THE HINDU

Published: July 8, 2011 00:00 IST | Updated: July 8, 2011 04:10 IST METTUPALAYAM, July 8, 2011

## Auro Mira inks MoA with TNAU for augmenting green energy

To meet demand:Vice-Chancellor of Tamil Nadu Agricultural University P. Murugesa Boopathi (third from right) and Chief Executive Officer and Managing Director of Auro Mira Energy Company Private Limited G. Suresh (second from left) exchanging MoA for launching of contract energy tree farming programme at the Forest College and Research Institute, Mettupalayam, on Thursday. —Photo: Special Arrangement

With a view to enhancing biomass-based power generation through energy plantations, Chennai-based Auro Mira Energy Company Private Limited has entered into a memorandum of agreement (MoA) with the Forest College and Research Institute (FCRI) of Tamil Nadu Agricultural University (TNAU), here on Thursday.

With biomass-based power generation plants in Tamil Nadu, the company is interested in promoting energy plantations through contract farming with a view to developing its fuel resources. Under the aegis of the MoA, a contract energy tree farming programme for augmenting biomass-based power generation was launched at the FCRI by P. Murugesa Boopathi, Vice-Chancellor of TNAU. For the first-of-its-kind project in the State, which is funded by Auro Mira, FCRI will be the facilitator between the farmers who will grow the energy trees, and the company.

Inking the MoA, G. Suresh, Chief Executive Officer and Managing Director, Auro Mira Energy, said the country had the potential to generate much power from biomass. But now, due to dearth in biomass resources, the production was not very high.

There was an uncertainty in production because of the shortage in raw material. Best tree varieties with more calorific value developed by TNAU would be passed on to farmers. Site-specific varieties and technologies would also be identified by the university for the purpose. The company in turn would ensure a competitive price for the produce, Mr. Suresh added. To begin with, the university had identified 100 acres as biomass garden where farmers would grow energy trees. TNAU would provide the necessary inputs in the form of saplings and technology till harvesting.

Mr. Boopathi said the power requirement of Tamil Nadu was 9,200 MW. But the present generation capacity was only 7,300 MW. There was a shortfall of at least 2,000 MW power.

"It is not enough to meet this demand by only depending on the conventional sources of power. There are at least 14 plants that generate power using biomass resources. But they are not able to generate to their full capacity because of the shortage in raw materials. The contract energy tree farming programme will provide these power plants with the necessary varieties to use as raw materials," he said.

The Vice-Chancellor added that model farms of 100 acres each would be identified as biomass gardens in other districts too for the implementation of the programme.

The university also planned for capacity building for farmers involved in cultivating energy trees in the form of training programmes in various locations.P. Durairasu, Dean (Forestry), FCRI, inked the MoA on behalf of the institute.

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Published: July 8, 2011 00:00 IST | Updated: July 8, 2011 04:09 IST COIMBATORE, July 8, 2011

Training at TNAU on July 11, 12

Tamil Nadu Agricultural University will organise a training in chocolate and sugar confectionery making on July 11 and 12 on the university premises.

The training will cover the preparation of the following: chocolate, chikkies, fruit candy, lollipop and jujups, fondant and fudge, toffee and caramel, marzipan and marshmallow.

Those interested can attend the training by paying a fee of Rs. 1,000. For details, contact Head, Post Harvest Technology Centre, Tamil Nadu Agricultural University, Coimbatore – 641003.

For details, contact 0422-6611268 / 6611340.

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Published: July 8, 2011 00:00 IST | Updated: July 8, 2011 04:14 IST NEW DELHI, July 8, 2011

## Food inflation at seven-week low

Cheaper pulses and vegetables brought down food inflation to a seven-week low of 7.61 per cent for the week ended June 25.

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Published: July 8, 2011 00:00 IST | Updated: July 8, 2011 04:07 IST NEW DELHI, July 8, 2011

## U.P. marches ahead in farm production

Whatever Congress general secretary Rahul Gandhi may seek to drive home to farmers of Uttar Pradesh through his padyatra, the fact remains that the Congress-led Manmohan Singh government has patted Chief Minister Mayawati for marching appreciably in agriculture.

Uttar Pradesh has emerged as the joint winner with Punjab of the newly launched Krishi Karman Award for performing best in foodgrains production during 2010-11. Dr. Singh will give away the awards here on August 16.

