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Food inflation eases to 8.96 per cent

The moderation will turn into a firm decline over the coming months

NEW DELHI: Food inflation eased marginally to 8.96 per cent for the week ended June 4 from 9.01 per cent in the previous week owing to cheaper pulses and vegetables amid expectations that following a good monsoon, the moderation will turn into a firm decline over the coming months. Airing this optimism, Prime Minister's Economic Advisory Council (PMEAC) Chairman C. Rangarajan said: “Since the monsoon is expected to be normal, one can expect the food inflation to come down in the coming months.”

The Reserve Bank of India (RBI), which hiked its key policy rate by 25 basis points on Thursday as a monetary measure to tame overall inflation, holds similar views. “The progress of southwest monsoon has so far been satisfactory, which augurs well for agricultural production,” the apex bank said its mid-quarterly review.

Cause for concern

Evidently, a definite dip in food inflation is expected to go a long way in cushioning the overall impact of the price spiral and result in lower headline inflation.

Already, with the prices of pulses slipping by over 10 per cent and vegetables by 1.39 per cent on a year-on-year basis, food inflation, as measured by the Wholesale Price Index (WPI), during the week was way lower than the over 21 per cent recorded for the period in June last year. However, even as food inflation appears to be easing somewhat from its recent highs, the cause for concern is that the surge in prices is spreading to the non-food segment which, according to the RBI, renders monetary policy tightening necessary.

With headline inflation pegged at 9.06 per cent in May — way above the apex bank's 'comfort zone' of 4-5 per cent — mainly owing to the price spiral in manufactured items, the RBI policy review said: "Based on the current and evolving growth and inflation scenario, the Reserve Bank needs to persist with its anti-inflationary stance of monetary policy."

Inflationary pressure on the non-food segment (core inflation) is discernibly on the rise, especially in manufactured goods.

Inflation in manufactured items rose from 8.5 per cent in March, to 6.3 per cent in April and further to 7.3 per cent in May this year which is way above its medium-term trend of 4 per cent.

The latest WPI data shows that fruits were dearer by nearly 30 per cent, milk by 10.59 per cent and eggs, meat and fish by 7.31 per cent on a yearly basis.

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Mangoes go cheaper as arrival doubles

C. Jaishankar

"Current prices likely to continue for three weeks"

— Photo: L. Balachandar

Sweet:Mangoes being sold in Ramanathapuram.

RAMANATHAPURAM: Mango prices in Ramanathapuram have fallen by over 50 percent this week owing to doubling of supply.

According to market sources, the prices of mango varieties such as ‘Imambasandu,' ‘Banganapalli' and ‘Sappotta' have also come down to a great extent, triggering good sales in the local market.

The prices of the most sought after variety ‘Imambasandu,' which was ruling between Rs.120 to 130, has come down to Rs.80 per kg. Similarly, the price of ‘Banganapalli' and ‘Sappotta' varieties, which were sold at Rs.50 to 60 last week, have come down to Rs.30 a kg.

The varieties such as ‘Kasalattu,' ‘Kallamani,' ‘Balamani,' ‘Grape,' and ‘Kalappadu' are being sold for Rs.15 to 20. These were priced at Rs.50 to 60 last week. There are a few traders, who even sell them at Rs.10 a kg. “The arrival has almost doubled in the last 10 days. The increase in supply will automatically lead to price slash. It will be more beneficial to the customers than traders,” says K. Saravanan, a trader.

The supply to Ramanathapuram market was just around 5 tonnes per day till 10 days ago.

It is now receiving around 10 tonnes a day. Part-time traders from other districts such as Madurai, Dindigul, Periakulam have also been camping in Ramanathapuram district with huge stock of mangoes.

The prices are much cheaper than those being sold by the fruit vendors of Ramanathapuram.

They visit each and every street with public address system to attract the customers.

He added that the doubling of arrival was due to good yield of mangoes in places such as Periakulam, Krishnagiri, Dharmapuri, and Tiruchi. The current pricing would continue for about three weeks. However, he said there would not be chance for further decline in prices as the supply would come down gradually after two or three weeks.

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Paddy target is 8,500 hectare

Staff Reporter

In Kanyakumari district

Nagercoil: Agriculture operation is picking up in Kanyakumari district following heavy rain which lashed different parts of the district recently. The Agriculture department has fixed the target of covering paddy crop on over 8,500 hectares in the Kannipoov season (first season). Moreover it has been decided to distribute 11.720 tonnes of certified seeds to the farmers. Of this, 940 kg of seeds had already been distributed to them through agriculture extension centres. The direct sowing in 825 hectares had already been carried out by the farming community in the tail end areas particularly in Thovalai, Boothapandi, Veeranarayana Mangalam, Myladi, Theroor and Anjugramam. Farmers have already raised nursing on over 463 hectares and it would be transplanted on over 7,000 hectares. In order to facilitate farmers, 6,500 tonnes of Urea, 3,700 tonnes of Potash and 1,500 tonnes of Di-Ammonium Potash and 4,650 tonnes of mixture and complex fertilizer were being kept in Agriculture extension centres and Primary agriculture co-operative societies. While distributing certified seeds 27,018 packets of bio-fertilizer had also been distributed to farmers. The Agriculture department was expecting 7,700 kg paddy per hectare compared to 7,562 kg paddy per hectare in the last year.

Date:17/06/2011 URL: http://www.thehindu.com/2011/06/17/stories/2011061754420700.htm

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“Switch to modified crop insurance”

S. Sundar

MADURAI: Will the State Government opt for Modified National Agricultural Insurance Scheme – “a more farmer-friendly” crop insurance scheme – that would greatly benefit the farmers in the event of crop failure?

