

Food inflation eases to single digit at 9.52 %

Special Correspondent

NEW DELHI: In a much-awaited breather for the government engaged in battling the price spiral, food inflation eased to single digit at 9.52 per cent for the week ended February 26 from 10.39 per cent in the previous week owing to a fall in the prices of certain edibles such as potatoes and pulses even as other items continued to rule at higher levels.

The 87 basis point decline in food inflation to single digit has come about after a gap of nearly three months as the last time it was under the 10 per cent mark was for the week ended December 4, 2010, when it stood pegged at 9.46 per cent, as per the provisional WPI (Wholesale Price Index) data.

Commenting on the downtrend, Prime Minister's Economic Advisory Council Chairman C. Rangarajan said: "Food inflation [is] in single digit... It will come down to below 7 per cent by the end of March."

According to economic analysts, the dip in food inflation is unlikely to douse overall inflationary expectations, mainly owing to the rising trend in global commodity prices.

In particular, with the political turmoil in the Arab world nowhere near getting resolved in the short-term, the resultant spike in crude oil prices is a matter of grave concern for all oil import-dependent economies such as India.

In the event, despite the fall in food inflation, the Reserve Bank is unlikely to press the pause button on its monetary tightening measures during its mid-quarterly policy review on March 17 as some essential items are still ruling at higher levels.

New scheme launched for Rajasthan farmers

Special Correspondent

JAIPUR: The Rajasthan Government's Cooperative Department has launched a new scheme for supplying agricultural equipment on payment of a nominal rental fee to farmers in 18 districts of the State.

The village cooperative societies will provide the gadgets to agriculturists for a duration mutually agreed upon.

According to Registrar of Cooperative Societies P. S. Mehra, the equipment will be supplied to farmers while taking into account their demand and the requirement generally observed in the respective regions.

The equipment will include seed-cum-fertiliser drills, multi-crop power pressure, disc ploughs and tractors.

The cooperative societies and beneficiaries will be selected by March 23, while priority will be accorded to small and marginal farmers and members of cooperative institutions.

Financial support

Mr. Mehra said the scheme, getting financial support from the National Agricultural Development Programme, would be implemented in the first phase in Churu, Hanumangarh, Bikaner, Sriganganagar, Jhunjhunu, Jaisalmer, Sikar, Jhalawar, Nagaur, Pratapgarh, Jaipur, Sawai Madhopur, Tonk, Banswara, Chittaurgarh, Dungarpur, Karauli and Udaipur districts.

Bihar imposes moratorium on Bt maize trials

Shoumojit Banerjee

Patna: In an important decision, the Bihar Government has decided to disallow field trials of Bt maize in the State, citing probable hazards to personal health and the environment in general.

Speaking to journalists outside the State Legislature, Chief Minister Nitish Kumar said that taking cognizance of the dangers involved, "the State could not grant permission to companies to conduct trials of Bt maize on Bihar's soil."

He said he had spoken to Union Minister for Forests and Environment Jairam Ramesh, urging him to withhold further trials, currently under way in Begusarai and Bhagalpur districts of Bihar.

"Mr. Ramesh has directed the Genetic Engineering Approval Committee to stall field trials in the two districts," said Mr. Kumar, noting the harmful effects of genetically modified seeds on crop production, which could result in a variety of environmental and health hazards.

State governments must henceforth be consulted if Bt maize trials are to take place in a particular State, he urged.

Mr. Kumar said it was vital to bring forth some legislation on the marketing of agricultural seeds to aid the farming community.

Noting that seed distribution companies usually sold their products before the appropriate time, he said it was imperative that farmers be supplied with requisite information so that they could make informed decisions in the future. "This law must be formulated as soon as possible if they [the farmers] are to benefit in any way."

Farmers demand status report on floriculture

Special Correspondent

Udhagamandalam: The need to constitute a committee to go into the status of the floriculture industry in the Nilgiris has been stressed by the Nilgiris District Floriculture Small Farmers Association.

In a memorandum sent to the Nilgiris Collector, Archana Patnaik, the association said that it should include persons who have done research in floriculture or professors from an agricultural university and representatives of small farmers.

The study should focus on the difficulties confronting floriculturists.

Adverting to a study conducted by the Department of Horticulture and its conclusion that 60 per cent of the farmers were making profit, it claimed that it was biased and the officials did not want to accept the ground reality.

Contending that floriculture had been introduced in the Nilgiris in a hasty manner, the association claimed that it was a failure. It listed various reasons for substantiating its claim. It pointed out that a company identified as an anchor promoter was not active now and the flower auction centre had ceased to function. Insurance companies are hesitating to implement schemes for cut flowers, it added.

Date:11/03/2011 URL: <http://www.thehindu.com/2011/03/11/stories/2011031164080700.htm>

'Support party that has farmers' interest in manifesto'

Staff Reporter

Tamizhaga Vivasayigal Sangam hold executive committee meeting

KRISHNAGIRI: The Tamizhaga Vivasayigal Sangam have decided to support that political party which included genuine and legitimate demands of the farmers in their manifesto, said M.R. Sivasamy here on Thursday.

Speaking at the state executive committee meeting of the Sangam here, Mr Sivasamy said the association would support the party which would include the 20-point charter of demands of the farmers.

Sugarcane

These include Rs. 3,000 price fixation per tonne of sugarcane, waiver of loans availed of from nationalised banks, allowing the MNREGS scheme for agriculture purposes, permission to shoot wild animals which destroys crops, Rs. 5,000 monthly wages, offering twice the market rate for lands acquired by the government, Rs. 25,000 production subsidy directly to the farmers among others.

The Sangam also demanded the government to restore three-phase power supply six hours during the day and eight hours during night time for pump sets used in irrigation.

Resolutions were passed at the meeting in the presence of K.M. Rama Goundar, newly-appointed State secretary and S. Ramasamy Goundar, newly-appointed State treasurer. M.G. Velu was appointed district president for Krishnagiri, Vannappa was appointed west district president.

Office-bearers from across the state participated in the meeting.

Date:11/03/2011 URL: <http://www.thehindu.com/2011/03/11/stories/2011031154040900.htm>

Prices of coconut and copra go up

Sharath S. Srivatsa

They have gone up by about 30 per cent pushing up the price of coconut oil too

— FILE PHOTO: K.K. MUSTAFAH



OUT OF REACH:Coconut farmers are rejoicing while consumers have been hit again by the rise in price of an

BANGALORE: Coconut farmers across the State, for once, are rejoicing while the consumers are hit again with the rising prices, as in the last six months, prices of tender coconut, mature coconut and copra has seen a rise by about 30 per cent, pushing up the price of coconut oil too.

