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Fair price shops start selling vegetables

Staff Reporter

— PHOTO: M.GOVARTHAN

Good start:Collector T. Soundiah inaugurating the sale of vegetables at fair price shops in Erode district on Monday.

ERODE: In a bid to offer some solace to the people in Erode district, who are feeling the pinch of spiralling vegetables prices, the Cooperative department has begun selling vegetables through fair price shops at nominal rates.

As prices of most of the vegetables including onions zoomed to unprecedented levels, people were witnessing a telling impact on their purses.

Prices of vegetables had doubled, in some cases, tripled or quadrupled.

With an aim to rein in the prices, the Cooperative department had come up the initiative of selling vegetables at reasonable rates.

Rates

People could buy vegetables at prices which were 15 per cent to 30 per cent less when compared to the open market, Collector T. Soundiah said after inaugurating the sale at a shop in Sasthiri Nagar here on Monday.

While the onions (bigger variety) are sold at Rs. 60 a kg in the open market, it is available for Rs. 42 a kg in the fair price shops. Similarly tomatoes, which cost Rs. 35 a kg in the open market, are sold for Rs. 25. Potato, carrot, beans, coconut, bitter gourd, brinjal among others too are available at the fair price shops.

Bulk quantities

“We are purchasing vegetables in bulk quantities directly from farmers. This enables us to sell vegetables at reasonable rates to the people,” officials said.

The department had introduced the vegetables sales in 25 outlets initially. “More outlets will start selling vegetables shortly,” officials added.

Senior officials from the co-operative department were present during the inauguration of vegetables sales.

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Fishermen being sensitised to hygienic handling of catch

A.V. Ragunathan

CUDDALORE: The M.S. Swaminathan Research Foundation (MSSRF) along with the National Fisheries Development Board has embarked upon the exercise of sensitising the fishermen of Cuddalore district to hygienic handling of their catch.

Such training has become necessary to enable the fishermen to get good price for their catch and also to prevent undue loss on account of improper conservation methods, according to R. Elangovan, Project Officer, Village Resource Centre, MSSRF.

Mr. Elangovan told The Hindu that recently a batch of fishermen at Mudasalodai underwent training in these aspects. He noted that it was a matter of concern that the fishermen had very little exposure to hygienic handling of fish and ice.

Since fishing activity contributed significantly to economic development of the region it ought to be streamlined. Scientific handling of fish to reduce losses and fetch good prices had therefore become necessary, he said.

It was found that the fishermen paid scant regard to maintenance of trawlers and motorised boats, and fish landing yards. They also lacked knowledge about the preservation technique as they were accustomed to the traditional way of storing ice blocks in a huge box and later spreading the fish over it.

Since, the fishing expedition might last seven to 10 days such practice would spoil the entire catch.

The right way was to adopt the layered method — alternative layers of ice and fish. They must cull rotten fish before storing.

Another important aspect was to impress upon the fishermen to dispense with gill nets.

Since these nets would reach the depths of the sea they would scoop up underwater sources, endangering marine life.

Mr. Elangovan said that the compliance level in this regard fell far short of the expectations because its true import was yet to be fully grasped by fishermen.

They were also advised not to carry food or any other eatables in plastic bags. The plastic articles dumped into the sea would affect marine life, he added.

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'Rear fish in farm ponds'

Special Correspondent

Principal secretary inspects veterinary dispensary at Ogalur

enquiry:M.P. Nirmala, right, Principal Secretary, Animal Husbandry, Dairying and Fisheries Department, inspecting the veterinary dispensary at Ogalur in Perambalur district on Monday.

PERAMBALUR: Farmers should rear fish in the farm ponds and supplement their income from agricultural crops, said M.P.Nirmala, principal secretary to government, Animal Husbandry, Dairying and Fisheries Department, here on Monday.

The secretary, who inspected fish culture in two farm ponds under the Irrigated Agriculture Modernisation and Water Resources Management (IAMWARM) project at Ogalur village in Perambalur district, instructed officials to provide for rearing different varieties of fish, including ornamental fish in the farm ponds.

Ms. Nirmala also inspected the veterinary dispensary in the village and inspected the stock register of medicines being given to the cattle.

She also enquired whether proper treatment was given to cattle in the dispensary.

Srinivasan, Joint Director of Animal Husbandry and Chandra, Deputy Director of Fisheries, accompanied the secretary .

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RBI hints at rate hike to contain inflation

Special Correspondent

Structural rigidities from supply-side need to be addressed

Food inflation exhibited a strong rebound Non-food inflation remains stable

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MUMBAI: Indicating strong actions to contain inflation the Reserve Bank of India on Monday said that containing inflation will have to be the predominant objective of monetary policy in the near-term since persistent high inflation could endanger the growth objective and also amplify risks to inclusive growth.

“Even if inflation softens in the near-term, sustaining a low inflation regime would require addressing structural rigidities from the supply side in specific sectors, particularly in those items where supply-demand imbalances exert disproportionately larger impact on the headline inflation, RBI stated in its macro economic and monetary developments in the third quarter of 2010-11 on the eve of its review of the third quarter.

High month-over-month (annualised, seasonally adjusted) inflation in recent months as also the rising price index of the non-food manufactured group suggests the combined impact of both input costs and demand pressures.

However, the RBI said that non-food manufactured products inflation, which is a broad indicator of generalised and demand-side price pressures, has remained stable in the range of 5.1-5.9 per cent so far during the year. WPI inflation had witnessed modest softening during August-November 2010 after remaining in double digits for five consecutive months up to July 2010.

In December 2010, however, renewed price pressures surfaced, driven by factors that were largely unanticipated. Food inflation exhibited a strong rebound, led by onion and other vegetables, largely due to unseasonal rains and supply-chain frictions. The hardening of international commodity prices, in particular oil, happened sooner than anticipated.

“The expected significant softening of food inflation after a normal monsoon did not materialise, reflecting the impact of growing structural imbalances in certain sectors, particularly non-cereal food items.”

The RBI also said that deficit liquidity conditions helped in strengthening the transmission of policy rate actions to deposit and lending rates.

“Recognising the structural imbalance between deposit growth and credit growth, as well as the underlying signals of the anti-inflationary monetary policy stance, banks raised their deposit rates to improve deposit mobilisation.”

Several banks also revised their base rates upwards in the range of 25-100 basis points during July 2010 -January 17, 2011, and the associated increase in effective lending rates could be expected to contain demand pressures, going forward. The pace of increase in housing prices varied across cities. The Reserve Bank has used macro-prudential measures recently to restrain excessive leverage in asset price build-up.

The RBI also said that liquidity conditions tightened significantly to the point of imposing constraints on growth in the terminal months of 2010. “The severe tightness in liquidity was caused by both frictional factors associated with unusually large surplus balances of the government and structural factors as reflected in stronger credit growth relative to deposit growth as well as higher demand for currency.”

The growth in non-food credit exceeded the indicative trajectory of the Reserve Bank and remained strong on account of growing credit demand associated with robust economic growth.

Recognising the need to firmly anchor inflationary expectations and contain inflation, the Reserve Bank has raised policy rates six times since March 2010. As a result, along with the impact of the shift in the Liquidity Adjustment Facility (LAF) mode from reverse repo to repo, the effective increase in policy rate has been 300 basis points.

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Survey finds a rising palate for the instant variety

Special Correspondent

3,000 households quizzed on their food habits

The survey findings say that metro residents are the largest consumers of processed food

Consumer spending rate on processed food has increased at the rate of 7.6 per cent annually

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KOCHI: Over 80 per cent of the households in metropolitan cities prefer to have instant food, says a survey undertaken by the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

The preference is attributed to factors such as a rise in income levels and standard of living, convenience and influence of western countries. The survey on "Ready-to-eat food in metropolitan cities" is based on responses from 3,000 representative households with or without children, nuclear families and bachelors.

The survey findings says that metro residents are the largest consumers of processed food and are going to be the biggest consumers of it because of their ever-increasing per capita income and changing lifestyle.

The major cities in which respondents were interviewed for the survey are Mumbai, Kochi, Chennai, Hyderabad, Indore, Patna, Pune, Delhi, Chandigarh and Dehradun.

The consumer spending rate on processed food has increased at an average rate of 7.6 per cent annually from 2008 to 2010, a trend expected to continue as the consumer expense will rise at an average of around 8.6 per cent till 2012.

The survey highlighted that 85 per cent of parents with children under the age of five serve easy-to-prepare meals at least seven to 10 times a month owing to increased pressures at work and the increasing complexity in household management areas.

Over 90 per cent of the nuclear families feel that they have less free time and need to spend less time in the kitchen.

Over 70 per cent of the bachelors prefer convenience food because it saves time and energy.

As many as 67 per cent of working women said the trend was to have foods which were simple and easy to digest.

Food manufacturers have also started concentrating on manufacturing innovative products and ready-to-eat processed food to keep up with the changing tastes of the consumers. It has given way to increased demand for quality food packaging and food processing.

The demand for processed food products, such as juice-based drinking concentrates, bottled water, organic food, herbal tea, fortified drinks and low-fat dairy products, has increased very much in the past five years.

