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Foundation stone laid for artificial banana ripening units

Staff Reporter

Each unit worth Rs.50 lakh to be operated by government free of charge

Namakkal: Agriculture Minister Veerapandi S. Arumugam on Monday simultaneously laid the foundation stone for construction of Artificial Banana Ripening units in Namakkal (Moganur), Tiruchi, Theni (Chinnamosur) and Thoothukudi (Srivaikundam) districts at an estimated cost of Rs.2 crore.

Addressing the gathering after laying the foundation stone at a function organised in the Moganur Uzhavar Sandhai, in Namakkal district, the Minister expressed confidence that on completion these first of its kind units in Tamil Nadu would greatly benefit farmers.

Each plant that would be constructed at Rs.50 lakh would have a building worth Rs.15 lakh, the banana ripening chambers and godowns worth Rs.32 lakh and generators and electricity arrangements worth Rs.3 lakh. He also made it clear that they would be operated by the government free of cost.

The State accounts for 46.5 metric tons of banana cultivation on 89,000 hectares of land, which is almost a third of the country's total banana produce of 169 metric tons.

Farmers of these four districts that occupy the first place in the State in Banana cultivation are forced to sell their produce to Bangalore at a very cheap price from where it is ripened and sold back to Tamil Nadu whereas a major share is also exported, the Minister added.

When the ripening units are put to use they would not only put an end to ripening using hazardous chemicals but also the loss close of about 25 to 30 per cent of the produce due to decaying, Mr. Arumugam said. However he also urged the farmers to make value added products.

Chairman of the Tamil Nadu State Agricultural Marketing Committee K.P.T. Ganesan dwelt in detail about the functioning of these units.

Union Minister of State for Health and Family Welfare S. Gandhiselvan, Deputy Speaker of the Tamil Nadu Legislative Assembly V.P. Duraisamy, District Collector S. Madumathi, Commissioner of Agricultural Marketing Atul Anand, heads of the district marketing committees where the foundation stone were laid also spoke. Subsidies and farm equipment worth Rs.29.5 lakh were distributed to 75 beneficiaries.

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Major plan to boost oil production in State

Oilseeds to be cultivated in an additional 11.51-lakh hectares

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Inter-cropping to be taken up in 6.69 lakh hectares Farmers to be provided with improved seeds and production technologies

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A Light moment:Principal Secretary, Department of Agriculture,

BANGALORE: The Department of Agriculture has proposed to bring an additional area of 11.51 lakh hectares under oilseeds cultivation during the 12th Five-Year Plan. This is to achieve higher production of oilseeds and boost oil production in the State.

According to a note released at the regional workshop on Technology Mission on Oilseeds and Oil palm for southern States, organised jointly by the Agriculture Departments of Union and State governments here on Monday, 4.82 lakh hectares of rice fallows would be utilised for the purpose, while inter-cropping would be taken up in 6.69 lakh hectares. Several measures of intercropping will be popularised such as soybean intercropping with sugarcane, castor planting on bunds in dry land areas, soybean and sesamum, and niger with ragi and horsegram.

Introduced where?

The note said that oilseeds would be introduced in command and canal protective irrigated areas to an extent of 50,000 hectares. An equal proportion of land of paddy and other high-water required crops and assured rain-fed areas would be diversified to oilseed crops. It would be cultivated in residual moisture after paddy cultivation in 25,000 hectares.

It said productivity would be enhanced under its flagship scheme, ‘Bhoochetana', in Haveri, Dharwad, Chitradurga, Tumkur, Chickballapur, Kolar, Chamarajanagar, Raichur, Bijapur, Gadag, Davangere, Yadgir, Hassan and Bidar districts.

Experts would analyse the soil nutrient status and farmers would be provided with improved seeds and production technologies. Services of farm facilitators and lead farmers would be extended to them.

Under the Accelerated Oilseed Production programme, scientists will train farmers, inputs would be supplied at 50 per cent subsidy to farmers for 1.5 lakh hectares and protective irrigation through sprinklers.

Workshop

Inaugurating the workshop, Additional Secretary, Union Ministry of Agriculture, Ashish

Bahuguna, said the minimum support prices of different oilseeds needed to be calibrated. If the price of oilseeds was maintained on a par with prices of foodgrains such as paddy or wheat, the farmers would have no problem in cultivating them. India, he said, had to import 55 million tonnes of oilseeds worth about Rs. 24,000 crore, if production was not increased.

Principal Secretary, Department of Agriculture, N.C. Muniyappa, said there had not been a significant increase in the average market price over the years and the crops were affected by powdery mildew and bud-nucrosis in sunflower. In view of low productivity and returns due to pest and diseases, the oilseed area gave way to pulses and kharif maize in recent years.

Why the dip?

Explaining the reasons for declining oilseed production in the State, Karnataka Krishi Mission Chairman S.A. Patil said more than 80 per cent of oilseed area was under rain-fed areas and most of the crop was suffering from moisture stress during flowering, peg initiation and pod-filling stages. Oilseeds were grown in low fertility soils and inter-crop and mixtures. He said lack of mechanisation for sowing, harvesting and processing had affected production.

Project director, Department of Research, D.M. Hegde, Government of Andhra Pradesh, gave a presentation on status and perspective of oilseeds production in the southern States. He said India should emulate China and use head sprinklers for increasing production.Horticulture Principal Secretary Vandita Sharma and Agriculture Commissioner Baburao Mudabi were present.

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Farmers told to adopt water conservation techniques

ERODE: Farmers in the district should come forward to learn and adopt water conservation techniques, District Rural Development Agency Project Officer N. Srinivasan has said.

Participating at an awareness and skill development programme organised by the Central Soil and Water Conservation Research and Training Institute (CSWCRTI) at Ayalur village near Gobichettipalayam on Monday, Mr. Srinivasan said that people in many parts of the State were facing serious problems due to scarcity of water for farming.

If no water management practices were adopted, it would have a serious impact on food production.

Farmers should realise this fact and volunteer to implement the best water management techniques, he stressed.

The Central and State governments had launched a number of initiatives such as the watershed development programme to help people learn about water management. People should take advantage of these programmes and ensure effective utilisation of water, he said.

District Panchayat Council Chairman S.V. Saravanan, presiding over the programme, said that over Rs. 3 crore had been spent in Ayalur watershed for the construction of water harvesting structures, implementation of water management techniques and for skill development initiatives. These efforts had already produced positive results and people should co-operate with the officials in sustaining the progress.Senior officials from other departments including Agriculture had assured that they would work with the institute for the effective implementation of the programmes in Ayalur watershed.Later Mr. Srinivasan inspected the water harvesting structures constructed in Ayalur.

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Agriculture crops on 856 ha in Tirupur district damaged in recent rain, says report

R.Vimal Kumar

Tirupur: The final report on damages to agriculture crops in the recent rain in the district, prepared by the Agriculture Department, had estimated damages to a total extent of 856.4

ha, affecting 852 farmers spread over Madathukulam, Udumalpet, Gudimangalam and Kangeyam blocks.

Official sources told The Hindu that the estimates would be forwarded soon to the government to allocate compensation to the affected farmers.

Relief

The relief would be given at the rate of Rs. 10,000 per ha for paddy, Rs. 7,500 for every hectare of irrigated crops and Rs. 4,000 per ha for crops raised under rainfed conditions, the sources said.

Following is the crop wise damages with number of farmers affected given in the brackets:

paddy-297.97 ha (427 farmers), maize-19.61 ha (11), cotton-one ha (2), lablab-143.39 ha (147), cowpea-5.2 ha (5), Bengal gram-384.47 ha (254), black gram-4.36 ha (5) and green gram-0.4 ha (one farmer).

Horticulture crops

In the case of horticulture and plantation crops, the damages had been estimated only tentatively with projections showing damages to an expanse of 75.85 ha.

Revised assessment

The final report would be ready soon once the revised assessment on damages to medicinal plants was completed, the sources in the Horticulture Department said.

The preliminary estimates showed that the medicinal plants over 35.75 ha were destroyed by the recent rain.

However, a few more petitions had come from the farmers in Dharapuram and Mulanur blocks that made the authorities concerned to reassess the damages.