The modified scheme was introduced by the Union Ministry of Agriculture with effect from 2010-11 Rabi season on a pilot basis. The Union Government wanted to implement it in 50 districts in the country. But, it could be introduced only in 34 districts in 12 States. Tamil Nadu Government was not part of it.

" … but Government of Tamil Nadu has not yet opted for the scheme for its implementation," the Union Minister for Agriculture and Food Processing Industries, Sharad Pawar, said in a letter dated March 21, 2011, addressed to Virudhunagar MP B. Manicka Tagore.

Based on a news report on the complaints by farmers of Madurai district that National Agricultural Insurance Scheme (NAIS) was not farmer-friendly, Mr. Tagore had urged the Union Minister to take steps to set right the crop insurance scheme.

The farmers had complained that the NAIS did not work in the desired way for the farmers with regard to compensation.

They said that the notified area for the insurance scheme though reduced from district-level to block-level did not benefit them.

Individual farmers got compensation only if the entire notified area faced crop loss. They wanted the notified area to be reduced to firka-level.

Mr. Tagore wanted to know why the Agriculture Department was advocating such an insurance scheme that did not benefit the poor farmers. Responding to the Virudhunagar MP, Mr. Pawar said that the Union Ministry had modified the NAIS, based on the experience gained during its implementation since Rabi 2010-11.

Mr. Pawar said that the unit area of the insurance had been reduced to the village panchayat-level for major crops.

On the other salient features, the Union Minister said that the actuarial premium with subsidy in premium for farmers ranged from 40 per cent to 75 per cent; and on account payment upto 25 per cent, advance of likely claims was possible, as immediate relief.

He further added that more proficient basis for calculation of threshold yield was implemented and the insurance coverage included prevented sowing/planting risk and post harvest losses due to cyclone in coastal areas.

Besides, it had the minimum indemnity level of 70 per cent to 60 per cent, he said.

Farmers wanted the State Government to act swiftly to switch over to the Modified NAIS as the irrigation for paddy cultivation across the State has already begun.

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Clusterbean contract farming taking roots

Staff Reporter

In Vilaththikulam block of Tuticorin district

— Photo: N. Rajesh

Seasonal crop:S. Raja Mohamed, Assistant Director of Horticulture, Vilathikulam, inspecting cluster beans in Tuticorin district.

Tuticorin: Farmers cultivating clusterbean in Vilaththikulam block in Tuticorin district under contract farming are the happiest lot as they are getting attractive revenue out of this novel venture.

The probable origin of clusterbean (Cyamopsis tetragonoloba), is West Africa and India. In certain types, the seeds are used for the preparation of gum and these types are not suitable for human consumption. The less water intensive plant grows well in all types of soils and tolerates alkaline soil pH between 7.5 to 8.0 and thrives best in sandy loam. Being a short duration, drought tolerant and a leguminous crop, clusterbean is best advised for summer season in the tracts blessed with these characters.

Clusterbean, being a leguminous crop having a unique built-in mechanism of directly using the inexhaustible stock of nitrogen in the atmosphere, is a very hardy crop and withstands very high temperature as well as severe drought conditions as prevailing in Vilaththikulam block in neighbouring Tuticorin district. It was hitherto being grown not only for seed purpose but also for feeding the goats,

Clusterbean, a warm season crop that is highly adapted to regions with low precipitations and high temperature like Vilaththikulam block, was being grown extensively in about 70 hectares as against 20 hectares during 2008 - 2009 and 40 hectares during 2010 - 2011 in villages namely Ayan Pommaiyapuram, Reddiarpatti, Kodaankipatti, Kottanaththam, Shengappadai, Virusampatti, A. Kumarapuram, Karisalkulam and Guruvarpatti during this summer season.

“The pods of Clusterbean, (Guar in Hindi) are used as vegetable in Northern India, where they are commonly eaten with maize chapattis. It is being cultivated in these villages on ‘buyback' arrangement as the venture has been taken up under contract farming. About 80 farmers have been engaged in this contract farming activities,” said S. Raja Mohamed, Assistant Director of Horticulture, Vilaaththikulam block.

These conducive agro-climatic conditions prevailing at Vilaththikulam block and the buyback arrangement have encouraged this type of clusterbean cultivation. About 5 kgs of Clusterbean seeds of ‘Pusa Navbahar' were given to the farmers by the Sattur-based seed supplier as part of the contract farming to cultivate the crop on one acre Sattur.

This type of clusterbean gives an yield of about 350 to 400 Kg of seeds, leaving behind about 300 to 400 kg of dried opened pods and dried plants in about 90 days from an acre. The seeds were being procured back at Rs. 55 per kg from the producers as against Rs. 50 during last year.

The dried pods and plants were used as feed to the cattle, which in turn gain excellent weight, farmers claim.

Even these opened dried pods and dried plants were also being sold about Rs. 300 per bag of 40 kgs, which in turn gives additional revenue of about Rs. 9,000 to Rs. 10,000.

Thus a farmer growing cluster bean on contract basis gets Rs. 12,000 to Rs. 15,000 as net profit from one acre in about 90 days during this summer season, says B. Kanagavelraj, seed distributor of Guruvarpatti village.

Clusterbean seed thus procured on contract farming from these villages is despatched to Gujarat, Andhra Pradesh and Karnataka seed farms.

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Farmers climb cell tower to protest denial of cotton seed

Correspondent

NALGONDA: Farmers, agitated over failure of the Agriculture Department officials as also traders for the last two days to provide cotton seed, continued their protest in Suryapet town for the third day in a row on Thursday.

They have been queuing up before the Old Bus-Stand ‘Mana Grow More Rythu Seva Kendram' seeking Mico brand of seed. According to officials, farmers were refusing to take other brands which are available.

