THE HINDU
Online edition of India's National Newspaper
Tuesday, January 14, 2011

Date:14/01/2011 URL:
http://www.thehindu.com/2011/01/14/stories/2011011461880100.htm

---

Rangarajan panel rejects NAC recommendation

Gargi Parsai

Favours subsidised foodgrains only for poor

NEW DELHI: The C. Rangarajan Committee on the proposed food security bill favours legal entitlement of subsidised foodgrains to the poor (below the poverty line), but has rejected the National Advisory Council's recommendation that above the poverty line (APL) households be partially covered, saying it is not feasible at the current levels of grain production and procurement.

“The assured delivery of subsidised foodgrains be restricted to the really needy, and the rest can be covered through an executive order with varying quantums, depending upon the availability of foodgrains,” the committee said in its report, officially released on Thursday.

The NAC, headed by Congress president Sonia Gandhi, had recommended 75 per cent coverage of the population in two phases, with 90 per cent rural and 50 per cent urban population included.

The Rangarajan Committee, however, suggested that 46 per cent of the rural population and 28 per cent of the urban population be entitled to 35 kg of rice at Rs. 3 a kg or wheat at Rs. 2 a kg per household a month. The figures were arrived at by adding 10 per cent beneficiaries (to cover those on the margins) to the Tendulkar Committee's poverty estimates of 41.8 per cent of the rural poor and 25.7 per cent of the urban poor. The poverty figures matched the ones provided by the NAC.

“Going by the NAC proposal, the grain requirement would be 74 million tonnes in the final phase in 2014, while the total grain availability with the government in 2011-12 and 2013-14 is likely to be 56.35 million tonnes and 57.61 million tonnes respectively, based on the current production and procurement trends.”

“It will not be possible to implement the NAC-recommended food entitlements for either of the phases,” said the committee, set up by Prime Minister Manmohan Singh to “examine” the NAC's recommendations.

The committee said the price of subsidised foodgrains for the poor (BPL) might be linked to inflation and indexed to the Consumer Price Index in the coming years, and the price at which wheat and rice was to be made available to the non-poor (APL) might be linked to the minimum support price (MSP).

It estimated the subsidy bill at Rs. 83,000 crore for the entitled groups at 100 per cent lifting. “Since the NAC recommendations create a legal obligation for the government, it is important to mandate enforceable entitlements, keeping in mind the availability of grain,” the report said.

Date:14/01/2011 URL:
http://www.thehindu.com/2011/01/14/stories/2011011460420100.htm

---

Flower prices shoot up in Dindigul market

K. Raju

— PHOTO : G. KARTHIKEYAN

up: Flowers at the wholesale market in Dindigul on Thursday.

DINDIGUL: Prices of flowers that are used to make garlands and meant for pujas have gone up sharply affecting common man and forcing retail sellers to scale down their daily offtake due to low production in Dindigul district.

As the Pongal festival approaches, the business at Dindigul wholesale market is brisk. A huge demand drives the prices of flowers up.

While prices of ‘mullai' were hovering between Rs.750 and Rs.800 a kg (from Rs. 250 to 300 last week) and that of ‘jaathi malli' oscillating between Rs.600 and Rs.700 a kg (around Rs. 400), ‘sevvandhi' or ‘samandhi' remained steady at Rs.130 a kg (Rs. 60 to 70) at the wholesale flower market here on Thursday.

Chandhini variety of ‘sevandhi' was sold at Rs.160 a kg. Oleander, which fetched Rs. 60 a kg two weeks ago, ruled high at Rs.200. Similarly, buyers had to shell out Rs.60 for a kg of rose, Rs.40 for top quality ‘vaada malli,' Rs.80 for ‘sampanki' and Rs.45 for marigold.

Price of Bangalore Malli rose to Rs.500 and settled down at Rs.400 a kg in the morning. Kakrata variety of ‘malli' remained strong at Rs.450 a kg and ‘kanagambaram' was sold at Rs.700 a kg. ‘Marikozhundu' was pegged at Rs.100 a kg and tulsi at Rs.25 a kg.

