister also lauded NDA leaders for their work when the latter were in power. "In 2004, you were in the government... you knew what kind of policy measures are to be taken... Many of the measures which you initiated, including PFRDA, we adopted. "My only request would be that the baby which you gave birth, do not leave it in bath water, let me carry it on to maturity because reforms are a continuing one," he said.

Mukherjee said that certain reform measures are required. "Because of the very fact that we don't have the infrastructure which is required, I don't say that mere FDI in retail will immediately solve the problem, but infrastructures will be created. I have the figure. You considered more than 2,70,000 square feet warehousing redundant and you de-hired it. Therefore, today, when the procurement is more, we have to build up. By 31st March, 2012, I expect to add 40,000 square feet additional space to the godowns, apart from the 2.7 lakh square feet storing facilities."

The finance minister said the food inflation which was 22 per cent in February, 2010, has come down to little over six per cent. There should be more reduction and this country cannot afford to have 8-9 per cent or perilously close to double digit figures of inflation. Stating that global uncertainty is bound to have an impact here, Mukherjee said the IMF has already projected that recovery will not come before the third quarter of the next year.

He hinted that fiscal stimulus extended by big countries too could have resulted in higher international prices. "One very big country, economic power, has released \$12 billion through two sets of quantitative easing. Where has this money gone? It has not created employment in that country even with such massive investment. Rate of unemployment is very high; industrial production is slow; growth is minimal. Where has this money gone? How is the Rupee depreciating? Why are dollar prices increasing even with the Eurozone crisis?" he said.



Food inflation falls to 39-mths low at 6.60%

THURSDAY, 08 DECEMBER 2011 22:34

PNS | NEW DELHI

In what has come as a silver lining for the sluggish Indian economy, food inflation has fallen to a 39-month low of 6.60 per cent with prices of essential items like potatoes, onions and wheat coming down, which would come as a big relief to the common man and is expected to ease the pressure off the household budget. Even as economy has grown at the rate of 6.9 per cent, the moderation in food inflation - the lowest since August 2008 when it was 6.19 per cent - could have a positive impact on the impending quarterly review by the Reserve Bank of India, which is scheduled for later this month.

The low food inflation figure (for the week ended November 26) is mainly on the account of kitchen items becoming cheaper. Onions became cheaper by 39.20 per cent year-on-year during the week under review, while potato prices were down by 15.75 per cent. Prices of wheat also fell by 4.70 per cent. All in all, vegetables became cheaper by 1.25 per cent, a big relief after double-digit inflation in vegetable prices during the months of September and October. Also the latest food inflation figure is far less than 8 per cent - which was where it stood for the week ending November 19. The positive movement in the food inflation figures appear all the more relieving, considering the fact that headline inflation has been above the 9 per cent mark since December 2010, and it was at 9.7 per cent in October this year. Experts attributed the decline in inflation to the good monsoon and plentiful kharif harvest. "Farm output has been good and food inflation is expected to remain at a moderate rate for some time," Crisil Chief Economist D K Joshi said. He added that though it needs to be seen as to how manufactured products inflation fares in November, the moderation in food inflation will at least ensure that the RBI maintains the interest rate at current levels. "Food inflation is expected to moderate further in December, 2011, particularly on account of the base effect," ICRA Economist Aditi Nayar said.

Food inflation was near 9 per cent in the same period last year, signifying a high base.

“Notwithstanding the moderating economic growth impulses, we expect the RBI to keep the repo rate unchanged in the upcoming policy review, to continue to restrain inflationary expectations,” Nayar said.

Farmers to get highest price for mustard

THURSDAY, 08 DECEMBER 2011 23:37

SUNIL SRIVASTAVA | PANTNAGAR

Agricultural scientists have estimated that farmers are likely to get highest prices for mustard during harvesting season in January-February. Scientists undertaking the research project in Agricultural Economy department of the GB Pant University of Agriculture and Technology on establishing and networking of agricultural market intelligence centres in India under the National Agricultural Innovation Project said this. The scientists based their estimate on the findings of their market survey in the Rudrapur agriculture produce mandi which is a major market for mustard in the State. In addition to this the scientists also studied the wholesale rates for mustard during the past 13 years from 1998 to 2011 before arriving at the estimate of rates for this season. After reviewing the wholesale rates for mustard so far, scientists have estimated that the rate for this crop during January-February 2012 is likely to be between `2,250 and `2,500 per quintal.