The official charged some of the seed dealers with winding up their sales maintaining that there were no stock, after selling only a few packs. On Thursday, at least two farmers climbed a cell tower to protest denial of seed they wanted. Persuasion by fellow ryots, police made them come down.

The agitating farmers were also involved in a scuffle with the police, who tried to restore order at queues.

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Rs. 1,259 crore disbursed as crop loan at 1 p.c. interest

Bangalore: The Government-run cooperative societies and banks have disbursed crop loans to the tune of Rs. 1,259 crore to 3.43 lakh farmers at 1 per cent rate of interest in the first two months of the current fiscal (2011-12).

Minister for Cooperation Laxam Savadi said a large number of farmers from Bijapur, Bagalkot and Belgaum districts have taken crop loans from cooperative societies and District Cooperative Credit Banks.

Crop loans amounting to Rs. 7,000 crore would be disbursed to farmers in 2011-12 against Rs. 4,700 crore in the previous year, the Minister said.

With less interest rate burden on farmers, the recovery rate is expected to touch 95 per cent this year against 88 per cent last year, Mr Savadi said.

Suspended

Stanley Kumar, Honnali branch manager of Davangere DCC bank, has been suspended on charges of irregularity in the disbursement of crop loans to farmers. He has allegedly cheated the bank of Rs. 3 crore by producing documents related to bogus crop loans. An inquiry has been ordered and the officer's properties have been attached, he said.

Rules changed

The department has issued an order changing the recruitment rules for appointing personnel for DCC banks and cooperative societies. Now the management of the bank or society has to conduct a written test for recruiting candidates.

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‘Hike crop loss compensation'

Hassan: The State Government should increase compensation for crop loss due to elephant attacks in the district, D.C Sannaswamy, president of the Congress SC and ST Cell in Hassan, demanded here on Thursday.

He told presspersons that farmers were being given just Rs. 800 to Rs. 1,000 an acre for the crop loss they suffered due to elephant attacks. The Government should provide at least Rs. 25,000 an acre as compensation in case of loss of paddy and coffee crops.

Mr. Sannaswamy alleged that the Government was insensitive to the problems that people were facing due to elephant menace.

Delegation to Delhi

According to a communication from the Information Department, Housing Minister and in charge of Hassan V. Somanna has assured people of the district that a delegation of people's representatives would be taken to Delhi to apprise the Centre of elephant menace issue.

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Watershed development scheme progressing

PALAKKAD: The first stage of the Nadupani watershed development scheme in Chittur taluk for conservation of soil, water and biodiversity has been completed at a cost of Rs.53.56 lakh.

The scheme was implemented with financial assistance from the NABARD in 471 hectares of area in Pattancherry and Muthalamada grama panchayats.

The second stage of the project will be implemented at a cost of Rs.57.58 lakh after getting the required sanction, Agriculture Department officials here said.

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http://www.thehindu.com/2011/06/17/stories/2011061760670400.htm

Farmers strike gold with precision farming

G. Prabhakaran

Reaping profit: A farmer at his precision farm at Pattancherry in Chittur.

PALAKKAD: High-tech precision farming is luring farmers in the State, particularly in Chittur taluk of the district, with the promise of high profits. An estimate puts the profit from an acre (0.4 hectare) of plantain, chilli, tomato, cucumber, brinjal, or capsicum crop at between Rs.75,000 and Rs.1.5 lakh.

Of the 1,000 farmers who have taken up precision agriculture in the State, 700 are in the district. In Chittur, 10 Kudumbasree units have adopted it.

The Perumatty and the Pattancherry grama panchayats have submitted precision-farming projects estimated at Rs.1.75 crore under the Rashtriya Krishi Vikas Yojana.

Precision farming helps optimise use of inputs and maximise output, saving water and energy.

Less manpower

The need for manpower is less. The production cost thus comes down. Applying the right amount of inputs in the right place at the right time, benefiting crops, soil, groundwater, and the entire crop cycle, can be called precision farming. The modern method provides scope for using upgraded technology.

K. Krishnankutty, president, Perumatty Service Cooperative Bank, says Tamil Nadu Agriculture University in Coimbatore has trained Chittur farmers in precision farming. The university implemented a precision-farming project in Dharmapuri and Krishnagiri districts of Tamil Nadu, where, since 2004, thousands of farmers have been taking it up.

M. Mohanan, who has taken up precision farming at Pamkulambu Kalam in Chittur, says he has been cultivating plantain of the G-9 Israel variety on two acres of land using the method for the past three years.

He is planning to replant the area after completing the third harvest, with each bunch weighing 30-35 kg. The crop has also yielded 2,000 saplings.

“I receive a net profit of Rs.75,000 an acre annually. Earlier, I used to get just Rs.20,000. Chilli cultivation is more profitable. From one acre planted with the hybrid Zera variety last year, I received a profit of Rs.1 lakh. I sold chilli at Rs.15 a kg, but the shops sold it at Rs.40 a kg,” he said.

“For installing the drip irrigation facility required for precision agriculture, the Kerala Horticulture Mission gives a 90 per cent subsidy.”Kudumbasree units and the grama panchayats from various parts of the State show interest to take up precision farming, particularly of vegetables, owing to the high productivity and good profits.Nearly 1,000 farmers have registered with Vegetable and Fruits Promotion Council, Keralam, and other agencies in Chittur taluk to take up vegetable cultivation starting in the July-August season. Some farmers in Kollam and Alappuzha districts have also taken up precision farming.