Production of all varieties of flowers has come down owing to sharp fall in temperature and unexpected rain.

While acute cold weather hits quality of flowers, showers devastated farms in several acres in Nilakottai, Batlagundu and Dindigul unions.

Direct procurement of flowers by wholesale merchants from other districts from the farms too hit arrival of flowers to the market.

Date:14/01/2011 URL: http://www.thehindu.com/2011/01/14/stories/2011011463130300.htm

---

Select TUCS outlets to sell 4-kg vegetable bags

Special Correspondent

CHENNAI: Select outlets of the Triplicane Urban Co-operative Society (TUCS) across the city will sell four-kg ‘Pongal' vegetable bags on Friday and Saturday as part of the cooperative's measures to supply vegetables at affordable prices.

According to TUCS Joint Registrar/Special Officer R.G. Sakthi Saravanan, the Rs.100 bag will consist of one kg each of potatoes, onions and tomatoes along with 12 other vegetables, including beans, brinjal, pumpkin, and sweet potatoes.

Another bag comprising the 12 vegetables would also be available for sale at Rs.30 each.

An official release said that the vegetable bags would be sold at TUCS outlets in Teynampet, Royapettah, Besant Nagar, Ashok Nagar, Triplicane, Meenambakkam, Kilpauk, R.A. Puram, Periyar Nagar, Shenoy Nagar and Nungambakkam.

Date:14/01/2011 URL:
http://www.thehindu.com/2011/01/14/stories/2011011452090300.htm

---

Relief for crop damage: Tuticorin gets Rs.21 crore

Staff Reporter

Tuticorin: The State Government has allotted Rs. 21.5 crore as compensation for damage caused to crops following the northeast monsoon rainfall in Tuticorin District in the second phase.Following the rainfall, various crops suffered damages to an extent of 83, 000 hectares across the district. After making an on-the-spot assessment, crop damages were estimated at Rs. 33.5 crore.Initially, relief to the tune of Rs. 12 crore was given to the district administration for the benefit of farmers whose crop suffered damage.Compensation was being given through Primary Agriculture Cooperative Banks in various blocks over the past 12 days.The rest of the amount received from the government was also accounted to the PACBs for distribution, Collector C.N. Maheswaran said in a statement here on Thursday.He appealed to the farmers concerned to receive compensation without delay.

Date:14/01/2011 URL:
http://www.thehindu.com/2011/01/14/stories/2011011452420300.htm

---

Efforts on to promote organic farming

Special Correspondent

Udhagamandalam: The Horticulture Research Station (HRS) of the Tamil Nadu Agricultural University (TNAU) in association with the Hill Area Development Programme (HADP) organised a training programme to promote organic farming at Adhigaratty, near here, recently.

Role

Addressing the farmers, the Project Director, HADP, Mita Banerjee, said that eco-friendly schemes would be implemented in the Adhigaratty watershed. The Head, HRS, N. Selvaraj, highlighted the role of traditional food crops like ragi, saamai, beans etc in ensuring better health and a sustainable livelihood.

Food security

By cultivating such crops, food security can be ensured, he added.

The Project Director, Earth Trust, Vanya Orr, listed the benefits of integrated farming and underscored the need to increase the cattle population here.

Distribution of organic inputs by Ms. Banerjee marked the occasion.

Date:14/01/2011 URL: http://www.thehindu.com/2011/01/14/stories/2011011459050300.htm

---

Get together to conserve water, urges Gujarat Governor

Sunny Sebastian

JHUNJHUNU: Gujarat Governor Kamla has called for concerted efforts by the Government and the public to conserve and harness water. Water is going to be a critical area in future and there is a need to apply both the time tested techniques of the country side along with modern innovations in its conservation and management, she said.