The rates are likely to decrease in March and hover between `2,200 and `2,300 per quintal. The aim of the project being undertaken by the scientists is to reach estimates of the price for particular crops at the time of sowing and harvest.

Business Standard

Friday, Dec 09, 2011

Food inflation shows encouraging easing

BS Reporter / New Delhi December 9, 2011, 0:14 IST

At 6.6% for the week ended November 26, it is the lowest in 39 months; decline likely to influence next RBI decision on policy rates.



Used to big spikes in food inflation, the country at last got some respite, with the number falling to a 39-month low of 6.6 per cent for the week ended November 26 as compared to the earlier one, as almost every item witnessed a fall in the rate of price rise, except for fruits.

The headline number for all of November is to be released next week and will play an important role in the Reserve Bank of India's next decision on rates. Industrial growth data for October, also to come out next week, will be another factor shaping RBI's monetary decision, as factory output growth is expected to be dismal.

The fall in food inflation by over a percentage point from eight per cent in the previous week also gave some breather to the government, as Parliament began a discussion on price rise yesterday. This is the lowest rate of food inflation, as measured by the Wholesale Price Index (WPI), since August 9, 2008, when it was 6.19 per cent.

This has come despite the adverse base effect, in the sense that food inflation last year at this point of time was 8.93 per cent, lower than 9.03 per cent a week earlier. So, the base effect should have shown a higher inflation figure for the week ended November 26 this year.



“Food inflation is expected to moderate further in December, particularly on account of the base effect,” said Icra economist Aditi Nayar. Food inflation was near nine per cent in the same period last year, signifying a high base.

Notwithstanding the moderating economic growth impulses, Nayar expected the RBI to keep the repo rate unchanged in the coming policy review, to continue to restrain inflationary expectations. Experts attributed the decline in inflation to the good monsoon and a plentiful kharif harvest. “Farm output has been good and food inflation is expected to remain at a moderate rate for some time,” said Crisil chief economist, D K Joshi. He said one had to wait and see how inflation in manufactured products fared in November. “However, the moderation in food inflation will at least ensure that RBI maintains the interest rate at current levels,” he added.

Inflation in protein-based items declined during the week, but still remained in double-digits. "There are structural factors behind the high inflation in protein-based items. While consumption of such products has increased, production has not kept pace," Joshi said.

Special margins on chana, mentha oil withdrawn

Dilip Kumar Jha / Mumbai December 09, 2011, 0:36 IST

Aiming to attract wider participation from brokers and speculators, leading commodity derivatives exchanges have withdrawn the special margins on chana and mentha oil with effect from tomorrow.

India's largest futures trading platform, the Multi Commodity Exchange has, in two separate circulars, stated it was withdrawing the 10 per cent special margin on chana. The one on mentha also stands withdrawn, the circular said. The National Commodity & Derivatives Exchange (NCDEX) issued a similar circular. Generally, special margins are levied on any commodity to cool prices from high volatility. The logic is to curb high speculation, if any, through an additional squeeze in traders' exposure. Consequently, the liquidity is capped if the exchange feels traders are cornering a particular commodity for high futures profits.

Traders attribute the exchanges' action to the high volatility in volume. On the NCDEX platform, total turnover for chana in January 2012 contracts jumped to Rs 480 crore on November 30 from a low of Rs 364 crore the previous day. Total turnover in this contract was recorded at Rs 125 crore on November 14. Again, the traded value of chana for delivery in January plunged to Rs 444 crore on December 7 after a peak of Rs 592 crore the previous day.

"The special margin of 10 per cent in chana was imposed on September 30 to curb excessive volatility. Imposition of the special margin on the long side led to a downfall in exchange volumes at the NCDEX from about Rs 2,800 crore a day to around Rs 800- 1,000 crore currently," said Naveen Mathur, associate director Angel Broking.

