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States not ready for sugar decontrol: Sharad Pawar

Gargi Parsai

NEW DELHI: Decontrol of the sugar industry (from levy and monthly free sale quota obligations) will seem “difficult” as several producing States, including Uttar Pradesh, Punjab, Karnataka and Tamil Nadu are not ready for it, Union Agriculture Minister Sharad Pawar said here on Friday.

Speaking to journalists after Wednesday's Cabinet reshuffle, Mr. Pawar said only Maharashtra and Gujarat had agreed to the decontrol proposal. “Unfortunately many States are not ready for it. If only three or four States accept, it is difficult to implement. And Prime Minister has always said that for this kind of policy, States should be taken into the confidence.” Asked if this meant the proposal would be put on the back burner, Mr. Pawar said, “You can't say. If there is more production and prices come down, then States may rethink and accept.”

Referring to the proposed National Food Security Bill, Mr. Pawar said the Ministry had not received either the recommendations of the National Advisory Council or the views of the C. Rangarajan Committee that examined the NAC suggestions.

The Minister said the two considerations would be availability of marketable surplus and the subsidy that would accrue when wheat was given at Rs. 2 a kg and rice at Rs. 3, the economic cost to the government being estimated at Rs. 16 and Rs. 22. “Even now when States have been given an additional allocation at 50 per cent of the economic cost, the lifting is not even 30 per cent.”

Mr. Pawar, who is the president of the Nationalist Congress Party, said he was "much relieved and happy" that Prime Minister Manmohan Singh had lightened his burden. "I had been asking the Prime Minister for more than a year that my burden should be eased." Relieved of the charge of Food and Consumer Affairs, he will now handle only the Ministry of Agriculture and Food Processing.

Expressing confidence that the agriculture growth rate this year would be 3.5 per cent (from 0.2 per cent the previous year) as good production of wheat, rice, pulses and sugarcane was expected, Mr. Pawar said: "Not production, but storage of foodgrains will be an issue in the coming months."

Up to 10 per cent of paddy crop had suffered in quality due to weather conditions in Andhra Pradesh and Orissa but no drop in output was expected. As for cotton, he said production this year was estimated to be more than last year, but whether more exports should be allowed before cotton from the United States hit the global market would have to be decided by the Empowered Group of Ministers, headed by Pranab Mukherjee.

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Cooperative banks told to sanction loans to samba farmers

Special Correspondent

Officials asked to assess damage to paddy crop in five villages

awaiting a solution:Farmers at the grievances day meeting in Pudukottai on Friday.

PUDUKOTTAI: The secretaries attached to the Primary Agricultural Cooperative and Credit Societies in the district should ensure farm loans to paddy farmers who have raised samba behind schedule this season, A. Suganthi, District Collector, said here on Friday.

Presiding over the farmers grievances day meeting, the Collector said a large number of farmers had delayed samba cultivation following the late setting in of monsoon. Water for irrigation was available only after the incessant rains during the last week of November and the first week of December. Sanction of farm loans would have to be consistent with the cropping practice, she added.

Earlier, N. R. Velusamy, a paddy cultivator from Tiruvarankulam, pleaded for bank loans. A group of 10 farmers of Tiruvarankulam had promptly re-paid the loan and had even availed themselves of the waiver of interest component, a special scheme announced by the State government. The farmers had raised the samba seriously behind schedule, pinning their hope on the cooperative societies.

The Collector asked the Revenue and Agriculture Department officials to take up a survey of five villages in Arantangi taluk and assess the damage caused to paddy crop by blast disease. S. Pachamuthu and Ganesan, farmers from this taluk, said their villages were not included in the survey despite farmers having lost the crop due to the disease.

A group of farmers — G.S. Dhanapathy, Appavu Balandar and Sivasamy— urged the State government to withdraw the proposed Tamil Nadu State Agricultural Council Bill, and said the anti-farmer provisions of the Bill would cause a setback for agricultural growth . They also submitted a memorandum in this regard.

Ms. Suganthi told the officials of Tamil Nadu Generation and Distribution Corporation to work out a strategy and stabilise power supply. This would help students preparing for the public examination. Endorsing the view expressed by the farmers, the Collector said the present schedule of power shutdown would cause inconvenience to the students . She assured them that the matter would be taken up with higher officials in Chennai.

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Headgear for jasmine growers

Special Correspondent

To help them harvest flowers safely from their fields

MADURAI: Jasmine growers from the Madurai district have a reason to be happy. From now onwards, they can safely harvest flowers from their fields as they received a new headgear fitted with lamps from the District Collector, C. Kamaraj, here on Friday.

At a recent farmers' grievance meeting, jasmine growers had appealed to the Collector to provide them with a battery operated torch so that they could pick flowers without any difficulty early in the morning when they were vulnerable to attacks by poisonous reptiles. The jasmine growers carry out harvest as early as 4.30 a.m. and after packing them in gunny bags, they rush the produce to the wholesale markets in Madurai. Since the wee hours remain pitch-dark, the farm workers were hit by reptiles on many occasions, they complained.

Deputy Director, Department of Horticulture, R. Jeyakodi told ‘The Hindu' that after examining the modalities, a user-friendly headgear fitted with a lamp was created at an agri-clinic in Tiruchi, costing around Rs. 1500 a piece.

Under the National Horticulture Mission, jasmine growers get Rs. 7000 per hectare as subsidy and those growing tuberose receive Rs. 7500.

In Madurai district, jasmine is grown in about 300 hectares and tuberose in 170 hectares. Mostly, the flowers are grown in and around the airport and near Usilampatti region, he added.

Thanking the Collector, a jasmine grower from Valandur, narrated the plight of how he was attacked by reptiles in the farm. He said, “sometimes, I had to rush to the nearby dispensary for treatment. With the light provided by the government, the farmers can be safe.”

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Farmers seek increase in paddy procurement price

Special Correspondent

Price of paddy in the open market had fallen steeply: representatives

— Photo : M.Moorthy

Hear us out: A farmers' representative speaking at the farmers grievances day meeting in Tiruchi on Friday

TIRUCHI: Farmers' representatives of Tiruchi district have urged the State government to increase the procurement price of paddy in view of the increase in input costs, wages, and losses suffered in the heavy rain last year.

Raising the issue at the Farmers' Grievances Day meeting here on Friday, G.Kanagasabai, president, District Cauvery Delta Farmers Welfare Association, appealed to the government to increase the procurement price of paddy to Rs.1,500 a quintal for common variety and Rs.1,650 a quintal for fine variety this samba season.

Supporting the demand, representatives of several other farmers organisations said that the price of paddy in the open market had fallen steeply and farmers were facing severe hardship.

There was also a shortage of labour in the district and the rent for harvesters has been steeply hiked by private operators.

C.Masilamani, district secretary, Tamil Nadu Vivasayigal Sangam, demanded that the minimum support price for sugarcane be raised to Rs.3,000 a tonne.