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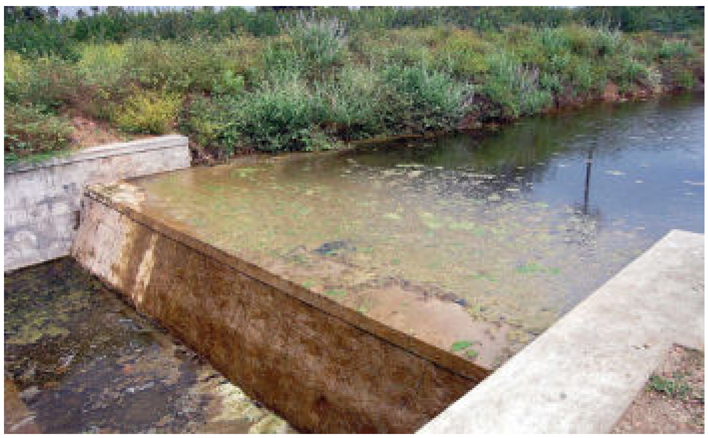
Watershed programme: new lease of life for Ayalur farmers

S. Ramesh

PHOTO: M. GOVARTHAN



A check dam constructed under the watershed development programme in Ayalur in Erode district. —

Erode: A Central government-sponsored watershed development programme has given a new lease of life to the farming community in Ayalur in Gobichettipalayam block in Erode district. The programme has helped the farmers to adopt best water management practices and take up integrated nutrient management to enhance crop yield. These initiatives have also helped improve the quality of life of the farmers.

Ayalur was one of the nine model watershed development projects sanctioned by the government as part of the macro management of agriculture under the National Watershed Development Project for rain-fed Areas. All the projects were implemented through the Central Soil and Water Conservation Research and Training Institute (CSWCRTI) and its eight regional research centres in the country.

The Ayalur watershed, covering a total area of 782 hectares, comprises five revenue villages – Mallipalayam, Semmandampalayam, Kulaimuppanur, Palapalayam and

Puliyangadu _ and comes under the semi-arid region with a meagre annual average rainfall of about 600 mm.

A majority of the farmers in the area come under the small and marginal categories and cultivate groundnut, tobacco and a few other foodgrains. The ground water level had depleted to below 600 feet when the project commenced in 2008.

A team of scientific and technical staff from CSWCRTI began working with the farmers of Ayalur and constructed three loose-boulder, three gabion and two masonry check dams, five percolation ponds and a number of other water harvesting structures. “Two years of our efforts have paid rich dividends. The increase in the groundwater level ranges from 3.4 to 13.9 m in the Ayalur watershed,” Senior Scientist D.V. Singh pointed out.

The CSWCRTI team also introduced improved seed and integrated nutrient management techniques to the farmers and helped a number of them to go for micro irrigation.

“There is significant increase in the crop yield in the Ayalur watershed. For instance, farmers registered about 73 percent higher yield in the groundnut,” said Senior Scientist K. Kannan.

Farmers were also being given assistance for switching to less water-intensive crops, including fruit crops and forestry species such as Melia dubea (Malai vembu in Tamil). The institute has also planned to help more farmers in the watershed to take advantage of modern techniques for the effective utilisation of water and enhance their yield further, V. Selvi, Scientist (Engineering) said.

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A fete to boost farming, its products

Special Correspondent

The Polika Malabar Farm Fest 2011 will be held from Thursday to Sunday.

KANNUR: An exhibition of farm products aimed at promoting agriculture and agricultural products will be organised here from Thursday to Sunday by the Agricultural Technology Management Agency (ATMA) and the Thalassery Social Service Society (TSSS).

District Collector V.K. Balakrishnan, who is also the chairman of ATMA, and TSSS director Fr. Mani Melvettam said at a press conference here on Monday that the exhibition named Polika Malabar Farm Fest 2011 was being organised with the objective of creating awareness among the young generation of agriculture and farmers.

Organic products

They said agricultural products cultivated using organic farming methods would be available at the fair.

The exhibition would have stalls run by the Agriculture Department and other related agencies to introduce various government schemes for farmers. The farmers could also seek expert advice at these stalls, they said.

Innovative inventions of the farmers would be displayed at the exhibition. An agricultural guidance centre at the fair would allow the farmers to interact with other successful persons of their ilk.

A pavilion would provide visitors information on various self-help schemes and project guidance, and on machinery required for each project.

A food stall would have an array of indigenous food of Malabar, they said.

Visitors could register their names for various courses such as sustainable agriculture, counselling, watershed management, project designing and resource mobilisation, and fashion designing being offered by the TSSS community college under Indira Gandhi National Open University.

There would be stalls for selling herbal, floral and vegetable plants and seeds.

The exhibition would have a stall for registering organic agricultural produce.

It would also have various contests, including one on agricultural photography, they said.

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Cold storage for fresh fruit built at Muvattupuzha

Kochi Bureau

Photo: Special Arrangement

Farm fresh:The new cold storage facility at Muvattupuzha. —

MUVATTUPUZHA:. The trial run of the Integrated Pack House constructed at the Nadukkara Agro Processing Company, Muvattupuzha, to store fresh pineapple was successfully completed recently and the facility is ready for commercial use.

The factory that manufactures the fruit drink Jive, is promoted jointly by the Government of Kerala and the European Union. “Utilising the pack house and allied technologies, fresh pineapple can be kept as farm fresh for about a month. Around 200 tonnes of fresh pineapples can be packed into the house at any given time,” said its Director (Finance) and MD in Charge, Narayanan K.

This will enable farmers to market fresh pineapple in India and also in the international market with the brand name “JIVE Vazhakkulam Pineapple”. Farmers would thus get a better price for their products, including in the export market. The company also offers them support price to procure the fruit. “We plan to lease out the facility to third parties for storage and natural ripening of all types of fruits, by ensuring optimal temperature and humidity,” Mr. Narayanan said.

Electrified village

MULAVUKAD: The Mulavukad Island is all set to become one of the completely electrified villages of the district. There are around 150 houses in the village that need to be electrified and the panchayat has paid around 90 per cent of the fee required for bringing power to these houses, said A.K. Dinakaran, president of the Mulavukad Village panchayat.

The financial support from the MLA fund was also utilised for making the payment. The electrification project is part of a drive by the State government. The civic body had earlier taken up the issue of the electrification of some houses which didn't have house numbers with the State Electricity Minister, Mr. Dinakaran said.

Open air stage

TRIPUNITHURA: The space occupied by the old RLV College building is all likely to become a place for a cultural get-together in Tripunithura. The Municipality has given the proposal of developing the space into an open air stage along with a park and a walkway along the backwater.

R. Venugopal, chairman of Tripunithura Municipality, said that project report is almost ready and this would be taken up as a fast track project by the Government.

The place would be ideal for Tripunithura to showcase its own cultural aura. It would be an ideal place to unwind with a cultural backdrop in a garden area, said Mr. Venugopal.

New roads

Tripunithura Municipality is now burdened with 14 roads that were earlier with the Public Works Department. R. Venugopal, chairman of the Municipal Council, said that the Municipality neither has enough funds nor officials to take care of these roads which run in and out of the town.

The road leading from the Vaikom Road into the private bus stand and to the statute, temple and up to end of North Fort gate is a major section that is actually a combination of four small roads. Another road is from the Statue to Chakkamkulangara and further up to Alliance junction on one side and NSS College on another.

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Farmers stage protest

Staff Correspondent

Protesters demand KHB to return the lands acquired a few years agoBoard official says lands were bought at Rs. 5 lakh an acre, not acquired

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DAVANGERE: Members of the Karnataka Rajya Raitha Sangha, Hasiru Sene and Kannada Samara Sene, along with the workers of the local unit of the Janata Dal (S), took out a rally here on Monday demanding the Karnataka Housing Board (KHB) to return the lands to farmers in Kunduwada village in the outskirts of the city from whom they had been acquired some years ago.

After staging a demonstration in front of the KHB here, the protesters went on to lay siege on the board's office.

The KHB had purchased lands from farmers at Rs. 5 lakh an acre assuring them of paying another Rs. 10 lakh an acre after developing the area and allot a site each to them after the formation of sites in the area. But neither the additional Rs.10 lakh an acre had been paid nor sites allotted to farmers whose lands had been acquired, the protesters said demanding the KHB to return the lands.

Clarification

Huchavvanahalli Manjunath, H.G. Ganeshappa, Doddappa, Gowdru Basavarajappa, Manjappa and D.G. Prakash were among the leaders who participated in the agitation. Meanwhile, the assistant executive engineer of KHB has said that the lands were not acquired but purchased at Rs. 5 lakh an acre some years ago.

Sale deeds had been prepared and handed over to each farmer who sold them to the board. Allotment of a site had been mentioned in the deed itself and it would be done in due course of time since the formation of sites was under way, he said expressing surprise over the protest.

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More acreage brought under cauliflower cultivation

Giji Raman

Vegetable and Fruit Promotion Council launches initiative

Thiruvananthapuram, Alappuzha in scheme VFPCK to supply hybrid seeds to farmers

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KATTAPPANA: The Vegetable and Fruit Promotion Council, Keralam, (VFPCK) has embarked on a project to promote cultivation of cauliflower. The vegetable is normally cultivated in areas that have cool climate. A large acreage of land in Kanthallur and Vattavada villages in Idukki district has been brought under cauliflower cultivation.

The VFPCK expects a bumper crop during this harvesting season from December-end to January as the acreage under cauliflower cultivation has been extended to 50 more hectares in Idukki district.

