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Inflation will come down by March: Pranab

KOLKATA: The Centre is hopeful that food inflation will come down to 6.5 per cent by March, Finance Minister Pranab Mukherjee said here on Sunday."The issue of price rise is certainly a matter of concern, but the Centre has not been ineffective in bringing it under control. In November [last], the rate of food inflation had come down to 9.7 per cent. Now it has again risen to 14 per cent, which is of course alarming."But the Centre was hopeful that the steps initiated to bring inflation under control would show results and it would decline to 6.5 per cent by March.Earlier this week, the Cabinet Committee on Prices, headed by Prime Minister Manmohan Singh, reviewed the situation and expressed concern at the spurt in the prices of eggs, fruits, vegetables, milk and other products of daily use.

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1.20 lakh hectares brought under paddy cultivation

Productive:Harvest being undertaken at Vayalur in Ramanathapuram.

RAMANATHAPURAM: Though the recent rain threatened the prospects of paddy crop, the farmers of the district have started the harvest process.

The initial reaction of the farmers has indicated that they may not get the bumper harvest this time.

According to the Agricultural Department statistics, as many as 1.20 lakh hectares were brought under the paddy cultivation during the current season (September to February). Though the ayacuts of Ramanathapuram Big Tank and other few areas, which have assured irrigation, are still in the middle stage of cultivation, the paddy crops, which have been brought under the rain-fed cultivation, have reached the stage of harvest.

There were reports that the farmers, who sowed in the second and third weeks of September, of Thiruvadanai, R.S. Mangalam and a few areas in Ramanathapuram have begun the harvest. The available reports indicate that the farmers may not get the bumper harvest in the rain affected areas. A section of farmers feel that the output is neither satisfactory nor unsatisfactory.

“Though we were much worried about the chances of successful crop due to continuous rain for about 2 weeks in November and December, somehow we have managed to complete the cultivation. However, production is not up to the expectation,” says a farmer of Vayalur. It was said that the water inundation had affected the crops by way of pests including leaf roller and blast diseases. While the blast diseases have affected the paddy crops in R.S. Managalam, Thiruvadanai, Nainarkoil, several acres of paddy fields in other blocks were affected by leaf roller and other diseases.

Agricultural officials told ‘The Hindu' that the harvest would gain momentum in the next few days. It was too early to comment about the quantum of harvest. Standard measures would be followed to gauge the production once the harvest reached the peak stage. However, they admitted that the pest attack could have made an impact in the production.

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Cashew acreage unlikely to go up

Kochi: The area under cashew is unlikely to increase by 25,000 hectares as targeted for the current financial year, on the back of growers turning to rubber plantation and mining, the Directorate of Cashewnut and Cocoa Development (DCCD) has said.

"Our target to increase the acreage by 25,000 hectares this fiscal has fallen short by 11,000 hectares, despite the government's decision to give a hike of 77 per cent in financial assistance (to cashew growers)," DCCD Director Venkatesh Hubbali said.

Mr. Hubbali said the shortfall was due to the slackness of State government bodies in implementing various Central schemes meant to benefit and encourage cashew growers. "The State government implementing bodies are not effectively creating awareness about various Central schemes that will encourage farmers to venture into cashew plantation," he said. Growers in Karnataka and Kerala are therefore, turning to rubber plantation and in Goa they are venturing into mining, Mr. Hubbali said.

In the Budget for 2010-11, the government had proposed to increase financial assistance to cashew planters to Rs.20,000 a hectare from Rs.11,250 earlier.

According to the DCCD data, at present the total cashew acreage in the country stands at around 8.72 lakh hectares and the annual production is estimated at 6.29 lakh tonnes.

The production is expected to cross seven lakh tonnes in the next financial year due to replacement of senile plants and increase in acreage.

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Fresh loans to be given to farmers

Staff Reporter

Dharmana Prasada Rao lays the foundation for Uppugadda bridge

SRIKAKULAM: Roads and Buildings Minister Dharmana Prasada Rao has assured farmers that the government was taking all the steps to reschedule existing loans and release fresh loans during Rabi season. He laid foundation stone for the construction of Uppugadda bridge with Rs.1.5 crore in rural mandal of Srikakulam on Sunday.

Speaking at the function, he said compensation was increased to Rs.6,000 from Rs.4,500 per hectare. “The government is keen to extend maximum support to farmers. Banks have been asked to cooperate with the government in providing new loans to them,” he added.

Meanwhile, Collector N. Srikant said grama sabhas would be held from January 5 to disburse the compensation to the farmers, who had lost the crop.

The meetings will be held for the next five days.

“Tenant farmers will also get compensation. They need not worry about the future,” he added.

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Delay in release of water may ruin crops

Special Correspondent

Water was to be released on January 1

Crops like sugarcane cannot survive for long Modernisation work completed in the canals

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SHIMOGA: The Karnataka Rajya Raitha Sangha (KRRS) has threatened to hold an agitation if water was not released into the left and right bank canals of the Bhadra in time as the modernisation work had been completed.

KRRS working president K.T. Gangadhar said on Sunday that the raitha sangha had welcomed the modernisation of the canals and had given some suggestions to the Bhadra Command Area Development Authority (CADA).

He said in the ICC meetings held on October 25 and November 3, the authorities were told to complete the modernisation works within the stipulated time and release Bhadra water into the canals from January 1.

But the officers of CADA had failed to release water for the summer season cultivation. The officials had created anxiety in farmers by saying that the date of water release would be made known in the coming days, he said.

Mr. Gangadhar said crops such as sugarcane, areca, coconut and banana plantations grown in the limits of the Mysore Paper Mills would not last more than 60 days in absence of proper irrigation.

Even the horticulture and the agriculture departments said the crop would get damaged if they failed to get water on time.

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Union Minister slams Green Revolution model farming

Special Correspondent

State should take to organic farming, says K.V. Thomas

— Photo: By special arrangement

GREEN CAUSE: Union Minister of State for Agriculture K. V. Thomas lights the traditional lamp to launch a women's empowerment-cum-food security project at Nattika in Thrissur on Sunday.

THRISSUR: Union Minister of State for Agriculture K.V. Thomas has said that that the Green Revolution model of agriculture that relied on extensive use of pesticides is no longer possible in the State.

He was addressing a meeting at Nattika on Sunday to launch a women's empowerment-cum-food security project being implemented by the Manappuram Group.

“The State should increasingly turn to organic farming,” he said.

T. N. Prathapan, MLA, presided.

Kerala Agricultural University Vice-Chancellor K. R. Viswambharan distributed seeds to beneficiaries.

The project is being implemented in 11 panchayats with the support of the Union and State governments. The beneficiaries will be given facilities for farming and technical support. Manappuram Group chairman V. P. Nandakumar and Manappuram Foundation Trustee V. M. Manoharan also spoke.

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Shift in rubber use pattern

Staff Reporter

Decline in consumption in auto segment

‘Shift in favour of synthetic rubber to continue'The share of natural rubber output is static

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KOCHI: The pattern of natural and synthetic rubber consumption in the country's auto-tyre production is undergoing a shift, according to a report by the Association of Natural Rubber Producing Countries (ANRPC).

The report, released recently, is part of the Natural Rubber Trends and Statistics for the fourth quarter of 2010. The relative share of natural rubber in the country's total rubber consumption in the auto segment (including that of synthetic rubber) came down from 76 per cent in 2003 to 66 per cent as on September 2010. The decrease has been noted despite the increase in the production of radial tyres, which require more natural rubber than conventional tyres.

The decreased use of natural rubber in the auto segment has been attributed to its increasing substitution with synthetic rubber because of the higher price of the former. The report said the share of passenger car tyres in total tyre production in the country grew from 48 per cent in 2003 to 58 per cent in 2009. The share of synthetic rubber in total rubber used in truck radials ranges from 14 to 18 per cent. In passenger car radials, the synthetic rubber content varies from 57 to 73 per cent. This, in turn, implies that passenger car tyres are ‘synthetic rubber rich' and points to a faster growth in synthetic rubber consumption compared to natural rubber consumption. The shift in favour of synthetic rubber is likely to continue as long as the passenger car market continues to boom in India, the report says.

The share of natural rubber in the production of general rubber goods has remained more or less static between 2003 and September 2010.

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Tribunal award detrimental to farmers' interests: PRP MLA

Staff Reporter

Calls for united efforts for preventing any damage

VIJAYAWADA: Praja Rajyam Party MLA Yelamanchili Ravi took objection to the Brijesh Kumar Tribunal Award, saying the permission to Karnataka to raise the height of the Almatti dam up to 524.26 metres would be totally objectionable to the farmers of Andhra Pradesh. He said that the

Government should oppose the award and seek a better deal for the State in the sharing of the Krishna waters.

Speaking to reporters here, Mr. Ravi said that it was not the time to accuse one another now but the immediate need was to make united efforts for preventing any damage to the farmers because of the Krishna Water Disputes Tribunal award. He found fault with the Congress and the TDP for trying to take political mileage out of this important issue without any regard for the wellbeing of the people.

Mr. Yelamanchili Ravi demanded that the Government take into confidence all political parties and organisations and take them along with it in the mission to get the Brijesh Kumar Tribunal Award reviewed in favour of rightful share for the farmers of AP. He reiterated the willingness on the part of the Praja Rajyam Party to join all party struggles in this connection.