Mr.Kanagasabai and other farmers' representatives also called upon the district administration to open more direct paddy purchase centres in the district as the samba paddy harvest had begun. P.Viswanathan, president, Tamizhaga Tanks and River Irrigated Area Farmers Association, demanded that at least 30 direct purchase centres in the district. Paddy with a moisture content of up to 20 per cent should be procured at the centres, he said.

Mr.Kanagasabai, and R.Subramanian, deputy secretary, District Cauvery Delta Farmers Welfare Association, urged the government to ensure the release of adequate quantity of water in the Cauvery during the Mettur closure period to meet the irrigational requirements of farmers, who are dependent on the 17 irrigation canals up to Tiruchi. Mr.Subramanian demanded that at least 3,500 cusecs of water be released to meet the requirements of crops irrigated through the canals.

A cross-section of the farmers' representatives complained about the poor condition of many of the state highways, especially the Musiri and Thottiyam roads that were damaged during the monsoon last year and demanded urgent repairs.

To a query from the farmers, District Revenue Officer C.A.Raman said the list of farmers who had been sanctioned compensation for crop damages have been notified in all primary agricultural cooperative societies.

The compensation amount was being credited to the accounts of the farmers. Complaints, if any, could be brought to the notice of the district administration. Mr.Viswanthan and a few other farmers sought a ban on the use of heavy machines for mining sand from Cauvery.

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Campaign on fodder cultivation

Special Correspondent

'Fodder availability is enough to meet only 20 per cent of State's requirements'

Food for thought: M.Babu, Professor and Head, TANUVAS Training and Research Centre, Tiruchi, distributing tree fodder seeds to women.

TIRUCHI: The Tamil Nadu Veterinary and Animal Sciences University (TANUVAS) Training and Research Centre here (VUTRC) conducted a campaign to motivate women farmers to cultivate fodder for livestock in Melavaladi village on Friday.

CSR initiative

The campaign was organized by the Lalgudi branch of the Equitas Micro Finance India (private) limited, under its corporate social responsibility programme, in which over 125 rural women participated. The programme was organised in connection with Pongal celebrations.

M.Babu, Professor and Head, TANUVAS Training and Research Centre, said that the current green-fodder availability in the Tamil Nadu is enough to meet only 20 per cent of the requirements of the State .

CoFS29

He explained the importance and advantage of cultivating perennial fodders like Co 4, CoFS29, tree-fodder subabul, and feeding the livestock particularly milch animal.

Feeding fodder to cows reduces the cost of producing milk by saving on concentrate feed, improving the conception rate, and reducing the inter calving period.

Dr.Babu said cultivating Co 4 at the rate of 1,500 slips on 10 cents of land would yield about 30 kg fodder daily, which is enough to meet the green-fodder requirement of a cow that gives up to 12 litres of milk a day.

‘Grow fodder'

Britto Prabhakaran, co-ordinator, and Nandakumar, branch manager, Equitas Micro Finance India (private) limited, urged the participants to grow fodder for their livestock.

Co 4 slips, CoFS29, and subabul seeds were distributed to the participants free of cost to create awareness.

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High growth sparks inflation fears in China

Ananth Krishnan

— PHOTO: AP

OVERHEATED:A Chinese woman holds up a tomato at a supermarket

BEIJING: China's unexpectedly high 9.8 per cent GDP growth in the fourth quarter of last year and rising inflation rates have renewed concerns here about the economy's overheating, and raised the prospect of a slew of fresh tightening measures this year.

Boosted by strong fourth quarter growth, China's economy expanded 10.3 per cent in 2010, achieving double-digit growth for the first time since the financial crisis, according to official data released this week. China's economy grew by 9 per cent in 2008 and 9.2 per cent in 2009, driven by the government's $586-billion stimulus plan, which was unveiled in November 2008.

In China, the figures were greeted more with caution than celebration, with the numbers indicating rising inflation and record increases in bank lending, which has worried regulators.

The Consumer Price Index (CPI), the country's main gauge of inflation, increased by 4.6 per cent in December, taking this year's figure beyond the government's 3 per cent target, to 3.3 per cent. In November, the CPI rose by 5.1 per cent, the highest in more than two years, while food prices recorded an 11.7 per cent increase.

The Chinese government has often laid particular emphasis on controlling food prices, seen as a key instrument of ensuring social stability. Inflation has been driven partly by record bank lending, which reached 7.95 trillion yuan ($ 1.19 trillion) in 2010, exceeding the government's 7.5 tillion yuan target. “Money supply expanded at a remarkable rate,” Alistair Thornton, China analyst at IHS Global Insight, told The Hindu. “Until that is scaled back, we are not going to see pressure recede either for CPI or asset markets.”

Concerned by surging housing prices and the prospect of asset bubbles, the Chinese government has unveiled a series of tightening measures in recent months. The People's Bank of China, the central bank, has raised interest rates twice in recent months, while also increasing reserve-requirement ratios of banks six times.

The measures, analysts say, have only had limited effect. “The annual targets keep getting overshot,” Mr. Thornton said, adding that the government was now considering tighter regulatory measures, such as monitoring and levying fines on banks on an individual basis and instituting monthly targets.

Ma Jiantang, director of the National Bureau of Statistics, said there had been some progress in taming prices in December, but the economy still faced inflationary challenges. He also blamed the U.S. Federal Reserve's $600-billion bond-buying move to weaken the dollar, known as quantitative easing, for worsening the problem by rising prices of international commodities. “We should not relax on prices in 2011,” he said.

Analysts said the Chinese government would focus more on reining in inflation, rather than driving growth, in the coming year. “The acceleration of growth in the fourth quarter showed that the economic growth rate would be off the agenda for Beijing,” Hua Zhongwei, an analyst with Huachuang Securities in Beijing, was quoted as saying by Reuters. “In other words, taming inflation will be the sole priority for Chinese economic policies.”

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Cardamom e-auction eliminates role of middlemen

R. Ramabhadran Pillai

Provides transparency, holds better price realisation

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60 terminals provided at Spices Park for e-auction Over 500 lots can be auctioned off a day

KOCHI/ IDUKKI: The electronic auction of cardamom at the Spices Park at Puttadi in Idukki has opened new vistas in agri-business. Farmers as well as traders find the e-auction a welcome change in their traditional methods of transaction. The technology-aided auction mode, coupled with storage facility at the park, has helped the buyer and the seller to eliminate middlemen.

Farmers in the high range area, with vast stretches of cardamom plantations, have an opportunity to sell the produce at an optimum price at their convenience. The traders participating in the e-auction get a chance to physically verify and compare the lots available for auction.

Sixty terminals are provided for e-auction at the park. The e-auctions, which have replaced the traditional ‘outcry system,' are conducted in accordance with a weekly schedule. Each auctioneer is allotted a specific day for selling the produce, the samples of which are distributed among the buyers at the e-auction terminal prior to each auction.

“With a state-of-the art e-auction system, it takes very low duration for each bid,” said A. Anil Kumar, an official associated with the electronic operations at the Spices Park. Each bid takes only seven seconds. Over 500 lots can be auctioned off a day. Money transactions are facilitated through the Real Time Gross Settlement (RTGS) or National Electronics Fund Transfer (NEFT)-enabled core banking system. The park has a branch of a nationalised bank to facilitate the transaction operations.