Seeds of the vegetable developed after successive experiments show that cauliflower can be cultivated in areas traditionally believed to be unfavourable for its growth.

VFPCK district manager Bindu Chandran told The Hindu on Monday that the seeds supplied to farmers in September had started harvesting in the two villages where it can be cultivated round the year due to favourable sunlight and cool temperature.

She said as part of a State-wide project to extend the cultivation of cabbage and cauliflower to more areas, Thiruvananthapuram and Alappuzha districts have been included in the scheme. She said cauliflower was harvested successfully last year in Thiruvananthapuram and in select areas of Alappuzha district.

Ms. Bindu said cauliflower cultivation was extended to more areas with the development of tropical seeds at the VFPCK laboratories.

Though an analysis of the success of cauliflower cultivation in the plains will take some more time, it has been a success at micro-level farming undertaken in cooperation with farmers.

Hybrid seeds

The VFPCK plans to supply hybrid seeds to farmers in Kanthallur and Vattavada areas at an affordable rate. At present, the farmers depend on businessmen, especially from Tamil Nadu, to get the seeds during the sowing season.

The vegetables grown by the farmers are bought at a rate fixed by them and the amount is paid during the harvesting season.

She said while cultivators of cabbage were getting a remunerative price at present, the price of cauliflower was less as compared to the open market price in other States.

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Jairam calls for paradigm shift in forest management

Special Correspondent

NEW DELHI: More than half of the nation's forests could be moved out of exclusive state control if Minister of State for Environment and Forests Jairam Ramesh has his way.

“We need a complete paradigm shift in the way we look at forest management. Our model is based on the primacy of the state, but we must shift to a three-fold model of state, communities, and partnership between the two,” Mr. Ramesh told TheHindu soon after accepting the report of the N.C. Saxena Committee on the Forest Rights Act (FRA) implementation.

“Out of the total 70 million hectares, I'd say about 35-40 million hectares could be shifted to exclusive community management or partnership between the Forest Department and communities,” he said, adding that these were “preliminary estimates.”

It is still not clear what such a move could mean for industrialists and developers seeking to use forest land. Already, many complain that the process of getting gram sabha approval before applying for forest clearance from the Central government, as stipulated by the FRA, is too onerous. If complete control is handed over to community managers in certain forest areas, it is unclear what changes would need to be made in the clearances and regulatory system.

The Saxena Committee's recommendations on future forest governance and the role of communities were split, with nine members signing the main recommendations and 10 others proposing alternatives, apart from two dissenters who warned against extending the FRA too far.

However, the committee's report was clear in criticising the State and Central governments for their apathy in implementing the FRA, which provides for individual and community forest land rights being awarded to tribals and other traditional forest-dwellers. It noted that land rights claims have faced large-scale rejections, and often the decisions of gram sabhas have not been respected.

In another step to stop harassment of tribals by forest officials, especially in Naxal-affected areas, the government plans to amend the Indian Forest Act in the next session of

Parliament.

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Problem of plenty for paddy growers

S. Murali

Some in Karamchedu decide not to take up cultivation this year

— Photo: Srinivas Kommuri

At their wits' end: Farmers going round 'puri', where paddy is stored, at Karamchedu.

ONGOLE: Saddled with excess paddy stocks and unsure of even breaking even, a section of growers in Karamchedu in Prakasam district have decided to forego paddy cultivation this year.The ryots now want the Union Government to allow export of fine variety of BPT rice to create buoyancy in the domestic market, says Kamamuri canal distributory committee former Chairman Jagarlamudi Anil Babu in Karamchedu while talking to The Hindu after visiting "Puri," an indigenously designed storage device made of paddy straw to ward off pest attacks.The rice-rich region coming under the Krishna Western delta is also now witnessing a peculiar trend of landlords leasing out their lands free of cost to tenants.

"We want to avoid keeping the land fallow as the same will not attract buyers in the event of any sale of land," says Y. Subbarayudu of Karamchedu, who does not wish to take up cultivation on his own spending Rs. 18,000 to rs 20,000 per acre due to uncertain market condition.

“Spurred by good demand for NLR 3 and other Nellore fine variety rice in neighbouring States, including Tamil Nadu, we took to this variety in 2008 and sold at as high as rs 1300 per bag of 75 kg", recalls yet another farmer Jagarlamudi Venkateswarulu with 200 bags of carried over stock in "Puri". However, they were forced to carryover 80 per cent of the paddy produced in the last two years due to Paddy price falling to as low as rs 700 per bag of 75 kg, yet another ryot G Madhusudhan of Thimmasamudram village. Agriculture department officials said paddy cultivation had been taken up in Karamchedu mandal in 10,000 acres as against the normal extent of 13,500 acres with continuous rains destroying seedlings thrice this year. “We expect the farmers to complete sowing in a fortnight in about 50,000 acres as against the normal extent of 72,000 acres under the Kommamuri canal command area,” they added.

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Focus on floriculture

BERHAMPUR: Floriculture can provide some succour to peasants of Ganjam district who suffer from regular crop loss due to erratic climate, feels Ganjam District Flower Growers' Association (GDFGA).The GDFGA has also submitted a project report for development of floriculture in the district with Rs. 5.10 crores with assistance under the Rashtriya Krishi Vikas Yojna (RKVY). Almost all farmers of Ganjam district have suffered severe paddy crop loss due to the untimely cyclonic rain in December. GDFGA secretary Sridhar Verma has said at this juncture also floriculture can provide some much-needed financial assistance to farmers. Ganjam happens to be the torchbearer in floriculture in Orissa as it is the first district where flower crops are grown commercially. Traditionally Ganjam is the major base of aromatic kewra flower plantations in the world.

hindustantimes

Anupama Airy, Hindustan Times

Email Author

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Inflation deterring govt's decision to hike fuel prices

Even as crude oil prices touched a 26-month high of $92 per barrel on Friday, the recent spurt in food inflation is coming in the way of the government's decision to increase the retail price of diesel and cooking gas.

A senior oil company executive told HT that amidst growing concerns over rising food prices, the government is finding it difficult to allow aR2 per litre increase in diesel prices and the proposed R20-30 per cylinder hike in cooking gas prices. The government is losing R6-7 per litre on diesel and R275 on every cooking gas cylinder.

"Despite state-owned oil marketing companies incurring huge revenue losses on selling these products below market prices, there are serious concerns within the government over an immediate increase in diesel and cooking gas prices in the backdrop of high food inflation," a senior petroleum ministry official said.

In June, the government deregulated petrol pricing and raised fuels prices, followed by another round of increase in petrol prices in early December. However, with soaring crude oil prices, revenue losses at oil marketers — Indian Oil Corp, Hindustan Petroleum and Bharat Petroleum — on fuel sales in the current fiscal year are estimated to cross R70,000 crore even as official estimates put the figure at R66,000 crore.

The plan was to increase diesel and cooking gas prices ahead of the annual budget in February, an oil company executive said. However, any rise in fuel prices would stoke inflation, possibly to 8% in December from 7.48% in November and well above the Reserve Ban of India's targetted 5.5% by March, he said.

"High food inflation of more than 14% may lead to headline inflation staying at elevated levels for some time. Raising diesel and cooking gas prices is therefore a matter of concern for the time being even as this needs to be tackled sooner or later."The government has offered a subsidy of $3.79 billion for the current fiscal year, about 1.5% of total expenditure, but over five times the budgeted amount and 15% more than a year ago.

http://www.hindustantimes.com/StoryPage/Print/646031.aspx

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Tuesday, Jan 4

Max Min

30.8° | 22.6°

Rain: 19.0 mm in 24hrs	Sunrise: 6:32
Humidity: 89%	Sunset: 17:54
Wind: Normal	Barometer: 1011.0

Tomorrow's Forecast

Cloudy

Wednesday, Jan 5

Max Min

30° | 22°

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Jan 6	Jan 7	Jan 8	Jan 9	Jan 10
27° | 24°	28° | 24°	28° | 25°	28° | 25°	29° | 23°
Rainy	Rainy	Rainy	Rainy	Cloudy

THE ECONOMIC TIMES
Tue, Jan 04, 2011 | Updated 07.49AM IST

4 Jan, 2011, 07.03AM IST,ET Bureau

Bajaj Hindusthan, Balrampur Chini get to export 33,000 tonnes of sugar

NEW DELHI: The government has notified the procedures for the recently-allowed export of five lakh tonnes of sugar. The country's top two producers Bajaj Hindusthan and Balrampur Chini have together got a quota of more than 33,000 tonnes.

Share price of Balrampur Chini rose 3.24% on the NSE while that of Bajaj Hindusthan was up 1% against a 0.38% rise in the Nifty.

"The export quota of five lakh tonnes has been pro-rated among sugar factories by taking into account their three years' average production," said a circular issued by the food ministry.

The government had allowed export of five lakh tonnes of sugar after it became reasonably certain that domestic production for the current sugar year (October – September) will be in excess of 24.5 million tonnes against domestic demand of 23 million tonnes.