Farmers' clusters are formed to take up vegetable cultivation on a large scale for selling it within the State and also for exporting, say Horticulture Mission officials.

hindustantimes

Fri,17 Jun 2011

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Friday, Jun 17

Max	Min
37.5°	26.7°

Rain: 0.2 mm in 24hrs	Sunrise: 5:42
Humidity: 71%	Sunset: 18:36
Wind: Normal	Barometer: 1003.0

Tomorrow's Forecast

Cloudy

Saturday, Jun 18

Max	Min
37°	27°

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Jun 19	**Jun 20**	**Jun 21**	**Jun 22**	**Jun 23**
34° | 28°	34° | 28°	35° | 28°	36° | 28°	35° | 29°
Rainy	Rainy	Rainy	Rainy	Rainy

THE TIMES OF INDIA

Food inflation down marginally to 8.96%

PTI | Jun 16, 2011, 01.14pm IST

NEW DELHI: Food inflation went down marginally to 8.96 per cent for the week ended June 4 on the back of cheaper pulses and vegetables.

Food inflation, as measured by the Wholesale Price Index (WPI), stood at 9.01 per cent in the previous week, while it was over 21 per cent in the first week of June last year.

The latest fall, although very marginal, is likely to be seen as a silver lining by the government, which has been battling the high rate of price rise across all segments for the past few months and also had to contend with low economic growth and factory output numbers in recent months.

Headline inflation in the country stood at 9.06 per cent in May.

The Reserve Bank has already hiked its key policy rates 10 times since March, 2010, to tame demand and curb inflation. The latest hike of 25 basis points in the short-term lending (repo) and borrowing (reverse repo) rates was announced today.

During the week under review, prices of pulses went down by over 10 per cent year-on-year, while vegetables became cheaper by 1.39 per cent.

However, prices of other food items continued to move upward.

Fruits became almost 30 per cent more expensive, while milk was up 10.59 per cent. Eggs, meat and fish became dearer by 7.31 per cent on an annual basis.

The prices of onions went up by 12.17 per cent and potatoes by 1.14 per cent. Cereals were also up by 5.25 per cent.

Overall, inflation in primary articles stood at 12.86 per cent during the week under review, up from 11.52 per cent in the previous week. Primary articles have a share of 20 per cent in the overall WPI basket.

17 Jun, 2011, 05.24AM IST, Madhvi Sally,ET Bureau

Weak demand, heavy selling hit cotton prices

AHMEDABAD: Cotton prices fell by Rs 2,000 per candy (a candy weighs 256 kg) in the last two days across Gujarat. Heavy selling by traders and weak demand in physical market have dent the prices, feel traders.

Unseasonal rains have also ensured huge stocks in mandis. The Directorate General of Foreign Trade (DGFT) is likely to issue a notification on the quota allotment process on Friday.

"Shankar 6, which was earlier fetching Rs 42,000 a candy, was selling at Rs 40,000 a candy on Thursday in Kadi mandi. Yarn manufacturers are not purchasing, owing to the existing carry forward stock and poor demand from the garment manufacturer," said Kadi-based ginner Paresh Haribhai Patel.

The ginner's unit Uday Cotton Industry has an annual capacity to gin 1.2 lakh bales (one bale=170 kg). Kadi is the biggest ginning hub in the country, processing 10,000-15,000 bales daily. The current arrival of cotton in the state is expected to be over 12,000 bales with exporters and traders largely making the purchases.

"The arrivals are more than the previous year's at this period of time owing to unseasonal rains. Farmers are selling the crop even as others watching the market developments," added Patel. Poor demand from finished goods manufacturers and mills is expected to keep cotton prices bearish, feel traders.

On the NCDEX, cotton contract expiring on February 29 traded in a range of Rs 709 to Rs 730 per 20 kg, registering a decline of Rs 30. After India re-opened export of cotton by allowing 10 lakh bales export, traders and farmers were expecting the prices to go up.

"Prices are likely to remain bearish. The macro factors like economic condition and bank rates are not supportive except for bad weather condition in America. Cotton growing in north hemisphere like China, Pakistan, CIS countries will also have a bearing on prices," said Northern India Cotton Association president Rakesh Rathi.

A Maharashtra-based trader said that good quality cotton could touch Rs 35,000 a candy in the coming days. "We don't expect the prices to come back to the previous levels even as the export begins with a huge cotton stock in the country," said Delhi-based VRA Cotton Mills chairman Vinod Ahuja.

16 Jun, 2011, 12.04PM IST,PTI

Cardamom futures down on sluggish spot demand

NEW DELHI: Cardamom prices fell by 17 to Rs 853 per kg in futures trading today, as speculators indulged in reducing their positions amid sluggish spot market demand.

Adequate stocks following increased arrivals from the producing regions further dampened the trading sentiments.

On the Multi Commodity Exchange , cardamom for delivery in October fell by Rs 17, or 1.95 per cent, to Rs 853 per kg, with a business turnover of 73 lots.

Similarly, the spice for delivery in July lost Rs 4.90, or 0.62 per cent, to Rs 791 per kg, with a business volume of 314 lots.

Business Standard

Friday, Jun 17, 2011

Groundnut acreage may decline as farmers shift to cotton

Reuters / Mumbai June 17, 2011, 0:27 IST

Initial trends suggest India's groundnut acreage is likely to fall in the 2011-12 kharif season because a cotton rally has hoisted it past a raised government-fixed minimum support price for the oilseed, industry officials said.

Gujarat and Andhra Pradesh are the top two groundnut producers of India and initial sowing reports from the states show a drop in area.

In Gujarat, farmers cultivated the crop on 71,300 hectares as on June 13, against 101,200 hectares in the same period a year ago. While in Andhra Pradesh, groundnut halved to 8,000 hectares till June 8, against 16,000 hectares in the same period last year.