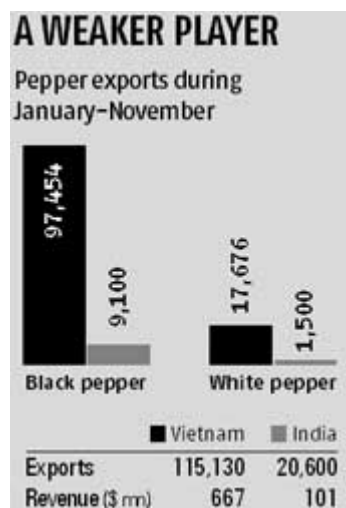
Chana prices rose 68 per cent from the lows of Rs 2,198 a quintal since mid-April due to the seasonality pattern and touched a high of Rs 3,700 a quintal on September 26. It is currently at Rs 3,137 a quintal. With the minimum support price of chana up to Rs 2,800 a quintal, futures prices are not expected to fall below this level.

The scenario is likely to prevail in the spot market, too. It is, therefore, reasonable to withdraw the special margin on chana, as prices are trading at lower levels.

Vietnam pips India as top pepper exporter

George Joseph / Kochi December 9, 2011, 0:35 IST

Pepper exports from Vietnam were more than five times that by India during the January-November period of the current year.



Cumulative figures show Vietnam exported 115,130 tonnes of pepper, comprising 97,454 tonnes of black pepper and 17,676 tonnes of white pepper. The total turnover was \$667 million. India exported just 20,600 tonnes during the same period and the value realisation was \$101 million.

Though India has been exporting for 1,000 years, Vietnam started exporting only in the 1990s. In comparison with the same period in 2010, Vietnam's export fell 4.2 per cent in volume (4,638 tonnes), but rose 71 per cent in value (\$277 million), according to data from the country.

India was the world's largest pepper exporter till the 90s. In just 10 years, India has been pushed to the second spot after Vietnam and is now nowhere in comparison in production and exports.

Vietnam produces 110,000 tonnes yearly, while India's production is around 45,000 tonnes. Vietnam, the world's-largest exporter of the spice, shipped to 90 countries. The leading pepper importer is the US, with 19 per cent of total exports being shipped there.

Non-SAP states announce lower sugar cane prices

Anindita Dey / Mumbai December 09, 2011, 0:49 IST

While mill owners are agitating over the increased state administered prices (SAPs) of

sugarcane in Uttar Pradesh, mills and cooperatives in major non-SAP states like Maharashtra, Karnataka and Andhra Pradesh can heave a sigh of relief, with the relatively lower cane purchase prices announced by these governments.

While the government of Andhra Pradesh has announced a price of Rs 2,000 per tonne for the mills and co-operatives to pay the farmers for cane purchase in 2011-12, Karnataka has decided a price of Rs 1,800 per tonne and Maharashtra has come up with a three-tier pricing mechanism, ranging from Rs 1,800-2,050 per tonne .

Besides, Andhra Pradesh has exempted mill owners from paying purchase tax of Rs 60 per tonne and has granted Rs 50 crore as aid for the sugar co-operatives.

This is as against a controversial SAP of Rs 2,400 per tonne in Uttar Pradesh and a fair and remunerative price (FRP) of Rs 1,450 per tonne announced by the central government.

The sugar commissioner of Maharashtra has announced a price of Rs 2,050 per tonne in the districts of Kolhapur, Satara and Sangli, while the major sugar-producing districts of Pune, Solapur and Ahmednagar will pay Rs 1,850 per tonne and rest Rs 1,800 per tonne.

Last year, the government had announced Rs 1,750 per tonne in Pune and Rs 1800 per tonne for the rest of Maharashtra. Incidentally, sugar factories had earlier announced a price of Rs 2,000 per tonne for Satara, Sangli and Kolhapur for the current season.

Andhra Pradesh has nine working sugar co-operatives out of 11. Officials explained that the aid of Rs 50 crore will help compensate the co-operatives to pay the farmers. "Purchase tax has been exempted, so the mills and co-operatives can pass the benefit to the farmers", an official said.

In Maharashtra, where the recovery rate is 11 per cent, Pune, Solapur and Ahmednagar account for nearly half of all production. Kolhapur, Satara and Sangli, paying the higher price of Rs 2,050, contribute another 35 per cent .The estimated production in the state this year is 82.5 million tonnes.