Dr. Kamla was speaking as the chief guest at the Fourth Dalmia Environment Award function at Chirawa town in Jhunjhunu district of Rajasthan. Former Union Minister and Jhunjhunu MP Sisram Ola, Magsaysay Award winner “Waterman” Rajendra Singh and Raghuhari Dalmia, patron of the award committee, also spoke on the occasion. The Dalmia Environment Awards have been instituted by the Ramkrishna Jaidayal Dalmia Seva Sansthan headquartered at Chirawa, the home town of the Dalmia family.

Dalmia Award for progressive farmer

Krishna Kumar Jakhar, a progressive farmer who explains himself as a “spiritual farmer”, from Hetrampura Dhaba in Sangaria tehsil of Hanumangarh district received the award for 2010 which carries a cash component of Rs.1 lakh. Mr. Jakhar, who practises organic farming and makes minimal use of water is also known for his ‘zero budget” farming -- which does not require inputs other than what comes naturally -- but the yields could be as good or even better than that of those who make use of fertilizer and pesticides.

The Divisional awards -- of Rs.11,000 each -- were received by Hiralal Sharma of Sahayog Sansthan -- working in Bhindar and Pratapgarh blocks of Udaipur district -- Gyan Singh Nathawat of the Watershed Consultation Organisation(WASCO) of Jalore, Ganpat Lal Dogiwal and Jai Singh Dhankar of Sikar and Ummed Singh Shekhawat of Bikaner.

They have all been chosen by a jury headed by M.S. Rathore, Director, and Centre for Environment and Development Studies, for their pioneering work and innovative action in socio-economic development of backward regions, water harnessing, dry land farming and horticulture in the semi-arid region.

Referring to the age-old traditions of water conservation in the Shekhawati region with the Seths and philanthropists initiating building of wells, bawris (step wells) and lakes for common use, Dr. Kamla said with the threats of climate change and serious water shortage looming large the Governments, citizens and business houses should work in tandem to protect environment.Mr. Ola, who appreciated the efforts of the Dalmia family, said the contribution of big business families hailing from the region had immensely helped Jhunjhunu to be the most literate district in Rajasthan where the female literacy is also the highest in the State. The main speaker, Rajendra Singh, said that instead of being a mindless exploiter of earth's resources every citizen should turn a “panidaar” (person who enhances water availability). “Water is God's gift. Man cannot create it. Save it for the future generations,” he exhorted.

Date:14/01/2011 URL: http://www.thehindu.com/2011/01/14/stories/2011011460680200.htm

---

Rajasthan to sell onions at wholesale rates

Special Correspondent

1,100 distribution centres to be set up in State

Mandi tax on onion suspended for a fortnight

A team of officers will buy onion from major centres such as Nashik and Bhavnagar

---

JAIPUR: In a bid to rein in spiralling prices of onion, the Rajasthan Government has decided to sell it at wholesale rates through 1,100 distribution centres to be set up across the State and suspended the mandi tax on onion for a fortnight.

The onion prices are not showing any signs of decrease despite several steps taken by the Union Government.

Minister of State for Food and Civil Supplies Babulal Nagar said here that the State would also import onion through the National Cooperative Consumers' Federation of India (NCCF) and the National Agricultural Cooperative Marketing Federation (NAFED) at 20 per cent subsidy granted by the Centre.

A team of officers will purchase onion from the major centres such as Nashik and Bhavnagar.

Mr. Nagar, who presided over a high-level meeting on the issue here, said the onion distribution centres would be opened at 650 fair price shops, 300 dairy booths and 150 Consumer Federation centres across the State.

Onion bought directly from the mandis would be available at wholesale prices at these centres.

The Minister said a committee headed by the Principal Food and Civil Supplies Secretary would monitor purchase and distribution of onions at the State level, while a control room would be set up here to observe the process. Similar centres would be established at the district level.