The raised minimum purchase price of groundnut is up by 17.4 per cent to Rs 2,700 a quintal for the 2011-12 crop year.

"The rise in minimum purchase price doesn't help the farmers when the market price is already higher," Govind Patel, partner of Rajkot-based Dipak Enterprises, said.

Spot groundnut price in Gujarat is hovering at Rs 3,500 a quintal, compared to around Rs 2,800 a year ago.

Groundnut acreage will dip because farmers will turn to other profitable crops like cotton as is the case in both these states, Patel said.

In both states, cotton acreage has risen sharply at the cost of groundnut. The cash crop was sown on 223,500 hectares in Gujarat as on June 13, as against 145,700 hectares last year.

In Andhra Pradesh, cotton acreage as on June 8 more than doubled to 38,100 hectares against 18,000 hectares.

“Initial reports are indicating rise in cotton acreage, but it is too early to predict about final sowing area,” said B V Mehta, executive director of the Solvent Extractors’ Association of India.

“A large drop in groundnut area is unlikely. Prices are good in physical market.”

In the 2010-11 summer season farmers had cultivated groundnut on 4.98 million hectares compared to 4.47 million hectares a year ago. In India the oilseed is grown both in summer and winter, though summer crop accounts for about 70 per cent of the output.

“We will have to wait for some more time before reaching any conclusion, as the current figures are only related to pre-sowing,” B R Shah, director of agriculture, Gujarat, said.

Traders also said a recent rally in groundnut prices do not point to a large shift to cotton. “Prices rose around 30 per cent in the last couple of months, while cotton prices have declined sharply during the period,” said Ketan Sudani, a trader from Junagadh in Gujarat. Cotton prices in the Indian spot market have now fallen to Rs 43,000 a candy of 356 kg each, from a record high of Rs 61,700 on March 30. But still they are up 55 per cent on the year.

Monsoon rains have covered some parts of Andhra Pradesh and Gujarat.

The country’s summer-sown groundnut output in 2010-11 rose to 4.1 million tonnes, from 3.29 million tonnes a year ago, according to the Central Organization for Oil Industry and Trade.

DGFT may curb cotton export application quantity

Dilip Kumar Jha / Mumbai June 17, 2011, 0:25 IST

The Directorate General of Foreign Trade (DGFT), responsible for monitoring smooth shipment of 1 million bales (1 bale = 170 kg) of additional cotton exports, has framed stringent guidelines for export applications, likely to be announced soon.

Trade sources say DGFT would restrict registrations to genuine exporters and cap on maximum application quantity at 100,000 bales. This is unlike the earlier round, when there was no such bar on application quantity and many opportunistic exporters applied for even 1 million bales.

Earlier, the government had capped cotton exports at 5.5 million bales. However, the agriculture ministry had opposed the cap, arguing that production was more than consumption this year. As a consequence, DGFT, according to sources, received applications for over 40 million bales.

Since the scrutiny of all applications was difficult, DGFT allotted a random 10 per cent of applied quantity to all applicants. Those who applied with genuine quantity of stocks and orders, therefore, were left behind in the process and many fresh entrants successfully obtained permission for exports.

A number of irregularities were found later, with inexperienced traders passing on the permitted quantity to perennial exporters at a cost.

Since cotton prices were high overseas, Indian exporters were eager to make maximum possible profits through shipment of the textile raw material. Overseas demand was also very high. Now, cotton prices both in global and Indian markets have fallen 33 per cent since the beginning of this year and demand has also declined due to cheaper replacement substitutes. Only real exporters will be able to make a dent this time, a trader said.

“Other than some stringent guidelines, the government is believed to have put a cap on application quantity, which is very new,” said M B Lal, ex-chairman of Cotton Corporation of India and managing director of Mumbai-based Shail Exports. According to an industry official, many trade associations have met DGFT officials with demands to restrict the maximum application quantity of 100,000 bales. Although, the consultations are still on, the government is believed to have met the industry’s demand in the interest of cotton exporters.

Genuine exporters are happy with this proposed guideline. The textiles ministry had opposed easing the export cap on the grounds that cotton production in 2010-2011 was estimated to be 31.2 million bales, down from its earlier estimate of 32.5 million bales. However, its objection did not find much support.

FCI studies consultant's grain storage suggestions

Komal Amit Gera / Chandigarh June 17, 2011, 0:22 IST

The Union government may soon issue its awaited report on combining with private business to establish grain silos.

Mott MacDonald, the management and engineering consultants hired by the Planning Commission for a feasibility study on setting storage for two million tonnes (as announced by the finance minister of India in Union Budget 2011), has given an interim report.

It is being discussed by a sub-committee of the Food Corporation of India, which is to send its observations to top FCI officials this week. This would be then sent to the food ministry and the Planning Commission.

A Commission panel under member Abhijit Sen is to prepare a policy framework on the issue.

FCI sources say the report suggests silos in consuming states; at present, these are mostly in the producer states of the north. It has also made a comparative analysis of silos in the US, China, Australia and Canada and suggested a suitable model for Indian requirements.

With a record procurement of 26.2 mt of wheat expected this year (last year’s was 22.5 mt), the additional capacity creation is high priority with the food ministry. However, the total foodgrain stock (wheat and rice) in the central pool was 65.6 mt in June, according FCI.

The government has tried to get private investors interested in creation of food storage but there have been problems.

For instance, a silo of 50,000-tonne capacity put up by L T Foods at an investment of Rs 36 crore has been unutilised in Amritsar district of Punjab for two months due to procedural hiccups, say company officials. Punjab government officials would not comment.

Agri ministry for 3-5 mt rice exports

Anindita Dey / Mumbai June 17, 2011, 0:18 IST

Food ministry opposes the move due to food security concerns and high inflation.