Uttarakhand has declared an SAP of Rs 2,500-2,550 per tonne, while that for Haryana is up Rs 11 per tonne. The SAP for Haryana is Rs 2,210-2,310 per tonne. Besides, Uttarakhand has also

released Rs 15 crore to pay the dues of farmers.

UP sugar mills have lost Rs 220 cr on weak prices

Dilip Kumar Jha / Mumbai December 09, 2011, 0:47 IST

Sugar mills in Uttar Pradesh, the second largest producing state, have accrued an overall loss of Rs 220 crore due to a widening difference between cost of production and the prevailing ex-factory selling price.

"The ex-factory sugar price today is Rs 30.5 a kg against a cost of production of Rs 33 a kg with the revised State Advised Price (SAP)," said Abinash Verma, secretary-general of the Indian Sugar Mills Association.

Total output by mills in UP have been reported at 850,000 tonnes so far, after crushing 10.3 mt of early-variety cane. Average recovery this season (of sugar, from cane) has been 8.2 per cent.

Citing a substantial rise in the SAP as the only reason for the loss, Verma said, "The financial health of sugar mills in the state is deteriorating with each piece of cane they crush. Some policy intervention is required."

The loss was aggravated by a 10 per cent mandatory levy quota on each mill at Rs 18 a kg, nearly half the production cost (levy sugar goes to supply ration shops, and the government fixes price and quantity).

This year, the UP government raised its SAP nearly 20 per cent, by Rs 35 a quintal to Rs 240 a qtl for the normal variety, which accounts for 60 per cent of total cane production. The early and rejected varieties account for about 20 per cent of production each. The rejected variety would now sell for Rs 235 a qtl, a rise of Rs 35 from the previous year, while the early variety will cost Rs 240 a qtl this year, a rise of Rs 40.

"With the massive hike in cane prices and general increase in other inputs, our cost of production in UP in 2011-12 is estimated to be Rs 33-34 a kg, while that in Maharashtra is

expected at Rs 29-30 a kg. Hence, ex-mill prices should be allowed by the government to stabilise at these levels. Anything less would mean losses to mills and cane price arrears by January 2012 itself," said Verma.

UP has already registered a significant jump in sugar production at 530,000 tonnes till November 30 this year against 183,000 tonnes in the corresponding month last year. An industry official said, "If sugar mills are forced to crush cane at the current SAP, their working capital will erode gradually and run down just in two months. Farmers' arrears would start piling up to reach a new record this year."

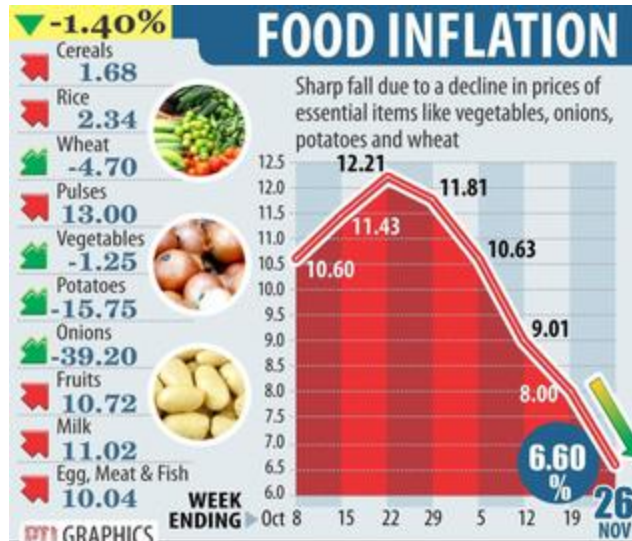
Meanwhile, the case filed by UP-based mills against the SAP has been adjourned by the high court to Tuesday.

THE HINDU Business Line

Food inflation falls sharply to 6.6%

Our Bureau

Set to slide further on base effect, cheaper vegetables



New Delhi, Dec. 8:

Food inflation eased sharply to 6.6 per cent in the week to November 26 from the previous week's annual rise of 8 per cent, mainly on account of a drop in the year-on-year price levels of vegetables, milk and poultry items.