The total arrival of onion in the mandis across the State on Thursday was stated to be of the order of 3,900 quintals and the average price was Rs.3,000 per quintal.

The traders in mandis have reportedly agreed to give up their ‘aadhat' (commission) for a fortnight while passing on onions from farmers to the sellers.

Date:14/01/2011 URL:
http://www.thehindu.com/2011/01/14/stories/2011011451181300.htm

---

2010, a remarkable year in the annals of climatology

Justin Gillis

– PHOTO: AP

EXTREMES: There were prodigious snowstorms that broke seasonal records in the United States and Europe. A scene in Duisburg, Germany.

New government figures for the global climate show that 2010 was the wettest year in the historical record, and it tied 2005 as the hottest year since record-keeping began in 1880.

The new figures confirm that 2010 will go down as one of the more remarkable years in the annals of climatology. It featured prodigious snowstorms that broke seasonal records in the United States and Europe; a record-shattering summer heat wave that scorched Russia; strong floods that drove people from their homes in places like Pakistan, Australia, California and Tennessee; a severe die-off of coral reefs; and a continuation in the global trend of a warming climate.

Two agencies, National Aeronautics and Space Administration (NASA) and the National Oceanic and Atmospheric Administration (NOAA), reported on January 12 that the global average surface temperature for 2010 had tied the record set in 2005. The analyses differ slightly; in the NOAA version, the 2010 temperature was 1.12° Fahrenheit above the average for the 20th century, which is 57°.

It was the 34th year running that global temperatures have been above the 20th-century average; the last below-average year was 1976. The new figures show that nine of the 10 warmest years on record have occurred since the beginning of 2001.

The earth has been warming in fits and starts for decades, and a large majority of climatologists say that is because humans are releasing heat-trapping gases like carbon dioxide into the atmosphere.

The carbon dioxide level has increased about 40 per cent since the Industrial Revolution.

Greenhouse gases a factor

“The climate is continuing to show the influence of greenhouse gases,” said David R. Easterling, a scientist at NOAA's National Climatic Data Center in Asheville, N.C.

Aside from NASA and NOAA, another agency, a research centre in Britain, compiles a global temperature record. That unit has yet to report its figures for 2010. (The data sets are compiled by slightly different methods, and in the British figures, the previous warmest year on record was 1998.)

The United States was wetter and hotter last year than the average values for the 20th century, but over all the year was not as exceptional in this country as for the world as a whole. In the contiguous United States, for instance, the NOAA figures showed that it was the fourth hottest summer on record and the 23rd hottest year.

Still, some remarkable events occurred at a regional scale, including snowstorms in February 2010 that shattered seasonal records in cities like Washington, Baltimore and Philadelphia.

In the summer, a heat wave broke records in the South and along much of the East Coast.

— © New York Times News Service

hindustantimes

New Delhi, January 15, 2011
First Published: 02:15 IST(15/1/2011)
Last Updated: 02:17 IST(15/1/2011)

Did Pawar miss early warnings?

As early as November last year, agriculture minister Sharad Pawar began pitching for sugar exports, anticipating a bumper crop and high global prices.

On January 1, 500,000 tonne of sugar was notified for exports. An inter-ministerial panel eventually put this on hold.

The ministry correctly spotted trends in international sugar markets, but evidently missed signs of a brewing crisis in the domestic onion markets.

Analysts say India's inflation shocks could have been blunted had the government picked up early warnings and not put up just a tepid fight against inflation so far.

Last November, untimely rains in Maharashtra and Gujarat damaged two crop cycles: the main summer crop, which was standing, and the late summer crop, which had just been planted. This caused onion outputs, according to official estimates, to fall by 30%. Horticulture officials kept the ministry posted on this.

The only action taken was to raise the minimum export price — from \$300 to \$525 to \$1200 — which did not deter exports because of lucrative deals.

There were no efforts to spruce up imports. Until December 21 — when onion prices touched R40 a kg in the wholesale markets — exports continued.