Canned foods, fast foods, frozen foods, instant products, dried foods and preserved foods come under the instant or ready-to-eat food category. The Indian food processing market will show fast-paced growth in the next five years.

It is estimated that the food-processing industry will register an annual growth of 40-60 per cent during the period, the survey said.

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Soon Bangaloreans can stop crying over onions

Staff Reporter

Wholesale prices dip but you have to wait a while to benefit

Prices fell due to accumulation of stock Fresh produce has arrived from Maharashtra

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RELIEF AT LAST:The price of first quality produce has dipped by Rs.1,000 a quintal.

BANGALORE: Here is good news for “teary-eyed” Bangaloreans: onion prices have begun dipping with a quintal of first quality produce selling at Rs. 2,000 to Rs. 2,500 in wholesale markets as against Rs. 3,000 to Rs. 3,500 last week.

However, this reduction will not be felt in the retail market immediately as vendors have to first sell the produce bought at last week's price. “It may take three or four days for these retailers to get fresh stock and sell at the reduced price," said S. Balakrishna, Secretary of Bangalore Onion and Potato Merchants' Association.

Two factors

Mr. Balakrishna said the decrease in price was due to two factors — accumulation of stock due to Saturday's bandh and arrival of fresh produce from Maharashtra. About 20 truckloads of onion remained unsold at the Yeshwanthpur APMC Market on Saturday. Added to this, about 20 truckloads of produce arrived on Sunday and another 130 loads on Monday, he told The Hindu.

While first quality onion was sold between Rs. 2,000 and Rs. 2,500 a quintal on Monday, the second quality was sold between Rs. 1,500 to Rs. 2,000 and the third quality between Rs. 1,000 and Rs. 1,500. Retailers had been selling onion at prices ranging between Rs. 35 and Rs. 45 last week.

Export-related

Mr. Balakrishna said the price is likely to remain the same or fall because of fresh arrivals. If, however, the Union Government permits export of onions, the price could go up again, he warned.

Before permitting onion export, the governments should ensure that sufficient stock is available in the domestic market at a reasonable price. Even if the produce is exported and the price escalates in the local market, farmers will not benefit. Instead, the middlemen will make money, he pointed out.

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Dealers suspend sale of private milk sachets

Special Correspondent

CHENNAI: Sachet milk dealers in the city and its suburbs suspended sale of milk supplied by private companies protesting the rise in price of the milk.

The dealers, who met here on Monday and staged a demonstration, said they would continue their protest unless their demands were addressed. S.A. Ponnusami, president of the Tamil Nadu Milk Dealers Association, said some private milk companies based in Andhra Pradesh had raised the price of milk sachets since Friday.

"Since the Tamil Nadu government had raised the milk procurement price, it was only natural that private milk companies in the State would increase the price of their products. But the Andhra Pradesh government has not increased the procurement price, so how can the milk companies there raise prices?" Mr. Ponnusami asked.

According to him there are about 10,000 dealers in the city who sell milk supplied by private companies. The companies have raised their prices four times in the two years without any benefits to the dealers, he said.

The dealers say though milk companies have been raising their prices, the dealers receive a commission of only 50 paise per sachet. Around 5.5 lakh litres of the 8.5 lakh litres of milk sold in the city are supplied by private companies in the State and Andhra Pradesh. The rest of the demand is met by Aavin.

E. Sunder, secretary, Chennai District Tea Shop Owners' Association, says milk from Andhra Pradesh does not spoil quickly. "The milk that comes from places like Chittoor will reach us within three hours. But those that come from within the State will reach the city only after eight hours," he says.

According to him, the milk sold by companies in Tamil Nadu is not as thick as that sold by firms in Andhra Pradesh. So teashop owners opt for milk from Andhra Pradesh, he said.

The milk dealers have decided to continue their strike until the companies consider their demands. They have presented their demands to the Deputy Chief Minister and to the Chief Minister's special cell, they said.

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Farmers stage demonstration

Correspondent

Kolhapur: Farmers staged a demonstration in front of the water purification plant of the Kolhapur Municipal Corporation (KMC) at Kasaba Bawada on Sunday in protest against the delay in taking steps to prevent water-logging of their land owing to overflow of water from the plant.

The agitating farmers said that 50 acres of land was under water.

The KMC authorities did not act despite several representations by them.

Hence, they staged a demonstration, the farmers added.

The KMC authorities rushed to the spot and promised the farmers that they would take steps to pump water from their land and prevent water-logging in the future.

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'Make agriculture sustainable'

Special Correspondent

Convention calls for adopting appropriate farm technologies

T.C. Thakur

HYDERABAD: The need for adopting appropriate technologies from tillage to post-harvest phase to make agriculture sustainable and profitable was stressed by experts here on Monday.

Speaking at the 24 {+t} {+h} national convention of agricultural engineers, they also emphasised the need for improving soil and water productivity to enhance agricultural yields.

Inadequate storage

Delivering the key-note address, V.M. Mayande, Vice-Chancellor, PDKV, Akola, expressed concern over the losses due to lack of adequate storage facilities for food grains and called for making ‘compatible storage devices' at village level.

Seeking a balanced growth by protecting ecology while adopting technology, he said evergreen revolution could probably be achieved if this process was sustained for the next two decades.

Congress MP, S.P.Y. Reddy said that in order to avoid drought, the farmers must be empowered with capability to have one or two irrigations whenever required.

P. Raghava Reddy, Vice-Chancellor, Acharya N.G. Ranga Agricultural University said good technological interventions were needed to make agriculture profitable. He urged agricultural engineers to develop machines suitable for different crops and locations in a bid to promote precision agriculture. There was also a need to set up two more agricultural engineering colleges in the State, one each in North Telangana and North Coastal Andhra.

Former ANGRAU Vice-Chancellor M.V. Rao said the major challenge before agricultural engineers was to build storage structures. They must be affordable as 88 per cent of farmers belong to small and marginal category.

Delivering the ‘State-of-art lecture' on ‘Technological intervention in subsoil health management: a key for second Green Revolution in India', T.C. Thakur, ICAR national professor, G.B. Pant University of Agriculture, called for moving away from external, input-based to knowledge-centric agriculture, especially in rain-fed areas which are devoid of technologies of green revolution.

Dynamism fading

Pointing out that Indian agriculture had witnessed all the stages from food shortages to export of certain commodities, he said now there appeared to be a consensus that the dynamism observed during green revolution had faded as evident from recent productivity trends. Green revolution no doubt enhanced potential yields and farm income but it laid less emphasis on efficient and sustainable use of natural resources—soil, water and nutrients.

President, Institution of Engineers (India), G. Prabhakar, inaugurated the event, while R.T. Patil, Director, Central Institute of Post Harvest Engineering and Technology, Ludhiana, delivered the Rathindranath Tagore memorial lecture.

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Coconut growers to submit charter of demands

Staff Reporter

KOCHI: The All India Coconut Growers' Federation will submit a charter of demands to the Prime Minister to improve the state of coconut farmers.

Adequate mechanism

The charter will seek a special economic package, in the context of challenges posed by the ASEAN pact, for product diversification, value addition, better farming through introduction of new technology and machines to make coconut farming more competitive.

Remunerative price for coconut with adequate mechanism to ensure price to farmers; peasant-friendly crop insurance; interest-free loans to marginal and small coconut farmers and at four per cent interest to other segments of farmers engaged in coconut production; permitting beneficiaries of the rural employment guarantee scheme to work in coconut farms belonging to small and marginal farmers; fertilizer subsidy and ensuring availability of adequate quantity of fertilizers; minimum pension of Rs.1,000 to coconut farmers above 60 years; and inclusion of representatives of coconut growers on director boards of the Coconut Development Board and the Coir Board were among the demands included in the charter. The decision to submit the charter was taken at a two-day national committee meeting of the federation chaired by president G.V. Harsha Kumar, MP, in Kochi. The committee decided to organise massive nation-wide signature campaign on the charter besides submitting a memorandum to Parliament during the monsoon session. The meeting also passed four different resolutions.

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Rubber price scales up to Rs.235 a kg

Staff Reporter

The rise in the international price is the biggest factor that influences sentiment here

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KOCHI: Natural rubber continued its gains on Monday closing at Rs.235 a kg, Re.1 more than the previous closing, at the markets here and in Kottayam. A slight dip in Tokyo futures triggered a proportionate fall from the opening high of Rs.236 and even Rs.237, traders here said.

The traders alleged that farmers were holding back stocks, and said the current spiral was helping only big-time growers or those with large stocks and holding capacities. Monday's closing level of Rs.235 records a gain of Rs.28 a kg for the RSS-4 grade of rubber over the past 24 days. January prices opened at Rs.207 a kg. December's opened at Rs.196 a kg and closed at Rs.206.50.

Rubber has gained Rs.68 a kg since August 2010, when trading opened at Rs.184, Rubber Board data said. The price declined to Rs.167 a kg at August-end.