Last year, India had produced 19 million tonnes of sugar.

This is the first time in many years that there is a domestic surplus when international prices are high, which will allow Indian companies to reap a good profit overseas.

The export of five lakh tonnes of sugar under the open general licence will be over and above the 1.5 million tonnes of sugar allowed via the advance licence scheme (ALS) and imported stocks stuck at ports.

The mills have to export sugar produced in the 2010-11 sugar year in their own factory or can source the sweetener from other factory to minimise transportation costs, the circular said.

The food ministry has fixed the quota for over 500 mills going from 8.4 tonnes to a maximum of 4,822 tonnes.
The government has fixed the export quota of 18,812 tonnes for Bajaj Hindusthan and 14,436 tonnes for Balrampur Chini. Renuka Sugars has been allowed to ship nearly 5,000 tonnes of sugar.

4 Jan, 2011, 01.16AM IST,REUTERS

Natural rubber output in Dec edges up on weather

MUMBAI: India's natural rubber output in December edged up by 0.6% to 101,500 tonnes as favourable weather allowed farmers to increase tapping, the state-run Rubber Board said in a statement on Monday.

Consumption during the month in world's fourth-largest producer fell by 3.4% to 77,500 tonnes. Imports jumped by 71% to 10,500 tonnes as tyre makers had signed contracts for December delivery earlier in the year when local rubber prices were higher than global prices, it added.

At present, international prices are higher than local prices.

“Tapping is going on in full swing. In some areas, farmers failed to tap trees that have no rain-guards. Production from such trees will rise in January,” George Valy, president of The Indian Rubber Dealers Federation , told Reuters.

During rainy season, most farmers protect the tapping space on the tree with rain-guards.

Valy said in January the output may stand at around 105,000 tonnes, compared with 97,500 tonnes a year ago.

The spot price of the most traded RSS-4 rubber (ribbed smoked sheet) had hit a record high of Rs 20,750 ($464) per 100 kgs in December, tracking the rally overseas. The country's April-December natural rubber production stood at 649,650 tonnes, up 2.8%, while imports during the period rose by 7.7% to 156,608 tonnes.

The board has also trimmed the production estimate for 2010/11 to 851,000 tonnes against the previous estimate of 893,000 tonnes.

4 Jan, 2011, 01.12AM IST, Jayashree Bhosale,ET Bureau

Despite good output, sugar prices may stay firm on global supply woes

PUNE: Sugar prices are expected to remain firm in 2011. Traders, analysts and millers expect the ex-mill prices to remain in the range of Rs 34-35/kg.

Anand James, chief analyst with Geojit Comtrade, said: “The domestic consumption is likely to remain firmer in 2011. The gap between demand and supply is narrow. The export window is yet to be opened up. Taking all these factors together, sugar prices in 2011 will remain exposed to market conditions.

Taking reference of the February futures which are traded at Rs 3,100/quintal on a broad basis, the prices should remain in the range of Rs 3400/quintal to Rs 3700/quintal.” After remaining stable at Rs 28.50/kg for over a fortnight, the ex-mill sugar prices have increased by Rs 1/kg after the launch of futures trading from December 27.

The sugar production in India in 2010-11 is expected to be 24.5-25 million tonne (MT) while the carry forward stock is 5.4 MT. The country consumes about 22 MT. Thus there is an 8 MT excess sugar of which, 4 MT is to be stocked for next year’s consumption. There are global supply worries due to a drought in Brazil, the world’s largest sugar producer, and a record rainfall in Australia.

International prices are ruling high and are expected to go up. Indian mills are desperate to take advantage of this situation. The central government has announced export quota of five lakh tonnes but it is yet to be implemented.

The profits of sugar mills will remain strong due to expectations of firm sugar prices in the new year and also supported by good earning from byproducts such as ethanol and power. KN Nibe, the managing director of the Pandurang SSK and executive director of Association of Managing Directors of the Cooperative Sugar Mills in Maharashtra, said: “When the ex-mill sugar prices had touched Rs 22/kg a few months ago, we were afraid that they could go down to Rs 15/kg.

But fortunately as there is a shortage of sugar in all our neighbouring countries, sugar prices will remain firm in 2011 despite bumper production. The ex-mill sugar prices may touch Rs 35/kg next year while the farmer can get a cane price of Rs 2,500/tonne excluding harvesting and transport cost.”

The farmer is going to make a good profit for a second consecutive year. This has already led to a record plantation for 2011-12.

4 Jan, 2011, 01.00AM IST,ET Bureau

Maharashtra dairies up milk price by Rs 1

PUNE/CHANDIGARH: Following Amul and Mother Dairy, dairies in Maharashtra will increase the selling price of cow's milk by Rs 1/litre from January 11. Dairies in Karnataka are also mulling a price revision.

"The production cost has gone up due to an increase in fuel and packaging costs while milk collection has not increased during the flush season," said Vinayak Patil, chairman of Mahanand dairy, a major supplier in Mumbai. About 80 private and cooperative dairies in Maharashtra met on Monday to decide on the price.

Mother Dairy has increased prices by Rs 1/litre from December 19 while Gujarat Cooperative Milk Marketing Federation , which markets its products under the Amul brand, has stepped up the prices by Rs 2 and Rs 1 for full cream and toned milk, respectively. The procurement price for cow's milk will now be Rs 14/litre while the selling price will be Rs 26/litre.

"The buffalo milk price was increased in May but there was no increase in cow milk price since January 09," said Rambhau Tule, chairman of Pune District Milk Producer's Organisation.

Dairies in Karnataka are considering a price revision. Milk procurement in the state, which crossed 39.5 lakh litre per day in December, has fallen to 38 lakh litre per day in January. "Procurement is likely to come down to 36 lakh litre per day in February owing to the onset of summer.

We will increase milk prices by end of this month to ensure farmers get a good return," said the managing director of a co-operative milk producers federation. He said farmers were getting Rs 16 per litre for 3.5% fat of cow milk and the government was selling it for Rs 19 a litre. Even as the rest of the country is seeing an increase in liquid milk prices, Punjab and Haryana are unlikely to a price spurt immediately with the flush season on till February.

4 Jan, 2011, 12.51AM IST, Madhvi Sally,ET Bureau

Wheat prices likely to be lower on bumper crop

CHANDIGARH: Prevailing cold weather conditions and rains across Uttar Pradesh, Punjab and Haryana are expected to ensure a bumper wheat crop this year. Farmers have, however, been told to be on alert for the appearance of yellow rust in the crop.

“Framers were waiting for widespread rains and the cold weather which is very beneficial for the standing wheat crop. It increases tillering of the crop and ensures an increase in yield. Sowing is on in the newly harvested sugarcane and potato fields in Uttar Pradesh, Bihar and Madhya Pradesh,” said Karnal-based Directorate of Wheat Research director Dr SS Singh. There has been a sharp drop in temperatures in the region with the minimum temperature in Amritsar district of Punjab at 8.7 degree Celsius and 2.6 degree Celsius in Narnaul district of Haryana.

As per the Union government data, wheat sowing has increased by 3.8% to 27.59 million hectares. The government targets to increase production from 80.70 million tonne in 2009-10 drought year to over 82 million tonne in 2010-11, hoping that favourable weather condition would prevail in the harvest month of March.

With over 99% sowing of wheat completed in Uttar Pradesh of a total area of 12.6 million hectare, the state government is targeting an increase in production this year by 34.97 million tonne. Uttar Pradesh joint director, crop and cereal, Dr Raza Singh, said the area under wheat has increased by 10% owing to good rainfall this year.

Contributing over 70% to the central pool, Punjab and Haryana are another major rabigrowing area. The crop in Punjab has been sown on an area of approximately 3.5 million hectare whereas in Haryana the area under wheat cultivation is at 2.47 million hectare. Production estimate in Punjab is estimated at 15.4 million tonne and 11.46 million tonne in Haryana.

Traders and analysts feel that owing to a good crop this year and existing buffer stock in the country, prices might reduce by Rs 25-50 a quintal in the coming months before the new crop arrives. In New Delhi, wholesale prices were at Rs 1,251 per quintal. In Delhi's Naya Bazar market, LNG Agri Comm Pvt Limited owner Narendra Gupta said, "The crop position looks excellent and prices are likely to remain stable.

Considering that India is unlikely to export, we expect the government to offload the wheat stock which might reduce prices." With the crop now not available in the open market, millers and traders in Punjab, Haryana and Chandigarh are now purchasing it from the Food Corporation of India at Rs 1,240 per quintal, said Chandigarh Flour Mills Pvt Ltd owner Vinod Mittal, who added that prices will remain stable till March after which a revision would happen.

An official of a Singapore-based trading company said internationally wheat was bullish. "With weather adversity in Australia, Russia won't make much difference to India as food inflation and political compulsion will ensure no export," he said.