"The main price shock in wholesale onion rates came on December 20 and was reflected even in old retail stocks the same day, indicating a trader nexus," said RP Gupta, director of the Nashik-based National Horticulture Research and Development Foundation.

While measures were inadequate, statements from the minister perhaps added to the crisis. Pawar's statements on shortages of sugar, milk and onions, many say, have given the cue for speculators to hoard and traders to fire up prices. When onion prices spiralled, Pawar announced they would take three weeks to fall at the retail level.

On January 21 last year, Pawar had said: "Unless there is a decision (to increase prices), I do not know whether the states will be able to procure (milk) to meet demand." Milk prices have risen by over 20% since.

"Speculation did have a role (in the recent price spiral)," said NR Bhanumurthy, an economist with the state-owned National Institute of Public Finance and Policy.

During crises, Pakistan is India's most viable supplier of fruits and vegetables, where most of India's food inflation is entrenched. The neighbour, however, halted vegetable export to India due a wrangle on another front.

India had stopped cotton supplies to Pakistan last May to ensure adequate cotton at cheap prices for the domestic textile industry. Pawar's ministry, which oversees both cotton and vegetables, failed to sense a looming tit-for-tat.

After a glut in 2007-08, when sugar yields were gradually shrinking, the food ministry failed to curb exports in time. Even without the drought that followed, cane output would have dropped because of surplus-shortage cyclical nature of the crop.

Still bruised by the 2008 food crisis, the ministry largely relied on strategies that take years to show results, such as increasing productivity.

http://www.hindustantimes.com/StoryPage/Print/650559.aspx

Pune, January 15, 2011
First Published: 19:02 IST(15/1/2011)
Last Updated: 01:05 IST(16/1/2011)

Pawar washes hands of veggies

Food minister Sharad Pawar on Saturday made his bluntest comment yet on rising prices. "As agriculture minister," he said, "I am responsible for five commodities — wheat, rice, pulses, oilseeds and sugar. I don’t decide tomatoes, onions or lady fingers."

He also said it was "not right to blame the agriculture ministry for the price rise". He sought to deflect the responsibility, saying, "Policies to control inflation are discussed and formulated at the highest level involving participation of the prime minister and finance minister."

Cornered over rising food prices, the Congress and the NCP, its ally, have made veiled attacks at each other recently.

On January 11, Congress general secretary Rahul Gandhi had said that previous Congress regimes controlled inflation more effectively because they were free from "coalition compulsions". The NCP - headed by Pawar - snapped back, saying the comments were an "injustice" to the party.

"The responsibility of agriculture ministry is to see adequate production of wheat, rice, sugar and oilseeds is taking place in the country. Now we have stocks for the next two to three years. In India, wheat, rice and sugar are cheaper compared to other countries," Pawar said.

As Pawar said, food inflation, which is at 16.9%, remains entrenched in a clutch of items such as vegetables, milk and eggs - in contrast to the stable prices of wheat, rice and lentils. Unlike wheat or rice, vegetables and fruits are not procured and held in public stocks, but the agriculture ministry does manage these commodities.

Ministry agencies, such as the National Horticulture Research and Development Foundation, and schemes such as the National Horticulture Mission directly oversee their production, demand and supply.

Business Line

Business Daily from THE HINDU group of publications

Friday, Jan 14, 2011

Turmeric may drop to Rs 14,000/quintal

Our Correspondent

Erode, Spot turmeric prices dropped by Rs 200-300 a quintal on Thursday on higher arrivals and low demand. New arrivals also fetched low price.

On Thursday, around 2,500 bags arrived in the market, including 100 bags of Mysore variety, and 300 bags of No 8 Chennampatty variety. The Mysore variety fetched Rs 13,200-13,400 a quintal, while the Chennampatty variety was sold at Rs 12,500 a quintal.