Licensed dealers are provided with an electronic user identification code and password. The dealers have to log into the system through the terminals at the auction centre. The identity of the successful bidder is kept confidential during the auction process. The highest bidder will get the lot and the message will be displayed only on the terminal of the successful bidder. Electronically operated display boards on either side of the hall provide instant information such as the quantity, the number of bags on auction and the highest bid price of each lot.

“The new system has brought transparency and price discovery in the auction process,” says J. Thomas, Director, Research, Spices Board, who heads the operations at the park. The e-auction system is facilitated with the help of software, specially developed by Tata Consultancy Services. The e-auction system is running successfully at Puttadi as well as Bodinayakannur in

Tamil Nadu. It is evident from the auction arrivals and the price realised since the introduction of the electronic system.

The quantity of cardamom sold through the e-auctions during the 2007-08 crop year (August to April) was 5,774 tonnes and the average price was Rs.503 a kg. The quantity went up to 9957 tonnes in 2008-09, with an average price of Rs.538 a kg. The quantity was 9,960 tonnes in 2009-10, with a price of Rs. 868 a kg. During the current year, between August and December, the quantity of cardamom on e-auction was 5,955 tonnes, with an average price of Rs.1,090 a kg.

The figures indicate that on an average, transaction of about 40 tonnes of cardamom takes place at the e-auction centre every day. About 300 lots can be auctioned each day off during the 10 a.m. to 6 p.m. schedule.

Secret deals between the buyers and auctioneers could not be prevented in the traditional outcry system of auction, but there is no scope for such manipulations under the e-auction, says Basheer Ahmed, an auctioneer of South Indian Green Cardamom Company Ltd., Vandanmedu. "In fact, the traders had objected to the electronic auction initially. The Spices Board convinced them of the efficacy of the system. Now the traders as well as the farmers are happy," he says.

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One village in every district for organic farming

Patna: The Bihar Government has prepared an agricultural roadmap under which one village in each of the 38 districts would be selected as organic village for promoting organic farming.

"Under the roadmap formulated for agriculture, we will select one village in every district as organic village for the purpose of organic farming", State Agriculture Minister Narendra Singh said.

"Organic farming is the only way to restore fertility of land", he said. The fertility of land has decreased due to the increasing use of chemical fertilizers and pesticides over the years, he said.

“Organic farming will increase the production of food crops”, he said.

Mr. Singh said the present government had increased the agriculture budget from Rs.25crore to Rs.803crore and was ready to achieve the objectives under the agricultural roadmap.

Stating that several rounds of talks have taken place between the State Government and various banks regarding assistance to farmers, the Minister said the Government was also making efforts for certification of organic villages as it was important for the marketing of agricultural products.

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Meet to showcase farm innovations

Staff Reporter

Kasaragod: The Central Plantation Crops Research Institute (CPCRI) will organise a ‘Farm Innovators Meet' here on February 28, coinciding with the National Science Day.

The meet would showcase path breaking innovations in the agricultural sector and would provide a forum for farmers and entrepreneurs to update themselves on the new trends in the sector, George V. Thomas, Director of CPCRI, said in a release on Friday.

Apart from sharing ideas and experiences, the meet would also set agenda for on-farm testing and documentation and popularisation of innovations. Those who have developed new methods in production and processing of coconut, arecanut and cocoa must send a brief report describing the methods/tools developed by them to the Director, CPCRI, Kasaragod by February 1, the release said.

The report should also include the cost and benefits of the innovation and rate of adoption by farmers in different regions.

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DKMUL offers sops to promote dairy farming

Special Correspondent

Farmers will be offered Rs. 12,500 to buy cattle feed Those who buy milking machine to get subsidy

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MANGALORE: To promote dairy farming, Dakshina Kannada Cooperative Milk Producers' Union Ltd. (DKMUL) is offering incentives to farmers to set up mini dairies and calf-rearing, Raviraj Hegde, president of the union, said on Thursday.

He told presspersons here that farmers would be offered Rs. 12,500 to buy cattle feed. A subsidy of 25 per cent would be given to those who purchased milking machine, each at a cost of Rs. 50,000. Another subsidy of 20 per cent would be offered on the price of shed-cleaning machine and 25 per cent subsidy on chaff-cutters.

Farmers interested in setting up “gobar” gas plants would be given a subsidy of Rs.12,000 a unit.

Referring to calf-rearing programme, he said the aim was to assist farmers in growing calves into milk-yielding cows within a short time. Generally, it would take three to four years.

But through scientific methods, a calf could be grown into a milk-yielding cow within 22 months. While the total cost was Rs.1,000, a special cattle feed, “calf starters”, and de-worming medicines would be given to farmers with a subsidy of Rs. 500.

The technical knowhow on feeding the animal to mature early would be given to farmers.

A farmer would be given Rs. 2,000 a cow for following the guidance given by the cooperative.

These initiatives had been taken to achieve self-sufficiency in milk production. Dakshina Kannada and Udupi districts faced a shortage of milk. While there was a demand for five lakh litres of milk a day, the supply was only three lakh in the two districts, Mr. Hegde said.

hindustantimes

Reuters

New Delhi, January 21, 2011

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Subbarao says discussed economy with finmin

The Reserve Bank of India (RBI) chief Duvvuri Subbarao said on Friday he discussed the country's macroeconomic situation with finance minister Pranab Mukherjee, as they met for a customary meeting ahead of a policy review.

RBI will review monetary policy on Tuesday.

The wholesale price index, the most widely watched gauge of prices in India, rose 8.43% in December from a year earlier, compared with 7.48% in November, showing food inflation had fed into the broader economy.

While monetary measures are largely ineffective in tackling supply-led problems like food inflation, the RBI is widely expected to raise policy rates by 25 basis points in its review to rein in inflationary expectations and dampen overall demand.

http://www.hindustantimes.com/StoryPage/Print/652941.aspx

THE ECONOMIC TIMES
Mon, Jan 24, 2011 | Updated 08.12AM IST

21 Jan, 2011, 10.07PM IST,PTI

Natural rubber hits record high of Rs 234 a kg on global cues

NEW DELHI: Prices of natural rubber in the domestic market touched a record high of Rs 234 per kg today, tracking global rates which hit a new high on supply concerns emanating from biggest producer Thailand.

Prices of natural rubber, a key component for making tyres, today closed at Rs 234 per kg in Kottayam and Kochi, which account for 90 per cent of the country's production.

The price of the commodity also shot up to a record high of Rs 261 per kg in Bangkok on concerns that supply from Thailand, the top exporter of the material, may decline, worsening a supply shortage after a flood warning in the nation.

"International prices are at a record high and are likely to remain at that level in the near future due to strong demand," said the Indian Rubber Dealers Federation .

Domestic prices are following the international trend, it added.