Mr. Gandhi is currently spearheading the cause of farmers who have been agitating against land acquisition, particularly in the Greater Noida region.

Ten States have bagged the seven awards at stake — performance in production, programme implementation and innovation. Three awards are for total foodgrains production and four for production of rice, wheat, coarse cereals and pulses.

Apart from a trophy and citation, the cash award is Rs. 2 crore for total foodgrains production and Rs. 1 crore for each of the four crops specified. The objective is to give an incentive to officers and staff to perform better in days to come by improving office infrastructure.

The awards were decided by a selection committee headed by Secretary of the Union Ministry of Agriculture and Cooperation which assessed the performance of States against objective criteria that took into account production outcomes, implementation of crop production programmes and innovative approaches for effective service delivery.

The shortlisted 17 States made a presentation before the committee which finally chose 10 States for the honour.

Uttar Pradesh and Punjab are winners for overall foodgrains production of more than 10 million tonnes recorded in the last five years, Assam and Orissa for overall foodgrains production between one and 10 million tonnes and Tripura in the category for production of foodgrains less than one million tonnes.

As for individual crops and crop groups, Chhattisgarh bagged the award for rice production, Haryana for wheat, Maharashtra and Rajasthan excelled in pulse production and Karnataka performed well in coarse cereals.

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Published: July 8, 2011 00:00 IST | Updated: July 8, 2011 04:13 IST Shimoga, July 8, 2011

**‘Encourage entrepreneurs keen on food processing units'**

District administration told to allot land on priority basis

Chief Minister B.S. Yeddyurappa has called for promoting entrepreneurs who come forward to establish food processing and cold storage units in the district.

He was speaking at a progress review meeting here on Thursday. Fruits such as mango and chiku were grown on a large-scale in the district. Establishment of food processing units would benefit farmers, he said.

He asked the district administration to allot land on priority basis to interested entrepreneurs.

Deputy Commissioner V. Ponnuraj said that the district received below average rain this year.

The average rainfall in the district till June was 619.7 mm. The district received only 571.3 mm rain till June end. A target to complete sowing on 59,500 hectares of land had been set for the district. Sowing had been completed on 60,616 hectares of land, he added.

On Suvarna Bhoomi scheme, Mr. Ponnuraj said 37,581 farmers had applied as against the target of 43,157. There were many applications from agriculture and horticulture segments.

Mr. Yeddyurappa said that financial assistance in segments where applications were less should be extended to those who had been denied in agriculture and horticulture segments.

The surplus amount would not be diverted to other districts, he said

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Published: July 8, 2011 00:00 IST | Updated: July 8, 2011 04:11 IST ELURU, July 8, 2011

TD joins movement for crop holiday

The TDP took a plunge into the movement for a crop holiday launched by farmers in the delta areas of West and East Godavari districts.

Along with leaders of its allies — the CPI, the RSP, and the Forward Bloc — TDP senior leaders Kodela Sivaprasada Rao of Guntur district and Chikkala Ramachandra Rao from East Godavari district took part in a convention of farmers held at Sitarampuram under Narsapur mandal on Thursday.

The TDP leaders said they had decided to take up the issue as a State-wide movement. Terming it as a historical decision taken by the farmers, they wanted the movement to be taken to its logical end. A large number of small and medium farmers attended the meeting.

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Published: July 8, 2011 00:00 IST | Updated: July 8, 2011 04:12 IST VIZIANAGARAM, July 8, 2011

## Crop loans for eligible tenant farmers

As per the directive of the State government, crop loan eligibility cards to tenant farmers will be issued on July 10 and 14 in the district.

At a meeting with bankers and revenue officials on Thursday, Collector in-charge P.A. Sobha said that 13,369 tenant farmers in Vizianagaram revenue division and 9,159 in Parvathipuram revenue division were identified eligible for the crop loan cards.

In Vizianagaram division, the cards would be issued at S. Kota on July 10 and at Bobbili on July 14. She asked bankers to release crop loans to at least five tenant farmers in each division on those days. District Revenue Officer Y. Narasimha Rao, RDOs Rajakumari (Vizianagaram) and Ambedkar (Partvathipuram), Lead Bank Manager B.G. K. Acharyulu, Nabard AGM P. Srinivas and others were present.