The dip in the Wholesale Price Index-based food inflation estimate for the fifth consecutive week could come as a big relief for policy makers. Non-food inflation too dipped to slightly over one per cent, while fuel inflation held steady, data released by the Commerce and Industry Ministry on Thursday showed.

The base effect is expected to come into play next week as well when data for the week ended December 3 is to be released, which could result in food inflation dipping further. Despite the moderating trend in price levels, analysts broadly expect the RBI to keep the repo rate unchanged in its upcoming policy review to quell inflationary expectations further.

According to the data, onions were down by over 39 per cent year-on-year, while potatoes dipped 16 per cent. Wheat also dipped 4.7 per cent.

Overall, vegetables were down 1.25 per cent, a sharp change from the double-digit inflation seen during September and October.

However, other food products moved up on an annual basis, led by protein-based items. Sequentially, the food articles group index declined by one per cent due to lower prices of fish and jowar, fruits and vegetables, condiments and spices, masur and urad.

Inflation in the Primary Articles category was recorded at 6.92 per cent during the latest week, against 7.74 per cent in the previous week. Primary articles have over 20 per cent weight in the wholesale price index.

Inflation in the non-food segment, which includes fibres, oilseeds and minerals, was recorded at 1.37 per cent during the week under review, against 2.14 per cent in the week ended November 19. In the fuels category, it was steady at 15.53 per cent. *anil@thehindu.co.in*

(This article was published in the Business Line print edition dated December 9, 2011)

Pranab defends Govt's strategy to combat inflation

Our Bureau

New Delhi, Dec. 8:

The Finance Minister, Mr Pranab Mukherjee, has refuted Opposition's charge that the Government had done little to bring down the prices of essential commodities and provide relief to the common man from the runaway inflation in the country.

He maintained that the Government action has helped maintain a leash on the prices of many essential commodities.

Replying to discussion on the situation arising out of unprecedented rise in the prices of food and other essential commodities, Mr Mukherjee told the Rajya Sabha that the prices of many essential commodities had become cheaper or gone up only marginally in the last two years.

Retail prices of 30 essential commodities including that of rice, wheat and pulses have either dropped or registered only marginal increase during the last two years, he said.

“It is not correct to say that Government has not done anything. If the Government had not done anything, prices would not have come down. Prices do not remain static,” Mr Mukherjee said.

The Finance Minister noted that the retail price of rice in the Delhi market had increased by Re 1 to Rs 24 from Rs 23 a kg in the last two years. Also, the retail price of wheat had gone up from Rs 14.5 a kg to Rs 15 in the last two years, he said.

Mr Mukherjee highlighted that food inflation which was over 22 per cent in February 2010 had now come down to little over 6 per cent now. However, Opposition members staged a walkout as they were not satisfied with the reply given by the Finance Minister. On the recent trend of foreign institutional investors (FIIs) withdrawing money from the Indian market, Mr Mukherjee admitted that this had shaken the confidence of domestic investors.

krsrivats@thehindu.co.in

(This article was published in the Business Line print edition dated December 9, 2011)

Spot rubber rules steady

Our Correspondent

Kottayam, Dec. 8:

Physical rubber prices were unchanged on Thursday. The market lost its steam as the domestic futures switched over to a corrective phase probably on profit booking at higher levels. Most of the traders were hesitant to expand their commitments anticipating a slip in prices during the weekend sessions. However, unfavourable climatic conditions in the major rubber producing

countries Thailand, Indonesia and Malaysia might limit supplies that could cap sharp downward moves in the international scene, sources said.

Sheet rubber was steady at Rs 205 a kg, according to traders. The grade closed flat at Rs 204 a kg both at Kottayam and Kochi, as reported by the Rubber Board. The December series dropped to Rs 203.01 (205.99), January to Rs 204.99 (207.95), February to Rs 207 (210.28), March to Rs 209.50 (212.94) and April to Rs 212.95 (215.99) while the May series improved to Rs 216.50 (214.60) a kg on the National Multi Commodity Exchange.

RSS 3 (spot) flared up to Rs 181.94 (177.60) a kg at Bangkok. The December futures increased to ₹272.1 (Rs 182) from ₹268.4 a kg during the day session but then remained inactive in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 205 (205); RSS-5: 200 (200); ungraded: 195 (195); ISNR 20: 190 (190) and latex 60 per cent: 110 (110).