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Tenant farmer ‘ends' life

Staff Reporter

KAKINADA: A tenant farmer died under suspicious circumstances in his farm at Tallarevu on Sunday. The victim was identified as Jittuka Chinna Appa Rao, 50, who cultivated paddy in seven acres and was unable to sell the discoloured produce.

On Sunday morning, family members found Appa Rao's body in the filed and found an empty pesticide bottle near the body. The police suspect that Appa Rao might have committed suicide, as he was unable to bear the crop loss. A case was registered.

hindustantimes

Press Trust Of India
Kolkata, January 02, 2011
First Published: 20:53 IST(2/1/2011)
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Price rise matter of concern: Pranab

Finance minister Pranab Mukherjee on Sunday said price rise is a matter of concern and hoped that with steps being taken by the government, food inflation which has shot up to 14%, may come down to 6.5% by March end.

"I will definitely say that price rise is a matter of concern. But that we have failed I cannot accept because in last November the rate of food inflation was 21% which has come down to 8.97%," Mukherjee said at a press conference here.

Pointing that it has again shot up to 14%, he said, "Definitely it is alarming. But side by side it is also true that it has come down to 14% from 21%. But it is still rising. And, now there is a tendency (for upward rise).

"I am hoping that with the steps taken by us, by end of March, rate of inflation may come down to 6.5%," he said.

Regarding food inflation, he said, "What I am referring to is WPI, apart from which there are three consumer price indexes. Fortunately the wholesale price index, what I said 14.6%, that is weekly variation. Monthly figure of December has not yet come.

"In November, the monthly wholesale price index is 8.68. And, three consumer price index is also single digit. This has happened after a long time. Still I do feel that it is an area of concern and we have to be constantly watchful."

http://www.hindustantimes.com/StoryPage/Print/645649.aspx

Weather

Chennai - INDIA

Today's Weather

Monday, Jan 3

Cloudy

Max	Min
30.8°	20.7°

Rain: 00 mm in 24hrs	Sunrise: 6:31
Humidity: 94%	Sunset: 17:54
Wind: Normal	Barometer: 1009.0

Tomorrow's Forecast

Tuesday, Jan 4

Cloudy

Max	Min
29°	21°

Extended Forecast for a week

Wednesday	Thursday	Friday	Saturday	Sunday
Jan 5	**Jan 6**	**Jan 7**	**Jan 8**	**Jan 9**
26° | 24°	28° | 24°	27° | 24°	26° | 24°	29° | 25°
Rainy	Rainy	Rainy	Rainy	Rainy

THE TIMES OF INDIA

Price rise matter of concern: Pranab

PTI, Jan 2, 2011, 10.53pm IST

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THE ECONOMIC TIMES

Mon, Jan 03, 2011 | Updated 10.51AM IST

3 Jan, 2011, 12.52AM IST, S Sanandakumar,ET Bureau

Rubber prices help rural economy bounce

KOCHI: Conventional wisdom that money doesn't grow on trees may not find any takers in millions of households in rural India today. Farmers have tapped rubber trees and created wealth of about `15,000 crore in 2010, adding to the growing resilience of rural economy. The value of natural rubber produced in the country was at `14,778 crore in 2010.

As compared to 2009, this represents a substantial increase of around 75%. The growth has come about mainly on account of the sharp increase in rubber prices which climbed to a peak in 2010. The prices stood at `206.50 per kg on December 31, 2010 as compared to `139 per kg on December 30, 2009.

Commenting on the turnover from the commodity, a Rubber Board official pointed out that the value will be slightly overstated as the price of the higher grade rubber is used for calculations. But the data on rubber price usually refers to the higher grade price, he said.

Since Kerala accounts for 90% of the rubber produced in the country, bulk of the wealth created would benefit the state-based growers. North-Eastern states together have a share of 4.6% while Karnataka and Tamil Nadu account for 2.57% and 2.97% respectively. Rubber is also grown on a limited scale in a few other eastern and western states.

Two interesting aspects about wealth creation in the sector is that a large proportion of the gains is cornered by small growers because small growers account for 94% of the total rubber produced in the country. Secondly, rubber is one of the very few products in which the difference between the price that the grower gets and the market price is minimal.

“If you take an average price taking into account the different quality grades of rubber sold, the growers are getting around `196 per kg when the published market price is `206 per kg,” said N Radhakrishnan, president, Cochin Rubber Merchants Association . He said the prices grew 8 times in this decade. “Not even gold has registered such a growth,” he said.

Changes in climatic conditions have affected the supply of rubber in the domestic as well as the international markets. The fact that supply cannot be increased in a short time span as new plantations take seven years to mature has inflated the price. On the other hand, the additional capacities created by tyre companies in the country have led to a higher demand for rubber.

The rubber sector in the country has achieved the highest productivity of 1,776 kg per hectare per year. This has helped the growers to further augment their income. Unlike in the past when prices touched record levels, the price rise this time has not led to a consumption boom. Biju John, proprietor, CPM Spices Corporation , a leading rubber trader in Kottayam, said growers are using a major portion of their income for investments this time. “Investments in real estate and capital market have gone up,” he said.

House construction activity has gone up substantially in central Kerala. He was of the view that automobiles sales have gone up because low-cost loans are available. According to him, rubber production is likely to be lower than the estimates done by Rubber Board. The central government collects a cess of `1.5 per kg of rubber while the state government collects sales tax. Thousands of dealers, transporters and rubber tappers depend on this “money tree” for their survival.

2 Jan, 2011, 05.00PM IST,PTI

Onion prices still at Rs 40-65/kg in metros

NEW DELHI: Onion prices continue to rule at high levels in metros across the country, where the staple vegetable is being sold for Rs 40-65/kg, depending on the quality.

Onion prices stood at Rs 40-50 per kg in the retail markets of the national capital, Mumbai and Kolkata today, but the commodity was dearer in Chennai, at Rs 60-65 per kg, according to reports from these centres. Traders in Delhi's Azadpur mandi said onion prices are unlikely to witness a sharp fall before the arrival of fresh crops, which is expected to begin by the middle of this month. The supply of onions from Rajasthan to Delhi has been low due to higher retail prices in Jaipur and other cities in the state vis-a-vis the national capital, they said, adding that the Gujjar agitation has also affected supply. In order to provide relief to consumers, the Centre plans to sell imported onions in retail markets through outlets of Mother Dairy.

State-owned trading agencies PEC and STC have entered agreements for the import of 1,000 tonnes of onions from Pakistan and these would start coming to India this week, sources had said yesterday. On December 20-21, onion prices had skyrocketed to Rs 70-85/kg in major cities from Rs 30-35 in early December due to crop damage in the key growing states of Maharashtra and Karnataka on account of abnormal rainfall. The Centre had banned onion exports and abolished import duty to boost domestic supply and curb rising onion prices, which helped bring down the prices to some extent. However, they are still quite high. According to government data, onion retail prices stood at Rs 52/kg in Delhi and Mumbai, Rs 50/kg in Chennai and Rs 40/kg in Kolkata on December 31, 2010. India's output of onions -- which are cultivated thrice a year -- stood at 12 million tonnes in 2009-10, but is expected to decline to 10.5 million tonnes in 2010-11.

Business Standard

Monday, Jan 03, 2011

Govt to allow sugar exports under OGL

Newswire18 / New Delhi January 1, 2011, 0:57 IST

To re-impose 60% import duty from today.

The government would notify export of sugar under the open general licence (OGL) by January 3, said a senior official.

Also, in the wake of higher supplies in the country, it has decided to revert to 60 per cent import duty from January 1.

“The validity of duty-free sugar imports expires on December 31. From January 1, we will revert to the earlier import duty structure on sugar,” he said.

The government had scrapped the duty to boost imports in a year of tight local supplies, which were leading to a price rise. “Economically, it makes sense to keep a moderate duty on imports to promote balanced trade. We will have to take a call on whether it can be applied suo motu to sugar... If something needs to be done, we will take a call later," the official said. Ample sugar output this season has made imports unattractive for mills, which are looking at exports to cash in on high global prices.

Output prospects

The official said the government was so far sticking to its output estimate of 24.5 million tonnes for the current sugar season that began in October but added that it would have a better idea by mid-February, after the harvest.

So far, the arrivals had mainly been from the ratoon crop, he said. "Ratoon crop is higher and its arrivals should be over by early January. By the end of January-early February, the planted cane crop will start coming in and by February 15 we will have a clear idea of where we are heading," he said.

With over five million tonnes stockpile from the last season, total supplies are seen around 30 million tonnes, way higher than the annual demand of 22-23 million tonnes. India had produced 18.9 million tonnes of the sweetener in 2009-10.

Export norms

On allowing exports under OGL, he said,"The modalities for OGL sugar exports would be notified by Monday." He said the government might give mills three months to export sugar under OGL. Farm minister Sharad Pawar had earlier this month said the government had decided to allow mills to export about 500,000 tonnes sugar under OGL. Mills may be allowed to export 2.5 per cent of their average annual sugar output since 2008-09 under OGL, another senior government official had earlier said.

He had said production for each mill would be calculated on the basis of a weighted average of its output from the 2008-09 season to 2010-11.

Government starts registrations for cotton exports

Press Trust Of India / New Delhi January 01, 2011, 0:28 IST

The government today started fresh registrations for export of 2.5 million cotton bales within the overall limit of 5.5 million bales.