Traders said there was no upcountry demand. Currently, they are buying the produce for local sales. They also said they will not buy over 200 bags a day. They said only few lots (20 bags) fetched more than Rs 15,000 on Thursday. Bulk buyers said they expect prices to fall to Rs 14,000 a quintal when the market opens on January 18 after Pongal. At the Erode Turmeric Merchants Association sales yard, the finger variety was sold at Rs 9,099-15,509 a quintal. The root variety was sold at Rs 9,000-15,089 a quintal. Out 1,232 bags that arrived, 509 were sold. At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety fetched Rs 14,165-15,310 a quintal, the root variety fetched Rs 13,110-15,110 a quintal. Out 98 bags that arrived, 63 were sold. At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 14,274-15,178 a quintal, the root variety at Rs 13,727-14,847 a quintal. At the In the Regulated Marketing Committee, the finger variety was sold at Rs 14,566-15,181 a per quintal, the root variety at Rs 14,464-14,890 a per quintal.

Domestic, export meal demand perk up soya

Our Correspondent

Indore, Soyabean gained Rs 20-25 in the spot market with a rise in soyameal or de-oiled cake prices that increased Rs 300-400 a quintal to Rs 18,500, with demands from both domestic and export markets.

Soyabean in the state mandis on Thursday was quoted at Rs 2,270-2,330 a quintal, while in Indore mandis it was quoted at Rs 2,250-2,310-15. According to a trader, Mr Mukesh Purohit, the demand for soyabean at plant-level witnessed an increase.

Arrival of soyabean in the state mandis was comparatively lower with merely 1.50 lakh bags on Thursday, while in Indore mandis, arrival of soyabean was 6,500 bags. Plant deliveries of soyabean also edged higher on improved demand to Rs 2,340-2,350.

On the NCEDX, soyabean futures edged higher with January and February contracts closing at Rs 2,350 and Rs 2,433 a quintal respectively.

Compared with soyabean, soya oil prices ruled steady. The board witnessed the first cut of the month on Thursday at Rs 630.70 after its January contract opened at Rs 627. In the spot market, soya refined, which opened at Rs 605 for 10 kg in the morning, witnessed a decline in prices with most of the plants trading in soya refined at Rs 598-602. Similarly, soya solvent ruled firm at Rs 565-Rs 570 on subdued demand. Trade sources, however, ruled out any bearish future for soya oil in the coming days.

AP to step up market intervention scheme

Action plan

Following a detailed review meeting and based on the recommendations of Group of Ministers, the Andhra Pradesh Chief Minister, Mr N. Kiran Kumar Reddy, wanted onions to be procured from Nasik and other places in Maharashtra for supply to all Rythu Bazars in the State.

The State Government will bear part of the expenses.

About 150 quintals of onion arrived into the Rythu Bazars from Sholapur.

Our Bureau

Hyderabad, The Andhra Pradesh Chief Minister, Mr N. Kiran Kumar Reddy, has directed agricultural marketing and civil supplies departments to step up market intervention scheme and purchases from other States to bring down prices of essential commodities.

Following a detailed review meeting and based on the recommendations of Group of Ministers, Mr Reddy wanted onions to be procured from Nasik and other places in Maharashtra for supply to all Rythu Bazars in the State. The State Government will bear part of the expenses. About 150 quintals of onion arrived into the Rythu Bazars from Sholapur.

According to the Commissioner of Agriculture, during kharif-2010, crop loans of Rs 16,727.89 crore (96 per cent) was disbursed as against the target of Rs 17,473.55 crore. Under agriculture term loans during kharif-2010, Rs 5,046.47 crore (107 per cent) was disbursed against the target of Rs 4,696.04 crore. During kharif-2010, Rs 21,774.36 crore (98 per cent) was disbursed against the target of Rs 22,169.60 crore.

The Chief Minister was informed that under crop loans for rabi-2010-11, so far Rs 5,752.34 crore (65 per cent) was disbursed against the target of Rs 8,787.89 crore.