(This article was published in the Business Line print edition dated December 9, 2011)

Mixed trend in pepper

G.K. Nair

Kochi, Dec. 8:

Pepper prices ended mixed with December and February contracts moving up marginally, while January declined on liquidation, switch over of contracts and additional buying amid limited activities.

Some long and short position holders resorted to liquidation and switching over. However, some additional buying also took place.

The market opened on an easier note with the prices for December and January ruling lower till the beginning of the forenoon session. At the closing session, the market fluctuated wildly and ended mixed with marginal dip and hike from the previous day closing, market sources told *Business Line*.

Good selling pressure was there on the spot with 510 - 520 GL pepper trading at Rs 333-335 a kg, while 550 GL at Rs 337-338 a kg. High range high bulk density pepper was traded at Rs 340-342 a kg. An estimated 60-65 tonnes of goods were reportedly traded.

The spot trading of this magnitude now is attributed to non-movement of consignments from Idukki to the other side of the border in Tamil Nadu due the unrest across the border by agitators of Mullaperiyar Dam dispute. Therefore, the goods which used to be taken to the neighbouring State evading taxes were being brought to the terminal market.

(This article was published in the Business Line print edition dated December 9, 2011)

Srinivasa Hatcheries to diversify into dairying

K.V. Kurmanath

Hyderabad, Dec. 8:

Srinivasa Hatcheries, a BSE-listed company, will diversify into dairy industry and goat rearing in two phases.

The group will withdraw from restaurant and infrastructure businesses to focus on agriculture and allied sectors.

Initially, it would focus on breeding of high yielding animals for the dairy industry that registers very low productivity.

“We are good at breeding. Though our core activity has been poultry industry, we can bring to the table processes that can ensure production of good breed of animals. We have studied the market and found inefficiencies in the quality of animals,” Mr Suresh Rayudu Chitturi, Managing Director of Srinivasa Hatcheries Limited, told *Business Line*.

The venture would either be a fully-owned subsidiary or a joint venture with a firm that could bring in expertise in the industry.

Productivity in the US is put at 10,000 litres per animal as against just 200 litres in India.

“Only a handful of companies are focussing on breeding quality animals. There is a severe shortage. We can improve productivity only through improving quality of animals, We will start the breeding programme with 600 animals by April 2012,” he said.

For the financial year 2010-11, the poultry firm posted revenues of Rs 143 crore with a net profit of Rs 19.54 crore.

Outlook

The company saw flat growth in revenues for 2011-12. "But we expect lesser profit this year. We foresee fall of prices from December 15. But the long-term outlook for the poultry industry is bright. Consumption of poultry products is estimated to grow by 280 per cent by 2020," he said.

Demand-supply balance

The biggest challenge for the industry is that companies are not able to manage the demand-supply equation.

After two phenomenal growth years, the industry is caught up with over supply.

This might lead to reduction in broiler chicken price.

The per capita consumption of chicken in India is put at 2.4 kg a year against 44 kg in countries such as Brazil. Industry pegs the figure at 8 kg by 2020.

kurmanath@thehindu.co.in

(This article was published in the Business Line print edition dated December 9, 2011)

Poultry products rise a tad

Our Bureau



Chennai, Dec. 8:

Prices of poultry products that were on a downswing owing to seasonal uncertainties are inching up slowly.

The National Egg Coordination Committee (NECC), Namakkal zone, which during the middle of the week had trimmed the price to Rs 2.84 a piece (Rs 2.89), on Thursday increased the price

to Rs 2.87. Egg, that witnessed an increase at the start of November on the onset of winter, stayed flat at Rs 2.94 last month because of fears of buyers' resistance and slack offtake.

NECC's rates of layer birds (for birds of 1.3 kg), too, are up a tad at Rs 44 a kg (Rs 43).

Meanwhile, the price of broiler chicken is on the slide and has been trimmed to Rs 40 a kg from last week's Rs 43. Namakkal and Palladam prices are the benchmarks for eggs and chicken in the country.