The Directorate General of Foreign Trade in the commerce ministry had started accepting applications for new registrations. This would continue till January 6, an official said. Of the 5.5 million bales (of 170 kg each) permitted for the current season, exports have already been transacted for three million cotton bales.

A group of ministers had allowed 5.5 million bales for exports during the cotton season 2010-11 (October-September), but exporters failed to ship the entire quantity after unseasonal rains delayed arrivals in the spot market.

The entire shipment quota was to be completed by December 15, 2010. The government later decided to give exporters more time to ship the balance cotton.

Registration certificates would be issued for up to 100,000 bales of cotton on a single application.

Disruption in production of the natural fibre in major cotton producers like the US, China and Pakistan due to adverse conditions has pushed the demand for Indian cotton in the international market.

India is likely to produce more than 32.5 million bales (170 kg each) of cotton in 2010-11, higher than last year's 29.5 million bales.

THE HINDU Business Line

Business Daily from THE HINDU group of publications

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Back **Uncertainty over sugar production continues**

UP, Maharashtra picture still hazy.

Harish Damodaran

New Delhi, Jan 2

India is all set to produce more sugar this season than the 188 lakh tonnes (lt) during 2009-10 (October-September). But how much more is a question on which there is no clarity yet.

In Maharashtra, mills have crushed 236.64 lt of cane during the opening three months of this season. This is more than 211.99 lt they did in October-December 2009. But with sugar-to-cane recovery rates dropping (9.85 per cent versus 10.39 per cent), cumulative sugar output is only marginally up, from 22.03 lt to 23.31 lt.

The Centre expects all-India sugar production to touch 245.4 lt this season, representing a jump of about 57 lt over 2009-10. Of this increase, a major chunk is to come from Maharashtra (from 71.05 lt to 95.07 lt) and Uttar Pradesh (from 51.79 lt to 63.85 lt).

In Maharashtra, the trends so far suggest that achieving the targeted 825 lt of cane crushing for the season may not be a tall order. Right now, the 160-odd mills running in the State are crushing roughly five lt daily, which adds up to 150 lt every month.

Millers say that this peak crushing rate can be maintained only till mid-March, after which rising temperatures would bring down cane harvesting efficiency. That would, then, still leave about 150 lt to be crushed during April, May and early-June, after which the onset of monsoon will anyway force factories to close.

Recovery rate

“It's going to be tough, but we may still somehow manage to crush 825 lt or end up with 800 lt or so”, noted a miller. But even more difficult would be to achieve an average recovery of 11.5 per cent, which will give the projected 95 lt sugar from the State. The average sugar recovery in 2009-10 was 11.56 per cent.

The current season till now has seen a cumulative recovery of just 9.85 per cent. Sugar recovery is a function of sucrose levels in the cane, which accumulate during the ripening stage – when, ideally, the days should have bright sunshine with 30-35 degree Celsius and the nights are cool at 15-20 degrees.

“This time, instead of sustained dry weather for at least one month before crushing, we had cloudy weather and incessant rains during much of September and October. Though we have entered the peak recovery period, which will last till mid-February, I don't see the average for the season topping 11 per cent”, the miller pointed out.

Taking an 11 per cent recovery on total cane crushed of 800 lt would generate 88 lt of sugar, which is seven lt less than expectations.

Higher crushing at U.P

In Uttar Pradesh, too, data available with Business Line show higher crushing levels by most sugar combines. Mills belonging to the Bajaj Hindusthan Group had, till December 30, crushed 37.50 lt, as against 31.58 lt during the corresponding period of 2009-10.

Cane crushing has been similarly higher for Balrampur Chini (20.16 lt versus 18.70 lt), K.K. Birla Group (11.93 lt versus 11.39 lt), Mawana Group (9.38 lt versus 7.92 lt), DSCL (8.24 lt versus 6.37 lt), U.K. Modi Group (6.49 lt versus 3.58 lt), Dwarikesh Sugar (6.27 lt versus 5.61 lt), Uttam Sugar (6.03 lt versus 4.96 lt), Dalmia Group (5.59 lt versus 5.41 lt) and Simbhaoli Sugars (5.31 lt versus 5.20 lt).

Crushing has been somewhat lower for Triveni Engineering (14.15 lt versus 14.41 lt) and Dhampur Group (10.89 lt versus 11.05 lt). But UP mills, unlike in Maharashtra, have recorded 25-50 basis points higher sugar recoveries this time.

Industry sources attribute the overall improved crushing mainly to reduced cane diversion to alternative sweetener-makers.

“Cane yields are lower this year. But since the gur and khandsari units are unable to match the State Advised Price offered by mills, bulk of the cane is going for sugar”, they said.

However, even this could change in the next few days as supplies of the ratoon cane, currently being crushed, run out. The next plant-cane crop will not be harvested before end-January, which could cause a temporary supply crunch.

Last year, it was precisely this situation – alongside a spurt in sugar and gur prices – that led mills to competitively bid up cane prices. This time, they may well be wiser.

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http://www.thehindubusinessline.com/2011/01/03/stories/2011010350341100.htm

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Back Developing countries to drive growth in farm production

Creating demand: An employee checking tanks filled with vegetable oil-based biofuel at a production facility in Oakland, California, the US. Continued expansion of bio-fuel production to meet mandated use will create additional demand for grains (a file photo).

G. Chandrashekhar

While growth-driven commodities such as crude and base metals went through turbulence of extreme price volatility over the last five years for reasons both fundamental and non-fundamental, agricultural commodities remained more or less insulated, or were less affected by global growth concerns and financial market woes.

Weather aberrations as well as changes in trade and tariff policies of countries have played a more significant part in generating volatility in agricultural markets in addition of course to rising consumption demand in several emerging economies, driven by rising incomes and demographic pressure. The end of the first decade of the new millennium is a good time to crystal-gaze into the next ten years. What does the future hold for grain sector stakeholders or grain market participants?

In my opinion, major market drivers through 2020 will be:

Global economic growth

Rising population (in developing world, especially Asia)

Rising incomes (especially in currently low per capita usage countries)

Urbanisation and changing food habits (in emerging economies)

Role of technology (agbiotech and infotech)

Farm policies including subsidies

Crude prices

Biofuel policies

Land constraints, water shortage, GW/CC impact

Exchange rate

Speculative capital; and

Not the least, weather conditions

Trends of recent years clearly point to the position that developing countries will drive growth in agricultural production, consumption and trade. In the short run, that is next two-three years, there is strong likelihood of a two-speed growth - weak and hesitant recovery with high unemployment in many OECD countries on the one hand, and strong growth and fast recovery in some of the large developing countries, on the other. Agricultural cost structure will go higher. Energy prices have recovered strongly after the dramatic collapse in second half of 2008 and can be expected to stay at relatively elevated levels next 10 years. This is sure to raise inputs costs as well as production costs which, in turn, will impact crop supplies, prices and trade flows, and reinforce feedstock demand for bio-fuels.

Bio-fuels

Bio-fuels market depends heavily on government incentives and mandates. Continued expansion of bio-fuel production to meet mandated use will create additional demand for grains. Obviously, changes in government policy interventions including incentives as well as developments in second-generation technologies (for example, commercialisation of cellulosic ethanol production) will impact the grains market, especially wheat and coarse cereals, mainly corn/maize, used as feedstock for ethanol.

Agricultural subsidies of OECD countries currently at over $370 billion are likely to continue and most unlikely to decline in a hurry. For the same reason, on current reckoning, I see little prospect for a meaningful consensus on Doha Development Agenda anytime soon.

According to OECD/FAO projections, developed countries will continue to have more than 50 per cent share of the world wheat and coarse cereals export market over the next 10 years, while developing countries will dominate the rice market, as at present.

Stellar role

Biotechnology will continue to play a stellar role in the global agricultural markets, including grains market. Europe may be constrained to relax its current tough stand against engineered crops. I expect countries such as India will open up to genetically-modified corn/maize after the singular success of Bt. Cotton (genetically modified cottonseed) that has raised hopes of a replication in grains. As said earlier, growth in global production, consumption and trade will be accounted for largely by developing countries, especially China and India. Globally, population growth will continue at 1.1 per cent a year until about 2015, after which, it would edge down to 1.0 per cent a year with OECD region showing 0.5 per cent a year growth until 2014 and declining to 0.4 per cent a year, thereafter.

In other words, developing countries will account for bulk of population growth.

As population expands and incomes rise in emerging economies, the trend of rapid urbanisation and change in food habits will accelerate. Higher meat consumption would mean lower cereal consumption, but demand for feed grains is set to expand.

As high price volatility threatens farm viability, food security and needed investment, the fluctuation of commodity prices is an issue for many governments concerned about its impact on domestic producers and consumers. Asia - represented largely by China and India, two of world's most populous nations and fastest growing significant economies - will continue to impact grains markets over the coming decade with its ravenous appetite for food consumption. More than 20 years ago, a question was asked: Who will feed China? May be it is time ask: Who will feed India? Food needs of many in Asia are not satisfied. As incomes rise, Asian economies including Pakistan, Bangladesh, Indonesia and others will consume more food.