Agriculture term loans

Under agriculture term loans for rabi-2010-11, so far Rs 736.45 crore (19 per cent) was disbursed against the target of Rs 3,842.22 crore. Overall achievement during rabi-2010, so far was Rs 6,488.79 crore (51 per cent) against the target of Rs 12,630 crore.

Special efforts are being made to ensure that Rabi loan disbursal is completed by January-end.

The crops loans disbursed during Kharif-2010 in the flood affected mandals are to be rescheduled according to the RBI guidelines.

HIGHER WAGES

As a Sankranti Gift, the Government has decided to hike the remuneration of the personnel working on contract/outsourcing basis. Towards this, the additional financial commitment would be around Rs 186.57 crore an year.

Rising futures sweeten sugar

Our Correspondent

Mumbai, Sugar prices on the Vashi wholesale market after declining Rs 90-100 in the first 12 days of January, bounced back from lower levels on Thursday.

On Thursday morning ready market opened on a bearish note, with the price falling by Rs 5-10. But later in line with rise in the futures market and with the some support of fresh retail demand, rates recovered.

Mr Mukesh Kuwadia, Secretary of Bombay Sugar Merchants Association, told Business Line, “The bounce back of sugar futures in commodity exchanges from lower levels and support of some fresh retail demand arrested further decline in price.

“Price at naka and mill tender were higher by Rs 5-10 later in the day. “Sugar futures shot up by Rs 40-50 a quintal on the commodity exchanges and affected the ready market sentiment.”

On Wednesday evening 8-10 mills came forward with tender offers. But only a few of them sold very little quantities, 18,000-20,000 bags of sugar in the range of Rs 2,730-2,760 for S-grade and Rs 2,780-Rs 2,830 for M-grade a quintals. Arrivals in the market were about 50-55 truckloads (100 bags each) and local dispatches were about 48-50 truckloads. According to the Bombay Sugar Merchants Association, spot sugar rates were S grade Rs 2,891-2,931 (Rs 2,886-2,931) and M grade Rs 2,911-2,991 (Rs 2,906-2,991). Naka delivery rates were S grade Rs 2,840-2,860 (Rs 2,850-2,880) and M grade was Rs 2,880-2,920 (Rs 2,890-2,930).

Business Standard

Tuesday, Jan 14, 2011

No case now to suspend futures trade in farm products, says Khatua

Newswire18 / New Delhi January 14, 2011, 0:45 IST

Scotching speculation the government is planning to curb futures trade in essential farm goods to cool inflationary pressure in food items, Forward Markets Commission (FMC) Chairman B C Khatua today said there is no such case as of now.

“Food inflation is high this time around due to a surge in prices of fruits, vegetables, milk and fish. None of these commodities are traded in the futures markets. So prima facie, there is no case for suspending futures trade in any of the listed contracts,” Khatua said.

There were concerns that the government may consider suspending futures trade in some essential commodities in its bid to tame runaway food inflation.

Data released today showed food article inflation for week ended January 1 fell to 16.91 per cent from 18.32 per cent in the previous week, which was a 23-week high.

Talk the government was considering suspension of futures trade in some commodities was triggered by Khatua’s presence at a high level meeting chaired by Finance Minister Pranab Mukherjee Wednesday on measures to tackle food inflation.

Khatua said though he was called for the meeting, he was not part of any discussion on suspending futures trade in essential commodities.

“As far as I know, there is no policy decision so far on banning futures trade in any commodity,” he said.

Some commodities, especially sugar, saw futures contracts sliding Wednesday on fears of government curbs on trade. Earlier today, the finance minister said the government will announce steps to tame inflation later in the day.

Excess non-levy sugar a problem for Maha co-ops

Sanjay Jog / Mumbai January 14, 2011, 0:43 IST

Maharashtra co-operative sugar mills are facing a unqiue problem of rapidly falling prices mainly due to sharp increase in non-levy sugar releases for January and deferment of exports. Sugar prices have crashed by Rs 300 a quintal as the current ex-mill non-levy sugar realisation is in the range of Rs 2,550-2,600 a quintal and factories have gone into short margins.