The prevailing high international rates for edible oil and also the use of coconut oil along with palm oil in the manufacture of bio-diesel is pushing up the coconut prices here, Deputy Director of Coconut Development Board Vijay Kumar Hallikeri told The Hindu. He said that the price has increased despite an increase in coconut production

There is also a slight variation in coconut production in Kerala, the largest producer in the country, and a general “lean season” for coconut in the months between January and April, he added.

The prices, he said, have gone up also due to the increasing demand for tender coconuts in the domestic market. “While many farmers have removed tender coconuts due to the increase in demand, several others, especially in the Tiptur and Tumkur region, have resorted to copra conversion, resulting in shortage of mature coconuts,” he added.

Record price

According to the Joint Director of Horticulture (Plantation Crops) K.B. Dundi: “The price had never exceeded Rs. 8 a coconut in the wholesale market, as it had remained almost stable

despite the increase in the prices of other crops.” It is a boon for coconut farmers this year as they had been affected by low prices in the recent years, he added.

Karnataka with about 4.05 lakh hectares under coconut cultivation produced 1,635 million coconuts in 2009-2010. The authorities were expecting the production to rise by 5 to 10 per cent during 2010-2011. In 2005-2006, the State produced 1,209 million coconuts. Though Karnataka has the second largest area under cultivation after Kerala, it is Tamil Nadu that comes second after Kerala in terms of coconut production.

L. Jayaprakash, a coconut farmer in Sira taluk of Tumkur, said that he had never seen such a good price in the past, though he does not know the reason for the steep spike.

Business hit

Meanwhile, boon to farmers is not so good news to customers and coconut traders here. Traders, who have reported a decline in business after prices started firming up in the last few months, believe that prices have gone up due to exports.

“What we hear is that coconuts are being sent for oil extraction and there is a fall in market arrivals,” said K. Mallikarjun of Sri Mallikarjuna Swamy Stores in R.T. Nagar here.

“Business has come down as people prefer to buy it in less quantity or bargain for very less. I had never seen such an increase in the past,” he said. The retail price of a medium sized coconut that would cost around Rs. 7 to Rs. 8, is now Rs. 12 while a big sized coconut has gone up from about Rs. 10 to Rs. 15, he added.

Date:11/03/2011 **URL:** <http://www.thehindu.com/2011/03/11/stories/2011031163400500.htm>

Poultry farmers warned

Special Correspondent

HYDERABAD: The Animal Welfare Board of India has directed all egg-laying poultry farm owners and integrators to discontinue with immediate effect the practice of depriving hens of feed for several days (starvation force molt regime). Chairman of the Board R.M. Kharb, in a

press release, said that it was brought to the notice of AWBI that starvation force molt regime was widely used in layer farms across the country. He pointed out that the practice amounted to cruelty to animals as per the Prevention of Cruelty to Animals Act and was a punishable offence.

Date:11/03/2011 URL: <http://www.thehindu.com/2011/03/11/stories/2011031159540200.htm>

Vegetables to be double tested for pesticides

Staff Reporter

NEW DELHI: The Delhi High Court has set up a committee of lawyers and tasked it to collect vegetable and fruit samples for simultaneous testing at a Delhi Government laboratory as well as one certified by National Board for Testing and Calibration for presence of residue of pesticides.

A Division Bench of the Court comprising Justice Dipak Misra and Justice Sanjiv Khanna directed the committee comprising Additional Solicitor-General A.S. Chandhiok, Delhi Government Standing Counsel Najmi Waziri, Union Government lawyer Meira Bhatia and Delhi Legal Services Authority Member Secretary Asha Menon to collect the samples from ten different places in the city, send them for testing to the two laboratories and thereafter file a report in the Court.

Earlier, the Delhi Government submitted that in the past three years it had collected 11,000 samples of vegetables and fruits for examination of toxic substances and prosecution had been initiated in 1,440 cases.

The Court ordered double tests of the samples after non-government organisation Consumer Voice submitted that every State other than Delhi got samples of vegetables and fruits tested by National Board for Testing and Calibration-certified laboratories of the Union Government.

The Court has been hearing a suo motu petition on the basis of a media report about rampant use of banned pesticides in vegetable and fruits in the Capital.

The report quoting a study on use of banned pesticides by farmers conducted by a non-government organisation said the amount of pesticides used in India is as much as 750 times the European standards.

Of the five internationally banned pesticides, four were found to be common in vegetables and fruits, the report said.

These pesticides cause headache and affect fertility and can damage kidney and liver, the report said.

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HT Correspondent, Hindustan Times

Email Author

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Food prices turn easier

Food inflation fell to single digits -9.52%- for the first time in three-months on the back of cheaper of potatoes and pulses, a relief for policy makers looking for ways to cool prices without upsetting the growth momentum.

All eyes will now be on the Reserve Bank of India (RBI) that will announce its mid-quarter review of the monetary policy next week.

The RBI has raised key policy rates seven times so far in 2010-11 to cool prices as the food prices raced into high-double digits pummelled by a supply crunch of staple vegetables.

This could hurt growth and companies may defer planned investments.

India's industrial production growth fell to 1.6% in December, the slowest in 20 months from 3.6% in the previous month adding another set of worries to the government's macro economic managers who are grappling for options to sustain growth and keep prices under check.

In January, the RBI maintained the repo and reverse repo rates at 6.5 % and 5.5 % respectively.

A higher repo, the rate at which RBI lends to lenders, raises the banks' borrowing costs prompting them to raise interest rates for final home, auto and corporate borrowers.

A higher reverse repo-the rate at which RBI absorbs excess cash -means it would suck cash from the system to stymie demand and cool prices.

"The policy challenge of maintaining the growth momentum in the economy with price stability is going to remain a key focus area for monetary policy and macro-economic management," the Economic Survey for 2010-11 tabled last month said.

<http://www.hindustantimes.com/StoryPage/Print/671868.aspx>

New Delhi, March 10, 2011

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Food inflation in single digit at 9.52% for week ended Feb 26

After a gap of nearly three months, food inflation fell to a single digit at 9.52% for the week ended February 26 on account of a decline in prices of potatoes, pulses and wheat.

Food inflation stood at 10.39% in the previous week. The rate of price rise of food items has fallen to a single-digit figure for the first time since the week ended December 4, 2010, when it was 9.46%.

The latest figures are expected to give a breather to the government, which has been under increasing pressure to rein in the inflationary pressure caused by high food and crude oil prices.