Unless massive investments are made for enhancing food production, demand growth is sure to outstrip supply growth, resulting in rising import dependence. I foresee India turning into a steady importer of wheat and coarse grains (especially maize) in about four years from now (in addition of course to ongoing large-scale imports of pulses and edible oil). While basmati rice will continue to be exported in the coming years despite expanding domestic demand, availability of non-basmati rice for export will get increasingly tighter. A case for rice import may develop. In addition to lack of investment in agriculture and absence of genetic breakthrough in seed technology, land constraints and water shortage are likely to hamper farm output growth.

Additionally, global warming and climate change can potentially play havoc with agriculture of a tropical country such as India which is more vulnerable to the adverse effects of GW - CC. Already Indian wheat and maize are at the limit of heat tolerance. Fundamentally, under normal weather conditions, the world grain market will not face serious production shortfall. Yet, more often than not the market may remain tightly balanced.

This raises the risk of price volatility. In a tightly balanced commodity market, even a small change in demand or supply will exert a disproportionately larger impact on prices, especially when speculative capital is introduced. Grain prices are likely to remain high because of currency factors (weak US dollar), and role of speculative capital in the derivatives market.

Responses are invited from readers. They may be sent to agri-biz@thehindu.co.in

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Back NIIST gets international award for white pepper technology

Our Bureau

Thiruvananthapuram, Jan. 2

The National Institute for Interdisciplinary Science and Technology (NIIST), Thiruvananthapuram, has bagged the World Intellectual Property Organisation (WIPO) Gold medal for its technology for ‘Clean bio-processing of white pepper from green and black pepper (Piper nigrum L).'

NIIST, earlier known as the Regional Research Laboratory, is a constituent laboratory of the Council of Scientific and Industrial Research (CSIR).

WIPO is a UN body based in Geneva that aims to promote innovation and intellectual property generation.

WIPO gold medal has been conferred, based on a recommendation by the National Research Development Corporation (NRDC), a spokesman for NIIST said here.

The NRDC had earlier selected the same technology for Meritorious Invention Award that carries a purse of Rs 5 lakh.

The award-winning technology was developed during 2004 to 2007 by a team of three scientists led by Dr V. B. Manilal; other members being, Mr Ajit Haridas and Dr Gopinathan M.

Nine plants

Nine production plants based on the new technology have been set up in Kerala, Karnataka and Tamil Nadu, where it has been licenced to another half a dozen small and medium enterprises.

The skin-removed pepper, generally known as ‘white pepper' is preferred to black pepper, the “king of spices,” for most of the food preparations.

Creamy white colour, high pungency, purity and the topical nature of application of chemicals are the unique attributes that white pepper boasts. Current demand is estimated to exceed one lakh tonnes per annum.

Traditional retting has been the main method followed for white pepper preparation even by global suppliers based in Vietnam, Indonesia, Malaysia and Brazil.

But this method compromises with quality of white pepper. Other serious drawbacks are limitations on bulk production, poor hygiene and environmental pollution.

Microbia technology

NIIST has developed a fast, simple and pollution-free microbial technology for producing white pepper from black as well as green pepper.

The technology yields skin-free pepper retaining most of its spicy attributes, operates at different scales and generates methane as by-product, the spokesman said. It also enables mass production of white pepper.

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Back **Chickpea cultivation holds promise**

COMMODITY FOCUS.

Promising crop: Chickpea seeds

Chickpea (Cicer arietinum), the third most important food legume of the world is commonly known as chana and Garbanzo beans. It contains 25 per cent proteins, which is the maximum among pulses and 60 per cent carbohydrates along with significant amounts of molybdenum, zinc, folate, manganese and dietary fibre.

Chickpea is used as an edible seed and is also used for making flour throughout the globe. This crop, mainly cultivated in rabi season, has the capacity to withstand drought conditions. Two types of chickpea are produced namely Desi and Kabuli, which are classified on the basis the seed size, colour and taste. About 20-25 per cent of the chickpea production in the world is Kabuli and the remainder is Desi. The large Kabuli type is used mainly in salad bars and vegetable mixes. Chickpeas are also used as a vegetable and in preparing a wide variety of snack foods, soups, sweets, and condiments. Smaller size Kabuli chickpeas are used whole, de-hulled and split to produce dal, or ground into fine flour called besan. In West Asia, consumption is based on a popular dish known as “hummus” which is produced from mashed chickpeas. In many regions, young plants and green pods are eaten like spinach.

Global production

With an estimated global production of 9.7 million tonnes in 2008-09, chickpea is grown in about 50 countries around the world covering an area of 11 million ha with an average global productivity of 881 kg per hectare. India is the leading producer of chickpea contributing to about 70 per cent of the world's chickpea production, followed by Pakistan (8 per cent) and Turkey (6 per cent). Yield levels are significantly higher for countries such as Yemen (2.7 tonnes/ha), Bosnia (2.6 tonnes/ha) and China (2.4 tonnes/ha).

India has a variable trend of chickpea production, thereby, impacting the world production trend in chickpea over the years. There has been a steady increase in the area under chickpeas from 6.71 million ha in 2004-05 to 7.85 million ha in 2008-09 but the production shows variations owing to several factors such as rainfall pattern and disease incidence. During 2008-09, the chickpea production was about seven million tonnes, with average productivity of 894 kg per hectare. Chickpea is produced in the semi-arid tracks including Madhya Pradesh, Rajasthan, Maharashtra, Uttar Pradesh, Karnataka and Andhra Pradesh. Madhya Pradesh is the leading producer of chickpea in India with the production of about 2.8 mt contributing 39 per cent of the total production in India. Chickpea production in Rajasthan stands at 0.98 mt (14 per cent) and Andhra Pradesh at 0.86 mt (12 per cent).

About 34 per cent of the total area under chickpea is covered under irrigation in India, with the highest irrigated fields in Madhya Pradesh (53 per cent) and the least irrigated in the state of Andhra Pradesh (1.5 per cent).

Harvest

Chickpea is harvested mainly in March-April. Processing of chickpea is carried out at small and medium level units or dal mills, with the end products being split chickpea (chana dal), flour (besan), puffed chickpea (phutana) and roasted dal. More than 75 per cent of chickpea is consumed as dal and flour in India.

World exports during the past 10 years were variable, depending mainly on domestic production volumes in India and other countries, which both produce and import chickpeas. India and surrounding countries import mainly the Desi type, while countries in North and South America, Europe, West Asia and Africa import mainly the Kabuli type. Top chickpea exporters of the world were Australia (524996 tonnes), Mexico (1,44,036 tonnes), India (89,161 tonnes) and Turkey (88,507 tonnes) in 2009.The leading importers of chickpea were India (303885 tonnes), Pakistan (1,98,910), Algeria (53,574) and UK (27,219).

With a huge domestic demand, India is a net importer of chickpea and has a share of about 28 per cent in world chickpea import market. India imports chickpea mainly from Australia (70 per cent), Canada (4 per cent), Myanmar (4 per cent), Tanzania (10 per cent) and the US (3 per cent). However, there is also a significant share of India in global chickpea exports. India exported 95,264 tonnes of chickpea in 2009-10, which included dried and shelled chickpea. Major export destinations for chickpea from India are Pakistan, Sri Lanka, Algeria, Turkey and the UAE.

Indian chickpea markets are highly fragmented with very long value chain. Major stakeholders of the value chain are farmers, commission agents, stockists, brokers, wholesale traders, dal mills, wholesalers (dal), retail outlets and consumers. Often, some of these market functionaries play multiple roles with vertical integration. Prominent chickpea trading places in India include:

Madhya Pradesh: Indore, Bhopal, Vidisha

Maharashtra: Jalgaon, Latur, Mumbai, Akola

Rajasthan: Jaipur, Bikaner, Kota, Jodhpur, Sriganganagar, Hanumangarh

Others: Delhi, Kanpur, Hapur, Jalandhar, Chennai, Gulbarga, Hyderabad

Although there is no direct government regulation in chickpea marketing in India following deregulation of the chickpea market, the Government continues to intervene in chickpea marketing by way of MSP (Minimum Support Price) and regulation of import policy. The MSP of chickpea for 2010-11 was raised to Rs 2,100 a quintal, from Rs 1,760 last year with a view to promote increase in area under this pulse crop, which accounts for nearly half of the total pulse production in India. State Governments have discretion to impose trade tax on the dal mills, thereby, affecting the processing of chickpea.

Major trade in chickpea is handled by unorganised sector, which necessitates the market innovations and more systematic value chain management

High price fluctuations which is also influenced by prices of the other competitive pulses produced and hoarding practices

Incidence of diseases such as Ascochyta blight and root rot which affect production and quality of the produce. Use of resistant cultivars, crop rotation and other crop management practices need to be promoted

Significant loss during storage due to pest is reported for chickpea. Scientific pest management measures along with use of improved storage structures should be promoted

Creation of better grading, cleaning and packaging facilities for the existing products will help cater to the increasingly quality conscious domestic consumer

Processing opportunities can be explored for chickpea including bottled chickpea for salads, snack-food, protein and carbohydrate concentrates, ready to eat forms, semi-cooked, parched and other fast-food products

Research on the nutritional and health benefit of chickpea and its processed products can be intensified and its applications can be commercialised. For instance, the low Glycemic Index of split chickpea makes it suitable for consumption by diabetic population.

Responses are invited from readers. They may be sent to agri-biz@thehindu.co.in

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Back **Declining trend in pepper despite supply woes**

G K Nair

Kochi, Jan 2

Pepper market continued to show a declining trend on selling pressure by investors who were holding validity expired graded pepper and farm grade pepper with them. They had bought them at lower rates some time ago and that they are now trying to liquidate at a discount ranging from Rs 2/kg to Rs 3.50 a kg.