Agri scientists advise farmers that under the prevailing cold conditions, plantations and crops need protection. Punjab Agriculture University's department of plant pathology head Dr HS Rewal said farmers should be vigilant to notice the appearance of yellow rust in wheat crop and resort to recommended control measures if disease symptoms are noticed.

Business Standard

Tuesday, Jan 04, 2011

Palm oil reaches 33-month high

Bloomberg / January 04, 2011, 0:58 IST

Palm oil rose to the highest level in more than 33 months on concern that global supplies of cooking oils will shrink after rains disrupted harvests in Indonesia and Malaysia, the biggest producers of the tropical commodity. March-delivery futures advanced as much as 1.6 per cent to 3,850 ringgit ($1,256) a tonne on the Malaysia Derivatives Exchange, the highest level since March 2008, and closed the morning session at 3,839 ringgit. Prices surged 42 per cent in 2010, a second straight year of gains. “The palm oil industry in Malaysia is no doubt facing a shortage in supply,” Bernard Ching, an analyst at ECM Libra Capital Sdn, said in a report on Monday. “Prices will cross the 4,000 ringgit barrier in the first quarter of 2011.” Palm oil futures have advanced 68 per cent in the past six months amid concern that the supply of cooking oils may tighten as dry weather in Argentina hurt the crop in the top soybean-oil producer and rains affected oil-palm harvests in Indonesia and Malaysia. Vegetable oil reserves are forecast to touch a seven- year low at the end of this season, according to the Economic Research Service of the US Department of Agriculture.

Rubber Board lowers production estimate

George Joseph / Kochi January 04, 2011, 0:46 IST

The Rubber Board revised production-consumption estimates for the current financial year in tune with the slow pace of growth recorded in December 2010. According to the revised estimates, the total annual production would be 851,000 tonnes against previous year’s figure of 831,400 tonnes, rising 2.4 per cent.The consumption estimates were lowered to 948,000 tonnes indicating growth of 1.9 per cent only.

Earlier the board had projected production at 893,000 tonnes and consumption at 978,000 tonnes.

Estimates were lowered due to the latest negative growth trend in production and consumption. According to the board's latest data, production in December increased marginally at 0.6 per cent. Consumption had negative growth of 1.3 per cent in the same month. This is for the first time in the current financial year that consumption registered negative growth. Hence the revision in the annual estimates.

Slow growth in production

Natural rubber [NR] production slowed down, signaling a rally in prices in the next quarter of FY11. Latest estimates of the Board revealed that the production in April-December period of FY11 increased 2.8 per cent compared to the same period of the last financial year.

In April- November period, production increased 2.9 per cent. During April-October, production recorded an increase of 4.5 per cent. Earlier much hope was placed on the production in December because October-December is the peak season in the rubber production cycle.

But, estimates indicate production has not peaked to the expected levels even in the time of very high price band for the product. This, according to growers is due to incessant rainfall in December that affected the tapping of rubber trees. A serious shortage for labourers, especially in small and medium plantations is also a serious concern in the case of NR production.

In April-December, the total production increased to 649,650 tonnes as against 631,750 tonnes in the same period of the last financial year. A steep fall is evident as production during April-December was 694,315 tonnes when the average price of benchmark grade RSS-4 was Rs 120 a kg. The increase recorded during that period was 7.9 per cent. Amidst the greatest rally on the price front in 2010 (current price is Rs 207), the increase in production is very thin, leading to shortage during the off season (March-May).

Apart from the unfavourable climate, production was also affected by poor performance of re-plantation of aged trees during the last three-four years.

The sharp increase in prices during this period tempted the farmers to tap the maximum with the existing trees. This will endanger the supply of the cash crop in the coming years especially the demand for rubber is on a rise across the world. Increase in the price of synthetic rubber [SR] also adds much pressure on the price line of NR.

The demand is expected to go beyond 1 million tonnes by 2012, but the progress in production does not match the increase in the usage.

The increase in the monthly output in December was marginal at 0.6 per cent. Production in December was 101,500 tonnes, compared to 100,850 tonnes in December 2009. Surprisingly, the data estimates a fall in consumption during December by 1.3 per cent.

Till November, consumption was increasing but December paints a different picture on national consumption. In December, consumption dropped to 77,500 tonnes, compared to 78,500 tonnes in the same month of 2009.

The stock position by the close of 2010 was 307,170 tonnes as against 269,740 tonnes as on December 31, 2009. The board clarified that about 65 per cent of the said stock is in the usable form by tyre companies, which is enough for more than two months consumption. This indicates a squeeze in the actual stock in the country which will be yet another concern in the coming year.

Govt notifies procedures for 500,000 tn export via OGL

Press Trust Of India / New Delhi January 04, 2011, 0:43 IST

The government has notified procedures for regular export of 5,00,000 tonnes of sugar, out of which the country’s top two makers Bajaj Hindustan and Balrampur Chini have got permission to ship over 33,000 tonnes.

“The export quota of five lakh tonnes has been pro-rated among sugar factories by taking into account their three years’ average production,” according to the circular issued by the Food Ministry.

In case of a factory that has not operated in one of the three years, the export quota has been arrived on the basis of two year’s average production, it said.

Last year’s sugar production has been taken into account for those mills which started operation in 2009-10 sugar year (October-September), the circular added.

With sugar output estimated to cross the annual demand of 23 million tonnes, Food and Agriculture Minister Sharad Pawar had recently announced that the government would export five lakh tonnes of sugar under the open general licence (OGL) scheme to benefit from high global prices.

OGL is a permit the government gives to mills to export sugar without any restriction and conditions.

The export under OGL would be over and above the export obligation of about 1.5 million tonnes of sugar via the Advance License Scheme (ALS) and imported stocks stuck at ports.

In order to give equal export opportunity under OGL, the Food Ministry has fixed the quota between 40 and 3,000 tonnes per mill to more than 500-odd sugar factories.

The government has fixed the export quota of 18,812 tonnes for Bajaj Hindustan, while that of 14,436 tonnes for Balrampur Chini. Leading sugar refiner Renuka Sugars has been allowed to ship nearly 5,000 tonnes of sugar.

The mills have to export sugar produced in the 2010-11 sugar year in their own factory or can source the sweetener from other factory to minimise transportation costs, it said.

India, the world's second biggest sugar producer but largest consumer, is estimated to produce 24.5 million tonnes of sugar in the 2010-11 crop year, as against 19 million tonnes last year.

Maharashtra mills eye exports to cash in on global sugar prices

Sanjay Jog / Mumbai January 4, 2011, 0:40 IST

Global prices are over Rs 3,100 as against the current ex-mill price of Rs 2,775/qtl

Sugar mills in Maharashtra are expecting a jump in exports on the back of a bumper crop and high global prices.

The estimated sugar output in the state is 9.5 million tonnes, despite crop damage due to unseasonal rain. Sugar prices in the global market are over Rs 3,100 a quintal as against the current ex-mill price of Rs 2,775 a quintal (without duty).

Agriculture and Food Minister Sharad Pawar had announced that 5,00,000 tonnes sugar would be exported under the open general licence (OGL). The government has notified OGL – a permit the government gives to mills to export sugar without restriction and conditions – for exports.

Industry representatives told Business Standard that among the 19 sugar producing states, the top two – Maharashtra and Uttar Pradesh – account for more than 72 per cent of the country's production.

"Maharashtra is ideally positioned to benefit from exports on three counts: It has two big ports — the Mumbai Port and the Jawaharlal Nehru Port; it is also well connected by road and rail; and its sugar bowl, comprising Kolhapur, Sangli, Satara, Pune, Ahmadnagar and Solapur districts, that contribute more than 75 per cent to the state's production, are about 250-300 km from these ports."

Maharashtra is the leading producer of fresh sugar. Its net cumulative production this year is 2.7 million tonnes, despite unseasonal rain, workers' strike and agitation by parties demanding a higher cane price.

"Thus, whichever pro rata formula the government decides for OGL exports, Maharashtra stands to gain due to its high sugar production," he said.

According to a state agriculture department official, Maharashtra produced 9.06 million tonnes of the country's total production of 26.2 million tonnes in 2007-08, 4.5 million tonnes out of the total production of 14.5 million tonnes in 2008-09 and seven million tonnes of India's total 18.8 million tonnes in 2009-10. This year, the state is expected to produce 9.5 million tonnes out of the estimated national output of 25 million tonnes.

Madhukar Pichad, chairman of the Agasthi cooperative sugar factory in Ahmadnagar, said: "OGL exports will certainly benefit mills, cane growers in particular, especially when sugar prices are showing an upward trend in the global market. Cooperatives have been arguing in favour of restarting OGL exports due to bumper crop in the state."