For the week under review, prices of wheat declined by 1.07% on an annual basis, while pulses rates fell by 3.91%.

Prices of potatoes also fell by nearly 9% year-on-year.

However, vegetables continued to be expensive and their prices went up by 9.23% on annual basis. In particular, onion prices were up by 3.90% year-on-year.

Rice also became dearer by 1.16% year-on-year. Egg, meat and fish became 15.38% costlier.

Meanwhile, fruits prices rose by 18.75% and milk by 8.42% on an annual basis.

The non-food articles category saw a price rise of 29.85% during the week on an annual basis.

Fuel and power also became 9.48% more expensive, while petrol became costlier by 23.14%.

High food prices have been one of the major factors behind high overall inflation. Headline inflation in the country stood at 8.23% in January and the government has exuded confidence that it will fall to 7% by March-end.

<http://www.hindustantimes.com/StoryPage/Print/671640.aspx>

Weather

Chennai - INDIA

Today's Weather



Clear

Friday, Mar 11

Max Min

35.6° | 23°

Rain: 00 mm in 24hrs

Humidity: 74%

Wind: Normal

Sunrise: 6:20

Sunset: 18:19

Barometer: 1010.0

Tomorrow's Forecast



Cloudy

Saturday, Mar 12

Max Min

37° | 22°

Extended Forecast for a week

Sunday Mar 13	Monday Mar 14	Tuesday Mar 15	Wednesday Mar 16	Thursday Mar 17
				
30° 22° Rainy	29° 25° Rainy	30° 24° Rainy	31° 23° Cloudy	31° 21° Partly Cloudy

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Food inflation at single digit

Mar 11 2011

March 10: Food inflation, which measures the pace of rise in agri-commodities prices fell to single digit at 9.52 per cent for the week ending on February 26 due to decline in prices of commodities like potatoes.

This is after a gap of three months that food inflation has come down to single digit. Last time the food inflation was in single digits was on December 4, 2010 after which it went up to 18 per cent due to the flare up in the prices of commodities like onions and tomatoes.

The fall in inflation will bring relief to the government which has been facing protests from the opposition as food prices have been high in the last two years.

“It is not unexpected. What we had anticipated is happening. Inflation has come down substantially and I expect it to fall quickly in another two months,” said chief economic advisor Dr Kaushik Basu.

Echoing Dr Basu's view, the Prime Minister's Economic Advisory Council chairman Dr C Rangarajan said — "Food inflation in single digit... It will come down to below 7 per cent by the end of March."

Crisil, chief economist, Mr D.K. Joshi, said that inflation will stay in single digit for sometime now. "It will stay in single until and unless there is some pressure which looks unlikely for the next two to three months," said Mr Joshi.

But, he said that it is unlikely that the food inflation will come down to 5 per cent. The movement of food prices in the coming months will mainly depend on how the monsoon behaves. In 2009, the failure of the monsoon in large parts of the country had sent food prices up.

However, the spike in crude oil prices due to the crisis in the Middle-East and African nations is emerging as the new problem. The losses of the oil marketing companies are mounting with PSU companies losing over `10 per litre on the sale of diesel and the government is under pressure to hike the prices of petroleum products.

Source URL:

<http://www.deccanchronicle.com/business/food-inflation-single-digit-297>

THE TIMES OF INDIA

Food inflation in single digit at 9.52%

PTI | Mar 10, 2011, 01.02pm IST

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The latest figures are expected to give a breather to the government, which has been under increasing pressure to rein in the inflationary pressure caused by high food and crude oil prices.

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Prices of potatoes also fell by nearly 9 per cent year-on-year.

However, vegetables continued to be expensive and their prices went up by 9.23 per cent on annual basis. In particular, onion prices were up by 3.90 per cent year-on-year.

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Fuel and power also became 9.48 per cent more expensive, while petrol became costlier by 23.14 per cent.

High food prices have been one of the major factors behind high overall inflation. Headline inflation in the country stood at 8.23 per cent in January and the government has exuded confidence that it will fall to 7 per cent by March-end.

11 Mar, 2011, 04.40AM IST,AP

Higher oil prices threaten global economy

WASHINGTON: Higher oil prices are slowing global economic growth, and the impact is likely to spread in coming months.

Oil prices helped raise the US trade deficit to a seven-month high in January, when crude prices were \$87.50 a barrel. Oil is now trading at more than \$100 a barrel, suggesting the gap will widen in coming months. Even fast-growing China isn't immune - higher oil prices contributed to a rare trade deficit there in February.

``It's a bad start, because we all know the oil shock is still coming," said Paul Ashworth, an economist at Capital Economics.

Pricier oil dampens consumer spending and that cuts into economic growth. Surging oil prices can also stir up inflation fears, triggering higher interest rates that cut into household and business spending.

In January, America's foreign oil bill rose 9.5 per cent, or \$3.04 billion, to \$34.9 billion. That's the highest monthly total since October 2008.

Since then, political turmoil in Libya, Egypt and Tunisia have sent oil prices surging. At the same time, accelerating economic growth in Asia and Latin America has also boosted demand.

The impact is visible in bold numbers each morning on gas station marquees across the United States. Pump prices have risen 13 per cent in the past month to a national average of \$3.53 a gallon, according to AAA, Wright Express and Oil Price Information Service.

Airlines have also been rapidly raising their fares to offset higher fuel costs. American Airlines

said Thursday it is increasing its base fares by \$10, the seventh price hike this year by US airlines.

Jay Bryson, global economist at Wells Fargo Securities, said he has cut his US growth estimate for the January-March period to 2.9 per cent, down from about 3.3 per cent last month. Much of that reduction is due to the impact of higher oil and gas prices.

The \$46.3 billion trade deficit in January also will subtract from economic growth. Higher prices for oil helped drive imports up at the fastest rate in 18 years, as did rising demand for foreign cars, auto parts and machinery. Imports rose at nearly twice the pace of exports, to \$214.1 billion, the Commerce Department said. Exports rose to an all-time high of \$167.7 billion.

That isn't all bad news. A wider deficit is partly a sign of greater spending by businesses and consumers. But it also means that more of that spending is going overseas, reducing US economic growth.

Imports of foreign-made autos and auto parts increased 14 per cent, or \$2.67 billion, as auto production rose in the US and Canada. Demand for big-ticket capital goods such as industrial machinery and computers increased 5.2 per cent. Imports of consumer goods, such as clothing, shoes, electronic appliance and toys and games, were up 2.2 per cent.

"To the extent that this surge reflects the strength of domestic demand ... it isn't necessarily a disaster," Ashworth said.