But a surge started in September, when RSS-4 closed at Rs.168. N. Radhakrishnan, veteran trader, said here on Monday that those who had stocks were holding on to it, with the domestic futures showing considerably higher prices for the April delivery.

The National Multi-Commodity Exchange data said the February prices closed at Rs.239.21 and the March delivery closed at Rs.245.29.

The rise in the international price is the biggest factor that influences sentiments here.

The price of the RSS-4 grade was Rs.266.17 in Bangkok on Monday.

Mr. Radhakrishnan said the sparse arrivals helped to heat up the market. He alleged that the price spiral might not have helped the small farmers in a big way, with their gains having been wiped out by the general upsurge in prices of other commodities.

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BoI to focus on agriculture, SMEs and retail business

Special Correspondent

PHOTO: S. SIVA SARAVANAN

N. Seshadri, Executive Director Bank of India.

Coimbatore: Bank of India plans to increase the credit to the agriculture sector in Coimbatore Zone, which covers 95 branches in 20 districts, by Rs. 500 crore a year.

Executive Director of the bank N. Seshadri and National Banking Zonal Manager, Coimbatore, S. Chandrasekaran told presspersons here on Monday that the agriculture credit was now at Rs. 864 crore in the zone. The bank planned to increase credit to the sector to about Rs. 1,400 crore through area-based schemes such as sugarcane and banana in Tiruchi, turmeric, cotton and other commercial crops in Erode and Salem and cardamom and pepper in Theni and Cumbum.

They added that credit given to small and medium-scale enterprises (SMEs) in the zone now was to the tune of Rs. 959 crore. An SME city centre has commenced operation here covering branches in Coimbatore, Tirupur, Erode, Avanashi, Chengapalli, Ganapathipalayam and Pollachi. This would be a sales and processing hub supporting the branches in capturing SME business. It planned to double SME credit in the zone by financing another Rs. 1000 crore in a year.

Coimbatore comprised one of the six zones of the bank in the southern states. As many as 35 branches in this zone operated in rural areas and another 35 in semi-urban localities. There were three extension counters in Tiruchi, Madurai and Sivakasi. These would soon become branches. The zone also had a mid-corporate banking branch here.

The zone had a business mix of Rs. 5,009 crore, which included Rs. 2,674 crore deposits and Rs. 2,335 crore as advances. The focus was on agriculture, SMEs and retail business.

The bank had licences to open four new branches in the zone. One would be opened at

Uthamasolapuram, near Salem, before March 15, this year and the rest by the end of June. The bank would also double its ATM network in the zone to 60.

In Coimbatore zone, it had given 16,000 education loans totalling to nearly Rs. 190 crore. The bank was taking up financial inclusion in 68 villages in the zone and 44 in the rest of Tamil Nadu. So far, 75 per cent of the accounts were opened and the rest would be opened by the end of March.

Mr. Seshadri added that the bank would open more branches in South Zone, especially in Tamil Nadu.

The bank had about 200 branches in the state and planned to open 20 more soon. It was also focusing on the banking correspondent route to reach out to villages that had a population of more than 2000.

The bank was looking at having totally 4,000 correspondents and it already had about 1000.

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Cotton exports not to exceed 55 lakh bales

Staff Reporter

Erode: The export of raw cotton will not exceed 55 lakh bales, according to Union Minister for Textiles Dayanidhi Maran.

Speaking at a function organised in Erode on Saturday to lay the foundation for a textile marketing complex, the Minister said the Union Government estimated the domestic needs of cotton and permitted 55 lakh bales of surplus cotton for exports.

“There will be no further export of cotton beyond the ceiling of 55 lakh bales,” he said. To a question on whether the ceiling of 720 million kg for cotton yarn exports for 2010-2011 would continue next financial year, he said the Ministry would take a look at the situation after March.

Earlier, speaking at the meeting, the Minister assured that he would make an appeal to the spinning mills to reduce the yarn prices.

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State plan to complete irrigation projects goes awry

M. Malleswara Rao

Non-clearance of bills submitted by firms implementing the works have slowed down or completely stopped the works

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These projects require Rs. 12,000 crore for completion

Dim prospects of providing water to crops from these projects for kharif

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HYDERABAD: The plan drawn up by the State government to complete at least 21 prioritised projects in the next few months has gone haywire, thanks to non-clearance of bills submitted by the firms implementing the works.

Consequently, there are dim prospects of providing water to crops from these projects during the next kharif as envisaged. These projects require Rs. 12,000 crore for completion.

The fund crunch for irrigation projects is such that the set milestones may not be achieved even for the projects short listed by Chief Minister N. Kiran Kumar Reddy for completion in three months as part of his 100-day development programme at a cost of Rs. 110 crore. These include Vamsadhara I, Bhoopathipalem, Gururaghavendra, Choutappali Hanumanthareddy etc.

For the nine-month period of the current fiscal, the government released a sum of Rs. 5,300 crore out of the Rs. 15,050-crore budget provided to the irrigation sector. And this entire sum was utilised to clear the old dues of the firms till July 2010, against the works already executed.

Rs. 3,200 cr. dues

An official in the Finance Department said the government still owed a huge amount of Rs. 3,200 crore to the firms. With funds not forthcoming even for the work already completed, the firms have slowed down or completely stopped the works. As a result, the work season for construction of irrigation projects which will start from October when the rivers go dry, is wasted.

Assurance

Even after a week, fulfilling the assurance made by Major Irrigation Minister P. Sudarshan Reddy to release funds following a marathon meeting with the Chief Minister, remains elusive.

Making rounds

A large number of officials from the firms/contractors are making the rounds of offices of senior officials in the Secretariat, some with “high-level recommendations”, to get funds but are returning disappointed.

Additional burden

Sources said the government thought of providing a huge sum towards irrigation projects but shelved its plan due to Rs. 450 crore burden caused by the waiver of interest on crops loans taken by farmers in the rain-hit districts and release of funds for welfare schemes.

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Average inflation during 2010-11 to jump up to 9 pc: FinMin

The finance ministry on Monday said the average annual infation during the current fiscal will jump to 9%, which is more than double the figure of 3.8% recorded a year ago.

"...the economic advisors tell that we are likely to end the year with 9% (average) inflation for the year 2010-11," Revenue Secretary Sunil Mitra told reporters.

The inflation has been a major concern throughout the year, mainly driven by rising prices of essential food items including onion, other vegetables, fruit and milk.

Last fiscal, wholesale price inflation stood at 3.8%, Minister of State for Finance Namo Narain Meena had said.

The year 2010-11 started with inflation of 9.59% in April, which went into double digit for the month of May and June at 10.16% and 10.55%, respectively.

Adding to the woes of the government, the overall inflation in December stood at 8.43%, mainly due to rising food prices.

The contribution of food inflation to overall inflation could be gauged from the fact that 'manufactured' inflation, in fact, came down to 4.46% in December from 4.56% in the previous month.

Vegetable prices rose by 22.90% in December versus the previous month. Within vegetables, onions turned expensive by 34.86% and potato by 16.29%.

Finance Minister Pranab Mukherjee had said the current rate of inflation is "unacceptably high". He also discussed the issue with state finance ministers on January 19 this year.

Both Finance Ministry and Prime Minister's Economic Advisory Council expect wholesale price inflation to be around 7% by March-end.

http://www.hindustantimes.com/StoryPage/Print/654150.aspx

Mumbai, January 24, 2011
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Inflation a worry, but growth is intact: RBI

Inflation remains a persistent concern but the Reserve Bank of India is bullish on the growth story. The central bank expects a robust and broad-based growth to co-exist since the downside risks have subsided and the economy is back on its earlier high growth trajectory.

“The robust GDP growth in the first half of 2010-11 suggests that the economy has returned to its earlier high growth path. Satisfactory kharif production and higher rabi sowing point to stronger contribution of the agriculture sector to overall GDP growth in 2010-11,” said the RBI in its report on macroeconomic and monetary developments ahead of its monetary policy review on Tuesday.

RBI, however, is concerned over high inflation and in its policy announcement on Tuesday, is set to take steps that can tame inflation.

“Since persistent high inflation could endanger the growth objective and also amplify risks to inclusive growth, containing inflation will have to be the predominant objective of monetary policy in the near-term,” it said in a signal statement.

Economists feel that since RBI is convinced on the price front, it is expected to take steps that aim to control inflation.

“I think the monetary policy would be less of a balancing act and would be entirely focussed to control inflation as RBI feels growth is intact,” said Abheek Barua, chief economist at HDFC Bank.

The central bank has raised concern over the volatility in the industrial production data and is also worried about the durability of recovery momentum in developed economies but feels that growth in private consumption expenditure has been strong in the first half.

“Strong recovery in investment demand that started in the last quarter of previous year, has consolidated and remained strong,” said the central bank.