But, there were not many buyers. The bear operators trying to capitalise on this situation were successful in pulling down the market, trade sources told Business Line.

Meanwhile, the domestic demand has not picked up so far this year because of the unfavourable weather conditions prevailing in the north Indian States and the restrictions on movements due to the commonwealth games in Delhi a major trade hub for pepper.

Fear of untoward incidents following the Ayodhya verdict had also restricted the inward lorry movements from other States and that had too slowed down the domestic buying. All these factors contributed to a dull market during the week aiding the price fall. Overseas buyers were also not very active hoping the prices might decline further. But, once they resort to buying for the winter season, Christmas and New Year that might pave the way for an upsurge in prices in the coming weeks, especially in November, trade sources claimed.

All the contracts on the NCDEX during the week dropped. October, November and December fell by Rs 718, Rs 744 and Rs 739 respectively during the week to close at Rs 18,766, Rs 18,940 and Rs 19,182 a quintal. Total turn over was down by 23,041 tonnes. Open interest during the week declined by 34 tonnes to 16,246 tonnes.

Spot prices in tandem with the futures market trend fell by Rs 500 during the week to close at Rs 18,600 (un-garbled) and Rs 19,100 (MG 1) a quintal at the weekend close.

At the same time, availability of physical pepper was only on the exchange platform with the investors. In the primary markets, growers and dealers were not keen to sell even when the prices crossed Rs 190 a kg, which sends out the impression that they are not holding much stock, or are waiting for the prices to cross Rs 200 a kg. In any case, there is a scarcity of physical pepper in the market. In the overseas market also the situation is not much different.

Vietnam is reportedly to export the same volume of pepper it exported last year estimated at 1.2 lakh tonnes. Indonesia is quoting one rate for the public to consume and another for direct buyers.

Thus, it has also almost sold out its new crop. Brazil is the other source of origin where harvesting is said to be at its peak and hence it has started showing an easier trend, they said. Notwithstanding all these, the prices for the asta grade pepper continued to rule above $4,000 a tonne (c&f) indicating that there is a limited availability. The currency factor in India where the rupee continued to strengthen against the dollar is keeping the Indian parity for MG 1 much above other origins at $4,475 a tonne (c&f).

According to the International Pepper Community (IPC) Black pepper trading remained dormant during the week as available material from this year crop was limited. In Lampung, arrivals from recent crop were not brisk and the output was not encouraging. In addition to this, farmers were also expecting better price during the tight supply situation. Increased export from Lampung during last month was from previous years' carry over. In India, the domestic market has declined as indicated by the volume of trade in the Commodity Exchange. Prices decreased in spot as well as futures market by around 1-2 per cent from last week. In Brazil, prices decreased both in local and fob. This may be because pepper harvest in Brazil is approaching the peak. In Vietnam and Sarawak, local price also decreased, while fob remained stable as last week.

In Bangka, white pepper price has moved up locally, while at other origins the white pepper prices were reported to remain unchanged.

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Back **Potential in expanding domestic offtake**

FOCUS: CASHEW.

More than four tonnes of raw cashew nuts are required to produce one tonne of cashew kernels.

G. Chandrashekhar

Among the wide range of edible nuts (also called table nuts) such as almonds, pistachios, brazil nuts, macadamia nuts and so on that are freely available in the marketplace, cashew nut has its rightful place at or close to the top in terms of consumer preference.

Given the popularity of this premium nut, as many as 32 countries, mostly in hot and dry agro-climatic conditions suitable for cashew cultivation, produce this nut-bearing fruit.

The top three producers and processors of cashew are Vietnam, India and Brazil. African countries also account for sizeable production of raw cashew.

Major markets for cashew nut kernels (processed out of raw cashew) are mostly the developed countries including the US, western Europe, Japan and others, although new markets are constantly being explored.

For instance, India's own domestic consumption of this edible nut has been expanding in recent years, driven by rising incomes and changing food/snacking habits. Yet, cashew processing is primarily perceived as an export-oriented activity.

India has the world's largest capacity in cashew processing. The organised sector has an annual capacity to process 14 lakh tonnes of raw nuts. India's indigenous production of raw material is estimated at about 6-7 It is far short of the installed processing capacity. No wonder, for capacity utilisation, imports are resorted to.

Annual import of raw cashew, mostly African origin, has shown a rising trend.

More than four tonnes of raw cashew nuts are required to produce one tonne of cashew kernels. Interestingly, India was the first country to tap the export market with processed cashew kernels, which became an instant hit. There has been no looking back. According to the Commerce Ministry data, during 2009-10, raw cashew nut imports totalled 7.53 lt valued at Rs 3,037 crore. On the other hand, export of cashew kernels aggregated 1.08 lt worth Rs 2,906 crore.

Bridging deficit

Raw cashew imports serve many purposes including bringing down the deficit in domestic production and helping meet raw material needs of the processing units.

Importantly, imports ensure employment to a large number of cashew factory workers. The cashew sector provides employment to an estimated three lakh persons.

What are the major market drivers? Because cashew kernels are premium food products, their consumption demand has a relationship with economic growth.

Strong growth that translates to higher incomes encourages consumption. In developed economies because of high purchasing power, consumption demand is relatively inelastic. Production fluctuates in major raw cashew origins.

Weather aberrations

Many are vulnerable to weather aberrations. Rising domestic demand also squeezes export availability. India is a classic example. So, priorities for the processing industry include exploring backward integration and strengthening the supply chain management. It is necessary to adopt good manufacturing practices and quality management systems such as HACCP.

The demand side — whether domestic or export — is expected to continue to be robust; but given the premium nature of the product, consistent supply of top quality is the key to success. The Government implements various schemes to promote quality improvement, export promotion and so on.

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Back **Potato to rule firm on lower production**

Shobha Roy

Kolkata, Jan 2

Potato prices in West Bengal would remain firm for another 10-15 days on account of poor production of the early crop in certain districts of the State. The wholesale price of the tuber fell by Rs 50/quintal and was hovering around Rs 550/quintal on Friday, against Rs 600/quintal last week, according to Mr Patit Paban De, Past President, West Bengal Cold Storage Association.

The price would, however, continue to remain firm at these levels over the next few days due to lower production of the crop, Mr De told Business Line. “The production of early crop of potato has not been too good so far due to the unfavourable weather conditions. Potato harvesting requires a cool temperature, however, the temperature in certain districts has been too hot and this has had an impact on production of the crop,” he said.

Potato prices usually start declining by the end of December and early January on account of the arrival of new crop into the market. But this year the prices have continued to remain firm due to the lower production of the crop.

There has also been a three-to-four per cent drop in area under potato cultivation this year on account of poor rainfall in certain districts of the State. It was, however, difficult to ascertain the exact production at present. The production of potatoes this year might not be at par with last year. “Last year we had a bumper crop. Production is primarily dependent on the weather, if the winter duration is good this year then we can expect the production to be good as well,” he observed.

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Back **Coonoor tea auctions to begin on Jan 6**

P.S. Sundar

Coonoor, Jan 2

The first auctions for 2011 of Coonoor Tea Trade Association will be held on January 6.

There is no auction this week as the market remained closed for Christmas-New Year celebrations. In all, 12.45 lakh kg would come up for auction when the New Year opens. Of them, 8.80 lakh kg would be offered in the leaf sale on Jan 6 and 3.65 lakh kg in the dust sale on Jan 7.

In the last few auctions, exporters had been lending useful support unmindful of increased availability in the global market. According to the latest data available with industry and trade organisations, global tea output so far in 2010 had been about 111 million kg more than the corresponding period of calendar 2009.

“But we have seen good absorption leading to price increase. This is a healthy trend and instils hopes for 2011. In India, the output was lower and so, domestic traders competed keenly. At high import duty, use of imported tea in domestic market is not encouraging”, Mr Rajesh Gupta, Director, Global Tea Brokers, told Business Line.

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Back **Nabard programme on financing joint liability groups**

Our Correspondent

Madurai, Jan. 2

The National Bank for Agriculture and Rural Development (Nabard) organised a sensitisation programme on financing joint liability groups (JLGs) here recently, at Canara Bank's Financial Literacy and Credit Counselling Centre (FLCC) in the city, for branch managers and field officers of commercial banks in Madurai district.

Mr S. Karthikeyan, General Manager, Pandyan Grama Bank (PGB), inaugurating the programme, said that JLG would benefit the share croppers, landless farmers and micro entrepreneurs and there is need to focus on this section of clientele as they held the key for nation's food security.

Mr R. Shankar Narayan, Assistant General Manager, Nabard, Madurai, speaking earlier, said that membership in the basically loan driven.

He further said that Nabard has fixed an ambitious target of inspiring banks to form 1.50 lakh JLGs of which around 50 per cent is to be achieved by the four southern States of Tamil Nadu, Kerala, Karnataka and Andhra Pradesh. Mr K.N.Subramanian, Lead District Manager, Canara Bank, urged bankers to help achieve the target of 500 JLGs in the current fiscal.

Participants from the leading banks in the district such as Corporation Bank, TMB, UBI, BOB, IOB, Indian Bank, SBI, Canara Bank also shared their experiences and agreed upon an action plan to give fillip to JLG financing during the coming months in the district.