The ministry of agriculture has recommended allowing export of three-five million tonnes (mt) of rice, following a bumper crop this year. This is based on the recommendation of the Commission for Agricultural Costs and Prices (CACP) in its report on minimum support price (MSP) for kharif crops.

“The buffer stock of foodgrain is around 65 mt as against a desired level of 30-35 mt,” official sources said. The country banned shipments of wheat in early 2007 and non-basmati rice in April 2008 to bolster domestic supplies. The central pool collected a total foodgrain stock (wheat and rice) of 65.6 mt in June this year, almost triple the quantity collected five years ago, according to the Food Corporation of India (FCI).

The agriculture ministry increased MSP of common variety of raw rice to an all-time high of Rs 1,080 a quintal and an additional bonus of Rs 80 a quintal. Due to high inflationary condition, MSP for paddy was also fixed at Rs 1,080 per quintal, up from Rs 1,000 a quintal last year. The ministry has decided to declare bonus only if prices fall in the domestic market due to surplus existing stock and the government will not allow non-basmati rice exports, officials said.

The food and consumer affairs ministry on the other hand, has opposed the recommendation for export due to food security and high inflation. The government needs 70 mt of rice and wheat to meet demands of the proposed Food Security Act, under which the Centre plans to give legal rights on subsidised food to about 70 per cent of the country’s population.

In February, expecting a record rice production and surplus stocks with FCI, the government partially rolled back the ban on non-basmati rice exports. It allowed export of up to 150,000 tonnes of three varieties of non-basmati rice. These varieties are ponni, rosematta and sona masuri, grown in Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. Before the rice export ban in 2008, the country used to export around Rs 8,000 crore worth of non-basmati rice annually.

A study on aromatic short grain rice prepared by the Indian Agricultural Research Institute and the Agricultural and Processed Food Products Export Development Authority has identified varieties such as kalanamak, tilakchandan and jeerabati (UP), kala jeera (Orissa), katrani (Bihar), ambemohar (Maharashtra), govindbhog and badshahbhog (West Bengal), dubraj, badshahbhog and jawaphool (Chhattisgarh) and kala joha (Assam) which could be harnessed and developed for their export potential.

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Planters' body to showcase innovative low-cost farm practices

Bangalore, June 16:

Karnataka Planters' Association (KPA) plans to showcase innovative low-cost farm practices developed by growers.

A few growers have developed innovative methods to control damage of coffee plants from extreme rainfall and labour shortage in the estates. The association held a workshop in Chikmagalur on Thursday to share the best practices on replanting for mechanisation, innovative steps in irrigation system and pepper traceability.

The KPA chairman, Mr Sahadev Balakrishna, said at the workshop: “Consumers worldwide are nowadays concerned about what they consume and are increasingly demanding traceability. Consumers ask which country or region is it coming from and the farm practices followed in cultivation.

“Griffith Laboratories globally sources around 5,000 tonnes of pepper annually. Keeping this in mind we invited the company representatives to share their views and also for a better linkage between grower and the company directly.”

KPA's convener for scientific committee, Mr Nishant Gurjer, said the plantation sector should either find a solution for labour shortage or should go in for mechanisation. The Coffee Board has earmarked Rs 50 crore for mechanisation of plantations. The money will disbursed as subsidy.

Mr Gurjer said: “It is in this context that the KPA decided to showcase works of Mr Regis Gustave of St Joseph's Estate, Pulneys, in Tamil Nadu who has extensively worked on replanting for mechanisation. Mr Gustave has replanted this estate in such a way that mechanisation can be introduced in all aspects.”

Another aspect affecting the coffee plantation belt is erratic or unseasonal rains. To address this issue, various irrigation system are under experimentation.

According to Mr Marvin Rodrigues, Vice-Chairman, KPA: “Dr Anand Periera of Kirehally Estate in Sakleshpur has developed a low-cost irrigation system where it takes just three-four days to irrigate 120 acres as compared to traditional methods which takes 18 to 20 days.”

Farm commodity prices may ease from current peaks

Markets unlikely to collapse, says Rabobank

Chennai, June 16:

Prices of agricultural commodities are set for a sharp fall in the coming months.

In fact, they should be about to fall off a cliff.

Rabobank, tracing the history of agricultural commodities, says that following every significant grains market rally since 1980, there has been a sharp and significant collapse in prices with most corrections starting in July or August.

Major rallies in coffee have collapsed with the progress of summer, while cotton typically comes under pressure during this time of the year.

“We do not expect a collapse in price this time, but we are forecasting an easing in prices over the second half on a quarterly average basis,” said analysts Mr Luke Chandler, Keith Flury and Erin Fitzpatrick of the bank in their monthly outlook.

Still, prices may rise to record in the coming weeks, particularly towards the month-end. The third and fourth quarter should see drop in prices.

However, given the current production uncertainty; and tight US and global fundamentals, particularly for corn, cotton and sugar, prices could remain higher in the next 12 months, though a little off the highs set during the second quarter.

“We believe the situation this time around is different from other rallies given our forecasts for fundamentals to remain incredibly tight into 2012,” the analysts said.

There were too many risks this time for prices to collapse quickly back to long-run average levels.

Previous bull rallies of such magnitude have seen prices collapse by 50 per cent in the next growing season. Macro uncertainties remain and fears of a global slowdown, particularly Chinese economic growth, are likely to weaken demand and speculative interest in agricultural markets.

Fundamental projections for 2011-12 were “incredibly” tight and favourable seasonal conditions were required between now and harvest to maintain current low stock to use levels, the analysts said.