Cotton to set many new records this season

Dilip Kumar Jha / Mumbai January 4, 2011, 0:21 IST

Increase in area due to rise in use of Bt seeds, production expected to be up 10%

India’s cotton industry is likely to set many new records this season (October-September). With an all-time-high acreage of 11 million hectares (ha), production in 2010-11 is poised to reach a new high of over 34.5 million bales (1 bale = 170 kg). Surprisingly, the industry has estimated productivity at 530 kg per ha, the second highest after the 554 kg per ha recorded in 2007-08.

Overall productivity, however, is estimated to rise over nine per cent on even distribution of rainfall throughout the country during the monsoon season and thereafter.

Agro-climatic conditions at the time of sowing were favourable in all cotton-growing states. As a result, the crop progress was satisfactory and there were no reports of any major pest attack or disease. Subsequent intermittent rain in the second week of September delayed crop arrivals by 15-20 days. From the second week of November, however, regular arrivals started picking up.

But, untimely rain and inclement weather in the second fortnight of November affected the pace of arrivals in central and southern belt. Some crop damage was also reported in the southern zone and Gujarat.

Based on the increase in acreage due to rise in use of Bt seeds, production is expected to increase 10 per cent from last year, says Dhiren N Sheth, president of the Cotton Association of India.

Two things that stood out in 2009-10 were a record acreage, making the season the first when area under the crop crossed the 10-million-ha mark, and the second-highest production level of 29.5 million bales, after a record production of 30.7 million bales in 2007-08.

Seasonal conditions were conducive. The monsoon was delayed, which caused some concern. However, large-scale plantings were reported after rains started. The area under Bt cotton went up from 73 per cent in 2008-09 to over 90 per cent in 2010-11.

STRONG THREADS

Cotton balance sheet

Year	Productivity (Ha/kg)	Area (million ha)	Output (million bales)
2000-01	278	8.58	14.0
2001-02	308	8.73	15.8
2002-03	302	7.67	13.6
2003-04	399	7.63	17.9
2004-05	470	8.79	24.3
2005-06	478	8.68	24.4
2006-07	520	9.14	28.0
2007-08	554	9.41	30.7
2008-09	524	9.41	29.0
2009-10	486	10.33	29.5
2010-11*	530	11.00	32.5
** Estimates; 1 bale = 170 kg, Source : Cotton Association of India*			

While it is true that cotton prices have been rising fast over the last year-and-a-half, the recent increase is mainly due to strong market fundamentals. This reflects primarily a combination of low global cotton stocks and demand by mills. The drop in Pakistan's production estimates due to floods and a lower-than-expected production in China, restriction on cotton shipments from India and weakening of the dollar also aggravated the price increase, said Sheth.

Meanwhile, the world production is estimated to be 24.98 million tonnes in 2010-11, a rise of 14.7 per cent from 21.78 million tonnes in 2009-10. Most of the increase is expected to be in the US (51.3 per cent) and to some extent in India (13.3 per cent). Production is forecast to decline in China and Pakistan. Cotton use by mills in China, which is the leading cotton consumer accounting for about 40 per cent of the world consumption, is forecast to remain low due to non-availability of adequate material.

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Tuesday, January 04, 2011

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Back **Rubber output up in Dec; consumption drops 1.3%**

Favourable weather conditions aid production.

Demand supply scenario (in tonnes)

	Production	Consumption	Import	Export	Stock at the end
December - 2009	1,00,850	80,250	6,138	2,563	2,69,740
December - 2010p	1,01,500	77,500	10,500	1,200	3,07,170*
April – Dec. 2009	6,31,750	6,95,065	1,45,459	10,593	-
April – Dec. 2010 (p)	6,49,650	7,06,050	1,56,608	5,995	-
(% Growth)	(2.8)	(1.6)			
2009-10	8,31,400	9,30,565	1,76,756	25,090	2,11,290
2010-11 (revised)	8,51,000	9,48,000	1,66,000	20,000	2,61,000
% growth	2.4	1.9			

p: provisional; * estimated

C.J. Punnathara

Kochi Jan.3

Natural rubber production increased last month to 1,01,500 tonnes as against 1,00,850 tonnes in December last year. The increase in production was due to favourable weather conditions during the month, sources in the Rubber Board said.

The cumulative rubber production for April-December period, meanwhile, increased 2.8 per cent to 6,49,650 tonnes (6,31,750 tonnes). The good news on the production front comes in the wake of record prices notched by natural rubber in both the domestic and international markets.

The good tidings is a shot in the arm for small growers who account for over 90 per cent of the country's rubber production.

Record prices

The New Year was marked with rubber prices in the spot market hitting an all-time high of Rs 208 a kg even as futures prices continued to reign at record levels. The year 2010 saw rubber prices rising 48 per cent in futures and spot markets, Geojit Comtrade said.

In the international markets also, rubber scaled record levels in most markets. The main reasons for the spurt in prices was the robust demand, especially from China and India due to an automobile boom and a fall in supply due to adverse weather conditions, which, in turn, created demand-supply mismatches. This has forced countries such as China to increase imports and their latest warehouse inventories reveal a 1.8 per cent rise in stock to 66,515 tonnes, Geojit Comtrade pointed out.

Growth trigger

The consumption of natural rubber in India had registered a fall of 1.3 per cent to 77,500 tonnes (78,500 tonnes) in December. However the aggregate consumption during the first nine months of the fiscal rose by 1.6 per cent to 7,06,050 tonnes (6,95,065 tonnes). The trigger for the growth came from the Indian auto tyre sector where demand grew by 3.4 per cent even as the non-tyre sector registered a fall of 1.4 per cent.

Import of natural rubber increased for both sheet and block rubber as domestic prices sometimes outpaced international prices during the first half of the year. However, the price disparity between domestic and international prices has now been contained and international prices have been ruling well above domestic prices since November. This augurs well for the country's export sector, which had been languishing during the first half of the current year.

Rubber Board officials also pointed to the downward trend in consumption from November and said that production during the remaining months could be higher than last year's levels. Stocks available at the end of the year are estimated at 3,07,170 tonnes, which is higher than the 2,69,740 tonnes available at the end of last year. Almost 65 per cent of the stocks are available in usable form with the tyre companies and should be sufficient for their requirements for the coming couple of months, sources pointed out.

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Back **Dwindling supplies perk up cardamom prices**

Arrivals shrink with end of peak harvesting season.

G.K. Nair

Kochi, Jan 3

Decline in supply and steady demand has kept cardamom prices almost firm last week at auctions held in Kerala and Tamil Nadu. However, Monday's trend available from the Bodinayakannur market signals an upward swing in the prices due to shrinkage in arrivals, trade sources told Business Line. Monday's average price in Bodi was Rs 1,425 a kg, they said.

High prices are said to be unworkable for exporters and, hence, they kept away from the market, trade sources said.

It is evident from the shrinkage in arrivals that the peak harvesting season has come to an end. At the same time, the trade believes that the major growers have started holding back their produce as a self imposed market intervention exercise to maintain the price at higher levels, they said.

Non-availability

Non-availability from other source, Guatemala, on the one hand and the long lean period from now onwards till the next crop harvesting in June/July on the other is said to be compelling the domestic stockists to cover what ever arrives at the auctions/markets, they said.

The individual auction average from last Monday to Sunday ranged from Rs 1,390 and Rs1,490 a kg. From Tuesday onwards the daily auction average remained above Rs 1,400 a kg except on Friday when it declined to Rs 1,393.83 and then moved up to Rs 1,410 on Saturday and Rs 1,420.26 on Sunday.

Arrivals

Total arrivals at the Sunday auction for the KCPMC dropped to 36 tonnes from 65 tonnes the previous week. The maximum price was 1,603.50 and minimum Rs 1,100 a kg, Mr P.C. Punnoose, General Manager, CPMC, told Business Line.

Arrivals last week declined to 282 tonnes from 331 tonnes the previous week, he said.

Growers said that the protracted and erratic rains last year helped the plants in vegetative growth but not in its reproductive functions and as a result, the late crop is unlikely to be good as hitherto anticipated.

Total arrival during the current season is estimated at 5,997 tonnes . Of this, an estimated 5,875 tonnes were sold.

Arrivals and sales in the same period of the previous season were 6,095 tonnes and 5,835 tonnes respectively.

Weighted average price as on Jan 2, 2010 was Rs 1,208 a kg, up from Rs 794 same day last year.

Prices for graded varieties in rupees/kg on Monday were: AGEB 1,470-1,480; AGB 1,360-1,470; AGS 1,325-1,425 and AGS1 1,350-1,375.

Prices in the local market at Bodinayakannur in rupees/kg were: AGEB 1,450-1,550; AGB 1,350-1,450; AGS 1,300-1,400 and AGS 1 1,325-1,340.

In Bodinayakannur, today, 8 mm green colour bold is being sold at Rs 1,650-1,700 a kg while bulk was at Rs 1,400-1,425, the trade sources said. But, availability of this 8 mm colour bold is less than 15 per cent of the total arrivals, they said.

The weather conditions in the growing areas remained favourable and there were good rains last weekend in several growing areas, growers said.