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hindustantimes
Fri,08 Jul 2011

Extended Forecast for a week

| Sunday | Monday | Tuesday | Wednesday | Thursday |
|---|---|---|---|---|
| Jul 10 | Jul 11 | Jul 12 | Jul 13 | Jul 14 |
| 32° \| 28° | 30° \| 25° | 30° \| 26° | 32° \| 27° | 32° \| 27° |
| Rainy | Rainy | Cloudy | Rainy | Rainy |

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Published on *Deccan Chronicle* (http://www.deccanchronicle.com)

## Food inflation at 7-week low of 7.61% in week ended June 25

Food inflation in the country fell to a seven-week low of 7.61 per cent for the week ended June 25 on the back of cheaper vegetables, pulses and potatoes. Food inflation, as measured by the Wholesale Price Index (WPI), stood at 7.78 per cent during the previous week. It was almost 20 per cent during the comparable period of June, 2010. As per data released by the government today, pulses became over 9 per cent cheaper year-on-year during the period under review. Prices of vegetables also came down by 8.74 per cent, while potatoes became 2.13 per cent cheaper on an annual basis. However, prices of other food items remained high during the week. Fruits became 22.75 per cent more expensive, while onions became dearer by 21.24 per cent year-on-year. Eggs, meat and fish prices were up by 10.12 per cent and cereals by 4.26 per cent. Milk was 12.10 per cent costlier on an annual basis. The latest numbers on the rate of price rise of food items are the lowest since the week ended May 7, when food inflation stood at 7.47 per cent. Headline inflation in the country stood at 9.06 per cent in May. Finance Minister Pranab Mukherjee had yesterday cautioned against the "suppressed component" of inflation. "There is a significant suppressed component of inflation as the increase in international crude oil prices has not been passed on completely despite increase in domestic administered oil prices effected in June, 2010, and June, 2011," he said. Meanwhile, inflation in overall primary articles stood at 11.56 per cent for the week ended June 25, down from 11.84 per cent in the previous week. Primary articles have a share of over 20 per cent in the WPI basket. Inflation of non-food primary items stood at 17.69 per cent, down from 17.91 per cent in the previous week. However, the hike in prices of diesel, cooking gas and kerosene announced on June 24 week by the government is yet to be reflected in these numbers. The only exception was LPG, which became dearer by 14.58 per cent. The inflation index for LPG stood at 11.31 per cent during last few weeks. Fibres were up 38.05 per cent on an annual basis, while minerals became more expensive by 27.87 per cent. Fuel and power became more expensive by 12.67 per cent year-on-year. The RBI had said that headline inflation in the next few months would be driven more by high global commodity prices, rather than prices of food items, as was the case in 2010. Food inflation was in double digits for most of 2010, before showing signs of moderation since March this year. The fall in food inflation numbers is likely to come as a relief to the government, which had to deal with a series of bad news during recent weeks on the economic front. While January-March economic growth stood at 7.8 per cent, the lowest in five quarters, industrial output also slowed down to 6.3 per cent in April.

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Source URL: http://www.deccanchronicle.com/channels/business/news/food-inflation-7-week-low-761-week-ended-june-25-328

THE ECONOMIC TIMES
Fri, Jul 08, 2011 | Updated 08.48AM IST

8 Jul, 2011, 07.59AM IST, Madhvi Sally,ET Bureau

# Cotton exporters bullish on high global prices, feels Cotton Association of India

AHMEDABAD: Even as international demand for cotton weakens, exporters who have been given export allocation for over 1,58,461 tonne are bullish about the market. This is owing to domestic cotton prices, which are at Rs 37,000 per candy, lower by over 10% compared to international cotton prices.

Cotton Association of India president Dhiren Sheth said that export was good for the industry. "International cotton prices are bearish but Indian exporters have an advantage owing to cheaper domestic prices," he said. On Wednesday evening, the Directorate General of Foreign Trade (DGFT) published the data of the quantity allocated to over 227 applicants for export.

Out of total export quota of 1,70,000 tonne for the year ending September, the government allocated 1,58,461 tonne. The rest of the quantity, which is 11,539 tonne, has been sequestered because 84 exporters have moved the court against the stringent export norms. "Once the final orders are received , further action will be taken either to allot them as per the orders of High Court or in the alternative , allot the quantity (or the balance quantity as the case may be) among the two public sector applicants before us namely Cotton Corporation of India (CCI) and Minerals and Metals Trading Corporation ( MMTC )).