Wheat

Prices are set to ease in the third quarter as Russian exports return to the market. Production risks diminish but support from corn market remains. Protein spreads likely to remain elevated with further upside expected to new crop spreads.

Corn

Prices are expected to ease in the second half but they may not collapse. June 30 would be a big day for the corn market as the US Department of Agriculture will release quarterly stocks and planted acreage estimates.

Soyabean

Prices are likely to decline seasonally but will remain near historical highs due to year-on-year fall in production and tight global vegetable oils stocks. Soyabean prices must increase relative to corn before South American plantings begin to encourage increased production.

Palm oil

A higher than expected yield will weigh on prices, encouraging a rise in demand. The bank has lowered its price forecast to 2,800 Malaysian ringgits in the fourth quarter on the back of increased production in Indonesia and Malaysia. Demand could rebound with production as palm oil's discount to soya oil widens.

Sugar

Heavier fundamentals loom in the new season after prices rallied on short term supply constraints. Exporter port congestion and concerns that current Brazilian crush will not meet expectations have perked up prices. Better harvests expected in the new season are likely to cap the rally in the medium term.

Cotton

A better supply outlook will cast its shadow on cotton prices. But lower inventories and concern over US new crop conditions remain. Favourable weather in India and China and continued signs of slack demand for old crop has pressured the market.

Speculators' interest in buying at current prices with low global stocks and production risks have tempered any correction in price.

Coffee

Ongoing Brazilian harvest and fewer speculative interest could crush coffee prices. Still, strong demand continues to underpin the market. Arabica prices are seen under pressure on higher selling and successful Brazil harvest. Higher short positions also point to drop in prices.

Cocoa

A strong commercial support is keeping prices firm despite ample short-term supply and political clam in West Africa. Higher exports from West Africa have not been able to push prices lower due to industrial buying. The potential is bullish for the new season due to forecast of deficit.

Monsoon warms up egg prices

Chennai, June 16:

The onset of monsoon has brought cheer to the poultry industry that had faced a temporary lull during summer.

Demand for poultry products is on the rise. Hence, the Namakkal-based National Egg Coordination Committee (NECC) has decided to hike egg prices by seven paise to Rs 2.64 a piece this week. Last week, egg prices rose 6 per cent to Rs 2.54.Egg prices touched a record Rs 3.02 in January, while broiler prices skyrocketed to Rs 75/kg during March-April as surging vegetable prices brought in more demand for poultry products.

Industry sources attribute the rise in prices to demand on home turf, pricey fish in neighbouring Kerala (due to the 45-day fishing ban imposed by the State that is to last till July) and reopening of schools in Tamil Nadu — a major consumer of eggs under the noon-meal scheme.

Interestingly, the rise in prices is despite an increase in production this time around. Statistics show that during May last year, the production was at 265.5 lakh eggs while this May it is at 277.92 lakh eggs.On the export front, the much-awaited ferry service between Tuticorin and Colombo is expected to provide a shot in the arm to the industry, whose export basket almost dried up and is now looking at Sri Lanka.

Meanwhile, prices of layer birds ruled flat while that of cull birds dropped. NECC has maintained the rates of layer birds at Rs 44/kg while the Broiler Coordination Committee has trimmed the price to Rs 60/kg (Rs 62/kg).Namakkal's poultry industry is planning to scale up its layer birds capacity to meet increasing demand. The strength of layer birds in the Namakkal Zone, as on March, stood at 45.9 million, and the industry hopes to add another 4 million layer birds to this.

Wheat prices fall on lukewarm trading

Karnal, June 16:

With trading being lukewarm, the prices of dara and desi wheat witnessed a downtrend and dropped marginally by Rs 5-20 a quintal on Thursday. The dara variety, despite low arrivals, witnessed a downtrend. Prices of dara wheat dropped marginally by Rs 5 a quintal and ruled at Rs 1,180 a quintal.

Only around 350 tonnes of dara variety arrived from the Uttar Pradesh and the stocks were directly offloaded at the mills. Mill delivery was at 1,175-1,178, while it traded at Rs 1,180 at the retail market.

After witnessing a good rally in the beginning of this week, flour prices witnessed some correction. Flour prices declined by Rs 15 for a 90 kg bag on account of decrease in demand, said Mr Sewa Ram, a wheat trader. The correction was anticipated and prices may continue to rule around the current level for the next few days, he added.

Similarly, in desi wheat, thin trading pulled few varieties down by Rs 10-20. Tohfa variety remained unchanged and was quoted at Rs 2,250 a quintal. Maruti dropped by Rs 10 and ruled at Rs 1,890, Lal Quila dropped further by Rs 15 at Rs 1,935, while A-1 variety fell by Rs 20 at Rs 2,150 a quintal.

Flour Prices

Decrease in demand led flour prices down by Rs 15 and was quoted at Rs 1,235 for a 90 kg bag, against the levels of Rs 1,250 quoted in the beginning of this week. Similarly, Chokar prices dropped marginally by Rs 5 at Rs 580 for a 49 kg bag.

Lack of bulk buyers caps rubber market

Kottayam, June 16:

Physical rubber prices continued to remain in a mixed mood on Thursday. Though the market seemed to be experiencing short supplies, overall gains were limited due to the absence of quantity buyers from major consuming sectors. Sustained rains disrupted the tapping in almost all the plantation areas but the weakness in domestic and international futures affected the sentiments partially, an observer said.

Sheet rubber improved to Rs 228 (227.50) a kg both at Kottayam and Kochi, according to traders and Rubber Board. Volumes were comparatively low as the inflow was meagre even from the village markets.