A surge in demand from the US on the back of better-than -expected growth in the automotive segment and a strong demand from China is pushing the global prices of the commodity and the impact is also felt on the domestic market, traders said.

Natural rubber prices have been on the rise for the past few months due to disruption of production in Kerala, which accounts for 90 per cent of the country's production, coupled with a rally in international prices of the commodity.

However, the present rally in the prices of commodity is due to global cues, Jalal said, adding that there is no supply crunch in the country.

India's production of natural rubber in 2010 is estimated at around 8.5 lakh tonnes, whereas the total demand for natural rubber in the country is nearly 10 lakh tonnes per annum.

21 Jan, 2011, 01.56PM IST,REUTERS

Guar, chana futures hit contract high

MUMBAI: India's guar futures rose to a fresh contract high on Friday afternoon due to robust demand for guar gum from exporters to complete overseas orders and active buying from stockists and millers amid falling arrivals, analysts said.

"Export demand is good and is likely to remain firm in coming days. Total guar gum exports are expected to be higher this year because of a recovery in global demand," said Badruddin Khan, analyst at Angel Commodities .

At 1:42 p.m., the most-active February guar seed was up 0.84 percent at 2,763 rupees per 100 kg after hitting a fresh contract high of 2,785 rupees per 100 kg. Khan expects February contract to touch 2,850 rupees per 100 kg in the short term.

Daily arrivals in the spot market have reduced to 50,000-55,000 bags (of 100 kgs each) against 70,000 bags last week, traders and analysts said.

India is the world's largest producer and exporter of guar gum and supplies 80 percent of the global demand.

Industrial guar gum, used as a controlling agent in oil wells to facilitate drilling and prevent fluid loss, is the most sought after guar product and accounts for about 45 percent of the total demand.

CHANA: India chana futures hit a contract high helped by falling arrivals in the domestic market amid wedding demand, coupled with rising prices of substitutes such as urad and tur, analysts said.

"Overall sentiment is firm in pulses. Demand from the local market is firm ahead of the wedding season. Arrivals are expected to get delayed by 10-15 days this year due to the unseasonal rains," said Anand Sarwade, a chana trader in Gadag, Karnataka.

The most-active February contract on the National Commodity and Derivatives Exchange (NCDEX) was trading 2.46 percent higher at 2,705 rupees per 100 kg.

In Delhi, a major trading centre in Madhya Pradesh, chana was 47.95 rupees up at 2,606 rupees per 100 kg. The next marriage season in India will run from February through May.

21 Jan, 2011, 01.55PM IST,PTI

Sugar futures recover on fresh buying support

NEW DELHI: Sugar futures prices recovered 0.65 per cent to Rs 2,946 per quintal today, as speculators created fresh positions on hopes of a rise in demand in the spot market.

All the three contracts, April, March and February, were in positive zone.

At the National Commodity Derivatives Exchange , sugar for delivery in April rose by Rs 19, or 0.65 per cent, to Rs 2,946 per quintal, with an open interest of 1,900 lots, while delivery in

March gained Rs 14, or 0.49 per cent, to Rs 2,875 per quintal, with a trade volume of 19,390 lots.

Similarly, the sugar for delivery in February also moved up by Rs 11, or 0.40 per cent, to Rs 2,795 per quintal, with an open interest of 32,010 lots.

Analysts said fresh buying support by speculators on expectations of pick up in demand in the spot market mainly led to recovery in sugar futures prices.

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Back **Coffee body sees prices ruling firm this year**

Anil Urs

Hubli, Jan. 21

Developments such as tight supply, buoyant consumption in emerging countries and low stock levels indicate that coffee prices will remain firm during 2011.

The International Coffee Organisation (ICO) said in its market report: “Market fundamentals continue to be favourable to the support of high price levels. Adverse weather is still disrupting harvesting and transportation in many exporting countries, thereby affecting short-term coffee supplies.”

Despite high production in crop year 2010-11, Brazil's domestic consumption has continued to grow. In crop year 2011-12, the first official estimates published by CONAB, the government agency responsible for agricultural estimates, indicate a crop of between 41.9 and 44.7 million bags, the highest level recorded for a low production year in the biennial cycle.

Production is expected to be slightly lower in Vietnam, while significantly lower production is anticipated in Indonesia and several exporting countries as a result of unfavourable weather conditions.

ICO said: “Colombia will find it difficult to return to its former production level since many coffee trees have been affected by coffee leaf rust and access to appropriate treatment is limited by the high cost of inputs.

“On the other hand, the information received from other exporting countries, particularly from Ethiopia and some other African countries, has led to an upward revision of the preliminary estimate to around 135 million bags.”

Market Fundamentals

According to ICO, production in 2010-11 is estimated at 134.6 million bags, a rise of 11.8 million bags (9.6 per cent) over the previous year. Most of this increase will be in Arabica, which is expected to grow by 10.8 million bags (almost 15 per cent). Robusta is expected to rise by under one million bags (nearly 2 per cent).

An increase of 7.5 per cent is expected in the Mexico and Central America region, mainly due to increased production in El Salvador, Guatemala, Honduras and Mexico. In Asia and Oceania, production is expected to decrease slightly in Vietnam and significantly in Indonesia due to adverse weather.

In Colombia, an increase in production is expected. But the coffee industry is still experiencing difficulties, particularly as a result of the outbreak of disease, especially coffee leaf rust.

Brazil

The ICO report said, “It should be noted that crop year 2010-11 is a high production year in Brazil and recent estimates by the coffee authorities indicate a total production of 48.1 million bags.

“Brazil's crop year 2011-12 will begin in the next few months and production will be lower in accordance with the biennial production cycle for arabicas. The level of this decrease may, however, be reduced due to advances in agricultural practices that should make it possible to reduce pronounced fluctuations in production from one year to the next.”

Exports in November totalled 7.7 million bags, bringing the volume exported during the first 11 months of 2010 to 87.1 million bags as against 88.3 million bags for the same period in 2009, a fall of 1.4 per cent. Brazilian exports were the highest recorded for November, indicating a strong demand for Brazilian coffee as a replacement for those origins in short supply.

Preliminary information on global consumption in 2010 indicates a level of at least 131 million bags compared to 130 million bags in 2009. Data on consumption in the five leading importing countries (France, Germany, Italy, Japan and the US) indicate consumption of 37.3 million bags during the period January to September against 36.5 million bags for the same period in 2009.

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Back **RBI rejects Karnataka banks' plea on coffee loans**

NPAs under coffee loans likely to rise, say bankers.

Anjana Chandramouly

A. Srinivas

Bangalore, Jan. 21

The Reserve Bank of India has not ‘favourably' considered the Karnataka-based banks' request for retention of asset classification status of Coffee Debt Relief Package (CDRP) loans as on June 30, 2009, said a top regional official of RBI at the State-Level Bankers' Committee (SLBC) – Karnataka meeting held on Monday.

Mr P. Vijaya Bhaskar, Regional Director, Reserve Bank of India, informed bankers at the 115 {+t} {+h} SLBC meeting that the RBI was not able to ‘favourably consider' their request since asset reclassification cannot be considered on a retrospective basis. Banks in Karnataka have an exposure of about Rs 1,400 crore to coffee growers in the State.