Such contingent allotment becomes necessary because the government has mandated export of these additional 10 lakh bales in the current cotton year and neither there would be time to go through another round of allocation by inviting fresh applications, nor such a small quantity be commercially viable for a fresh round of allocation ," the DGFT notification said. China, Taiwan, Bangladesh and Pakistan would be major markets for Indian cotton, according to Mumbai exporters. "Internationally, cotton prices are ruling at 120 cents per pound (one pound= 453 gm), which is equivalent to Rs 41,500 per candy. Gujarat's Shankar 6 spot price on Thursday was at Rs 37,000 per candy.

This given Indian exporters an edge," said a Mumbaibased trader. However, ginners were sceptical on the demand and the pricing in the international market. "India sellers are quoting 120 cents per pound to Bangladesh exporters while Chinese and Hong Kong exporters are being quoted 126 cents to 130 cents per pound. The buyers' rate has not come who are watching the development in India. Indian cotton prices will fall by Rs 5,000 a candy by September owing to poor demand in the domestic market and arrival of new crop by September," said Saurashtra Ginners association president Bharat Vala. Multinational cotton companies Cargill India, Olam Agro India , Glencore Grain India, Louis Dreyfus Commodities India, AWB India apart from India's leading exporters Bhadresh Trading Corporation, Gill & Co, Khimji Visram & Sons (Commission Department), Mittatex Exports , and Sunny Trexim got the highest export allocation of 1,601.40 tonne.

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8 Jul, 2011, 02.32AM IST, Shikha Sharma,ET Bureau

**Sugar sector: Excess output likely to negate policy support**

Sugar companies reported better financial numbers for the March 2011 quarter unlike the dull performance in the previous three consecutive quarters. Improved sugar volume and lower raw material costs were the major triggers of revival in the March quarter. In the near term, the government's decision to reconsider deregulation of the sector and policy on sugar exports would largely drive valuations of sugar companies.

The ET Sugar index, comprising 32 companies, has dropped by 20% in the past six months. The fall tracks the crash in sugar prices due to excess production of 24.5 million tonnes in current sugar the season (October '10 - September '11) against consumption expectation of 22 million tonnes. Sugar prices in India have softened by 8% in the past six month. The drop could have been sharper but for the government's decision to export sugar besides relaxing the levy quota for the free sale in the market.

Globally, raw sugar futures prices have jumped 14% at New York Commodity Stock Exchange over the past one month. This is due to the lower-than-expected production from Brazil in the current sugar season. International prices are likely to face a marginal downward pressure with the projected surplus output in India, the second largest sugar producer in the world after Brazil.

To stabilise sugar prices in India, the government recently allowed export of 5 lakh tonnes of sugar. Further, fresh talks on decontrol of the domestic sugar sector, which has been on the cards for quite some time, may bring relief to sugar companies. This will reduce the pressure on operating margin of companies in times of supply glut by deregulating raw marerial prices. Currently, state governments control minimum support prices for sugar cane.

The government has also revised upwards the price of ethanol, a byproduct of sugar mills. But this will have limited impact, as ethanol production is just a small part of revenues for sugar firms.

With the expectation of excess production and stable sugar realisation, the sugar companies' operating profit may be restricted despite the boost by policy measures. However, those with exposure to global markets, such as Shree Renuka Sugars, may be in a better position to counter the impact of a downward trend here.

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7 Jul, 2011, 07.44PM IST,ET Bureau

Centre releases Rs. 119.5 cr for integrated development of fodder commodity

NEW DELHI: The Centre has released Rs. 119.5 crore to 12 States for integrated development of fodder under Accelerated Fodder Development Programme ( AFDP) in the current financial year so far.

Rs. 300 crore have been allocated for this programme in 2011-12. The scheme is part of Rashtriya Krishi Vikas Yojana (RKVY).

The livestock sector in India contributes to nearly 32% of total agricultural output. India, with 2.3% share of global geographical area, supports nearly 20% of the livestock population of the world and therefore requires a steady supply of fodder for supporting the huge livestock population. Only 4% of total cropping area is under fodder cultivation. It has resulted in a severe deficit of green fodder (36%), dry fodder (40%) and concentrates (57%).