Rising oil prices can slow the economy in another way: by spurring central banks to raise interest rates. Few economists expect the US Federal Reserve to take such a step. But that's a potential problem in Europe.

Both the European Central Bank and the Bank of England appear to be preparing interest rate

hikes in the next couple of months, in an effort to keep inflation in check.

Many analysts fear that could bring a faltering economic recovery in Europe to a halt. Though Germany, Europe's economic powerhouse, is growing strongly, a number of countries, notably the highly indebted nations such as Greece and Portugal, are expected to contract further this year. Europe is a major source of US exports and a slowdown there could weigh on the US recovery.

The turmoil in the Middle East could have a bigger impact on Europe's economy than the US, economists at Bank of America Merrill Lynch wrote in a research note.

The US has a lot of natural gas, which serves as alternative energy source, and can refine a wider variety of crude oil, the economists said. European countries are more exposed to rising oil prices because they primarily consume the ``sweet crude" produced by Libya. Refineries in Europe are not as well equipped as those in the US to process other varieties of oil.

Still, the impact on both the United States and Europe will likely be limited, economists said.

Mark Zandi, chief economist at Moody's Analytics, recently cut his forecast for economic growth in 2011 from 3.9 per cent to 3.5 per cent. He cited rising oil prices and expected spending cuts in Washington as the reasons for the downward revision.

Zandi also boosted his estimate of the average price of oil this year from \$90 to \$100.

Oil prices would have to top \$150 a barrel to truly threaten the recovery in the US and around the world, most economists say.

Pricey oil is hurting even the strongest economies. China, which typically runs huge trade

surpluses with the rest of the world, reported a surprise deficit of \$7.3 billion for February. Higher prices for oil and other commodities pushed imports up 19.4 per cent while its exports dropped 2.4 per cent.

The export decline reflected the fact that Chinese businesses were idled for the weeklong Lunar New Year holiday. Analysts said the rare trade deficit for China was likely to be temporary and not the start of a trend.

More expensive oil isn't bad news for everyone. Saudi Arabia, Iran and Venezuela and other OPEC members, as well as Russia and Mexico, benefit from the rise in prices.

11 Mar, 2011, 02.26AM IST, Jayashree Bhosale,ET Bureau

Forgotten rice varieties turn premium food

PUNE: Childhood memories of the aroma of Champakali rice led Dr Suryaji Patil to search for its seeds. He found exactly a handful after a five-year-long search. This year, Patil produced 18 quintals of Champakali rice, some of which he sold for `60/kg, twice the price of the commonly consumed Indrayani variety in Kolhapur, Maharashtra.

“The fragrance of the rice stays on my palms for two hours after the meal is over. No a wonder that I constantly get calls from farmers to give them at least a kg of the seed,” said Patil, a practising doctor who also pursues his love for agriculture.

These scarce crop varieties, remnants of India's rich agricultural heritage, have become the new luxury food. Wealthy health-conscious urban people, who probably tasted some of them as children, are now willing to pay a hefty premium for “desi” varieties that have never been improved by human hand.

In Maharashtra alone, the market is growing for exclusive hard-to-find varieties like ambemohar, kali kusal, ghansal, and jondhala jirga rice, along with some traditional varieties of chana, yellow moong, jowar and wheat. The yellow moong is being sold for ₹120/kg or 70% more than the price of regular green moong. Quick to smell an opportunity, retailers are latching on. “It is usually our older customers who ask for these varieties. Desi varieties are priced 15% to 20% higher than the usual hybrid varieties. But some special ones such as khapali wheat are just not available,” said Suryakant Patil, executive director, Grahak Peth, a Pune-based chain of departmental stores.

The government too is viewing this as a route for farmers to enter high-value produce. District agricultural offices in Satara and Kolhapur recently organised rice festivals to directly connect farmers with end-consumers. The big takeaway from the festivals was the sheer strength of demand for old varieties.

Vikas Patil, district superintending agriculture officer, Satara, said, “Seeds of old varieties are available in very small quantities, usually kept by farmers for their own consumption. While planning for this year’s rice festival, we sent our officers to several places to look for more seeds of the old varieties.”

Consumers from big metros like Mumbai and Pune now often visit such rice festivals or their home towns in interior Maharashtra to buy these original staples with unspoilt taste.

However, seed companies are not enticed. They do not find it commercially viable to produce these open pollinated seeds that do not make it mandatory for farmers to buy new seeds each year. Nandakishor Kagliwal, chairman of the Aurangabad-based Nath Bio-gene India, said, “Seed companies are interested in hybrids because these seeds have to be replaced every year, which gives us business. Secondly, we can go for open pollinated seeds too provided there is a significant market size for it.”

The yield of desi variety seeds is half that of hybrid seeds. Yet it is profitable for farmers as it fetches double the price of the hybrid varieties. "The old varieties have to be grown organically so as not to lose their original taste or flavour," said Patil.

11 Mar, 2011, 02.21AM IST, PK Krishnakumar & S Sanandakumar,ET Bureau

Coffee exports to scale a new peak this fiscal yr

KOCHI: India . coffee exports are heading for a new peak this fiscal year aided by a good crop and higher imports for re-exporting. As on March 9, exports touched 2,87,396 tonne, a 47% gain over the previous year.

"There was a strong demand for Indian coffee as prices were comparatively lower during the year. The coffee crop was reasonably good and imports for re-export were high. All these factors contributed to the surge in exports," said Ramesh Rajah, president of Coffee Exporters Association of India .

The previous highest export of 2,49,029 tonne was achieved in 2006-07. Imports of 40,895 tonne of coffee beans during 2009-10 pushed up the export of value-added coffee.

The coffee production estimate for this year is 3.2% higher at 2,99,000 tonne. Of this, arabica coffee accounts for 95,000 tonne, according to Coffee Board estimates. But the post-harvest estimate of arabica crop is lower, according to the Karnataka Planters Association .

"We made a post-monsoon assessment of 90,000 tonne in December. But now the final post-harvest crop is only 80,000 tonne for 2010-11," said Sahadev Balakrishna, chairman, Karnataka Planters Association. According to him, 90% of arabica harvest has been completed. The robusta crop is still being harvested.

“Our arabica crop was good in 2009-10. So this year, it is bound to be lower,” he said, adding that coffee plants do not give good yields for two consecutive years in India. Early blossom showers, heavy monsoons and unseasonal rains in November and December are the factors that affected the crop. Commenting on the lower estimates made by planters, a Coffee Board official said the planters would not have taken into account the production from non-traditional regions such as Andhra Pradesh and Orissa and North-Eastern states.