According to bankers, such a step would lead to the increase in the level of NPAs under coffee loans, and that banks would have to make provision for these loans. Besides, they would also now have to provide for extra provisioning in addition to normal provisioning for diminution of fair value in case of restructured NPAs.

Banks would also have to reverse accrued interest if the relief package accounts are classified as NPAs, and make fresh provisioning in addition to foregoing in the form of relief and interest.

If the CDRP loans are to be classified as NPAs, it will have additional financial impact on the banks' balance sheet, since they have to reverse the accrued interest and make provisioning for NPAs.

An official of a planters' association said that delays in implementation of the package have hit coffee growers. He added that expecting early implementation of the scheme, growers stopped servicing some of the recent overdue loans, which turned into non-standard loans.

“As a result, the earlier cut-off date in the debt-relief package, of June 30, 2009, was no longer appropriate,” he pointed out.

He also said that banks wanted to take a later date as a cut-off, as per which all overdue loans will be considered standard, adding that the RBI was not prepared to include loans that have turned NPA after June 2009.

“We hope that the RBI realises that these loans have turned bad only because of delays in implementation of the package,” said the official.

Date:22/01/2011 URL:
http://www.thehindubusinessline.com/2011/01/22/stories/2011012250852000.htm

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Back **Decision on raising cotton export cap after Feb 10**

Our Bureau

New Delhi, Jan. 21

Even as the Union Agriculture Minister, Mr Sharad Pawar, on Friday, said that the Centre may consider allowing more cotton exports in the wake of a better-than-expected crop, a Committee of Secretaries (CoS) has decided not to take any call till February 10.

The CoS, which met here to review the overall cotton supply-demand position and the feasibility of raising the existing export cap of 55 lakh bales, decided to conduct a fresh review on February 10, by which time the Cotton Advisory Board (CAB) would also have carried out its latest assessment of the crop.

Forecast revision

The CAB had, in August, projected the total 2010-11 crop at 325 lakh bales (one bale equals 170 kg).

This figure was revised upwards to 329 lakh bales early this month.

Mr Pawar, on his part, claimed that the production would even top 335 lakh bales and “we will have to give a serious thought to more exports after 70-80 per cent of the quantity already allotted gets shipped”, he told presspersons.

So far, out of the 55 lakh bales approved export quota, around 35 lakh bales have gone out of the country.

According to the Cotton Corporation of India, as on January 16, 162.65 lakh bales of cotton had arrived in the domestic market in the current season (October-September), which was more than the 152 lakh bales in the same period of 2009-10.

Flood-hit

Global cotton prices have been on fire following poor, flood-damaged crops in China and Pakistan.

The benchmark Cotlook ‘A' Index (Far East) price is currently ruling at an all-time-high of 178 cents a pound, as against just 80 cents a year ago.

Domestic lint prices have also correspondingly gone up, with a 356-kg candy of Shankar-6 selling now at Rs 45,500 in Mumbai, compared with Rs 28,000 at this time last year.

Date:22/01/2011 URL: http://www.thehindubusinessline.com/2011/01/22/stories/2011012250882000.htm

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Back **Surge continues in cotton price**

Rajkot, Jan. 21

Cotton price continued to increase on Friday due to short supply in Gujarat. Supply from Maharashtra has been interrupted. In Gujarat, Sankar-6 variety was traded at Rs 45,000-45,200 a candy of 356 kg. Raw cotton, however, remained firm at Rs 1,020-1,030 for 20 kg in Rajkot. About 45,000-4,8000 bales arrived in Gujarat and 1.10 lakh bales in the country. A Rajkot-based broker said: “Supply from Maharashtra is nil now-a-days as farmers are getting more price then Gujarat. But now there will no more chance for further gain.” Maharashtra, raw cotton price is Rs 5,200-5,400 a quintal. Since last 8-10 days, arrival of cotton from Maharashtra to

Gujarat has virtually come to a standstill. Recently, about 700 trucks came to Gujarat from Maharashtra. According to industry sources, South-based mills are keen buy cotton from Maharashtra as transportation cost is cheaper than Gujarat.

Date:22/01/2011 URL:
http://www.thehindubusinessline.com/2011/01/22/stories/2011012251801900.htm

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Back **Onion stabilises on better arrivals**

A glance at Lasalgaon market*

Date	Arrival	Price		Modal
		Min	Max	
Jan 17	1,104	300	3,352	2,551
Jan 18	1,020	300	3,251	2,500
Jan 19	619	500	3,351	2,600
Jan 20	926	500	3,416	2,700
Jan 21	1,014	811	3,201	2,700

*Arrival in tonnes; price in Rs/quintal Source: NHRDF

M.R. Subramani

Chennai, Jan. 21

Onion prices ruled stable this week in key terminal markets on higher arrivals. However, the modal price or the rates at which most trades took place tended to rise in the last two days.

“Prices were more or less stable since arrivals improved. Quality onions commanded a price between Rs 25 and Rs 35 a kg in Nashik,” said Mr Rupes Jaju, Director of Nashik-based United Pacific Agro Pvt Ltd.

In Lasalgaon, arrivals topped 1,000 tonnes on Monday and Friday, while they were close to that margin on Thursday.

In Gondal near Rajkot in Gujarat, onions were quoted at Rs 300-600 for a maund of 20 kg. “Arrivals are improving and the quality of onions that are coming to the market is also better,” said Mr Mahesh Patodia, a trader. Still, quality onions that have longer shelf life attracted the maximum price.

Meanwhile, white onions that used for manufacturing powder used in seasoning have begun to arrive in Gujarat markets.

“They are ruling between Rs 300 and Rs 400 a maund, while their quality is good,” said Mr Patodia.

Onion prices are expected to rule around these levels for the next couple of weeks. The arrivals are projected to be around current levels as also demand. In Hyderabad, quality onions commanded nearly Rs 3,300 a quintal, while second sorts were quoted at Rs 2,200 a quintal.

The second sorts are ones that do not have a larger shelf life.

Date:22/01/2011 URL: http://www.thehindubusinessline.com/2011/01/22/stories/2011012250822000.htm

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Back **Fitch assigns stable outlook for edible oil sector**

Our Bureau

Mumbai, Jan 21

Expectations of demand for edible oil outstripping supply are expected to hold good for manufacturers.

The widening gap between demand and supply is likely to result in prices firming up and consequently, growth in revenue for most edible oil companies next fiscal, said Fitch Ratings.

Assigning a stable outlook for the sector, Fitch said, companies with a larger portfolio of branded products and higher capacity may benefit the most from higher average sales prices and volumes.

Fitch expects consumption of palm oil in the whole edible oil pie to increase to 46 per cent in 2011 from 43 per cent last year.

The agency expects most of the incremental edible oil demand this year to be met by imports, primarily of palm oil due to low domestic production on account of lower area under oil seed cultivation and low crop yields.