Co-operative mills, which recently arrived at a settlement with various farmer unions on the payment of first advance, warned that if the present crash in prices continue it would further hamper the cane payment to the farmers leading to socio-economic instability amongst the farming community.

Vijaysinh Mohite-Patil, chairman of the Federation of Cooperative Sugar Factories in Maharashtra, a representative body of over 150 mills, told Business Standard, " Centre has issued 1.7 million tonnes of non-levy quota for January against 1.1 million tonnes last year at the national level. In case of Maharashtra, sugar mills have received .67 million tonnes of non-levy quota for January compared to .37 million tonnes of last year. The market will not be able to absorb this and would further lead to crash in sugar prices. I will take up the issue with the minister of agriculture, food & civil supplies Sharad Pawar on Friday." He noted that factories would not be able to sell and deliver the entire January non-levy sugar quota by the month-end.

"If the unsold non-levy sugar quota is converted into levy sugar the factories would receive huge financial setback and thereby severely affect the cane payments," Mohite Patil said.

Mohite-Patil said he would make an appeal on behalf of co-operative mills to Pawar that the time limit for sale and delivery of non-levy quota for January be extended at least by three weeks. Besides, he added they would appeal to release moderate non-levy sugar quota of 1-1.1 million tonnes for the month of February for national level. This would enable the factories to recover the cost of production.

Federation official informed that the percentage of non-levy sugar quota is between 10-12 per cent of the sugar stock. However, in January the non-levy sugar quota released by the Centre was in far excess of the conventional percentage which should have been rational and in relation to the stock position.

The Maharashtra Sugar Merchant & Brokers' Association would also take up the similar issue with Pawar. Association's Founder President Yogesh Pande said "The non-levy sugar quota has almost been doubled in Maharashtra. There is large amount of unlifted stock in mills due to lack of demand. We will appeal to the ministry to extend the validity of January non-levy quota."
On the Centre's decision to put on hold export of .5 million tonnes, Mohite-Patil and Pande suggested that there should be stability in decisions with regard to sugar exports and imports.

Natural rubber prices at record high

George Joseph / Kochi January 14, 2011, 0:42 IST

Natural rubber (NR) prices reached Rs 220 a kg on strong global cues coupled with high demand across the world. This is the first time that the local market crossed the Rs 220-a-kg mark. In Bangkok, prices were Rs 25 higher that the Indian counters at Rs 245 a kg.

The nourishing global market along with reports of low production and rising crude prices led to hoarding by growers. Futures counters also indicate a much stronger market in March and April, as prices may reach Rs 240 a kg. So, according to local traders the market would remain bullish for the next couple of months and prices may cross Rs 250 a kg.

The huge gap in the domestic and global trading prices favours exports and indications are now bright for a rise in exports in the coming months. The rubber-based industries, especially the tyre industry are now facing a serious crisis as imports are not viable even at a reduced duty of 7.5 per cent. To their dismay, supply in the local market is meagre and whatever comes to the market is being absorbed immediately.

It is really a growers paradise now. As the main season in production comes to a halt by the end of this month, growers are reluctant to immediately sell their stock. They are holding stock so as to fetch maximum price as the prices are rising daily. This affects the supply and the rubber-based units are worse hit. Even at higher prices, they are not able to keep the inventory steady.

The demand for the commodity is rising sharply globally. Apart from India and China, demand is on a rise in the US and Japanese markets too.

Growers said production would continue during the summer also due to the high prices. Therefore, fall in production during the offseason is not expected this time. Meanwhile, the stock in the market is rather weak and it is not conducive with the Rubber Board estimates. The Board estimated a stock of 261,000 tonnes, but market sources said the actual available stock would be below 100,000 tonnes.