"This is a usual phenomenon and we will increase the prices slowly as the Sabarimala season is in its fag end and Christmas is fast approaching, when the demand for poultry products resumes," said an NECC spokesperson.

gayathri.gururajan@thehindu.co.in

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Syrian unrest may lift export demand for jeera

Our Correspondent



Rajkot, Dec. 8:

Buying at lower prices and lower arrivals buoyed jeera in spot and futures markets on Thursday. The demand for Indian jeera in the export market is expected to rise because of political unrest in Syria.

The December contract increased by Rs 190 to Rs 13,618 a quintal with an open interest of 8,025 lots on the National Commodity and Derivatives Exchange (NCDEX) while January was up by Rs 177 to Rs 13,910 a quintal with an open interest of 17,085 lots.

Spot jeera traded at Rs 2,050-3,010 for 20 kg in Unjha mandi while here it fetched Rs 2,250-2,550 for 20 kg, up Rs 30-35. While 300-400 bags arrived here, 4,000 bags arrived in the Unjha agricultural produce marketing committee. Stocks in NCDEX-accredited warehouses were up 157 tonnes to 9,566 tonnes. Common and best-quality jeera rose by Rs 100 a quintal each at Rs 13,900-14,100 and Rs 16,700-17,200 in Delhi.

New export demand supported the rise in prices. According to market sources, Indian jeera quoted at about \$2,900 a tonne in the international markets, while Syrian and Turkish were offered at around \$3,300.

However, good sowing reports and higher stocks are likely to put pressure. Reports of warm weather in major growing regions are also likely to weigh on the price trend. According to reports from the India Meteorological Department, mainly dry weather would prevail over Gujarat and in other growing areas.

(This article was published in the Business Line print edition dated December 9, 2011)

Soya oil unfazed by sluggish buying

Our Correspondent



Indore, Dec. 8:

Soya oil was firm despite sluggish local demand and weak foreign markets on Thursday.

Soya refined sold at Rs 615-616 for 10 kg (Rs 612-616). Soya refined for Itarsi and Bhopal sold at Rs 610 for 10 kg.

Demand for soya refined remained sluggish on weak global cues and poor buying support at a higher price. Resellers sold soya refined at Rs 611-612. Soya solvent was also firm despite weak demand.

In the spot and delivery markets, soya solvent fetched Rs 584-588 for 10 kg (Rs 582-586).

In contrast, soya oil futures traded lower on weak projections by the Chicago Board of Trade and global cues.

Soya refined's December contract closed marginally higher at Rs 647.20 for 10 kg on the National Board of Trade, while soya oil December and January contracts closed lower at Rs 648.80 (Rs 1.20 down) and Rs 659.50 (down Rs 1.50) on the National Commodity and Derivatives Exchange.

Soya seeds increased marginally at Rs 2,130-2,200 a quintal on weak arrivals at about 2.75-3 lakh bags in State *mandis*. Nine thousand bags arrived in *mandis* here, 6,000 in Ujjain and 8,000 in Dewas.

Buying support in the physical market also perked up soyabean's December and January contracts at Rs 2,278 (up Rs 12) and Rs 2,311 (up Rs 9) on the NCDEX.

Plant deliveries of soyabean fetched Rs 2,270-2,280 a quintal.

Soya de-oiled cake was unchanged despite subdued buying interest in the export market, quoting in the port at Rs 17,300 a quintal and in the local market at Rs 16,200 a quintal.

(This article was published in the Business Line print edition dated December 9, 2011)

Sugar seen falling on higher sales



Mumbai, Dec. 8:

Selling by resellers weakened sugar on the Vashi wholesale spot market in Maharashtra on Thursday. Mill tender prices, too, dropped a little in the western State. In Uttar Pradesh, prices were unchanged on limited demand.

Fine-variety S-grade fell for the sixth straight day in Maharashtra by Rs 20 a quintal, M-grade shaved off Rs 15-20 a quintal and *naka* prices dropped by Rs 10-15 a quintal for both the varieties.

In central Uttar Pradesh, sugar produced last season that ended in September was quoted at Rs 2,955 a quintal, while the one produced this season ruled at Rs 3,060.

The market is likely to be under pressure because of higher sales from next week as demand generally moderates after the beginning of a month, a wholesaler said. In contrast, mills are reluctant to sell at lower prices considering the high parity after States increased cane prices. The sweetener has lost more than Rs 100 a quintal this month.