While the fiscal deficit is expected to be in the budgeted level, RBI has projected that high growth in capital expenditure would add to overall growth momentum from private demand.

http://www.hindustantimes.com/StoryPage/Print/654229.aspx

Weather

Chennai - INDIA

Today's Weather

Clear

Tuesday, Jan 25

Max Min

30.8° | 20.9°

Rain: 00 mm in 24hrs

Humidity: 79%

Wind: Normal

Sunrise: 6:36

Sunset: 18:06

Barometer: 1015.0

Tomorrow's Forecast

Cloudy

Wednesday, Jan 26

Max Min

30° | 21°

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Jan 27	**Jan 28**	**Jan 29**	**Jan 30**	**Jan 31**
28° | 22°	26° | 21°	26° | 21°	27° | 21°	27° | 21°
Cloudy	Cloudy	Cloudy	Cloudy	Cloudy

DECCAN Chronicle On The Web
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Faster price rise worries RBI

Jan 25 2011

Jan. 24: A day before coming out with the credit policy, the Reserve Bank of India again underlined its single biggest fear — rising prices or inflation. The central bank has expressed a fear that rising prices could take away gains of economic growth. This has lead to expectations that the central banker may raise policy rates more than expected.

Economists were factoring in a hike of a quarter per cent in the key policy rates earlier, but are not ruling out a much higher increase of half a per cent now.
While these increases will not have an immediate impact on the common man, they will result in higher interest rates on bank loans in the medium term. By making credit more expensive, RBI hopes to bring down prices.

In its report on macroeconomic developments, RBI has observed that persistently high inflation can threaten growth and also risk inclusive growth. Therefore, containing inflation has to be the predominant objective of the monetary policy, it has said. India is currently witnessing a phase of high prices — with food price inflation in double digits and wholesale price index up over 8 per cent.

All may not be well in the next year either. A survey commissioned by Ficci predicts that price rise would continue to remain a problem for the government in FY12 also. RBI has already raised policy rates — repo and reverse repo — by six times since March 2010. These increases made their impact felt by the end of 2010, when several banks revised upwards borrowing and lending rates.

“Conventional wisdom says that there should be at least a 25 basis points hike in interest rates,” said State Bank of India chairman, Mr O.P. Bhatt. However, the hike could also be more, some feel. “The RBI may be looking at an increase (of short-term rates) of 25-50 basis points... But I personally feel that interest rates are already high and it will impact the growth of retail loans and housing,” said HDFC chairman, Mr Deepak Parekh.

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THE ECONOMIC TIMES

Tue, Jan 25, 2011 | Updated 08.33AM IST

25 Jan, 2011, 12.41AM IST, Srividya Iyer,ET Bureau

Farmers use business software to track data and growth

BANGALORE: In a first, grape farmers in Nasik, Maharashtra, are planning their harvest and managing inventory and production using an enterprise resource planning (ERP) software reflecting a growing shift in the way sophisticated software applications can be used by the masses.

Traditional ERP software sold by top multinational vendors such as Oracle and SAP help companies like Hero Honda and ONGC automate and integrate their complex processes of sales, marketing, production, inventory and finance.

But over 100 farmers across Maharashtra, Karnataka and Gujarat are showing that such sophisticated applications can be put to simple use. While they are not buying any pricey software from the multinational vendors, these farmers are using an ERP product called FarmERP, developed by Sanjay Borkar and Santosh Shinde, both Pune University computer science graduates.

Borkar and Shinde founded a company called Shivrai Technologies in 1996 that helped education institutes and local manufacturing units with tailor-made software applications. Later in 2000, both of them realised a growing need among the farmers to have a better visibility about their livelihood.

“We saw many of them were looking at farming as something they inherited from their families. But it’s about analysing the data and treating agriculture as a business,” says Borkar. “Since we came from agricultural families, we knew that we wanted to do something in the area. We just did not know what,” he says.

Later, the idea to develop an ERP-like software for farmers came from a project that they got involved with while doing a project for the Maharashtra Knowledge Corporation . The project called Parivartan Network, involved setting up 2,000 internet kiosks with agricultural content for farmers in 60 centres across Maharashtra.

“We met a lot of farmers during this project and it was a real eye-opener to what the farmers wanted,” Borkar adds. They realised that there was not much of a difference between the needs for a large organisation to have an ERP-like software and farmers like Dhananjay Jadhav growing sugarcane, grapes and other vegetables in Nashik.

“We knew that it had potential but it was also a great challenge because there was no benchmark,” said Sanjay who started off developing multimedia content for farmers on behalf of the department of agriculture in the state government. Jadhav, 35, was also the first customer for Shivrai.

The software helps farmers like Jadhav take control of some of the simple farming processes. By allowing them to maintain a record of sow date, it also leads to better planning. For instance, every time Jadhav feeds name of the crop and the sow date, FarmERP creates an entire schedule that he can track. This includes information about the date when it should be irrigated, which fertiliser to put and how much and when exactly the harvest should be done. A team of agricultural experts at the company works on the schedule needed to be followed for each crop.

For grape farmers like Jadhav, the software has brought many benefits. When auditors from markets of Netherlands, the UK and the US visit him to certify the quality of grapes to be exported, they can now see real-time data about what pesticides, and how much of it, has been used. “I can even send them a summary through an email, thanks to this software,” says Jadhav.

Jadhav needs to maintain an error free entry process as he needs a certification for exporting the produce. “The software keeps track of everything including when I have to oil my tractor next. I have to feed when I oiled it earlier, but that’s become a habit now,” he says.

Elsewhere in Shirdi, Chandrashekar Deshmukh is the latest customer for FarmERP. Having installed the software for only six months, Deshmukh is still learning how to use it. “It’s new, it’s different. It gives a lot of information about new crops and even the ones we have been cultivating. And, information is always good. We try to stick to the schedules strictly,” he said.

The application is a time-saver which also brings in sophistication. Jadhav who grows sugarcane, grapes and other vegetables in Nashik was finding it difficult to manage stock maintenance, bills and invoicing manually.

Experts believe there is a lot more than can be done in agriculture by technology. “The new generation of farmers use mobile excessively . There is a lot of scope there since everyone uses a cellphone. Softwares like FarmERP may not change a farmer’s routine drastically but definitely helps him make better decisions," said Dr Surya Gunjal, director, faculty of agricultural sciences, Yashvantrao Chavan Open University in Nashik.

25 Jan, 2011, 01.00AM IST, Sutanuka Ghosal,ET Bureau

Local tea cos rush for end-season auctions

KOLKATA: Regional tea packeteers which brand and market the beverage to retail consumers have started buying larger volumes to tide over the last two months of the current marketing year that was witness to record prices and less production. Players from northern and western India have become active at the auctions pushing up prices by `10 per kg.

Packeteers such as Marvel Tea Estate India, Mohini Tea Leaves, Wagh Bakri and Bhilwara-based Fashion Suitings, which is also into tea, have become active at Kolkata and Guwahati auctions. "Regional players are buying good volumes. We have teas till sale 9 which will take place by end of February," said J Kalyansundaram, secretary, Calcutta Tea Traders Association (CTTA).

The auction centre at Kolkata has an average of 4.5-5 million tea on offer every week. "We have all kinds of tea: CTC, dust, orthodox and Darjeeling on offer," said Kalyansundaram. The Dooars teas that are now being offered at Siliguri auctions are being bought by players from Punjab and Uttar Pradesh. Though regional packeteers and local buyers are active for the end-season teas, big packeteers have not stopped buying as yet.

"Tata Global Beverages and HUL are still very active at the auctions. They also are stocking teas for the next two months till new teas enter the markets," said Gopal Poddar, chairman of Limtex. The export market too is active. "There is good demand from these countries. If this trend continues, then prices will rule firm in the next season beginning March," he added.

25 Jan, 2011, 12.38AM IST, Jayashree Bhosale,ET Bureau

March harvest likely to cool down garlic prices

PUNE: Profiteering remains rampant in vegetables. Though wholesale onion prices have crashed to Rs 14/kg at the Lasalgaon mandi on Monday, retail prices are still above Rs 40/kg even in main producer Maharashtra. But retail garlic prices have doubled in the metros in the last six months.
Wholesale garlic prices are ruling above Rs 200/kg for more than a month now in south India . But the bulb is cheaper in the north, which is closer to the growing states. And there will be no relief for at least another month. RP Gupta, director of Nashik-based National Horticulture Research and Development Foundation (NHRDF), said, “Though the harvesting of an early crop has started, the main crop will come to the markets only after March.”

An ICAR scientist, who has been barred from speaking to the media, told ET on anonymity: “Last year, the size of garlic remained small due to high temperature. There was storage as well as field loss due to the same reason. Seeds are costlier now and we have no idea about the acreage this season.” Traders say the current prices are historically high.

Naginbhai Shah, a major trader from Mumbai, where wholesale prices are ranging between Rs 125/kg and Rs 200/kg, said, “The present prices are the highest ever that I have seen in my life. They are expected to come down after February 15, when fresh supplies will begin.”

The export of the commodity has not been banned yet. Garlic imports, especially from China , are restricted. But sources said loads have been entering the grey market throughout the year.

Dutta Salunke, who sells onions, potatoes and garlic throughout the year, has stopped selling garlic from last two months. “Customers do not buy when I tell them that garlic is Rs 260/kg. After investing Rs 8,000 to purchase 50 kg, I cannot afford to hold on the stock for a long time,” he said.