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Back Mills' reluctance to sell supports sugar

Our Correspondent

Mumbai, Jan. 3

Sugar prices on the Vashi wholesale market ruled almost steady with a Rs 3-5 range–bound movement on Monday. As mills were not keen to sell at a lower price, naka rates were also steady. Due to New Year celebrations, there were no tenders in the last two working days. All are expecting fresh demand to pick up from this week.

Traders said the sentiment will get a boost if the prices go up after a rise in local demand. Mr Harakhchand Vora, a wholesaler, said that on Monday in absence of local retail demand volume was low along with lower arrivals. Arrivals in the market were about 35-38 truckloads (each 100 bags) and dispatch was also at the same level.

As mills are not eager to sell on expectation of a higher price, most of the trade being done is resale. From this week, traders are expecting good selling by mills for January 10-15 delivery. Neighbouring States buying is also thin. Cold weather in most parts of the West and North have arrested the fresh demand for sugar. Lifting pressure for the January 5 due delivery is keeping stockists away from fresh buying.

On the Vashi market, local demand and supply was at the usual level. In resale-Naka delivery, thin volumes were seen in the range of Rs 2,930-2,960 for S-grade and Rs 2,960-3,000 for M-grade. Traders were expecting fresh tender from mills in the range of Rs 2,865-2,890 for S-grade and Rs 2,890-2,945 for M-grade a quintal. Freight rates are steady at higher level on expectation of further rise in fuel price any time this month.

According to Bombay Sugar Merchants Association, s sugar rates were Rs 2,960-3,005 (Rs 2,950 / Rs.3011) for S-grade and Rs 3,001-3,051 for M-grade(Rs 2,996-3,061). Naka delivery rates were: S-grade Rs 2,930-2,960 (Rs 2,940-2,957) and M-grade Rs 2,970-3,000 (Rs 2,970-2,997).

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Back **Dull demand keeps edible oils on leash**

Our Correspondent

Mumbai, Jan. 3

Most edible oils price ruled steady on Monday, after the sharp rise last week. At higher price level, profit booking-based resale selling pressure increased and on other side, lack of fresh local demand kept volume in the market very low.

Palmolein declined by Rs 2 and cotton refined oil declined by Rs 5 for 10 kg. International market continued to show uptrend. Despite a firm world market and sharp rise in groundnut oil in Gujarat, local market did not get affected due to dull demand. A wholesaler said: “Due to absence of fresh retail demand at ready market, the volume was restricted to about 60-80 tonnes of palmolein in resale in the range of Rs 592-595 for 10 kg, far below the refinery rates. Liberty was quoting palmolein at Rs 603 and Ruchi quoted Rs 600. Most of the stockists covered their current month requirement last month-end, so they kept away from fresh buying.

With the sharp rise in the price last week, speculators were trying to book profits by offloading in resale. There was absence of buying in future delivery.

In Gujarat, brand makers were active buyers. Groundnut oil price at main producing centre Rajkot went up by Rs 25 and Rs 10 to Rs 1,230 (Rs 1,205) a 15-kg tin and Rs 785 (Rs 775) for 10 kg loose. Malaysian crude palm oil futures closed higher tracking soya oil and fresh buying interest amid concerns poor weather will reduce global vegetable oil supplies. It extended last week's rally, on supply concerns as flooding in several oil palm-growing areas disrupted harvesting and transportation. Palm oil futures advanced as much as 1.6 per cent to 3,850 ringgit a tonne, the highest since March 2008. Global edible oil markets are likely to extend huge gains this year too while Indian prices to keep up with their modest gains, according to analysts. Malaysia's BMD CPO futures January closed at MYR 3,885 (3,814), and February at MYR 3,873 (3,807).

Mumbai commodity exchange spot rate (Rs/10kg): Groundnut oil 780 (780), soya refined oil 620 (620), sunflower expeller refined 665 (670), Sunflower refined 720 (730), rapeseed refined oil 645 (645), rapeseed expeller refined 615 (615), cotton refined 600 (605) and palmolein 595 (597).

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Back **Cashew outlook uncertain on low carryover stocks**

G.K. Nair

Kochi, Jan. 3

The cashew market was quiet last week; for that matter, it has been like that the whole of December because of uncertain outlook. There are hopes in the first quarter of 2011, but buyers are looking for offers a few cents lower than the limited ones in the market. However, stray business was reported, few cents higher, for W240 at around $4.30 and W320 at around $3.75 (f.o.b).

Meanwhile, Indian domestic market — especially for brokens — picked up in the past few days after a quiet first half of December. “Since we have entered 2011, it is worthwhile looking at factors which will have an impact on market trend in the short and medium term,” Mr Pankaj N. Sampat, a Mumbai-based dealer told Business Line.

Shortage

Because of a shortage in crops in 2010, with a drop in world output estimated at between 7 per cent and 15 per cent, “we are beginning the year with a nearly empty pipeline”. Processing in the first quarter will be lower than normal. Besides, prices of seed processed in this period will be very high. First few weeks will see wage increases in India, which will have an impact of about 30 cents a pound of kernels. “Although we do not know details, we believe wages in Brazil and Vietnam are also going up early in the year.” All these point to a firmer market in the first few months.

There was a steady increase in prices through 2010. After a 10 per cent decline from $2.90 to $2.60 in January-February, prices moved up 45 per cent from $2.60 to $3.80 in ten months and most of the increase has been in the past five months.

In the growing Asian market, higher prices were passed on to the consumer, yet consumption has grown. But in traditional markets like North America and Europe, price hikes were either not passed on fully or not at all because of lower-priced contracts for 2010. Impact of higher prices will be known in first few months of 2011. Although base consumption may not be affected much, promotions, special offers, brands and retailers pushing products for better margins, etc., will take a hit. “Close watch is required on the usage figures for first quarter and trend of roaster and retailer contracting in the first few months to get an idea of demand trend for 2011,” Mr Sampat said.

Raw cashew nut (RCN) cost outlook for 2011 is very uncertain, and not just because of the usual weather concerns. Normally, opening prices are high because of good quality and processors' sales against which they can buy a little. After few weeks, when arrivals peak, prices soften and then move up a bit at the end of the season as traders hold back produce and processors try to stock till next crop.

This year, since prices are already very high and forward sales are minimal, there should be lesser rush to buy at the beginning of the season, but because stocks are negligible traders and processors will buy even if there is no parity, trader sources predict.

Political situation in Ivory Coast adds to the uncertainty as there

are fears of delayed movement and maybe even reduced collection — “in this calculation, we are not even thinking of the impact of even more uncertain external factors like economic situation and financial markets, which may affect buying and risk-taking ability, currency rates, etc.”.

The trend of regular buying for few months forward means lower volume traded for the next year:most buyers are covered for the first quarter, few have cover for part of the second quarter and almost nobody has cover for second half. Earlier, things were different. “The situation is a double-edged sword. If regular buying continues in first quarter, RCN season will open with strong buying interest and prices will not come down. This will mean higher costs through 2011and we could touch the $4-level, or even cross it.”

On the other hand, Mr Sampat said, if buying interest is low in the first quarter, “we could see pressure on processors either to reduce prices to get sales on books before the 2011 crops start or at least wait for RCN prices to come down before making any large purchases”. “If this happens, we could see prices drifting towards the $3.50-level.” It is always difficult to judge how markets will move. Currently, high prices, low stocks, higher processing costs, uncertain raw material costs, change in the shares of traditional and new markets and the pattern of buying — more short term than long term — make cashew market forecasts a tough task. Flexible strategies and agility are the keys to getting through these difficult times, he pointed out.

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Back **Q1 prospects bright for S. Indian teas**

P.S. Sundar

Coonoor, Jan. 3

The South Indian tea market may remain buoyant in the first quarter of 2011 if producers ensure quality supplies and auction centres step up promotional efforts, trade sources contend.

Due to end-season crop tapering, the availability of teas in North Indian market has come down laying increased pressure on South Indian supplies. The scope for export of orthodox teas is bright and high grown Nilgiri winter orthodox tea is a premium product.

Due to lower supplies in the North, most of the available teas are absorbed.

“Nearly 95 per cent of the offer is being absorbed. Medium and plainer teas are mostly bought for stocking for future blending against probable orders. But, quality shows a seasonal decline. Quality will improve when the new season teas start coming. But, that will be around the beginning of March. Till then, the offering will be less and prices will follow quality,” Mr Subodh Paul, Director, Contemporary Brokers P Ltd, Kolkata, told Business Line.

For South Indian orthodox teas, enquiries are coming from the CIS and Tunisia. The CIS, Dubai and Iran have been buying North Indian teas this week.

The best grades of North Indian orthodox teas fetched a price in the range of Rs 170-210 a kg while their South Indian counterparts ranged Rs 110-150. Fannings at the lower end averaged Rs 85-95 in the North and Rs 70-80 in the South.