Asked about the export prospects in the coming season, leading coffee grower Anil Bhandari said better prices would compensate for the drop in output. “Apart from production, the other factor on which exports depend is prices,” he said. “Higher coffee prices globally would mean better price realisation for Indian coffee and better margins for exporters,” he said.

The lower crop estimate for this year and higher prices may pull down the export volume for the next fiscal. Global prices have shot up to 290 US cents per pound from around 250 cents per pound last December on short supply. Arabica futures for March delivery on ICE rose by 2.5% to 294 cents per pound on Thursday. Ramesh Rajah said that although Indian exporters were offering a discount, there were not takers for coffee at the current prices. Production in Brazil is down by 5 to 7 million bags (each bag of 60 kg) and this has caused a deficit in global markets.

10 Mar, 2011, 03.00PM IST,REUTERS

Guar falls on profit-taking; chana moves up

MUMBAI: Guar futures fell more than 2 percent on Thursday on profit-taking supported by a decline in spot demand at higher prices in a year of higher estimated production, analysts said.

At 2:29 p.m., the most-active April guar seed on the National Commodity and Derivatives Exchange (NCDEX) was down 2.88 percent at 2,797 rupees per 100 kg.

The contract has risen 3 percent in the last as many sessions.

"Buying has slowed down at higher prices. Buyers are expecting some good correction in prices because of estimated higher output," said Nalini Rao, analyst at Angel Commodities.

In the Jodhpur spot market in Rajasthan, guar seed fell 62 rupees to 2,733 rupees per 100 kg.

Guar seed output in Rajasthan, the country's top producer, may come in at 1.49 million tonnes in 2010/11, according to the state government's estimate.

Industry officials, however, expect bargain-buying to support prices from lower levels because of overseas demand for guar gum.

Analysts expect April contract to take support around 2,750-2,775 rupees per 100 kg.

India is the world's largest producer and exporter of guar gum and meets 80 percent of the global demand.

Advancements in drilling technology and a resurgent economy are boosting demand for guar gum, analysts said.

CHANA: India's chana futures were up in afternoon trade due to bargain buying supported by festival season buying by local millers, analyst said.

"Chana prices fell by over 200 rupees in last two weeks and are seeing bargain-buying due to festive demand," said Ajitesh Mullick, head of agri research with Religare commodities.

At 2:31 p.m., the most-active April delivery chana was trading higher by 0.55 percent at 2,567 rupees per 100 kg.

In Delhi, the key spot market, chana rose by 25 rupees to 2,550 rupees per 100 kg in afternoon trades.

Arrivals of the winter-sown crop starts in February and will peak in March.

Production of chana, or chickpea, is likely to fall to 7.37 million tonnes from 7.48 million tonnes a year ago, the farm ministry said.

10 Mar, 2011, 02.56PM IST,REUTERS

Soyoil falls over 2 pc; oilseeds down 1 pc

MUMBAI: India soyoil declined by more than 2 percent on Thursday afternoon, while oilseeds futures fell by over a percent following weak overseas markets, analysts said.

At 1:57 p.m., U.S. soybean was trading 0.89 percent lower, while Malaysian palm oil was trading at 3,471 ringgit a tonne, down 3.18 percent.

"Weak international markets are pressuring our market. We need wait for USDA report today for direction," said Chowda Reddy, senior analyst with JRG Wealth Management.

April soyoil on India's National Commodity and Derivatives Exchange (NCDEX) was trading 2.26 percent lower at 620.55 rupees per 10 kg.

April soybean on NCDEX was trading 1.81 percent higher at 2,382 rupees per 100 kg, and April rapeseed fell 1.24 percent to 2,779 rupees per 100 kg.

Soybean would see good support at 2,360 rupees, said Reddy. Rising output estimates also

weighed on rapeseed prices, analysts added.

India's rapeseed output could jump 16.1 percent in 2011 to 6.85 million tonnes, helped by favourable weather conditions, a leading trade body had said. The north-western state of Rajasthan is the biggest producer of rapeseed in the country.



Govt relief for 'struggling' farm sector

March 11, 2011 10:51:53 AM

Santosh Narayan | Ranchi

Arjun Munda-led Government came under great pressure exerted by the Opposition on the issue of sluggish growth in farming sector before Agriculture Minister Satyanand Jha Batul took over to bail out the Government. The Minister announced several schemes and programmes for the farmers of the State aimed to enhance their profitability that has been reduced due to poor farm output.

Replying to the 'Cut Motion' on Thursday, brought by the Opposition on Budget allocation made for the agriculture sector citing poor expenditure record and its execution, Batul said that the Department had prepared some innovative programmes to not only mitigate the effect of drought but also provide perennial source of income to the peasants with greater return from the otherwise neglected profession.

"Our Government has chalked out a new agricultural policy and that will be implemented within three-four months. Centres for improving agriculture techniques will be opened in every district

to pass the latest information about farming to the farmers at local level. Drip irrigation project will also be launched with the provision of 90 per cent subsidy,” said the Minister.

Requesting the Opposition to take back the Cut Motion the Minister informed that Government would not be directly involved in purchase of seeds, that has attracted allegations of corruption, and farmers would directly purchase the improved seeds from any dealer of their choice.

Earlier, Minister for Food and Civil Supplies Mathura Mahto announced in the House that to deal with food grain shortages, in the wake of widespread drought, the Government would provide a plate of meal comprising rice, pulse and vegetable to every one at `5. “The meal will be made available at bus stands, railway stations and all public places,” he said.

Government would also designate a day of every month when all ration card holders would necessarily get rice from ration shops and it would be celebrated as ‘rice festival day’. Replying to irregularities in the issuance of BPL cards the Minister said that fresh cards would be issued to everyone and all discrepancies would be removed.

CPI-ML legislator Binod Singh alleged massive corruption in agriculture sector with just 3.58 per cent growth rate. “The allocated money has not been spent. Why do you need more money? You have 59 per cent population dependent on agriculture. Contribution of agriculture in the GDP of the State was 16 per cent when it was separated from Bihar. After 10 years it has come down to 10 per cent. Where is the sector heading?” asked the member while supporting the Motion.

Other Opposition members also echoed similar sentiments and underlined dependency of farmers on monsoon, lack of planning for the sector, lack of marketing facilities and supplementary sources of income for them for the poor state of agriculture in Jharkhand.

“If you really want to promote farmers you should encourage green revolution by providing

power and irrigation facilities. Birsa Agriculture University has become a hub of malpractices. You don't have proper administrative set up in departments at local level," said Umashankar Yadav Akela of Congress.

At end of the debate Speaker CP Singh announced that the Motion is not passed.