There are many like Salunke who have stopped trading in the commodity. “As local traders have stopped selling garlic, I have to go up to 2 km from my home to purchase it," said Kasuda Deshmukh, a housewife from Pune.

Garlic is harvested in the summer and stored for use during the rest of the year. According to government agencies, the acreage for 2010-11 has gone up in the country. According to the NHRDF crop estimate, the area in Madhya Pradesh, the top producer, has gone up by 40-50%.

The other garlic-growing states Gujarat, Rajasthan, Punjab and Haryana, Himachal Pradesh, Uttar Pradesh and West Bengal, with the exception of Maharashtra, have reported an increase in garlic acreage for 2010-11.
The central horticulture commissioner has estimated that the area under garlic has gone up from 1.66 lakh ha in 2009-10 to 2 lakh ha in 2010-11 and the production is expected to go up from 8.90 lakh tonne last year to 12.6 lakh tonne in the current year.

Meanwhile, wholesale onion prices in most of the onion-producing markets have came down to Rs 15/kg. Wholesale onion prices in various markets on Monday were: Lasalgaon (Rs 14), Pimpalgaon (Rs 13), Malegaon (Rs 13), Manmad (Rs 10), Nashik (Rs 20), Pune (Rs 14.50), Mumbai (Rs 20), Surat (Rs 13.75) and Rajkot (Rs 10.50). In the consuming markets, the wholesale prices were Rs 25-28/kg on Monday.

the pioneer

Inflation likely to stay high and hurt growth, says RBI

January 25, 2011   11:01:02 AM

The Reserve Bank of India stressed that containing inflation would be the main objective of the monetary policy since its persistence can hurt growth prospects.

“Since persistent high inflation could endanger the growth objective and also amplify risks to inclusive growth, containing inflation will have to remain as the predominant objective of monetary policy in the near-term,” RBI said in its Macroeconomic outlook on Monday.

The Reserve bank reiteration clearly hints of a rate hike on Tuesday when the Central Bank announces the third quarter review of monetary policy. The quantum of hike would depend on the apex bank’s assessment of the inflation threat going forward and its likely impact on growth.

Despite acknowledging the inability of monetary policy to contain inflation arising out of supply side constraints, the apex bank said that the challenge is exacerbated by the fact that inflationary pressures are emanating from sources that are not very sensitive to monetary policy measures.

“While inflation upsurge has largely come from supply-side elements, monetary policy would need to factor in near-term risks to inflation from high input cost pressures transmitting to output prices,” it said.

However, it said that while non-food manufactured inflation has been stable in a range of 5.1-5.9 per cent, the month-over-month increase in price index in recent months reflects emerging demand side pressures as well as rising input costs.

“In an environment of high food and fuel inflation, the risk of spillover to the core inflation through higher input costs and inflationary expectations, remains,” it added.

Anchoring inflationary expectations would be necessary to mute the second-round impact of supply-side shocks, it added.

Attributing the demand- supply mismatch and rising global commodity prices as factor that would continue to put pressure on inflation, the apex bank said that the upside risk to inflation have increased.

“While inflation is likely to soften in coming months it is likely to stay elevated above the earlier anticipated path,” it said. The RBI has projected overall inflation to be at 5.5 per cent by March end.

The overall inflation for December shot up to 8.43 per cent on high prices of food items, from 7.48 per cent in November.

The RBI said continued high food inflation is the main cause of overall inflation holding up, adding that return of inflation to a more acceptable level would be gradual.

Ahead of the third quarter monetary policy review, the RBI said demand-supply mismatch in certain food items would keep prices high.

“The upside risks to inflation, particularly from the impact of supply rigidities and hardening commodity prices have increased, which could dampen the expected impact of monetary policy to some extent,” it said.

The RBI said that inflation could be contained if the government takes steps to improve supply side bottlenecks and make farm gate products easily available at the retail end.

The RBI said it expects some moderation in the food inflation, which is currently in double digits, with the advent of rabi crops in the market.

The food inflation for the week ended January 8 stood at 15.52 per cent. It had shot up to 18.32 per cent in the end of December on high prices of vegetables, including onion.

“Persistence of food inflation has become a primary impediment to faster moderation of inflation," it said.

The RBI said supply disruptions in many commodities and indications of further quantitative easing by some advanced economies have pushed up prices globally.

"Domestic prices are now significantly impacted by the global commodity price movements, and hence, rising international prices are an important source of upward risk to domestic inflation," the RBI said.

The risks to generalised inflation cannot be overlooked as inflation expectations are currently ruling high. Anchoring inflationary expectations would be necessary to mute the second-round impact of supply-side shocks, it said.

Business Standard

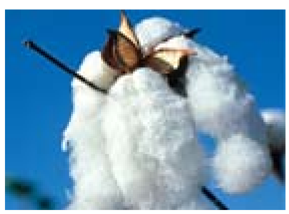
Tuesday, Jan 25, 2011

Cotton export quotas on sale

Kalpesh Damor & Rutam Vora / Ahmedabad January 25, 2011, 0:42 IST

With global prices higher than at home, the limited allocations are commanding a premium.

Cotton quotas allotted to various exporters by the Director General of Foreign Trade (DGFT) are on sale in Gujarat, the biggest producing and trading state in the commodity.



As quotas were allotted to some with no prior experience in cotton exports, many of them are now offering their quotas to serious players at a premium or on a profit sharing basis.

The situation is somewhat similar to the grey market in the Initial Public Offering of shares. Retail investors sell their application forms or allotted shares to operators, for a charge. In the case of cotton, it is the quota allocated to applicants that are on sale.

Of 928 applicants (and 1.9 million bales) allotted a quota (on January 10) for exports, 672 got permission to export only 500 bales (a bale is 170 kg). Another 31 applications were allotted above 10,000 bales. It was in the interest of quota holders and traditional exporters to combine the lots and export, to save costs. A 10-15 per cent margin in exports made such sharing attractive.

A trader in Ahmedabad confirmed being approached by one such individual. “We have been contacted by an individual who offered us his quota of 500 bales for export to Pakistan. Surprisingly, he wasn’t even aware about the prevailing prices of cotton. He demanded 146 cents per pound for the lot, around seven per cent higher than our actual costing. This has become like share trading, where you pay a premium to buy shares in the grey market,” he said, requesting anonymity.

‘Want my quota?’

Echoing similar sentiments, S Stalekar, vice-president, cotton division, Sagar Group of Enterprises, said: “Taking benefit of the situation, non-traditional exporters charge a premium anywhere in the range of 2.5-10 per cent of the total value of export.”

“Those who do not have any experience or expertise in the cotton export market are now approaching serious players with offers to execute cotton quantities allocated to them. Even if they are paid 40 per cent of the margin, it is still lucrative, as margins are as high as Rs 4,000 per candy (356 kg),” said Arun Dalal, owner of the Ahmedabad-based leading cotton trading firm.

To make the licensing policy simple and transparent, DGFT had not included ‘’prior experience’’ as a pre-condition for people seeking the export permit. Apart from serious players, many non-traditional exporters applied and got the quota allocation. These included individuals, cotton testing laboratories, SMS service providers, companies engaged in solar energy solutions, chemicals and other agriculture commodities.

Marketmen alleged the allocation was improper in the sense that many non-traditional exporters got significant quotas, while some regular cotton exporting companies got less.

The rush for the permits was because international cotton prices are higher than domestic prices, offering certain profits. “The international prices are higher by 20-25 cents per pound, which has opened the avenue for huge profits for a normal exporter, too,” said an Ahmedabad-based cotton trader.

Cotton prices are 170-174 cents per pound in the international market, and 147-150 cents per pound in the domestic market.

Maha challenges state's leadership in cotton

Vimukt Dave & Rutam Vora / Mumbai/ Rajkot/ Ahmedabad January 25, 2011, 0:37 IST

Mills & exporters shift their procurement focus to Maharashtra

Gujarat's numero uno position in India's cotton trading seems to be challenged by its neighbouring state, Maharashtra. This could be gauged by the fact that the spinning mills and exporters from across the country have shifted their procurement focus from Gujarat to Maharashtra due to cost and quality issues.

The cotton ginners in Gujarat are allegedly found to be resorting to malpractices such as mixing. "The cotton quality in Gujarat is getting deteriorated. Around 20 per cent of the ginners in Gujarat are found to be mixing lower quality of cotton with the good one. We have found short staple varieties like V-797 and comber nail, which is a type of waste from ginning being mixed in the higher quality of cotton. Also, the Gujarat cotton has high moisture content, which adds to the losses, hence we and many of the domestic millers as well as exporters are found to be shifting to Maharashtra for their cotton procurements," said a cotton trader and exporter from Kolkata.

Also, the transportation cost from Gujarat is higher than that from Maharashtra. This is also sighted as one of the reasons for a shift in the purchases from Gujarat to Maharashtra. "Many of the millers from South India have avoided procurement from Gujarat and started purchases from Maharashtra as it helps companies save at least Rs400 per candy on the logistical cost," said a Surendranagar-based cotton trader.