Easy oil availability from neighbouring countries such as Malaysia and Indonesia, cheaper pricing and zero duty on crude palm oil (CPO) have encouraged refiners and integrated manufacturers to refine more CPO. The agency expects rising volumes and average prices to lead to higher revenue growth for edible oil companies.

However, refiners with a higher proportion of lower-margin palm oil sales are expected to witness slight margin compression and increased exposure to foreign-exchange risk. Fitch expects that higher revenues and EBITDA of the edible oil companies may be offset by higher working capital requirements, resulting in largely stable credit metrics.

Any further increase in inventory positions could weaken leverage ratios and put pressure on liquidity, but a potential increase in branded products carrying higher margins could partly offset this impact and help maintain overall credit metrics.

Downside risks to the outlook may occur from any substantial volatility in foreign exchange rates or a sharp drop in oil prices due to greater-than-expected production.

The impact of a price drop would be magnified by individual companies' inventory holding periods. Any substantial increase in proposed capex plans, together with lower demand growth, could impact overall profitability and consequently credit metrics.

Date:22/01/2011 URL: http://www.thehindubusinessline.com/2011/01/22/stories/2011012251781900.htm

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Back **Firm trend continues in edible oils**

Our Correspondent

Mumbai, Jan. 21

Edible oil prices on Friday ruled firm, taking cues from the strong Malaysian market.

Malaysian crude palm oil (CPO) futures closed higher on chart-based speculative buying interest and demand prospects.

Indore NBOT soya future also saw a firm trend.

On Friday in Mumbai market, soya oil, palmolein, sunflower oil and cotton oil rose between Rs 4 and Rs 6 for 10 kg. Rapeseed oil declined by Rs 5. Groundnut oil was steady despite the sharp rise in Saurashtra. With limited buying, volume was thin in resale. Refineries were quoting higher rates. A wholesale trader Mr Dinesh Thakkar said: “In Mumbai, about 150-200 tonnes palmolein were traded in resale in the range of Rs 587-588. The gap between the refineries / importers rates for forward delivery and resale rates for spot delivery is nearly Rs 12-15 for 10 kg higher, which turns needy buyers to concentrate on limited resale buying in spot.”

Currently due to month-end period local demand is also low so the fresh volume in ready market is thin.

Liberty was quoting palmolein at Rs 603-605, Ruchi's rates were Rs 600 for palmolein, soya refined oil Rs 630 and sunflower oil Rs 715 for forward delivery. Indore NBOT soya oil futures: February was Rs 657.60 (Rs 651) and March Rs 664 (Rs 663.50).

Mumbai commodity exchange spot rate (Rs/10kg): Groundnut oil 770 (770), Soya refined oil 627 (622), Sunflower expeller refined 675 (670), sunflower refined 725 (720), rapeseed refined 650 (655), rapeseed expeller refined 620 (625), cotton refined 616 (612) and palmolein 590 (584).

Date:22/01/2011 URL: http://www.thehindubusinessline.com/2011/01/22/stories/2011012251791900.htm

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Back **Pulses boil on crop failure fears, demand**

Our Correspondent

Indore, Jan. 21

Galloping demand and expected decline in pulse seeds production because of cold wave and frost in pulse-seeds producing States, have lifted pulses in Indore mandis to an unexpected level.

Particularly in the past two-three days, prices of both pulses and pulse seeds have zoomed Rs 200-600 a quintal, primarily because of robust demand from both retailers and millers. Especially tur and its dal have witnessed a record rise in its prices in the past few days. Tur (Maharashtra) in the past two days has gained Rs 400-500 a quintal, while tur dal (marka) perked up by Rs 600 in a span of two days. Steep rise in tur and its dal has primarily been attributed to low arrival and damage to large-scale tur crops in Maharashtra, Karnatakka and Madhya Pradesh (major tur-producing states) on account of extreme cold and frost there. Continuing its rally, tur (while) in Indore mandis on Friday perked by Rs 300 at Rs 4,700-4,800 a quintal. Taking cue from the rise in pulse seeds, the prices of tur dal (marka) in the spot soared to Rs 7,400 a quintal, up Rs 200. On Thursday also, tur dal (marka) witnessed steep rise with its prices in the spot quoted Rs 400 up at Rs 7,200 a quintal. In the spot, tur dal (full) quoted at Rs 6,800-6,900, while tur dal (sawa number) quoted at Rs 6,100-6,200 a quintal.

Uptrend also continued in other pulses with chana (bold) quoting Rs 100 up at Rs 3,350-3,375 a quintal, chana dal (medium) at Rs 3,250-3,275 a quintal, while chana dal (average) quoted at Rs 3,125-3,150. Steep rise in chana dal was also attributed to rise in chana spot prices which zoomed to Rs 2,650 a quintal, an increase of Rs 100.

Date:22/01/2011 URL: http://www.thehindubusinessline.com/2011/01/22/stories/2011012251751900.htm

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Back **Rice rules flat in lukewarm trade**

Our Correspondent

Karnal, Jan. 21

With trading being lukewarm, prices of aromatic and non-basmati rice ruled flat on Friday.

Rice prices have been ruling unchanged since Monday. Pusa-1121 steam ruled at Rs 5,250-5,300 a quintal, Pusa-1121 sela at Rs 4,300-4,500, and Pusa-1121 at Rs 5,200-5,250.

Pusa (sela) ruled at Rs 3,200-3,250, and Pusa (raw) around Rs 4,250. Basmati sela quoted at Rs 5,800, and basmati raw, Rs 6,800.

The market has not seen any alteration in prices since Monday and it's unlikely to see any major alteration in the next few days too, said Mr Amit Chandna, Proprietor, Hanuman Rice Trading Company. Though the weather has turned favourable and traders are expecting good trading sessions this week, buyers are keeping themselves out of the market, he added.

Prices of brokens of 1121 variety were: Tibar was at Rs 3,400, Dubar at Rs 2,400, and Mongra at Rs 1,700.

For the brokens of Sharbati variety, Tibar quoted at Rs 2,600, Dubar was at 2,100 and Mongra, Rs 1,500.

Permal sela sold at Rs 1,800-2,150, while Permal steam sold at Rs 2,100-2,200 a quintal.

Sharbati sela sold at around Rs 2,700 and Sharbati steam at Rs 3,100 a quintal.

Paddy trading

Around 2,500 bags of PR sold between Rs 1,020 and Rs 1,050.About 2,000 bags of Sharbati ruled at Rs 1,525-1,570.Sugandha-999 arrived in about 2,000 bags, and quoted at Rs 1,550-1,630.

Around 3,000 bags of Pusa (duplicate basmati) quoted at Rs 2,000-2,150, around 5,000 bags of Pusa-1121 at Rs 2,100-2,600, and about 2,500 bags of pure basmati, Rs 2,200-2,650.

Date:22/01/2011 URL: http://www.thehindubusinessline.com/2011/01/22/stories/2011012251761900.htm

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Back **Turmeric growers look for price of Rs 16,000/quintal**

Our Correspondent

Erode, Jan. 21

The Mysore and Number 8 variety turmeric have started arriving in markets and are fetching a good price.