North Indian crop will be lower because planters have started pruning in Assam, Dooars, Terai and Cachar.

Low sunshine

Besides, night temperature is currently lower than last year. South India is also reporting lower production due to reduced sunshine hours.

Kenya and Indonesia are passing through dry conditions pulling down harvest. The season has closed in Vietnam and China. Sri Lanka is reporting steady crop because of favourable rains while Argentina planters are happy with good weather.

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Back **Global cues fail to drive soya oil up**

Our Correspondent

Indore, Jan. 3

Soya oil prices remained steady notwithstanding strong global cues.

Spot soya refined quoted at Rs 600-605 for 10 kg. In the morning, soya refined prices opened at Rs 600 and went up to Rs 605. But due to low demand at higher rate, soya refined prices declined. Some plants had to sell soya refined as low as at Rs 603/10 kg.

Traders showed little interest in fresh buying. Rather, they evinced more interest in resale where soya refined quoted at Rs 595 for 10 kg. Because of higher plant rate, traders did maximum business in resale.

Soya solvent also ruled firm at Rs 570-Rs 575 for 10 kg.

On the National Board of Trade also, soya futures edged lower despite a rise in Malaysian palm oil futures, which closed at 64 plus. Soya oil's January contract at the NBOT after opening at Rs 637.10 closed Rs 3 lower at Rs 634.10 for 10 kg. Soya oil January contract at the NBOT had opened at Rs 628.90 and closed at Rs 636.90 after witnessing a high of Rs 640.40.

Soya oil's futures on the NCEDX also edged lower with its January contract opening at Rs 641.10 and closing about Rs 4 lower at Rs 637.25.

Soyabean prices ruled firm on subdued demand. Soya seeds prices in Indore and state mandis ruled at Rs 2,240-Rs 2,310 per 100 kg. Similarly, plant deliveries rates also remained steady at Rs 2,355-Rs 2,360 a quintal. About 7,500 bags of soyabean arrived in Indore mandis against 2 lakh bags at state level.

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Back **Rice rules firm amidst slack trading**

Our Correspondent

Karnal, Jan. 3

The rice market continued to witness low trading. Prices of aromatic and non-basmati rice managed to maintain their previous levels of last weekend.

Mr Tara Chand Sharma, a paddy and rice trader, told Business Line that some new export contracts have been signed, but the prices continued to rule firm. The market may rule around these levels for next 15-20 days and then may witness an uptrend. Non-basmati rice also may witness an uptrend but at present all rice varieties may rule with not much alteration in prices, he said.

On Monday, 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 2,000-2,175, 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

Around 5,000 bags of PR were sold between Rs 1,000 and Rs 1,025. About 2,000 bags of Sharbati ruled at Rs 1,550. Sugandha-999 arrived in about 5,000 bags, and quoted at Rs 1,600.

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Back **Lack of N. Indian orders grinds turmeric**

Our Correspondent

Erode, Jan. 3

Spot turmeric decreased Rs 100-150 a quintal on Monday due to poor demand.

“Buyers in North Indian towns intend to buy new crop and are awaiting for it. So no fresh orders were floated for the spot turmeric for the past couple of days. They feel that the new crop may arrive in the market by the middle of January. North Indian buyers expect that the price may fall when the new crop arrives compared with the Rs 16,000-odd now. So, they are not placing fresh orders," said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

Farmers are also bringing limited crop, learning about the lower demand. So the arrival and sales are dull in Erode. Mr Ravishankar said only 2,000-odd bags arrived on Monday and only 60 per cent of the produce was sold. In the Erode Turmeric Merchants Association Sales Yard, the finger variety fetched Rs 9,486-16,829 a quintal, the root variety Rs 9,000-16,709. Of the arrival of 946 bags, 513 were sold.

In Gobichettipalayam Agricultural Co-operative Marketing Society, the finger variety was sold at Rs 16,267-17,046 a quintal, the root variety Rs 16,169-16,539. All the 37 bags arrived for sale were sold. In Erode Cooperative Marketing Society, the finger variety was sold at Rs 16,410–16,921 a quintal, the root variety Rs 16,269-16,820. Out of arrival of 326 bags, 284 were sold.

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Back **Cotton stable on lower offtake by exporters**

Our Correspondent

Rajkot, Jan. 3

Cotton prices remain unchanged on the first day of the week as demand from export side is still below expectations. At present, south Indian mills are buying according to their requirement.

On Monday, Gujarat Sankar-6 variety cotton was traded on Rs 42,700-43,000 a candy of 356 kg, while raw cotton price was quoted Rs 900-940 for a maund of 20 kg. In Rajkot Agricultural Produce Marketing Committee (APMC) yard, 25,000-30,000 maund raw cotton arrived and price was Rs 885-930, Jasdan arrival was 10,000-15,000 maunds and price Rs 850-935, at Botad 35,000 maunds arrived and price Rs 895-951.

According to market sources,exporters have 15 lakh bales stock on hands. A Rajkot-based broker, Mr Avadhesbhai Sejpal, said: “For some time, cotton price will remain stable as demand and supply is equal. Cotton may increase after a month or if government will allow more export.”

Arrivals are lower as the gap between second and third flowering of cotton crop is short. But it will be normal within a short period, said traders.

In Andhra Pradesh, cotton prices ruled steady with arrivals being lower than Saturday.

In Adilabad, prices ruled above Rs 4,200 a quintal, while they were a tad lower in Guntur.

In Khamman, too, prices were firm, while rates were above Rs 4,500 in Khamman district.

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Back **Pepper turns hot on shortage, rains**

G.K. Nair

Kochi, Jan. 3

Pepper futures shot up on Monday on reported non-availability of sufficient material despite good demand and the prevailing unfavourable weather conditions.

“There were more buyers than sellers on the spot as well as on the futures and the availability was limited,” a market source told Business Line.

Sellers withdrew as the market moved up, sources said.

Harvesting delay

Rains in the pepper growing southern districts, from where the first crop of the season is to arrive, is going to delay the harvesting and drying of the berries already harvested.

This has changed the sentiments of the market and made it bullish, they said.

Not much activities were there in the spot market also, they said.

Turnover

January contract on the NCDEX increased by Rs 471 to close at Rs 23,403 a quintal. February and March contracts went up by Rs 449 and Rs 388 respectively to close at Rs 23,647 and Rs 23,828 a quintal.

Turnover increased by 7,424 tonnes to close at 15,605 tonnes. Open interest went up by 920 tonnes, indicating fresh buying, to close at 13,742 tonnes.

Open interest for January, February and March increased by 333 tonnes, 518 tonnes and 62 tonnes respectively to 9,828 tonnes, 3,161 tonnes and 405 tonnes.

Spot prices shot up by Rs 300 on strong demand amid limited availability to close at Rs 21,800 (un-garbled) and Rs 22,300 (MG 1) a quintal.

Indian parity in the international market was at $5,450 a tonne (c&f) and is appears to be out-priced in the world market.

The rates of other origins would be available only by tomorrow, they said.

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Back **FCI relaxes rice procurement norms in AP**

Our Bureau

Hyderabad, Jan. 3

Keeping in view the extensive loss to crops in Andhra Pradesh, various Government agencies will buy damaged or discoloured paddy (up to 10 per cent) without discounting any value cuts. “As against the normal limit of 4 per cent (damage or discolouring), the agencies will procure up to 10 per cent damage or discolouring,” said Mr B. Kalyan Chakravarthy, General Manager of Food Corporation of India (FCI – Andhra Pradesh).

This facility, however, is available for farmers in the districts of Srikakulam, Vizianagaram, Visakhapatnam, East Godavari, West Godavari, Krishna, Guntur, Prakasam, Nalgonda and Khammam.

It relaxed norms for rice procurement too. “We have directed the local units to start procurement of both paddy and rice under the relaxed norms. FCI and State Government agencies will step in, in case of any fall in the market prices below the minimum support prices, he said in a release.

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Back **Short covering lifts spot rubber to new high**

Aravindan

Kottayam, Jan. 3

Spot rubber hit another record high on Monday. Though the market is passing through the peak production season, supply concerns continued to put pressure on the buyers and the prices firmed up further on fresh buying and short covering.

There were no quantity sellers on any grade even at higher levels, sources said.

According to dealers, sheet rubber improved to Rs 208 (206.50) a kg mainly on covering purchases. The grade improved to Rs 207.50 (207) a kg both at Kottayam and Kochi, as reported by the Rubber Board.

Futures slip

In futures, the January series slipped to Rs 211.75 (211.78) while the February series increased to Rs 218.72 (216.94), March to Rs 223.50 (221.34) and April to Rs 229.76 (228.44) a kg for RSS 4 on the National Multi Commodity Exchange. Spot rates were: RSS-4: 208 (206.50); RSS-5: 200 (199); ungraded: 196 (195); ISNR 20: 205 (204) and latex 60 per cent 140 (138.50).