According to market participants, the trend of shifting procurement focus from Gujarat to Maharashtra has been going on for last two years and gradually around 50 per cent of the buyers have dropped Gujarat as their preferred procurement destination. Many cotton ginners from Saurashtra, a cotton heartland, have expressed fear of Maharashtra taking away the Gujarat's share of business due to quality and cost benefits.

Expressing concerns over the changing situation, Anand Popat, secretary of Saurashtra Ginners Association (SGA) said, “It is true that our ginners, especially the small ginners are not maintaining the quality. They have damaged the goodwill of Gujarat's cotton by resorting to unfair practices like mixing and not maintain the quality. If we do not change our mind, it will tarnish the image of Gujarat and break its monopoly in cotton business.”

Further, Dilip Patel, president, Gujarat Cotton Ginners' Association from Kadi says, “Quality and mixing is serious issues and we must address it as soon as possible. Some market share has diverted to Maharashtra due to quality and mixing issues in Gujarat. But as far as our monopoly is concerned, it is still there for Sankar-6 variety of cotton."

This year, Gujarat witnessed untimely rains, which may reduce the cotton production in the state. But Maharashtra's cotton output estimates show a rise, which further fuels the state's prospects to see increased buying in coming months. Due to increased buying from the millers and exporters, the cotton prices in Maharashtra have increased to match with Gujarat. Trader sources informed that traditionally Maharashtra cotton was priced at discounted rate than Gujarat cotton. "First time in the recent history, Maharashtra cotton is priced at par with Gujarat prices. In Gujarat the cotton price was around Rs990 - 1000 per 20 kg, while in Maharashtra it ruled at around Rs 1000 - 1050 per 20 kg," said an Ahmedabad-based cotton trader.Gujarat holds around 30 per cent of share in the country's total production, while that of Maharashtra contributes around 28-30 per cent. Maharashtra mainly grows MECH or H4 variety(fibre length 29 mm) as well as NSL varietyof cotton.

It is also evident from the fact that arrivals from Maharashtra to Gujarat markets have almost stopped since past 8 to 10 days. "Maharashtra’s cotton arrivals are nil at present, as farmers in the state get better prices compared to Gujarat," said, Arvind Patel, vice-president, SGA.However, for past couple of years the state's cotton production has increased. The average cotton production in Gujarat during last three years is recorded at around 1 crore bales. The some of the cotton varieties including Shankar-6 have become the trademark of the state. But the incidents of mixing and manipulation may leave the state's cotton industry in a state of anguish.

Kerala rubber storage capacity enhanced

BS Reporter / Chennai/ Kochi January 25, 2011, 0:29 IST

National Multi Commodity Exchange (NMCE) has announced two additional delivery centres for natural rubber in Kerala with a storage capacity of 14,000 MT, easing the storage constraints faced by rubber industry.

Located near Ernakulam and Kozhikode, these warehouses will add to the storage capacity of 12,250 MT and 1,890 MT respectively. This takes the total storage space available for rubber in various districts of Kerala to 27,140 MT from 13,000 MT.

Whatever rubber stocks arrive would now be adequately accommodated near Ernakulam and Kozhikode, said BB Pattnaik, MD, Central Warehousing Corporation, and Chairman, NMCE.

It was felt that the small farmers could not easily go to distant CWC warehouses because of the expense involved.

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Back **Of onions and phone chargers**

Rasheeda Bhagat

A visit to Jain Hills in Maharashtra's Jalgaon district reveals the difference that an optimal irrigation system has made to the onion and banana belt's agrarian economy.

Dr Anil Dhake, VP, R&D, Jain Irrigation Systems, explaining some finer points of onion cultivation to a farmer in Jalgaon district, against the poster of a harvester that the company has devised for smaller farms.

It is a three-hour drive from Aurangabad airport to Jain Hills, the headquarters of Jain Irrigation Systems on the outskirts of Jalgaon city. My travelling companion in the car is Mr Uzy Nevo, an Israeli agri expert specialising in greenhouses, and the company has invited him for a consultancy on its greenhouse operations. He is most keen to get the English translation of my conversation with the driver, Ashok Vaghul, on the prices of, what else, onions, of course.

“Now the price has come down to Rs 20-25 a kg”, he says, and I stop my sharp exclamation of surprise, noting that after all we are in the “onion State” of Maharashtra. Unlike Chennai, Bangalore or Delhi where the humble onion had shot past the Rs 100 mark a few weeks ago, in Jalgaon, the price never crossed Rs 50. “But even then people like me couldn't afford to buy onions at that high price.”

He and many of his colleagues at Jain Irrigation, who ferry passengers all over the State and beyond, watch out for an opportunity to get a 40-50 kg load of onions whenever they go to Nashik. “On the return journey the car is empty and we can buy 50 kg at around Rs 250-275”, he says. Of course, it is a battle to keep the bulbs from rotting, but the booty helps to keep the family kitchen going for at least a few months.

“Ask him how much he saves”, prods Mr Nevo, who marvels at the “very high rate of savings in India.” Both he and I are amazed to find that the driver, whose salary is around Rs 10,000, sends his daughter to an English-medium school, regularly puts money in her savings bank account and has a couple of life insurance policies too. In all, he puts away at least a few thousand rupees every month. (Madam, burey time ke liye bachana tau padta hi hei. (One has to save for a rainy day).”

Mr Nevo and I discuss for a while issues ranging from corruption in India to high onion prices.

Onions in greenhouses?

He is aware how heavy rains and flooding affected the onion crop in October-November, and he says that some friends of his have been consulted by a couple of Indians for technology to grow onions in greenhouses.

When I tell him that I thought only roses and other exotic flowers and vegetables and high-value crops — well, the onion is getting there alright — were grown in greenhouses, and that onions required massive acreage under cultivation, he says that after the initial investment on the greenhouse, subsequent crops would be cost-effective. “And greenhouses can be huge; do you know there are greenhouses that can go up to 80,000 hectares? In African countries very often, huge greenhouses are put up.”

I put up the possibility of growing onions in greenhouses in India to Dr Anil Dhake, vice-president, R&D, Jain Irrigation Systems, but he thinks the cost would be prohibitive. “As for the vagaries of weather affecting the onion crop, it can be protected in open fields also through the use of low-cost technology... making tunnels and covering them at night with polythene sheets, which can be removed if there is no rain in the day.” He says greenhouse technology works only for high-value crops such as “cut flowers, red and yellow bell-peppers, gherkins and other such exotic vegetables.”

Banana belt

The Jalgaon belt is, of course, famous for bananas — 50,000 hectares are under banana in this district, accounting for 18 per cent of India's produce of bananas — and Dr Dhake is justifiably proud that, thanks to Jain Irrigation's early initiatives, the entire banana crop has been brought under drip irrigation. Apart from optimum use of water, farmers are also opting for another of its initiatives — tissue culture banana plants.

“Initially farmers were reluctant to purchase these at a cost; we had to educate and demonstrate to them that, as these come from a healthy mother plant, you can get ‘xerox' copies in the field, which means much better quality and more than double the yield.” It took four years to convince farmers to buy these, “but now we are not able to meet the demand despite producing 3 crore such plants,” says Dr Dhake. Each tissue culture banana plant costs Rs 11; while the traditional method gave the farmer one crop in 18 months with a yield of around 15 kg per plant, with this technology they are able to get a second crop within 18 months and the yield varies between 25-30 kg per plant.

However, because of winter scorching — the banana cannot withstand temperature below 10 deg Celsius but this winter Jalgaon saw a minimum temperate of 3 deg Celsius — much of the banana crop has been affected and the yield this season will fall by about 30 per cent, fears the scientist.

India shining

But much more than bananas or onions, the loss of his Sony Ericsson mobile phone charger is troubling Mr Nevo. By the time we convey this to Vaghul, we are well beyond Aurangabad and he cheerfully says: “ Aaj tau nahi milega”. The Israeli is desperate and I take charge; after a couple of stops that yield no charger for the fancy model, we stop near a mobile shop at a small town on the highway. The dealer is optimistic that he has the required pin after he fails to find chargers that match the handphone. He brings out one bagful after another of used chargers, some of them in pieces. To my sceptical look, he says: “ Sirf pin hi tau chahiye (I only need the pin); if I find the match I'll fit it in a jiffy to any charger.” He turns his shop upside down, muttering that he is sure he has several matching pins. The foreigner is amazed he would go to such lengths to serve a customer.

When he throws up his hands we go to the next shop, separated by half a partition, where the dealer has been patiently watching the entire episode. With a smile, he pulls out a brand new charger, unbranded of course, and voila, it works! Now comes the bill part; I'm certain the dealer will fleece the desperate “white man” and am mentally preparing to pounce on him. But all he wants is Rs 120, which is gratefully paid.

As we drive on, all questions about Indian corruption are forgotten, and Mr Nevo says: "The Indian people are so very helpful; where else in the world would you get service like this at 8 p.m. and at this price?"