“The buyers showed interest in the new crop, as orders from Madhya Pradesh and Bihar were received by traders. Of the 2,000-odd bags that arrived on Friday, 1,500 were of the new crop,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said till the end of February there will be heavy arrivals of Mysore and Number 8 variety and the bulk buyers will purchase all the new variety.

Meanwhile, some turmeric farmers said that they are waiting for a good price and if the price goes above Rs 16,000 they will harvest the crop, process it, and send it to the market.

Some farmers said that the present price for the old and new crop are reasonable.

In the Erode Turmeric Merchants Association Sales Yard, the old turmeric-finger variety fetched Rs 9,000-14,595 a quintal, the root variety Rs 8,009-14,011. New Turmeric (Mysore) Finger variety was Rs 9,011-13,696, the root variety at Rs 9,009-13,309.

The Number 8 variety was sold at Rs 13,100 for the finger and the root variety ruled at Rs 12,600. Totally 979 bags arrived, of this 450 were of new variety. Some 417 bags including 250 of the new variety were sold.

In the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 12,469-15,189 and the root variety at Rs 11,719-14,639. All the 79 bags that arrived for sale were sold.

In the Erode Cooperative Marketing Society, the finger variety was sold at Rs 12,969-14,895, the root variety at Rs 12,800-14,538. All the 53 bags were sold.

Date:22/01/2011 URL: http://www.thehindubusinessline.com/2011/01/22/stories/2011012251222100.htm

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Back **Pepper futures drop on bearish activities**

G.K. Nair

Kochi, Jan 21

Pepper futures dropped on Friday on bearish propaganda and sell calls by “new generation upcoming local brokers”.

The market opened at the highest price of the day and then fell sharply. Just before closing it moved up to drop sharply to end below the previous closing. As usual, the market witnessed high volatility.

Reasons attributed to the drop were that demand was not forthcoming and, therefore buyers could hold back, low domestic demand, as it was being met directly from the primary markets, and delivery was limited.

“Even some leading bulls also turned bears,” market sources told Business Line. Stocks in the exchange warehouses in Kerala moved up to 2,075 tonnes with 1,849 tonnes in Kochi and 226 tonnes in Kozhikode.

Out of the 442 tonnes of January contract which matured for delivery, 277 tonnes were by the exchange allocation and the balance were among the brokers/buyers and sellers internally, they said.

The domestic demand was slow because of the unfavourable cold weather conditions in the North. Small quantities were, however, being moved out from the primary markets to some of the upcountry markets.

February contract on the NCDEX declined by Rs 90 to close at Rs 22,956 a quintal. March and April dropped by Rs 74 and Rs 68, respectively, to close at Rs 23,339 and Rs 23,645 a quintal.

Total turnover dropped by 1,882 tonnes to 5,818 tonnes. Total open interest moved up by 146 tonnes to 12,329 tonnes.

February open interest moved up by 86 tonnes to 10,618 tonnes, while that of March was up by 111 tonnes to close at 1,189 tonnes. April declined by just three tonnes at 369 tonnes.

Spot prices ruled steady on limited activities in thin trade and closed at previous levels of Rs 21,500 (ungarbled) and Rs 22,300 (MG 1) a quintal.

Overseas buyers are on a wait-and-watch mode hoping the prices would decline when the new crop in Vietnam arrived in the market.

Indian parity is currently at $5,225-$5,225 a tonne (c&f) and remained above other origins, they said.

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Back **Desperate sales by mills pound sugar**

Our Correspondent

Mumbai, Jan. 21

Spot sugar prices on the Vashi wholesale market fell sharply by Rs 20 a quintal on Friday, taking this month's decline to Rs 150. Naka rates fell by Rs 20-25. Desperate selling by mills at lower price to finish the current month quota in time led to a free fall on Friday. At mill tender level, the price fell by Rs 40-50. In late evening, rates were quoted further lower by Rs 10-15.

The sentiment was weak as there was no indication of any supportive measures from the Government, said traders.

Mr Jagdish Rawal, joint secretary of Bombay Sugar Merchants Association, told Business Line: “Sugar prices at the Vashi market declined by Rs 170-200 in naka and mill level this month on higher free sale quota of 17 lakh tonnes. Very limited buying by stockist and continued lack of demand with absence of upcountry buying created a sufficient inventory stock in the Vashi market and at the mill level. Higher inventory mounted pressure on mills to offload allotted quantity before due date and convert the balance in to levy quota. Till Friday, there was no indication of the expected lower free sale quota in February, forcing mills to sell at lower price.” According to sugar industry, from October to January the sugar production was 15 per cent higher at 84 lakh tonnes against the 73 lakh tonnes last year. In India sugar production in 2010-2011 is estimated at 245-250 lakh tonnes higher than 190 lakh tonne last year. On Thursday evening 12-13 mills came forward with tender offers and sold 25,000-30,000 bags of sugar in the range of Rs 2,690-Rs 2,740 for S-grade and Rs 2,730-Rs 2,770 for M-grade a quintal. Most tenders were kept open by mills.

Arrivals at the Vashi market were lower at 32-35 truckloads (100 bags each) and local dispatches were 30-32 truckloads.

According to Bombay Sugar Merchants Association rates were: Spot rates: S-grade Rs 2,830-2,871 (Rs 2,851-2,891) and M-grade Rs 2,876-2,931 (Rs 2,886-2,951). Naka delivery rates: S-grade Rs 2,800-2,820 (Rs 2,810-2,840) and M-grade was Rs 2,840-2,870 (Rs 2,850-2,890

Date:22/01/2011 URL: http://www.thehindubusinessline.com/2011/01/22/stories/2011012250481800.htm

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Back **Wheat outlook satisfactory, but risks persist**

Planted area may see 3% expansion as prices climb.

G. Chandrashekhar

Mumbai, Jan. 21

Global wheat production prospects in 2011-12 appear bright with the possibility of a 3 per cent expansion in planted area. Growers are seen responding to high prices of recent months. Assuming average yields, production is forecast to rebound to 670 million tonnes (the third highest on record, if achieved) compared with 647 mt in the previous year, the International Grains Council said, adding that the outlook for northern hemisphere grains crops generally appears favourable at this early stage. Wheat crop prospects in India are satisfactory on current reckoning. As of end-December, the area planted was an estimated 26.4 million hectares. The production target fixed by the Agriculture Ministry is 82 mt. On current reckoning and subject to normal weather over the next four weeks, 80 mt wheat harvest looks a distinct possibility. There could, of course, be many a slip between now and early April.

Weather factor

Temperature will play a crucial role. A rise in average temperature during the day can potentially hurt yields as Indian wheat is at the limit of heat tolerance.

Despite all the hype unleashed by Government officials and the industry last year, the final output figure was only 80.7 mt.