The scheme aims at bridging this shortfall in demand for fodder from crop residues and agricultural bi-products.

The programme envisages accelerating production of fodder through promotion of integrated technologies and processes for enhancing the availability of fodder throughout the year.

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Business Standard

Friday, Jul 08, 2011

**Oilmeal exports jump 58% in June on rising global demand**

**BS Reporter / Mumbai July 08, 2011, 0:59 IST**

Oilmeal exports rose 58 per cent in June, due to increased availability from domestic crushers and higher overseas demand.

Exports during June were 250,335 tonnes as compared to 158,750 tonnes in the corresponding month last year. The export of oilmeal during April-June doubled to 1.07 million tonnes as compared to 536,700 tonnes during the same period of the previous year.

B V Mehta, executive director of the apex trade body, the Solvent Extractors' Association, attributed three major factors for the spurt in oilmeal exports. Sharp increase in oilseeds production to 30.25 million tonnes in the current year as compared to 24.88 million tonnes in the previous year and increased availability of oilseeds led to higher crushing and production of oil and meals for domestic use and export, and good crushing parity due to high price of oils and higher export demand.

Oilmeal is used primarily as animal feed. Rising exports indicate individual spending on animal feed is rising, a positive sign for overall recovery in the the global economy. Oilmeal exports declined when global economy was passing through a slowdown between September 2008 and June 2009.

Oilmeal import by Japan from India during April-June more than doubled to 240,808 tonnes as compared to 91,389 tonnes last year, consisting of 235,405 tonnes of soybean meal and 5,403 tonnes of rapeseed meal.

Vietnam has imported 137,010 tonnes of oilmeal so far this year, as compared to 69,939 tonnes in the same period last year consisting of 110,693 tonnes of soybean meal, 10,197 tonnes of rapeseed meal and remaining quantity being rice bran extraction.

China imported 162,060 tonnes as compared to 125,745 tonnes, comprising 156,354 tonnes of rapeseed meal, 2,288 tonnes of groundnut meal and 3,418 tonnes of soybean meal.

South Korea imported 173,064 tonnes as compared to 98,712 tonnes last year, consisting of 76,668 tonnes of castorseed meal, 94,050 tonnes of rapeseed meal and 2,346 tonnes of soybean meal.

Europe imported 43,774 tonnes compared to 738 tonnes last year.

Total shipment from Kandla was reported at 518,573 tonnes (48 per cent), followed by Mumbai including JNPT, handling 230,326 tonnes (21 per cent). Mundra handled 208,521 tonnes (19 per cent), Bedi handled 77,755 tonnes (7 per cent), Vizag handled 17,100 tonnes (2 per cent) and Kolkata handled 16,120 tonnes (1.5 per cent).

The Soybean Processors' Association reported soybean meal exports during June to be 117,596 tonnes as compared to 95,778 tonnes in the same month of the previous year, rising 22. 8 per cent over the last year.

During current oil year, (October-September), exports during October 2010-June 2011 were 3.6 million tonnes as against 1.71 million tonnes last year, an increase of 109.3 per cent.

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## Coconut oil prices decline 15.3% on low demand

George Joseph / Kochi July 08, 2011, 0:58 IST

Coconut oil prices declined 15.3 per cent in a month on strong selling pressure, coupled with low buying support from the fast moving consumer goods (FMCG) sector. Coconut oil was today quoted at Rs 8,800 a quintal. It was Rs 10,400 a quintal in May.

According to Thalath Mehamood, president, Cochin Oil Merchants Association, the market is in a bearish mode because of the increase in production and high supply in Tamil Nadu. As the price is falling every day, FMCG majors withdrew from the market, thus affecting the demand. About 60 per cent of all coconut oil produced is used by FMCG companies. Mehamood said the price might drop further and stabilise around Rs 8,000 a quintal, as supply from Tamil Nadu had increased sharply. Interestingly, Kerala is not having much stock of copra and coconut oil, as production was halted due to heavy rain.

During April-May, overseas demand, especially from Sri Lanka, was on the rise which helped prices to cross Rs 10,000 a quintal. A serious drop in the price of palm oil, the major substitute for coconut oil, also influenced the current price drop.