THE HINDU Business Line

Easing vegetable prices lower food inflation to single digit



Business Line

New Delhi, March 10:

With vegetable prices softening, food inflation has slowed down to single digit figures for the first time in three months. For the week ended February 26, food inflation has touched a three-month low of 9.52 per cent, almost one percentage point lower than 10.39 per cent in the previous week.

The latest WPI figures show that inflationary pressures are currently coming mainly from fruits, milk, meat and eggs.

On the other hand the price situation of cereals, pulses and sugar is under control. Even vegetable prices have begun softening.

For the week ended February 26, prices of fruits went up by 18.75 per cent year-on-year while egg, meat and fish prices went up by 15.38 per cent during the period.

Inflation in vegetable prices stood 9.23 per cent, two percentage points lower than 11.01 per cent last year.

Cereal prices were only marginally higher by 2.02 per cent.

In the corresponding week last year, food inflation stood at 22.02 per cent.

Potato, wheat and pulses prices were lower during the week by 8.96 per cent, 1.01 per cent and 3.91 respectively.

Meanwhile, encouraged by the single digit food inflation numbers, the Prime Minister's Economic Advisory Council Chairman, Dr C Rangarajan said that food inflation should come down to below 7 per cent by the end of March. Similar views were echoed by the Chief Economic Advisor, Prof Kaushik Basu at a separate function in Pune.

Non-food articles

Inflation in non-food articles for the week ended February 26 stood at 29.85, close to one percentage point lower than 30.81 in the previous week. This was due to lower prices of flowers (19 per cent), raw rubber (3 per cent), raw silk (2 per cent) and sunflower and raw jute (1 per cent each). However, the prices of castorseed (6 per cent), niger seed (4 per cent), copra and soyabean (2 per cent each) and gaur seed, groundnut seed and fodder (1 per cent each) moved up. The inflation in minerals stood at 15.85 per cent.

The fuel and power inflation also remained in single digit figures at 9.48 per cent. Liquefied Petroleum Gas index showed an increase of 14.99 per cent, petrol rose by 23.14 per cent while high speed diesel oil grew by 6.22 per cent.

Primary Articles

Inflation for the combined primary articles group, comprising food, non-food articles and minerals, increased by 13.96 per cent on an annual basis, and less than one percentage point lower than the previous week.

Sugar industry projects 2010-11 season production at 250 lt



Business Line Riga Sugar Mills in Bihar's Sitamarhi district. (file photo)

Mills association makes case for export of 30 lakh tonnes

New Delhi, March 10:

The country's sugar production in the current 2010-11 crushing season (October-September) will be in the region of 250 lakh tonnes (lt), yielding an exportable surplus of 30 lt, according to the Indian Sugar Mills Association (ISMA) and the National Federation of Cooperative Sugar Factories Ltd (NFCSFL).

“Last season, domestic consumption stood at 210 lt and based on sales trends so far, we don't expect it to exceed 220 lt. Given a likely production of 250 lt this season, there will be a surplus of 30 lt,” the ISMA President, Mr Narendra Murkumbi, told presspersons here on Thursday, while making a case for allowing more exports.

The Centre has, so far, permitted only advance license (AL) holders to export sugar, as part of discharging their re-export obligations against duty-free imports of raws undertaken in the past. The AL export quantity would add up to 10 lt, which, ISMA and NFCSFL claim, still leaves another 20 lt that can safely be shipped out.

During the current season till end-February, mills had produced 163 lt of sugar, which was 19 per cent more than the 137 lt in the corresponding five months of the 2009-10 season.

The 2009-10 season as a whole saw total production of 189.12 lt. A 20 per cent increase over that would come to about 227 lt, which, the industry, however, believes, is not a correct comparison.

“As the season started late this time and crushing will continue for a longer period, you will see much higher production. The right comparison would be with 2007-08, when production during October-February amounted to 169 lt and exceeded 263 lt in the entire season,” noted Mr Abinash Verma, Director-General of ISMA.

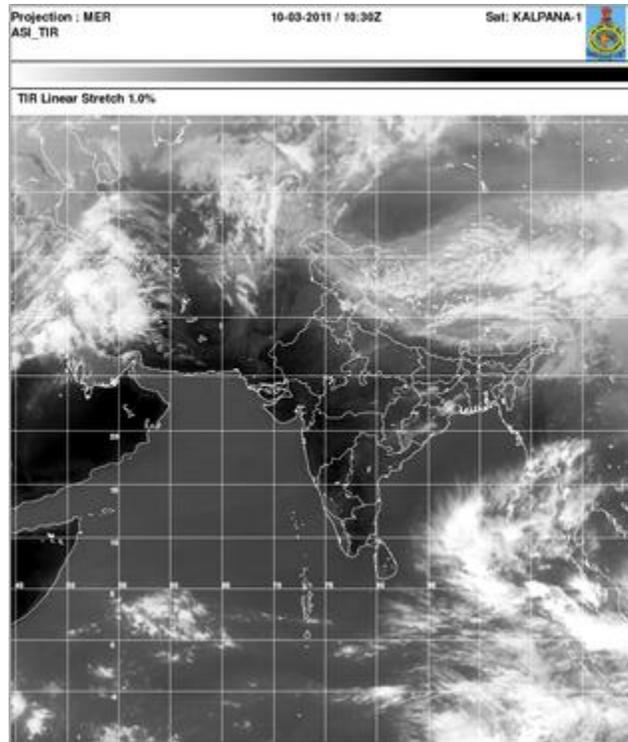
Production break-up

The 250 lt production estimate for 2010-11 by ISMA and NFCSFL includes 94 lt from Maharashtra, 64 lt from Uttar Pradesh, 36 lt from Karnataka, 16 lt from Tamil Nadu and 13 lt from Gujarat.

Mr Murkumbi said that the Centre should “immediately” permit export of 5 lt under open general license (OGL) – which it had, in fact, cleared in December, but subsequently kept on hold because of food inflation concerns.

“This is the right time to export not only because we have a surplus, but also the fact that global sugar prices will ease after May, when arrivals from Brazil will start,” he pointed out. This is reflected in raw sugar price trends at the InterContinental Exchange. While the nearest May 2011 delivery contract closed at 30.42 cents a pound on Wednesday, the corresponding quotes for July 2011, October 2011 and March 2012 were 27.77 cents, 26.22 cents and 25.43 cents, respectively.

'March' sun being seen tolerant to Rabi wheat



Arrival of a western disturbance around March 18/19 is expected to limit the heating.