It would be safer to begin to work on wheat balance sheet assuming production of 80 mt rather than higher. Clearly, the downside risk to crop size is real, while the upside possibility is limited. At present, wheat is traded around Rs 1,300 a quintal. Depending on how the crop shapes up and market intervention, if any, by government, prices can move either way; but again, the downside to prices is rather limited.

Storage woes

In these times of high food inflation, the Government may have already missed the opportunity to liquidate excessive stocks with the Food Corporation of India. Holding grains stocks means an additional carrying cost of Rs 200 a tonne a month. As we move towards harvest time, the cost of wheat lying with FCI from last harvest has gone up by Rs 1,600 a tonne, having been in storage for about eight months.

Unless stocks are liquidated between now and end-March, how FCI will find additional warehouse space for rabi grains is unclear.

Meanwhile, world wheat prices have been firm and rising since December, caused by weather aberrations, quality concerns and rising crude prices.

Floods in Australia have triggered fears that about a third of the wheat crop estimated at 25 mt would be rendered unfit for milling.

The quality downgrade has sent bullish signals to the market. It also means that a large part of Australian wheat will go for feed. China was among several recent customers for such feed grade wheat.

THE FINANCIAL EXPRESS
Mon, 22 Jan 2011

Sugar closes quiet on little doing

Agencies

Posted online: 2011-01-22 15:45:08+05:30

New DelhiSugar prices closed on a quiet note in the national capital today following restricted buying against sufficient stocks position.

Market analysts said adequate stocks position, amid restricted buying by bulk consumers like soft drink and ice-cream makers mainly kept sugar prices unaltered.

The following were today's quotation in Rs per quintal.

Sugar ready M-30 3,000-3,125 and S-30 2,980-3,100.

Mill delivery M-30 2,775-2,925 and S-30 2,760-2,900.

Sugar mill gate prices (excluding duty): Kinonni 2,900, Asmoli 2,880, Mawana 2,840, Titabi 2,830, Thanabhavan 2,800, Budhana 2795 and Dorala 2,845.

Cotton export cap remains unchanged

Posted: Saturday, Jan 22, 2011 at 2341 hrs IST

The committee of secretaries (CoS) has reviewed the cotton exports and maintained the ceiling of 55 lakh bales of natural fibre shipments for the current cotton season as of now.

Secretaries including commerce and textiles met here. “The cap of 55 lakh bales for cotton exports (in the current cotton season) remain unchanged as of now. The secretaries will meet again on February 10 to review the situation,” official sources said.

The cotton season runs through October to September. Besides, the Cotton Advisory Board (CAB) would review the cotton production for the 2010-11 season before the secretaries meet next month, they said. Of the 55 lakh bales of 170 kg each ceiling fixed by the government, 38 lakh bales had already been exported till December 15.

The Directorate of Foreign Trade (DGFT), under the commerce ministry, is in the process of registering cotton export contracts for the remaining quantity.

Better seeds & tech to boost palm oil output: Secy

Saturday, Jan 22, 2011 at 2336 hrs IST

New Delhi India’s palm oil output should surge to 4 million tonne from about 60,000 currently in five years as the government, battling food inflation, encourages largescale oil palm cultivation, the farm secretary said.

India, the world’s biggest edible oil importer, buys in almost half its annual consumption of around 16 million tonnes. Palm oil, imported from Indonesia and Malaysia, accounts for about 80 % of total edible oil imports. Oil palm cultivation has failed to take off in India due to legal hassles and poor irrigation facilities. Trade body the Solvent Extractors’ Association say the country produces hardly 60,000 tonne of palm oil with 110,000 hectares planted with oil palms.

“We are trying to encourage oil palm plantation by inviting private firms. There are some issues which will be sorted out, leading to 4 million tonne of palm oil production in the next five years,” Prabeer Kumar Basu said in an interview.

He said the government was also trying to boost oilseed output by supplying higher yielding seeds to farmers and helping them adopt modern farm practices.

These measures will help India reduce dependence on imported edible oil, he said.

Imports of edible oils have been rising as the country’s economy expands and income levels increase.

Raising local supply through promotion of palm plantation will cut the exceesive overseas dependence of the country.

GROWTH PLAN

- Palm oil current output at 60,000 tonne per year
- Focus on higher yielding seeds to raise production
- The govt looking long-term at self-sufficiency in key crops

Palm oil prices on the Bursa Malaysia derivatives market rose 42% in 2010 as heavy rains lashed oil palm estates in Indonesia and Malaysia. India imported a record 9.2 million tonne of vegetable oils in the year to October 2010, up 4.5% from a year earlier.

Oil palm could be cultivated on one million hectares, said BV Mehta, executive director of the Solvent Extractors' Association of India. There will be two major hurdles. One is irrigation as oil palm is a water-intensive crop. And since oil palm is not declared as plantation crop like tea, coffee and rubber, the industry cannot commit large investment in oil palm cultivation, Mehta said.

Basu said India aimed to plug the gap by 2014 between domestic demand and output of lentils, a key source of nutrition.

"We have introduced some high-yielding varieties and short duration crops. These measures will push production to a level where we do not need to import. We will be able to bridge the gap in two to three years," he said.

Higher output will also help the government tame rising food prices as lentils have a weighting of 0.71662% in the widely-watched wholesale price index, a gauge for inflation.

The government is grappling with double-digit food price inflation as unseasonal rains hit the harvest of vegetables such as onions, a staple for Indians. Spiralling prices have damaged confidence in the government ahead of state elections this year. Headline inflation in December accelerated to above 8.4% and the Reserve Bank of India is expected to raise rates by at least 25 basis points in its January 25 policy review.

Govt to keep tab on food prices

fe Bureau

Posted online: 2011-01-22 23:31:57+05:30

New DelhiFor curbing recent spurt in prices of onion, milk and other commodities, the government on Friday decided to monitor prices of essential commodities periodically.

At a high level meeting attended by Minister of State for Consumer Affairs, Food and Public Distribution KV Thomas cabinet secretary KM Chandrasekhar, chief economic advisor Kaushik Basu, and other concerned official reviewed the price situation.

On the price situation of onions, it was noted that out of the contracted 1000 tonne from Pakistan, 300 tonne have already arrived and another 426 tonne is on its way.

Thomas said the higher prices are not likely to prevail beyond 31st January 2011 as a result of fresh arrivals. “The stock position with organized retail chains will be observed to ensure that stock is not contributing to hardening of prices,” he said after the meeting..

It was decided in the meeting that the department of animal husbandry, dairying and fisheries (DADF) along with National Dairy Development Board will take steps to improve supply situation of milk and milk products and would also keep the stocks under constant monitoring.

It was decided to formulate a scheme for strengthening the State Civil Supplies Corporations. It will include conditions which promote efficiency and transparency in the corporations and assistance will be contingent on the same, a statement by ministry of agriculture said.

Thomas would chair four regional conferences of food ministers and secretaries in the coming two weeks to review measures taken by state governments on the price front. The working of the APMC Act and its impact on prices will be reviewed.

On the edible oil supplies, it was decided to ask the state government to lift oil for distribution under the subsidised distribution scheme.