The current wholesale market price of palm oil is Rs 6,000 a quintal. A majority of household consumers, especially in Kerala, had shifted to palm oil when the coconut oil price rose. The rise in the price, for the last five-six months, led to an increase in production in Tamil Nadu, the major supplier of the oil in India and this caused a supply-demand imbalance in the market. In Tamil Nadu, the wholesale price of coconut oil dropped to Rs 7,000 a quintal and copra declined to Rs 4,700 a quintal.

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## Isma seeks additional 1 mt sugar export to ease pressure on mills

BS Reporter / Bangalore July 08, 2011, 0:55 IST

The Indian Sugar Mills Association (Isma), the industry body representing private and public sector sugar mills in the country, has urged the government to allow export of around one million tonnes (mt) of additional sugar on the back of a higher stock level and estimates of a good crop season next year.

Earlier, the government had allowed export of 500,000 tonnes to check falling prices of the commodity in the domestic market. However, the association feels the opening balance for 2011-12 would be about six mt, which is one mt higher than the last year.

“Given that production is likely to be higher during the next crop year, there is an immediate need to reduce sugar stocks held with mills by allowing another one mt of exports,” said Narendra Murkumbi, president, Isma.

He also said the stock holding limit on traders should be removed for better price recovery. According to Isma, sugar mills are not able to recover the cost of production from present price levels.

“Due to surplus sugar in the country and stock holding limit on traders, the ex-mill sugar prices are below the cost of production,” he said. He also said sugar mills would not be able to pay farmers in this situation.

Isma has also appealed to the government to help deregulate the sugar industry by the abolition of the levy obligation on mills. “Levy sugar obligation disrupts normal market forces in the sugar industry. The government should procure sugar from the open market, rather than putting burden on mills,” Murkumbi said. The industry body also asked for abolition of the monthly regulated release mechanism which puts unnecessary stress as mills had to hold large stocks.

Referring to the ethanol blending programme, he said the government should finalise ethanol prices to bring clarity on policy.

“The recommendation of which is now pending with them for over two months,” he said. According to Isma, the national biofuel policy that advocates 20 per cent ethanol blending by 2017 should be implemented soon, to benefit all stakeholders in the industry.

India is expected to produce around 24-24.5 mt of sugar in the 2010-11season (October-September) as against 19 mt last year. The domestic consumption is pegged at 22-22.5 mt in the current crop year.

DGFT shortlists 227 applicants for cotton exports

Komal Amit Gera / Chandigarh July 8, 2011, 0:53 IST

The allocation of export quota to 227 applicants for an additional one million bales (170,000 million tonnes) of cotton was announced late last evening by the Director General of Foreign Trade (DGFT).

Of the 581 applications received, 227 were shortlisted as eligible and have been allocated 158,460 mt of cotton on pro-rata basis. According to the DGFT trader notice, 8,200 mt has been sequestered in obedience to interim orders of various High Courts for the list of 82 writ petitioners and 3,339.2 mt sequestered in obedience to interim orders of the Calcutta High Court for the list of two writ petitioners.

The DGFT public notice says once the final orders are received, further action will be taken either to allot them according to High Court orders or allot the quantity (or the balance quantity, as the case may be) among the two public sector applicants, namely Cotton Corporation of India (CCI) and Minerals and Metals Trading Corporation (MMTC). Such contingent allotment becomes necessary because the government has mandated export of these additional 1 million bales in the current cotton year and neither would there be time to go through another round of allocation by inviting fresh applications nor would such a small quantity be commercially viable for a fresh round of allocation.

Exporters now have only seven working days to conclude the deal, open the LC and acquire the hard copy, as the last date for registration is July 15.

According to Vinod Ahuja, director, VRA Cotton Mills, global buyers have lost confidence in Indian suppliers of cotton due to unstable export policy, so the export is going to be challenging.

The last date decided for the shipment is September 15.

The President of All Gujarat Ginners Association, Dilip Bhai Patel, said seven million bales are unsold in India, so this quantity of one million bales is insufficient and cotton export should be put under open general licence (OGL).

Cotton traders across India are feeling shaky over the consistent fall in prices. “The prices of Shankar-6 are around Rs 36,000 a candy (356 kg) and are likely to drop to Rs 30,000 a candy by the month-end. This will have severe repercussions on the crop that will start arriving in October”.