THIRUVANANTHAPURAM, March 10:

The heating of land around central India is expected to continue at least for another week with expanding base covering parts of northwest India and fringes of the southern peninsula.

Global models also find instances of intense heating episodes (around 35 deg Celsius) over east and south Rajasthan and central Madhya Pradesh during this period.

HEATING CORE

The core of the heating would be centred round a high-pressure (ridge) protruding from West Asia and across north Arabian Sea into Gujarat.

A “ridge” formation sees subsidence of air and therefore higher pressure and resultant heating. This makes for stable atmosphere and clear/cloudless skies.

This is unlike a low-pressure area, which witnesses rising motion of air, lowered pressure and cooling. The rising motion of air destabilises weather, causes condensation and formation of clouds, leading to rain/s/fog/snow.

Meanwhile, likely arrival of a western disturbance around March 18/19 is expected to limit the heating to west and central parts briefly, according to a forecast.

RABI WHEAT

This would mean the Rabi wheat areas would stay mostly cool and within tolerance limits (around 30 deg Celsius) for most part of the crucial month of March.

According to latest US National Centre for Environmental Prediction, mean temperature over the planting area in northwest India may not exceed the upper limit at least until March 25.

An outgoing long-wave radiation (OLR, or terrestrial radiation escaping the surface) tracker said that OLR values would stay negative over most parts of India from March 17 till the very end.

Negative OLR values means presence of clouds (preventing radiation from escaping into the atmosphere) and an insurance against unbridled day-time warming of the surface.

MERCURY TRENDS

But, on the flip side, night-time temperatures would stay elevated thanks to the radiation getting trapped in this manner

Tepid demand keeps sugar low



Mumbai, March 10:

Sugar prices at Vashi market on Thursday continued to decline for the fourth consecutive day on less-than-expected demand. Upcountry reports were also bearish. Prices declined by Rs 8-10 at spot, naka and mill levels. Premium quality sugar rose by Rs 5 a quintal. In the absence of active participation of bulk consumers and big stockists, mills were under pressure to sell at lower rates, as due date for last month's carryover stocks approaches. Morale was weak. Volume was at its usual low level.

The Government has declared 16.84 lakh tonnes normal free-sale quota. It includes 3.5 lakh tonnes carryover of February-11 free-sale quota with 15 days extension. Mr Jagdish Rawal, Joint Secretary of Bombay Sugar Merchants Association, told *Business line*: "So far as stockists are concerned, increased lifting pressure for March 10 and March 15 due date purchases kept them away from fresh buying. Market has been witnessing need-based trades since January 11. The country's sugar production is expected between 240-245 lakh tonnes in the current season of 2010-2011, and domestic demand will be around 225-230 lakh tonnes. Traders are expecting local consumption demand to increase for *Holi* festival from next week.

Arrivals in the markets were as usual at about 52-53 truck loads (each of 100 bags), and local dispatches were at 45-46 truck loads. About 14-15 mills by tender offer sold about 30,000-35,000 bags only at Rs 2,670-2,710 for S-grade and Rs 2,720-2,780 for M-grade. Morale at the mill level was steady, as the mills were not keen to sell bulk at lower price.

Bombay Sugar Merchants Association spot rates: S-grade Rs 2,811-2,851 (Rs 2,801-2,856) and M-grade Rs 2,846-2,916 (Rs 2,841-2,916).

Naka delivery rates: S-grade Rs 2,760-2,780 (Rs 2,760-2,790) and M-grade was Rs 2,800-2,860 (Rs 2,810-2,850).

Transport subsidy to spur Maharashtra mills' output



New Delhi, March 10:

The Maharashtra Government's decision to provide a transport subsidy of Rs 3/tonne on cane moved every km beyond 50 km is likely to boost sugar production in the State by roughly 3 lakh tonnes (lt).

“We were earlier estimating that only 775 lt of the 800 lt cane available for the 2010-11 season (October-September) would get crushed. The subsidy will ensure that the entire 800 lt would be processed, leaving no uncrushed standing cane,” said Mr Prakash Naiknavare, Managing Director, Maharashtra State Cooperative Sugar Factories Federation.

The State Cabinet's decision on Wednesday will basically facilitate movement of surplus cane from southern and western Maharashtra to the Marathwada region, where mills are currently saddled with excess crushing capacity.

“Today, we have a situation of factories in Satara, Sangli and Kolhapur being in no position to crush all the cane in their area. On the other hand, there are mills in Nanded, Latur, Beed, Parbhani and Osmanabad that have built sizeable capacities, but have no sufficient cane to process,” he noted.

The subsidy would be a win-win situation for cane growers in southern/western Maharashtra and mills of Marathwada. It may, however, not be so for the State Government, which will shell out Rs 3 on each tonne of cane for every single km beyond 50 km.

Thus, a factory in Latur sourcing cane from Sangli, which is about 275 km away, would be entitled to a subsidy of Rs 675 a tonne. This is as against an ex-field grower's cane price of Rs 2,000 a tonne in the southern districts (Satara, Sangli, Kolhapur), Rs 1,850 in the western belt of Pune, Ahmednagar and Solapur and Rs 1,750 a tonne in the rest of the State.

The subsidy is to be effective from March 16. "The timing is good because in the 2006-07 season (the last time a similar subsidy was granted), it was effective only from April 15 and at a rate of Rs 2/tonne/km," Mr Naiknavare told *Business Line*.

During the ongoing 2010-11 season, mills in Maharashtra had, as on Wednesday, crushed 562.06 lt of cane and produced 62.54 lt of sugar at an average recovery rate of 11.13 per cent. In the same period of 2009-10, they crushed 462.5 lt and produced 52.57 lt of sugar at an average 11.37 per cent recovery.

"For the whole season, we were till now expecting to crush 775 lt or thereabouts, which would have yielded 87-88 lt at 11.25 per cent recovery. But with the latest decision, we will probably cross 800 lt, resulting 90 lt-plus of sugar", added Mr Naiknavare.

The entire 2009-10 season saw Maharashtra mills crush 613.90 lt of cane and produce 70.67 lt of sugar at 11.51 per cent average recovery.

Imported oils collapse on global cues



Mumbai, March 10:

In line with the declining Malaysian and Chicago markets, imported oils ? palmolein and soya refined oils ? in Mumbai collapsed on Thursday, with palmolein losing Rs 13, soya refined oil down by Rs 4 and sunflower oil by Rs 5 for 10 kg.

Groundnut oil and cotton oil ruled steady. Rapeseed oil bounced back Rs 6, after losing Rs 40 in the last nine days. Indore NBOT soya futures hit the lower circuit on short-selling pressure. In the ready market, sentiment was weak in the absence of demand.