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Back **Cotton surges on strong mill demand**

Our Correspondent

Rajkot, Jan. 24

Strong demand from the mills pushed up cotton prices. It traded higher by Rs 1,000 a candy (of 356 kg) on the first day of the week at Rs 46,500 compared to Saturday.

Gujarat Sankar-6 variety traded at Rs 46,200-46,500 a candy in Gujarat on the back of increasing demand from southern mills. Also, higher prices of kapas (raw cotton) supported the market. Prices kapas quoted higher by Rs 10-15 at Rs 1,040-1,050 for 20 kg in Rajkot. About 45,000-50,000 bales arrived in Gujarat.

A Rajkot-based broker said, "Prices are increasing because of lower arrival in the market. Along with this, mills are buying heavily. Export buying is limited."

The Textiles Minister, Mr Dayanidhi Maran, said the Centre would not allow cotton exports to exceed the ceiling of 5.5 million bales.

The Cotton Advisory Board projected the total 2010-11 crop in August at 325 lakh bales (one bale equals 170 kg), which was revised to 329 lakh bales.

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

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Back **Sugar rises on fresh demand**

Our Correspondent

Mumbai, Jan. 24

Spot sugar prices at the Vashi market increased sharply by Rs 15-20 a quintal on Monday on fresh retail demand and expectation of lower quota for February along with the extension for this month's unsold balance quota. Higher dispatches than arrivals supported the sentiment as well for naka and mill delivery rates.

Up to last Friday, on lack of demand, spot prices had declined by about Rs 150-160 a quintal from the beginning of the month. Naka and mill tender rates also rose Rs 20. Morale was firm as supply is tight, traders said.

Mr Hemant Vora, a wholesale trader, said, “Sugar prices at the Vashi market, up last week, declined Rs 170-200 at the naka and mill level this month on higher free sale quota and on limited buying by stockists due to continuous lack of demand. On the other hand, mills are not very keen to sell at lower price. From next week, expectation of local retail and upcountry demand in the beginning of the new month will support the price.”

extension of quota

Another trader said as the mills have demanded extension of this month's free sale quota or lower quota for new months and seeing the pressure on stocks at the mill level, the Government may do something for the sugar sector.

Out of about 65-70 truck loads last Friday, stocks decreased sharply on higher dispatches. Traders are now eagerly waiting for announcement of the February month's sugar quota and extension.

On last Saturday about 12/13 mills came forward with tender offer and sold about 75,000-80,000 bags of sugar at Rs 2,705-2,740 a quintal for S grade and Rs 2,730-Rs 2,800 a quintal for M grade. On Monday evening, mill tender rates were expected at Rs 2,730-2,760 for S grade and Rs 2,740-2,810 for M grade. Arrivals in the Vashi market were lower at about 28-30 truck loads (each of 100 bags) and local dispatches were about 35-38 truck loads.

According to Bombay Sugar Merchants Association, spot sugar rates were: S grade Rs 2,851-2,882 (Rs 2,831-2,866) and M grade Rs 2,881-2,931 (Rs 2,861-2,921). Naka delivery rates were: S grade Rs 2,810-Rs 2,840 (Rs 2,800-2,830) and M grade Rs 2,850-Rs 2,890 (Rs 2,840-2,880).

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Back **Cardamom prices decline on low N. India demand**

G.K. Nair

Kochi, Jan. 24

Cardamom prices showed a downtrend last week, albeit marginally, at auctions held in Kerala and Tamil Nadu, on low demand because of thecold wave in North Indian States .

As the prices declined, exporters bought three tonnes at the Sunday auction to meet their immediate commitment, trade sources in Kumily said.

The market was unsteady and showed a declining trend on Monday, they said. Severe cold wave in the North Indian states has led to a slowed down buying. At the same time, arrivals also declined and it was just about one-third of the arrivals during the peak time of the season. Buying is expected to increase after the Republic Day and remain lively till the Holi festival, trade sources in Bodinayakannur told Business Line.

The wedding season in North India is also likely to begin, they said. Besides, the quality of material arriving is also inferior, as growers held back stock hoping prices will move up in the coming days, they said.

On account of Republic Day there will be no auctions on Wednesday of the CPMC, Mr P C Punnoose, General Manager, told Business Line.

Total arrivals at the KCPMC auction on Sunday stood at 32 tonnes and the entire quantity was sold out. Maximum price fetched was Rs 1,570.50 a kg and the minimum was Rs 1,000 a kg. The auction average was at Rs 1,282.36 a kg, he said.

High prices of large cardamom, ruling at around Rs 1,200 a kg, are likely to pave the way for a rise in demand for small cardamom.

It will also push up the prices of small cardamom, he said.

“The current negative trend is only a temporary phenomenon, and indications are that the average price may touch Rs 1,500 a kg,” Mr Punnoose predicted.

Prices for 8mm green colour bold declined by Rs 50 to Rs 1,600 a kg today, while bulk is being sold at Rs 1,250-Rs 1,300 a kg, Bodi trade sources said.

Arrivals at the auctions held in Vandanmettu and Bodi last week stood at 175 tonnes, of which around six tonnes were withdrawn, trade sources said.

Individual auction average prices ranged between Rs 1,280 and Rs 1,355 a kg during last week. Arrivals this season during August 1,2010-January 23, 2011 stood at 6,527 tonnes. Of this, 6,389 tonnes were sold. Arrivals and sales in the same period of the previous season were 6,590 tonnes and 6,465 tonnes.

Weighted average price as on January 23, 2010 was Rs 1,096 a kg, up from Rs 743.25 a kg same day last year.

Prices for graded varieties in rupees/kg in Kumily on Monday were: AGEB — 1,465-1,480; AGB — 1,310-1,320; AGS — 1,290-1,300 and AGS1 — 1,260-1,270. Prices in the open market in Bodinayakannur in rupees/kg were :AGEB (7-8 mm) — 1,450- 1,460; AGB (6-7 mm) — 1,300-1,310; AGS (5-6mm) — 1,275-1,290 and AGS 1 — 1,240-1,250. Weather last week was favourable in the growing areas, and if the growing regions received a couple of showers that would help improve the plants, growers said.

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Back **Cashew market buoyant on buying interest, limited selling**

G.K. Nair

Kochi, Jan. 24

The cashew market was buoyant last week on reasonable buying interest, but with limited sellers. However, the market remained steady with firm undertone as low offers that were prevalent a couple of weeks ago do not exist at present, trade sources said.

Range of prices offered and traded continued to be wide: W240 was from $4.20 to $4.30 and W320 from $3.65 to $3.85 (f.o.b.).

There is reasonable buying interest at the lower end of the range but not much selling interest. Resellers are quoting a few cents below the top end of the range. Despite quiet market, most processors are not willing to reduce prices to get orders, they said.

On the demand side, Asian markets will continue to buy steadily but volumes may not be as big as that of the last quarter of 2010, Mr Pankaj N. Sampat, a Mumbai-based dealer told Business Line. “It is a good thing that availability in the first quarter will also be low due to holidays in Vietnam coupled with lower RCN availability in India.”

The US and European buying will depend on offtake by retailers in January/February, he said.

General feeling is that there is going to be very little cover beyond April.

“If there is a big drop in first quarter offtake, buyers may be able to extend cover and delay any big buying for a few weeks. If the drop is not as big as feared, steady buying can be expected from the US and Europe as well,” he said.

There is widespread uncertainty and concern in the US and Europe about the impact of higher prices on consumption. Apart from the fact that almost all nuts, for that matter almost all commodities, have seen significant price increases last year, hence, “we have to keep in mind the change that we have seen in geographical distribution of cashew consumption”.

The US and Europe now account for less than 50 per cent of world consumption. “A 10 per cent decline in these markets means a 5 per cent drop in world consumption which is less than the 10-12 per cent reduction in supply we have seen in 2010. Demand-supply will be balanced only if there is a very big decline in consumption coupled with good or at least normal 2011 crops,” he said.

Raw Cashew Nut prices, according to industry sources, came down a bit – Tanzania due to lower quality and Mozambique due to lack of buying interest (since kernel market has been quiet for almost six weeks now) but the quantity available is limited.

All eyes now are on the three big crops: India, Vietnam and West Africa, which will start arriving in a few weeks. So far there is no adverse news from any origin, except for the concern about movement in Ivory Coast (IVC), which contributes over 15 per cent of world production and, hence, developments there need to be watched closely, the trade said.

There will be lots of rumours about crop prospects in the next 2-3 months but until crops are well under way (say end March / early April) it will be difficult to have a reasonable estimate of the crops, it said.

Over the next few weeks sellers and buyers will be inclined to sell or buy only what they absolutely need to and hence nobody will be in a mood to take any big positions because of the uncertainty. So, prices can be expected to move in a narrow range. By April, there will be some clarity on both sides of the equation, that is, crop prospects and demand trends. Before that, if anybody needs to take any large position – buying or selling – there will have to be a sufficient premium or discount to induce the other side to act.

According to Mr Pankaj, “we expect a lot of volatility for couple of months, depending on news and rumours about crop prospects and a steady market around current levels for next few months, unless there is big negative trend from the demand side.”