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Back **Kole lands to be developed**

— K.K.Mustafah

Hope for Thrissur, Ponnani: The State Agricultural Department has implemented a scheme that is expected to boost the development of kole lands in Thrissur and Ponnani districts. The scheme amounts to Rs 800 crore and will be funded by the State and Central Governments.

Kole land in Thrissur district comes up to 11,000 hectares and in Ponnani district, 3000 hectares. A scene from a kole land near Thrissur.

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Back **Coffee exports up 56% in 2010**

Anil Urs

Bangalore, Dec. 31

Coffee exports increased 56.45 per cent this calendar (January to December) 2010 to 2.91 lakh tonnes compared with previous year's (2009) exports of 1.86 lakh tonnes.

According to Coffee Board statistics as of December 30, arabica parchment constituted 38,300 tonnes (last year's exports stood at 19,992 tonnes), exports of arabica cherry was 12,763 tonnes (9,739 tonnes), robusta parchment 32,491 tonnes (14,635 tonnes) and robusta cherry 1,24,363 tonnes (81,510 tonnes).

Instant coffee total exports 83,703 (60,575 tonnes), Instant coffee (Indian) 38,371 tonnes (25,605 tonnes) Instant coffee re-exports 45,332 tonnes (34,970 tonnes).

Key reason

The main reason attributed for high exports is availability of good qualitywashed arabicas and robusta parchment for exports.

“In addition to this, the good margins offered in 2010 for exports facilitated exporters to perform well,” said a senior exporter, who did not wish to be identified. Also, another key factor is that of growers parted with their entire produce as they got good remunerative prices.

Coffee exports in rupee terms were also up 50.69 per cent at Rs 3,010.87 crore in 2010 against Rs 1,998.02 crore in 2009. In dollar terms, it is up 58.54 per cent at $642.42 million against $405.20 million. However, in terms of unit value realisation Indian coffee fetched Rs 1,03,154 a tonne against last year's realisation of Rs 1,07,007 per tonne.

Top 10 coffee exporters

NKG Jayanti Coffee with total exports 38,896.2 tonnes (arabica 9,634.2 tonnes, robusta 29,262 tonnes) lead among the exporters, according to Coffee Board data. CCL Products-India only robusta 29,189.7 tonnes.

Amalgamated Bean Coffee 23,528.2 tonnes (arabica 6,335.5 tonnes, robusta 17,192.7 tonnes). Nestle India only robusta 20,202.5 tonnes. Tata Coffee 19,451.5 tonnes (arabica 1,051.3 tonnes, robusta 18,400.2 tonnes). Olam Agro India 17,379.9 tonnes (arabica 6,477.7 tonnes robusta 10,902.2 tonnes).

Ned Commodities India 16,927.3 tonnes (arabica 801.8 tonnes robusta 16,125.5 tonnes). SLN Coffee 14,665 tonnes (arabica 1,058.7 tonnes, robusta 13,606.4 tonnes) and ITC Ltd 13,351.2 tonnes (arabica 2,040 tonnes, robusta 11,311.2 tonnes).

Italy 77,939.4 tonnes (arabica 11,129.9 tonnes, robusta 66,809.5 tonnes), Russian Federation 34,606 tonnes (arabica 1,555.3 tonnes, robusta 33,050 tonnes), Germany 26,316.9 tonnes (arabica 10,030.8 tonnes, robusta 16,286.1 tonnes), Belgium 14,174 tonnes (arabica 4,857.4 tonnes, robusta 9,316.6 tonnes), Spain 9,241.9 tonnes (arabica 391.1 tonnes, robusta 8,850.8 tonnes).

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Back **Cotton blooms on export demand**

Our Correspondent

Rajkot, Dec. 31

Cotton prices increased by Rs 15-30 for a maund of 20 kg in markets across Saurashtra on export demand. However, prices dropped at Rajkot since buying was on a low key.

“We are getting more orders despite higher arrivals. Demand from ginning mills is increasing, leading to a firm trend in kapas prices,” said Mr Kalpesh Posiya, a trader from Dhoraji Agricultural Produce Marketing Committee (APMC) yard, 130 km from here.

“Export demand, in particular, is keeping prices firm. Cotton is expected to be firm in view of this,” said Mr Jaisukhbhai Patel, a trader at Gondal APMC yard.

At Dhoraji APMC yard, the natural fibre was traded at Rs 900-930/maund against Rs 900-915 on Thursday. Arrivals were some 1,700 bags (60-kg each).

At Gondal APMC yard, cotton fetched between Rs 875 and Rs 925 a maund, Rs 25-30 higher. Arrivals were over 15,000 bags.

Registrations for export of 25 lakh bales (170 kg each) cotton began on Friday and will continue till January 6.

In Rajkot, despite the export announcement, exporter buying was missing in the market. It dragged prices down by Rs 400 a candy (356 kg) to below Rs 43,000.

Sankar-6 variety decreased to Rs 42,700-43,000 a candy. At the terminal market, kapas ruled stable at Rs 910-940 a maund.

A Rajkot-based trader said, “The penalty norms announced by the Governemnt while allowing exports, kept exporters away from the market. Prices will decrease further next week if export buying does not start.”

So far,

140.50 lakh bales cotton have arrived in various parts of the country, while in Gujarat about 41 lakh bales cotton have hit the market.

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Back **NHB to take up off-season commercial horticulture in Kanyakumari**

Our Correspondent

Madurai, Dec. 31

The National Horticulture Board (NHB) will take up off-season fruit production in Kanyakumari district, and the expertise of the Tamil Nadu Agricultural University would be utilised for the initiative, according to Mr Bijay Kumar, Managing Director, NHB.

Participating in an interaction with farmers and scientists at the Agricultural College and Research Institute here, he said that plans are afoot to increase commercial horticulture in the area. Initially, he added, the focus will be on mango, jackfruit and amla.

He also said that NHB has been working towards tapping the sea route for export of horticulture products, through Chennai and Tuticorin ports, on a large scale. Exporters stand to gain from the point of view of cost, since ship cargo is likely to be less expensive.

The Board is looking to tap Kochi, Kandla and Jawaharlal Nehru Port Trust for a similar purpose, in the respective regions.

Meeting port officials

“We are talking to exporters and meetings have been lined up with port officials in the next few days. The availability of cold storage/container facilities at the ports will be discussed with the officials,” he said. Philippines has been sending its horticulture products via the sea route, and India has been receiving other consignments as well through the sea route, he added.

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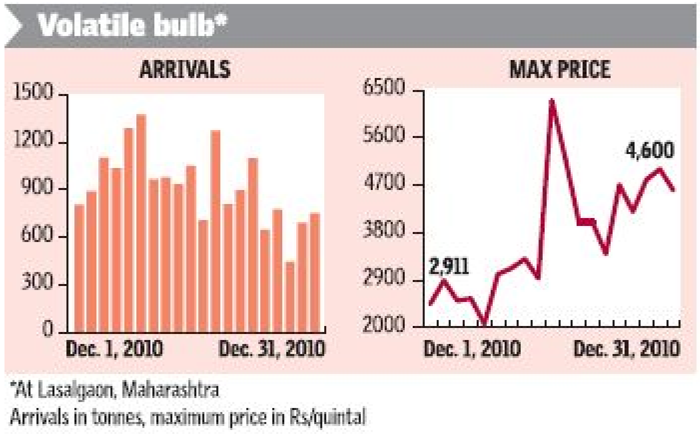
Back **Trickling inflows, quality issues turn onion pungent**



M.R. Subramani

Chennai, Dec 31

Onion round up the yearend on a firm note as domestic demand and lower arrivals continued to support high prices.

The firm price trend witnessed early last week returned this week with quality onions commanding over Rs 4,000 a quintal.

At Lasalgaon, quality onions ruled at Rs 4,600 a quintal, but the modal price or the rate at which most of the trades were done, was Rs 2,300.

Prices were lower compared with Thursday but arrivals were higher at 750 tonnes compared with 692 tonnes. Prices were, however, higher compared with last weekend (Rs 3,401).

RESISTANCE SEEN

"Firm trend continues in onion because of limited availability. People who have cargo ready are willing to pay higher price, though we are seeing some consumer resistance setting in," said Mr Rupesh Jaju, a trader in Nashik.

Most of the arrivals are of poor quality since the crop has been affected due to unseasonal rain in November.

"Local demand is keeping the prices firm. Prices are likely to be around this level for the next few weeks," said Mr Madan Prakash of Chennai- based Rajathi Group of companies that trades in onions.

"We are also told that farmers are bringing in pre-matured onions to the market in Nashik," he said.

At the Gondal Agricultural Produce Marketing Committee yard in Gujarat's Rajkot district, onion ruled at Rs 830 for a maund of 20 kg. Prices were up Rs 30/maund compared with Thursday.

GOOD DEMAND

"There is good domestic demand, especially from Rajasthan and Punjab. There is also some demand from Madhya Pradesh besides Maharashtra itself for onions from Gujarat," said Mr Jamanbhai, a trader in Gondal.

"The problem is with the quality of arrivals. You have to consume it within two days or else it rots," he said.

Onion prices are expected to rule around these levels until the late kharif crop arrives late in January or early February. Even then, the bulb could rule firm as late kharif seedlings have reportedly been damaged.