The July series weakened to Rs 229.92 (231.57), August to Rs 231.85 (233.30), September to Rs 230 (231.76), October to Rs 229.15 (229.50) and November to Rs 229.30 (230.26) while the December series concluded the debut trading at Rs 227.00 a kg for RSS 4 on the National Multi Commodity Exchange.

RSS 3 (spot) dropped further to Rs 231.14 (231.65) a kg at Bangkok. The June futures weakened to ¥412.5 (Rs 229.47) from ¥414 a kg during the day session and then to ¥410 (Rs 228.07) in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 228 (227.50); RSS-5: 226 (226); ungraded: 222 (222); ISNR 20: 224.50 (224) and latex 60 per cent: 143 (143).

Higher volume on offer at Coonoor tea auction

Coonoor, June 16:

The offer for the auctions of Coonoor Tea Trade Association continues to be high with huge arrivals of fresh tea, although there has been a drop in the overall volume available for sale.

An analysis of brokers' listing indicates that 16.04 lakh kg is being offered for Sale No: 24 to be held this week. This is the second largest volume offered so far in 2011. It is some 43,000 kg less than last week's offer which is the highest so far this year. It is about 1.32 lakh kg less than the offer this time last year.

Of the 16.04 lakh kg on offer, 11.08 lakh kg belongs to the leaf grades and 4.96 lakh kg to the dust grades. As much as 14.91 lakh kg belongs to CTC variety and only 1.13 lakh kg, orthodox variety.

The proportion of orthodox teas continues to be low in both the leaf and dust grades. In the leaf counter, only 0.56 lakh kg belongs to orthodox while 10.52 lakh kg, CTC. Among the dusts, only 0.57 lakh kg belongs to orthodox while 4.39 lakh kg, CTC.

In the 16.04 lakh kg, fresh teas account for 14.52 lakh kg. About 1.52 lakh kg comprises teas which had remained unsold in previous auctions.

Lack of buying hits soya oil, seeds

Indore, June 16:

Soya oil and seeds bore the brunt of a sluggish foreign market on Thursday, leading to complete absence of buying in the physical market. Taking cues from weak global cues, panicky traders preferred to stay away from the market, leading to fall in soya refined to Rs 605-607 for 10 kg, down Rs 5-7 in the past 2-3 days.

Absence of buying dragged soya solvent to Rs 574 and in delivery to Rs 578.

According to traders, rise in arrival of soyabean in Madhya Pradesh and increased selling pressure have kept prices down.

With rise in arrivals and a negative USDA report, traders were reluctant to buy, said a soyabean trader Mr Mukesh Purohit.

This is evident from the fact that soya oil prices which were ruling at Rs 615-Rs 622 for 10 kg on June 1 in the current month has declined to Rs 607-10 now.

On the NBOT, soya oil closed Rs 8.20 lower at Rs 630.80. NCDEX June and July contracts closing lower at Rs 633.50 and Rs 630.70 respectively.

Soya oil June and July contracts on the NCDEX had opened at Rs 635.50 and Rs 639 respectively.

Soyabean in State *mandis* on Thursday was quoted at Rs 2,170-2,220 a quintal against Rs 2,200-2,240 a quintal on Wednesday. In Indore *mandis* also soyabean declined to Rs 2,200-2,230 a quintal. Plant deliveries in soyabean declined to Rs 2270-80 a quintal on weak buying support.

In absence of demand in the export market, soyameal ruled sluggish with prices on the port on Thursday being quoted at Rs 17,400-17,500.

'Monsoon so far good, to encourage farm output'

New Delhi, June 16:

The Reserve Bank today said the progress of southwest monsoon has been “satisfactory” so far and will help boost farm output in the 2011-12 crop year.

“The progress of southwest monsoon has so far been satisfactory, which augurs well for agricultural production,” the central bank said in its mid-quarter credit policy review.

Good monsoon is necessary for India’s economic growth as more than 60 per cent of the country’s total population is dependent on agriculture and allied activities. Besides, increase in foodgrains production will help improve supply situation and contain the high inflation of over nine per cent.

Speaking about the monsoon trend, the Agriculture Secretary, Mr P.K. Basu, had recently said: “The spread of rainfall across the country is “perfect” till date and I hope the area under paddy and other kharif crops will be better than last year.’’

He had also expressed confidence that if good rains continue, the country is likely to harvest a record 102 million tonnes of rice in the 2011-12 crop year (July-June).

Sowing of kharif crops like paddy and pulses commenced from the current month and is expected gather pace with rains in the coming weeks.

Southwest monsoon set in over Kerala on May 29, two days earlier than the forecast made by the India Meteorological Department (IMD).

The IMD has forecasted that rainfall during the four-month season was “most likely” to be normal this year, at about 98 per cent of the Long Period Average, with a model error of plus or minus five per cent. However, the forecast is not final and IMD will update it in the current month.

Due to drought in 2009-10 and 2010-11 in some parts of the country, the country’s paddy production had suffered.

Last year, the overall good monsoon had helped the country to harvest a record foodgrains production of 235.88 million tonnes. There was bumper production of wheat, pulses and cotton in 2010-11 crop year.

PEC invites bids for 6,000 t pulses import

New Delhi, June 16:

State-owned trading firm PEC has invited bids for the import of 6,000 tonnes of pulses for sale in the domestic market.

The last date for submission of bids is June 22 and a decision on awarding the contract will be taken on the same day, a notice on the company's website said.

The company said while 2,000 tonnes of green lentils of the crop year 2010 are to be sourced from both the US and Canada, another 2,000 tonnes of lemon tur of the crop year 2011 are to be sourced from Myanmar.

The consignments are to be delivered at the Chennai port between July-August, it added.

PEC, MMTC and other state-run trading agencies like STC import different varieties of pulses on behalf of the government to augment domestic supply.