Ginners are leaving no stone unturned to persuade the government to allow them to export their surplus stock (at least 2 million bales) to make room for the 2011 crop.

With a reshuffle in the Union Cabinet expected shortly, the textile lobby is hoping to get a new minister, to draft policies that suits the needs of industry.

The free trade of cotton and cotton yarn, according to the industry, is the need of the hour to give India an edge in the global market.

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ACE to shift sugar contract base to Delhi from Kolhapur

Dilip Kumar Jha / Mumbai July 8, 2011, 0:50 IST

Kotak-anchored Ace Derivatives & Commodity Exchange Ltd plans to rejig its sugar contract and major delivery base from Kolhapur in Maharashtra to Delhi, to capture the mass consumer market in the north.

Ace originally launched Delhi-based sugar contracts last December. “The exchange is waiting for deregulation in sugar to be announced or at least the stock limit to be waived to attract large corporate clients. Owing to the limit, traders’ participation on the commodity exchange is limited,” said Dilip Bhatia, CEO.

Sugar mills in Maharasthra are largely controlled by cooperatives that are regularly monitored by the government. Last year, the Centre announced a fair and remunerative price, at Rs 139.12 a quintal, substantially lower than the state advised price in UP at Rs 205 a qtl.

The cane price is nearly 90 per cent of the cost of sugar production. The cost of production in the north averages at Rs 2,900 per qtl, as compared to Rs 2,700 per qtl in Maharashtra. This price difference also reflects on the exchange. Since the cost of production is much lower in Maharashtra, the commodity markets regulator, the Forward Markets Commission, has approved sugar contracts on all exchanges with a major delivery centre in Kolhapur. After a 17-month ban, sugar future contracts were relaunched in December last year. Ace has added Delhi as an additional delivery centre. But traders are not interested in taking delivery at a Rs 200 per qtl premium (due to the price differential from the main delivery centre) over Kolhapur.

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**Tea deficit to be 100 mn kg this yr**

“The year started with a shortfall of 100 million kg. I dont think the production increase will mitigate the deficit. It will be enough to absorb the consumption increase. But this year looks much stronger than the previous year when we lost crop during the quality period,” Aditya Khaitan, managing director of the world’s largest bulk tea producer, McLeod Russel (India), said.

Tea prices have risen Rs 15-20 a kg. Tea stocks reflected the sentiments voiced by the industry. The McLeod Russel stock touched a high of Rs 287.90 on the Bombay Stock Exchange, a 52-week high. Jayshree Tea and Industries also scaled a high of Rs 181.90, close to its 52-week high of Rs 210 a share.

“What has led to the firming of prices is a global shortfall,” industry representatives pointed out. Week-to-week prices at Mombasa auctions showed that prices were up by 60 to 70 cents. Africa has registered a shortfall of 45 million kg till now. The industry expects that the annual global shortfall to be around 55 million kg.

“Last year, our exports were at 22 million kg. This year, we have a target of 25-26 million kg,” Khaitan said.

Both crop and production were up in May, officials of the Indian Tea Association said.

According to figures on the Tea Board website, up to May, the crop was higher by eight million kg at 243 million kg. May alone saw an increase of 3.5 million kg in production. The increase was primarily in Assam and North Bengal, while south India actually saw a marginal dip in production.

Up to April, production was down by 5 million kg.

Exports for May were up but by less than a million kg. The unit price of exports saw a huge jump from Rs 141.28 a kg from Rs 115.84 a kg last year.

Exports at the beginning of the season, however, were down. During April to May, exports stood at 22 million tonnes while in the previous year they were close to 24 million tonnes.

The Indian Tea Association is yet to release the latest figures, but both crop and production were up for the month of May, officials of the association said. Exports for May were up by one million kg. Till March, world production was down by 31 million kg.

Industry representative indicated that if the weather conditions maintained the current pattern then the year would close with a deficit of about 155 million kg. The domestic tea industry is likely to end the year with a production deficit of 100 million kg, despite good weather conditions and a higher crop.

Last year, during January-December, production was 966 million kg and the industry expects it to be 990 million kg this year. The increase in production will just about take care of the yearly consumption increase. On an average, the domestic consumption increases by about 30 million kg every year.