On Wednesday, 21-22 mills offered tenders and sold about 65,000-70,000 bags at Rs 2,900-2,960 (Rs 2,900-2980) for S-grade and at Rs 2,990-3,050 (Rs 2,990-3,050) for M-grade.

Demand from neighbouring States is weak. Arrivals in Vashi rose to 52-53 truckloads while local dispatches were around 53-54 truckloads.

Bombay Sugar Merchants Association's spot prices: S-grade — Rs 3,040-3,150 (Rs 3,036-3,171); and M-grade — Rs 3,136- 3,236 (Rs 3,151-3,261).

Naka delivery rates: S-grade — Rs 2,990-3,030 (Rs 3,000 - 3,030); and M-grade — Rs 3,090-3,160 (Rs 3,100-3,150).

(This article was published in the Business Line print edition dated December 9, 2011)

Quality arrivals boost finger variety turmeric



Erode, Dec. 8:

Prices of hybrid finger variety turmeric increased on Thursday as the quality of arrivals was good but rates for other varieties dropped. "Because of good quality, the hybrid finger variety turmeric price increased by Rs 450 a quintal on Thursday. All the 200-odd bags of such variety were sold for Rs 5,353 a quintal. But traders quoted lower price for other varieties, due to lack of demand," said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association. He said due to heavy production in Tamil Nadu, Andhra Pradesh and other places, prices decreased. For the current year, out of 25 lakh bags of turmeric that arrived for sales, only 12 lakh have been sold. Next year, farmers are expecting a minimum of 40 lakh bags of turmeric. So, prices are likely to fall drastically. This is also a reason why no exporter is ready to stock the produce. Mr Ravishankar said except Kerala, other States are buying turmeric produced in Tamil Nadu and most of the quantities are utilised locally. Next year, more crop will arrive for sale in Nizamabad and Sangli. On Thursday, over 10,000 bags of turmeric arrived for sales, 50 per cent stocks were sold. At Erode Turmeric Merchants Association Sales yard, the finger variety turmeric was sold at Rs 3,164-4,096 a quintal, the root variety Rs 3,099-3,824.

Salem Crop

The finger variety was sold at Rs 4,289-5,353, the root variety Rs 4,109-4,391. Of 2,743 bags that arrived, 610 were sold. At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 3,780 -4,272, the root variety Rs 3,619-4,140. Of 217 bags that arrived, 193 were sold.

(This article was published in the Business Line print edition dated December 9, 2011)

Dara wheat rules firm; desi variety flat



Karnal, Dec. 8:

After witnessing a good uptrend earlier this week, dara prices ruled firm while desi wheat varieties continued to rule flat on Thursday.

With demand being steady for the dara variety in the market at present, prices are range-bound, said Mr Hansraj, proprietor of Hansraj Traders. Following tepid trading in desi wheat varieties, prices have been ruling almost unchanged since last week. In order to maintain prices, traders are buying in line with the orders that they have got, he added.

In the physical market, dara prices were quoted between Rs 1,160-1,170 a quintal. A mere 45 tonnes of dara variety arrived from Uttar Pradesh and the stocks were directly offloaded at the mills.

Mill delivery was at Rs 1,160-1,165 a quintal while delivery at chakki was at Rs 1,170 a quintal. Dara is ruling at Rs 60-70 a quintal below the levels of the same corresponding period last year.

Prices of desi wheat varieties remained almost unchanged. Samrat quoted at Rs 1,850-1,870, Tohfa variety was at Rs 2,000-2,030 while Lok-1 was trading around Rs 1,820 a quintal.

On the National Commodity and Derivatives Exchange, wheat for January delivery decreased by Rs 2 to Rs 1,206 a quintal; it had touched a high at Rs 1,211 a quintal earlier on Thursday. At the MCX, wheat for December delivery was at Rs 1,219.80 a quintal.

Flour Prices

With a steady trend in wheat, flour prices ruled flat and quoted at Rs 1,160-1,165 for a 90-kg bag.

After witnessing a decline two days back, Chokar prices remained unchanged and sold at Rs 645 for a 49-kg bag. Traders expect Chokar prices to decrease in the near future.

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