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Back **Tur, masur dal up on poor arrivals**

Our Correspondent

Indore, Dec 31

With the arrival of New Year, the demand for pulses is slightly picking up. On Friday, pulses ruled firm in Indore mandis with tur dal and masur dal quoted higher on weak arrivals and comparatively improved demand. Arrival of tur dal from Maharashtra has declined in the last few days. In addition to this, arrival of tur dal from Karnataka has also been affected due to panchayat elections there. Weak arrival and improved demand in the domestic market has caused an uptrend in tur dal.

In the spot, tur dal further perked up by Rs 100 on Friday with tur dal (marka) quoted at Rs 5,800 a quintal, tur dal (sawa No.) quoted at Rs 4,200-4,300, while tur dal (full) quoted at Rs 5,700 respectively.

In the past two-three day, tur dal (marka) has increased by Rs 200 a quintal.

Similarly, masur dal also gained Rs 50 on improved demand. In the physical market, masur dal (average) quoted at Rs 3,600-3,625.

Chana dal also perked by Rs 25 on rise in demand and also taking cues from slight increase in chana spot prices which in the local mandis on Friday quoted Rs 20-30 higher at Rs 2,350-2,360 a quintal.

In the spot, chana dal (bold) quoted at Rs 3,000-3,025.

Moong dal and urad dal also ruled firm on limited demand. Moong dal (chilka) quoted at Rs 4,600-4,700 a quintal, moong dal (bold) quoted at Rs 5,150-5,200 a quintal.

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Back **Canadian pulse growers exploring Indian market**

G. Chandrashekhar

Mumbai, Dec 31

“India and Canada are natural partners”, asserts Dr Garth Patterson, Executive Director of Saskatchewan Pulse Growers (SPG), a 17,000-member strong body of pulses producers in Saskatchewan province, Canada's food bowl.

While it is widely known that Canada is the world's leading exporter of pea and lentil, not many are aware that nearly 99 per cent of Canada's lentil and over 80 per cent of Canada's pea come from Saskatchewan.

Out of Canada's total pulses export of $2.2 billion, Saskatchewan accounts for as much as $1.8 billion.

As the world's largest producer, consumer and importer of pulses, India is Canada's top ranking pulses customer and a very significant volume of India's import comes from Saskatchewan province.

Talking about long-term export plans, Dr Patterson says the goal is to expand pulses export to seven million tonnes by 2025. Canada has the land and other resources to boost farm output. As a producer board, SPG's annual budget is $13 million with mandate to develop the pulse industry. Research expertise available in Saskatchewan is of course well known.

collaboration opportunities

Are there collaboration opportunities between Canada and India? Dr Patterson is positive about promoting nutritional benefits of pea and lentil in India. SPG is also keen to support research into pea and lentil utilisation in India.

India's nutritional status is a cause for serious concern. There is pervasive malnutrition and under-nutrition especially in rural area and among the urban poor. Pulses provide an economical source of vegetable protein.

However, over the last five decades, per capita pulses availability has halved to about 35 gm a day for one person. Canada can help reverse the declining trend, SPG believes.

Challenges

Referring to challenges faced by the pulses sector, Dr Patterson pointed out that a combination of world population growth, stagnant world pulse production and declining per capita pulse consumption in India has warranted a fresh look at research and market promotion activities.

Asked about concerns in the bilateral trade in pulses, Dr Patterson said uncertainties in the phyto-sanitary issue need to be sorted out quickly to ensure uninterrupted trade flows.

It is by now well known that 2010 Canadian pulse supply was affected by weather aberrations (wet summer and autumn rains) as a result of which quality turned out to be variable. Pea supply was 3.7 million tonnes and lentil 2.0 million tonnes.

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Back **Slack trading flattens rice market**

Our Correspondent

Karnal, Dec. 31

Due to lack of trading at all levels, prices of aromatic and non basmati rice ruled flat on Friday.

Mr Praveen Kumar, a rice trader, told Business Line that the trade is witnessing weak trading now.

Prices ruled unchanged on Friday. Pusa-1121 steam (new) ruled at around Rs 5,200 a quintal, while the old variety was quoted around Rs 5,250. Pusa-1121 sela (new) was at Rs 4,150; old variety around Rs 4,300.

Pusa-1121 raw (new) ruled between Rs 5,050 and Rs 5,100, while the old variety was quoted at around Rs 5,200.

Pusa (sela) ruled at Rs 3,200 and Pusa (raw) around Rs 4,200. Basmati sela quoted at Rs 6,000, basmati raw at Rs 7,000. Brokens such as Tibar was at Rs 3,100, Dubar Rs 2,300 and Mongra Rs 2,000.

Permal sela ruled at Rs 2,000-2,170, while Permal steam ruled at Rs 2,180 a quintal. Sharbati sela sold at around Rs 2,700-2,720 and Sharbati steam around Rs 2,950-3,000 a quintal.

Paddy trading

PR were sold between Rs 980 and Rs 1,020; Sharbati ruled at Rs 1,500; Sugandha-999 quoted at Rs 1,620-1,650; Pusa (duplicate basmati) at Rs 2,000-2,200; Pusa-1121 at Rs 2,000-2,300 and pure basmati quoted at Rs 2,200-2,600.

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Back **Pepper's bull run likely to continue in 2011**

G.K. Nair

Kochi, Dec. 31

Global production of pepper, like many other spices, declined in 2010 and consequently, its prices ruled high consistently in the latter part of the year. In general, it was a good year for pepper, compared with previous years.

The situation was the same in the case of other spices such as cloves, cinnamon, ginger, turmeric, cumin, garlic, and so on.

Untimely and incessant rains in producing nations caused a fall in supply, which pushed the prices up, and in some places, prices nearly hit the roof.

Black pepper prices hovered around $5,000 a tonne in the world market.

According to Mr S. Kannan, Executive Director, International Pepper Community (IPC), expected shortfall in global pepper production led to surge in prices in all producing countries in 2010."

Speaking to Business Line from Jakarta, Mr Kannan said: "The consumption of pepper in both producing and importing countries is growing at a faster rate." There has not been a corresponding growth in the output in recent years, he added

"With limited stock levels in the importing countries, higher cost of inventory and the supply crunch, pepper prices are likely to increase in 2011 also. Due to the reported short supply, white pepper prices will also be higher than the prevailing price in December 2010," he said.

Global production

The estimated global pepper production was marginally lower by about 12,500 tonnes in 2010. The projected production for 2011 is around 3,10,000 tonnes, which is also lower by around 6,500 tonnes, compared with 2010, he said.

Carry-over stocks in producing countries may also be lower in 2010 and 2011.

The highest global production recorded since 1995 was 3,58,796 tonnes in 2002. Due to widespread and prolonged rain in almost all the producing countries, production in 2011 will be lower.

"In fact, to achieve the 2002 levels, we may have to wait for at least two or three years," he said.

Anticipated export for 2010 is 2,37,650 tonnes, which is 11 per cent lower than the previous year. However, the actual export for the year may be lower by only 5-6 per cent, he said.

The highest-ever export (2,70,056 tonnes) was achieved in 2009, since 1995. Though the export of pepper in 2011 has been projected at around 2,30,000 tonnes, the actual export will be higher than the projection, he added.

Exportable surplus of producing nations is projected to be at around 3,24,292 tonnes in 2011, as against 3,33,092 in 2010. Exports during the coming year is projected at around 2,29,710 tonnes.

Internal consumption of producing countries is projected at 1,25,202 tonnes in 2011, according to an IPC report. The total global pepper production in 2011 for IPC countries is projected at 2,62,802 tonnes, as against 2,71,230 tonnes in 2010.

There has been a steady decline for the past few years, following a drop in production in India and a few other producing countries. Indian output has been on the decline as growers moved away from the crop due to non-remunerative prices.

The IPC has projected Indian output in 2011 to be 48,000 tonnes. The production here has been hovering around 50,000 tonnes for several years now.

High returns from rubber, cocoa and other crops, shortage of labour, quick-wilt disease, among other factors, have forced growers to move away from pepper, which has not been remunerative for many years, Mr Joshua Daniel, a pepper grower in Pathanamthitta district told Business Line. He said he was growing rubber in 10 acres, having removed pepper vines.

He alleged that futures trading has made the pepper trade unstable, and has deprived growers of remunerative prices.

High labour wages in Kerala is one of the main reasons for the high cost of production.

According to estimates, the domestic market is expected to absorb around 40,000-45,000 tonnes of pepper a year, while the spice extraction and oleoresin industries meet their requirement by imports.

Exports of value-added pepper are also of imported pepper.

In fact, it is alleged that imported pepper also finds it way into the domestic market, and that is used to depress the domestic price.

The area under pepper in Kerala is dropping sharply, due to a shift to more lucrative crops. In Wayanad, pepper gardens are being used for commercial activities and tourism projects, Mr Sainalubdeen, a pepper planter and trader in Meenangadi, Wayanad, told Business Line.

Given the tight supply position in the domestic and global markets, prices are likely to rule high next year, provided demand and supply are allowed to determine the price, growers said.

According to Mr Kannan, by the end of the year, international prices shot up to $4.80/kg and future prices were up 0.3 per cent to 0.5 per cent, he said.

There is a steady rise in per capita consumption of pepper world over, and, so far, production has not been growing corresponding to those levels, he added.