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Back **Soya oil edges higher as demand picks up**

Our Correspondent

Indore, Jan. 24

Soya oil prices continued to edge higher in the spot notwithstanding the decline in Malaysian palm oil futures. In the spot, soya refined on Monday opened at Rs 625 for 10 kg, and moved up further to Rs 628.

Bulk trading in soya refined was done at Rs 615- 618. In resale, soya refined was traded at Rs 623 for 10 kg for the period up to second week of February. On Saturday, soya refined was quoted at Rs 618- 622 for 10 kg.On the other hand, soya solvent also edged higher with prices of soya solvent in the spot quoted at Rs 590, while in delivery it was quoted at Rs 595 for 10 kg. Like refined, soya solvent also witnessed scattered trading with traders not showing interest on the higher rate.

On the other hand, taking cues from weak foreign markets in the evening, soya oil futures on the NBOT edged lower. Soya oil February contract on the NBOT after opening at Rs 669, saw a high of Rs 671 before closing at Rs 663.30, down Rs 5.70. On the NCDEX also soya oil February and March contracts closed lower at Rs 664.80 and Rs 671.30 respectively on bearish global oil market.

On the other hand, soyabean also gained Rs 20-30 on weak arrival and increased demand at plant-level. In the spot, soya seeds quoted at Rs 2,380-2,450 a quintal on bullish foreign market. Similarly, plant deliveries in soyabean also witnessed an uptrend at Rs 2,475-2,525 a quintal. Arrival of soyabean in Indore mandis was recorded at 6,000 bags against 1.50 lakh bags at state-level.

Active buying interest from the oil millers have increased participation in the spot markets driving prices higher, traders said. Port delivery of soya DOC quoted Rs 19,200 a quintal but there was decline in buying interest on this rate.

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Back **Rice rules flat on dull trade**

Our Correspondent

Karnal, Jan. 24

Rice prices remained flat amid tepid selling at low margins. After witnessing a good uptrend on Monday last week, traders held back stocks in expectation of a rally in prices. But now buyers have withdrawn from the market, Mr Tara Chand Sharma, a paddy and rice trader, said.

With lack of trading in the market, prices have been ruling flat since January 17.

He said miscalculations in trade along with expectations of higher prices were responsible for this bad phase in rice trade.

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.

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 3,000-3,100 a quintal.

Paddy trading

Around 2,000 bags of PR sold between Rs 1,025 and Rs 1,050. About 2,000 bags of Sharbati ruled at Rs 1,500-1,550. Sugandha-999 arrived in about 5,000 bags and quoted at Rs 1,500-1,550.

Around 1,000 bags of Pusa (duplicate basmati) quoted at Rs 2,000-2,200, around 10,000 bags of Pusa-1121 at Rs 2,000-2,450 and about 3,000 bags of pure basmati, Rs 2,200-2,650.

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Back **Turmeric rules steady on N. India orders**

Our Correspondent

Erode, Jan. 24

Erode turmeric traders have started receiving orders for the new crop, because of which the market was steady.

“Though the traders were not getting the expected level of orders, they are getting reasonable orders from North Indian traders. Most of the orders are for the new Mysore and number eight varieties of turmeric. They also received local orders,” said Mr R. V. Ravishankar, President, Erode Turmeric Merchants Association, on Monday.

“Most farmers expected good price for their produce, given the size of ordersthe traders have received. But buyers, mainly the bulk buyers, quoted last week's price. The farmers were also ready to sell their produce, especially the old crop, as they do not want stocks to pile up.”

In the Erode Turmeric Merchants Sales Yard, the finger variety (old crop) fetched Rs 9,106-14,739 a quintal and root variety Rs 9,096-14,400.

The finger variety number eight new) was sold at Rs 11,299-14,349 a quintal and root variety (Mysore variety new crop) Rs 11,000-12,400 a quintal. 354 bags of new varieties and 1,193 bags of old crop arrived at the market; 735 bags including all the new varieties were sold.

In the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 12,679-14,666 and root variety at Rs 10,819-14,446 a quintal. All the 85 bags kept for salewere sold.

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Back **Edible oils continue to rise on Malaysian cues**

Our Correspondent

Mumbai, Jan. 24

Edible oil prices continued to rise on Monday, taking cues from a strong Malaysian market. Imported soya refined oil increased Rs 5 and palmolein Rs 9.

Rapeseed oil rose Rs 5 and cotton oil by Rs 5 for 10 kg. Groundnut oil and sunflower oil were steady on lack of demand. In the ready market, volume was thin, as the market opened with a higher price gap. Only resale trade took place, traders said, adding that the market was steady. India's NBOT February soya oil futures touched high of Rs 671.20/10 kg, then sharply collapsed, tracking the Malaysian market. A wholesale trader said in the Mumbai market, 100-150 tonnes of palmolein resale were traded at Rs 595-597. About 1,200-1,500 tonnes of palmolein were traded for ready and forward delivery. Liberty was quoting palmolein at Rs 604-607 from Rs 615-618 and Ruchi's rates were Rs 605-610. They did not quote soya refined oil and sunflower oil on Monday.

Malaysia's BMD CPO futures February-10 closed at MYR3,815 (3,811), March-11 was at MYR3,801 (3,796). Indore NBOT soya oil futures February-11 was at Rs 663.40 (664.60) and March-11 Rs 669 (669).

Mumbai commodity exchange spot rate (Rs/10kg): Groundnut oil 770 (770), soya refined oil 635 (630), sunflower exp. ref. 675 (675), sunflower ref. 730 (730), rapeseed ref. oil 660 (655), rapeseed expeller ref. 630 (625), cotton ref. oil 625 (620) and palmolein was 598 (590).

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Back **Pepper futures decline**

G.K. Nair

Kochi, Jan 24

Pepper futures on Monday dropped on bearish activities coupled with liquidation and reports of increased arrivals of new pepper.

Investors bought graded exchange delivered pepper at Rs 3-3.25 below the February price from expert processors and got it allegedly deposited in select warehouses. Expert processors were buying farm grade pepper.

Investors were, at the same time, selling March delivery against their purchases at Rs 3-3.25 above the Feb delivery price. These factors created pressure on the market and that in turn, pulled the futures down.

Meanwhile, exporters alleged that they could not buy it from expert processors. Because of this benefit, normal investors were turning towards pepper, of late, market sources told Business Line.

Farm grade pepper

Arrival of farm grade pepper has increased. Some 50-55 tonnes of new pepper arrived afloat from various growing areas directly to processors and internal dealers, they said. Arrivals also reportedly started in north Malabar and Madikeri region of Karnataka of low bulk density pepper.

Thus, there was some liquidation and selling pressure pushing the prices down.

February contract on NCDEX fell Rs163 to close at Rs 22,936 a quintal. The prices dropped at closing hours which witnessed high volatility and it was not a good sign, market observers pointed out. March and February contracts dropped Rs161 and Rs156 respectively to close at Rs 23,323 and Rs 23,663 a quintal.

Total turnover moved up 765 tonnes to 7,175 tonnes. Total open interest dropped 123 tonnes to 12,753 showing liquidation.

Spot prices

Spot prices dropped Rs 100 on some selling pressure to close at Rs 21,500 (ungarbled) and Rs 22,300 (MG 1) a quintal.

Indian parity in the international market was at $5,250-5,275 a tonne (c&f).

Prices of other origins would be known tomorrow.

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Back **Mixed trend in rubber**

Aravindan

Kottayam, Jan. 24

Spot rubber showed a mixed trend on Monday. The market failed to react in tune with the global gains on buyer resistance. Though the sentiments were partially affected by a weak closing on the NMCE, certain grades ruled firm with marginal gains on comparatively better demand.

The argument about globalisation was that the farmers in India would get the same benefits as their counterparts in other countries. Now when the price goes up in favour of farmers, how could it be denied to them, asked Mr Joy Nadukkara, Ex. MP and President, Meenachil Rubber Marketing and Processing Cooperative Society Ltd.

The price in the international market still remains about Rs 25 a kg above the domestic price. It is true that higher the prices, more are the reverses which would harm the industry in the long run. But attempts to deny higher prices to the farmers could not be justified under any circumstances, he said.

Sheet rubber closed flat at Rs 235 a kg according to traders. The grade firmed up to Rs 235 (234) a kg both at Kottayam and Kochi as per Rubber Board. RSS 4 declined at its February series to Rs 235.05 (239.21), March to Rs 241.21 (245.29), April to Rs 249.11 (253.24) and May to Rs 254.70 (259.52) a kg on the National Multi Commodity Exchange (NMCE).RSS 3 (spot) improved to Rs 266.61 (261.87) a kg at Bangkok. The January futures for the grade moved up to ¥483.2 (Rs 266.06) from ¥476.5 a kg during the day session and then to ¥484 (Rs 266.58) in the night session on the Tokyo Commodity Exchange (TOCOM). Spot rates were (Rs/kg): RSS-4: 235 (235); RSS-5: 226 (225); ungraded: 220 (220); ISNR 20: 227 (226) and latex 60 per cent: 155 (155).