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Back **Lack of fresh orders pounds turmeric**

Our Correspondent

Erode, Dec. 31

Spot turmeric prices fell by Rs 200-300 a quintal on Friday on lack of fresh orders. They dipped below Rs 17,000 a quintal as there was no fresh demand from North India for over a week now, said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association, on Friday.

“Spot turmeric sold at Rs 11,000-odd a quintal in January, 2010. Till December 30, the yellow spice sold at Rs 17,000-odd a quintal, but on Friday — the last day of the year — the crop went down below Rs 17,000 a quintal.” On Friday, farmers were reluctant to sell their produce as prices decreased.

Turmeric futures also quoted lower by Rs 200-300 a quintal. From Rs 11,000 a quintal three days ago it has dropped gradually and on Friday it slid to Rs 10,200 a quintal, following declining spot prices. Farmers expect prices will increase slightly within two or three days. Traders are buying limited stocks because of inadequate demand.

In the Erode Turmeric Merchants Association sales yard, the finger variety sold at Rs 10,037-16,986 a quintal and the root variety Rs 10,034-16,896 . At Regulated Marketing Committee, the finger variety fetched Rs 16,293-16,720 a quintal and the root variety Rs 16,539-16,868 a quintal. Out of the 711 bags that arrived, 640 were sold.

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Back **Pepper futures rise marginally**

G.K. Nair

Kochi, Dec. 31

Pepper futures ruled nearly steady on Friday with a marginal increase at the year-end closing from the previous day.

Activities were limited on both the futures and the spot markets. On the spot market, some stray trading took place and it was in a matching demand supply situation. Hence, spot prices remained steady.

There was no overseas or domestic demand as everybody was on a holiday mood. Some profit booking was there and the market was on a consolidation phase, market sources told Business Line.

January contract on the NCDEX moved up Rs 26 to close at Rs 22,497 a quintal. February went up Rs 34 to close at Rs 22,782 a quintal, while March dropped by Rs 52 to close at Rs 23,044 a quintal.

Open interest

Total turnover dropped 2,082 tonnes to close at 5,032 tonnes. Total open interest increased 245 tonnes to 12,809 tonnes showing some additional purchases. There were purchases in all the first three contracts.

January open interest went up 87 tonnes to 9,705 tonnes while that of February and March moved up 102 tonnes and 46 tonnes, respectively to close at 2,430 tonnes and 345 tonnes.

Spot prices remained steady on thin trade and matching demand and supply at Rs 21,200 (ungarbled) and Rs 21,700 (MG 1) a quintal.

Indian parity in the international market remained at $5,200 a tonne (c&f) and remained slightly above other origins.

According to an overseas report today, the market was not active. However, Indonesia reportedly traded last week $4,700 f.o.b. to $4,850 f.o.b. on Lampong asta January shipment. Other origins appeared to be quiet.

Prices quoted for black pepper of different origins in dollar per tonne c&f New York were MG 1 asta – 5,325-5,425; Malabar faq 500g/l –5,000-5,025 f.o.b.; Lampong asta – 5,000-5,100 f.o.b.; Lampong 550g/l –4,950-5,000 f.o.b.; Lampong 500g/l – 4,900-4,950 f.o.b.; Brazil B2 - 500g/l– 4,700 f.o.b.; Brazil B1 - 560g/l – 4,800 f.o.b.; Brazil B asta – 4,900 f.o.b.; Vietnam faq 500g/l – afo; Vietnam faq 550g/l – afo; Vietnam asta– 5,200-5,250 Jan/Feb; Vietnam asta – 5,100-5,150 Mar/Apr; and Spot USA MLSV asta treated – 5,400 ex warehouse New York/New Jersey.

White pepper prices quoted per tonne in dollars c&f were Muntok –7,225-7,325 and Vietnam double washed – 7,325 – 7,400.

Exports

During January – November, India exported around 15,500 tonnes of pepper against 19,700 tonnes in the same period last year. In 2009, total exports were 21,266 tonnes. Based on the export performance up to November, it is predicted that the export for 2010 would be 16,500 tonnes, a drop of around 22 per cent. The decreasing trend in export could be due to increased domestic consumption and declining production, a report from the International Pepper Community said.

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Back **Spices turned hot in 2010 on short supply**

G. K. Nair

Kochi, Jan. 1

Unfavourable weather conditions, be it rains or winter were extreme last year, affecting several spices crops in different producing countries, including India.

This phenomenon has resulted in their short supply and consequently pushed their prices up. Some of such spices whose prices shot up in 2010 are cardamom both small and large, turmeric, cumin, garlic, pepper, cloves, poppy seeds, cinnamon and mint products.

While these products have been costlier in the domestic market, earnings from their exports are also significantly higher. At the same time, those spices, such as cloves, poppy seeds and cinnamon, for which the country depends on imports have also become costlier following crop failure in producing countries.

Consequently short supply pushed up their prices at origins, trade sources told Business Line. Cardamom (small) prices have been ruling above Rs 1,000 a kg for the past couple of years on short supply. The Indian output remained stagnant at somewhere between 11,000-12,000 tonnes a year while there has been a significant growth in demand estimated at 5 to 10 per cent.

Non-availability from the lone other origin, Guatemala, in recent years has compelled the trade to depend exclusively on the indigenous produce. Even some of the selected overseas markets also preferred the Indian aromatic spice at higher prices. During April–November 2010, India exported 575 tonnes of small cardamom at Rs 1,143.78 a kg as against 875 tonnes in the same period last year at Rs 729.18 a kg.

Similarly, prices of cardamom large has soared by more than three times and yet there were overseas buyers for it. India shipped out 350 tonnes of it at Rs 495.83 a kg as against 570 tonnes at Rs 154.04 a kg.

Because of the high prices exports have declined by some 10 to 30 per cent but in terms of earnings it has been on the higher side. Prices of nutmeg and mace has almost doubled while turmeric prices are more than doubled this year. And yet, exports of turmeric were at 33,000 tonnes as against 37,250 tonnes in April-November 2009.

Exports of pepper fell to 11,500 tonnes from 13,850 tonnes in April–November 2009. The average rate at which exports were done during April–November 2010 was Rs 181.30 a kg as against Rs 157.18 a kg.

The crop failure in the producing countries would have its negative impact carried over to 2011 and that would result in shortage of these spices next year also.

“Cloves crop in Indonesia will be only 25,000 tonnes against the full crop of 84,000 tonnes while that of Madagascar would be only 50 per cent, Comoros only 2,000 tonnes, Zanzibar crop failed and Sri Lanka crop would be only 2,000 tonnes, as heavy rains damaged crops in the last two months”, importers said. Cloves prices are moving up daily by Rs 10 per kg and if this trend continued it will touch Rs 450 a kg, they claimed.

Indian cloves crop was good in 2010 but it is going to be low next season because of the untimely incessant rains. The next crop is estimated at somewhere between 1,000–1,500 tonnes as against over 2,000 tonnes last season. The growers said they got Rs 350 to Rs 400 a kg for superior quality cloves.

Poppy seeds

The current severe cold weather is likely to damage poppy seed crops in India and Turkey making the next crop less, they said. As consumption is on the rise, the demand is also expected to be high.

Indian current poppy seed crop is over and the next crop would come in June. “Prices are on the rise with good colour cargo being quoted at Rs 350–400 a kg. Ordinary variety is sold at Rs 250- 300 a kg”, they claimed.

Cinnamon

Cinnamon, which is the lowest priced spice, but its price has also shot up on short supply this year. High labour cost in the producing countries China and Vietnam is also attributed to the rise in its prices, trade sources said. Price of cinnamon has gone up to Rs 120 a kg from Rs 80 a kg, they said.

Meanwhile, there were reports in some media that some other material looks like cinnamon is being imported and sold in the market. It is allegedly harmful for human consumption, a report in a vernacular daily said last week.

On the domestic market prices of ginger, turmeric, cumin, garlic which are used extensively in the country are also exorbitantly high this year on short supply, they said. It is expected rule high next year also, they added.

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Back **Poor month-end offtake drags sugar**

Our Correspondent

Mumbai, Dec 31

Sugar prices on the Vashi wholesale market rule steady on month-end weak demand and selling pressure of resellers in naka delivery on Friday.

Mills continue to offer tender rates at higher level and it kept the volume in tenders offer lower than expected.

Month–end lifting pressure put stockists away from fresh buying. The sentiment was weak.

Sugar price on futures markets was also weak.

A wholesale trader said, in Vashi market local demand and supply was at usual level. Retailers buying was expected from next week.

On Thursday late evening, 10/12 mills came with tender offer but the response was poor. They kept their tenders open.

Mills sold about 75,000/80,000 bags of sugar to state-level stockiest/traders in the range of Rs. 2,890-2,910 for S grade and Rs 2,900- 2,925 for M grade.

In resale - naka delivery volume was in the range of Rs 2,940-2,960 for S grade and Rs 2,960-3,000 for M grade. Arrivals of sugar in the market was about 54-55 truck loads (Each of 100 kg), dispatches to local retail traders were at 51-52 trucks.

Neighbouring sates buying was also absent. Freight rates were steady at higher level.

According to the Bombay Sugar Merchants Association, spot sugar rates were S grade Rs 2,962-3,021 (Rs 2,966-3,021) and M grade Rs 3,003-3,071 (Rs 3,001-3,071).

Naka delivery rates were S grade Rs 2,940-2,960 (Rs 2,940-2,960) and M grade was Rs 2,970-3,000 (Rs 2,970-3,000).