Market sources said there was limited and need-based physical buying, and edible oil futures were sluggish. Volume was stagnant. Refineries sharply reduced selling rates for palmolein and soyabean oil, but the response was negligible. Needy retailers have concentrated on lower rate resale buying. Hardly 100-150 tonnes of palmolein was sold at Rs 575-568. Big traders sold at Rs 568. Given the weak demand and bearish trend, palmolein may go down to Rs 557-558 in the physical market. Stockists who bought palmolein in advance at higher prices in January-February are worried, sources added.

In Mumbai, Liberty was quoting Rs 572 for palmolein . Ruchi's rate for palmolein was Rs 572, soya refined oil Rs 620 and sunflower oil Rs 675. Allana's was quoting palmolein at Rs 580. In the Rajkot market, groundnut oil ruled steady at Rs 1,155 (Rs 1,155) for *telia* tin and Rs 745 (Rs 745) for loose 10 kg.

Mumbai commodity exchange spot rate (Rs/10 kg): Groundnut oil 750 (750), soya refined oil 608 (612), sunflower exp. ref. 650 (650), sunflower ref. 700 (705), rapeseed ref. oil 622 (616), rapeseed expeller ref. 592 (586), cotton ref. oil 605 (605) and palmolein was 571 (584).

Jeera gains despite new arrivals



Rajkot, March 10:

Jeera prices rose on Thursday despite new arrivals as they were of poorer quality. Besides, export enquiries pushed up the prices.

At the National Commodity and Derivatives Exchange, jeera for March delivery increased by Rs 90 to Rs 16,285 a quintal, with an open interest of 7,428 lots. Jeera April contract gained Rs 78 to Rs 16,700, with an open interest of 17,166 lots.

Spot jeera was up by Rs 25-30. Quality jeera fetched Rs 3,000-3,200 for 20 kg, average jeera traded at Rs 2,700-2,900 and inferior jeera was at Rs 2,500-2,700 for 20 kg in Rajkot. In Unjha, the spice quoted Rs 1,800-3,500 for 20 kg.

However, arrivals declined from 20,000 bags to 17,000 bags in Unjha on Thursday. In Rajkot, around 1,500 bags arrived.

A Rajkot-based trader, Mr Ashvin Patel, said, "In the coming days, jeera prices may increase further."

According to the latest projection by trade sources, the total production of jeera in the current season is likely to be around 21 lakh bags (of 60 kg each), three lakh less than the earlier projection. Production last year was reported at 29 lakh bags. Overseas demand is expected to increase because of shortage in international market, since arrivals from other major producers like Syria and Turkey will begin only in April.

Soaring raw cashew prices worry processors



A cashew processing unit

Mangalore, March 10:

Cashew growers are happy with good prices for the commodity, but processors are facing anxious moments. The reason: The soaring prices of raw cashew nuts, delayed arrivals in the domestic market, and decline in imported quantities of raw cashew.

Mr K. Prakash Rao, former President of Karnataka Cashew Manufacturers' Association (KCMA), told *Business Line* that prices are at an all-time high for seeds of fresh crops.

A farmer who sold it at Rs 40-45 a kg in the last season, now gets around Rs 80-85 a kg, and the arrivals are only trickling now, he said.

Stating that the pipeline of stocks is getting empty, he said there is no imported raw cashew. Barring a few exporters, small manufacturers are running out of stocks.

Late crop

Mr G. Giridhar Prabhu, former Vice-President of Cashew Export Promotion Council of India, said the crop is late by four-five weeks.

“This creates a psychological disadvantage for operators. Some fear that late crop will be a poor crop,” he said.

Stating that the crop production forecast was estimated to be better than previous two years on flowering patterns, he said the expectations were great. “Recently news has come that fruit set is not progressing and fog in the mornings has disturbed flowers. This needs to be examined over the next five weeks,” he said.

Mr K. Pramod Kamath, Secretary of KCMA, hoped that the crop should be good in April and May.

Though the industry is expecting a normal crop this season, there are some worries. Mr Prakash Rao said early monsoon may lead to short crops. “If the monsoon goes up to June 15, we can expect a normal crop,” he said.

Mr B. Rahul Kamath, a cashew processor from Karkala in Udupi district, said there is a shortage in imported raw cashewnuts. The biggest question mark is the unrest in Ivory Coast.

Of the nearly 6 lakh tonne raw cashew imported by India from various destinations, Ivory Coast contributes nearly 1.5-2 lakh tonnes.

Processing shutdown

Asked if the short supply of stocks would have an impact on the processing units, the processors expressed different opinions.

Mr Prakash Rao felt it is likely that almost 40 per cent of the industry may wind up for almost a month. The process of winding up may start from next week.

Mr Rahul Kamath said the cashew processing sector is in a stage where godowns are empty. This will definitely have impact on processing units, he said.

Mr Giridhar Prabhu said some units would have problems and added that they were not serious.

Spot rubber improves on covering buys

Kottayam, March 10:

Spot rubber improved on Thursday. The market strengthened following the initial gains in futures on covering purchases and it managed to sustain at higher levels lacking quantity sellers in the active counters. So the late declines on the NMCE did not make any visible impact in the market. But it lost charm towards the closing hours and hence the gains were partially restricted on buyer resistance. The trend was mixed.

Sheet rubber improved to Rs 219 (216.50) a kg according to traders. The grade recovered to Rs 218 (216) a kg both at Kottayam and Kochi as quoted by the Rubber Board.

Futures

The March futures for RSS 4 declined to Rs 215.70 (219.90), April to Rs 223.39 (227.29), May to Rs 227.50 (232.41), June to Rs 232.74 (236) and July to Rs 234.50 (237.73) a kg on the National Multi Commodity Exchange (NMCE).

RSS 3 (spot) weakened to Rs 244.92 (248.59) a kg at Bangkok. The March futures for the grade slipped to ₹446.9 (Rs 243.33) from ₹447 a kg during the day session but then remained inactive in the night session on the Tokyo Commodity Exchange (TOCOM).

Spot rates were (Rs/kg): RSS-4: 219 (216.50); RSS-5: 216 (214); ungraded: 213 (213); ISNR 20: 218 (214) and latex 60 per cent: 130 (130).

'Distribution is key challenge for agri-insurance'

Hyderabad March 10:

ICICI Lombard, which has covered 1.3 crore farmers in 65 districts in 11 States and insured 2.87 lakh farmers, covering 18 lakh acres, has said that distribution is a key challenge to reach to all the farmers in depth.

"Acceptability and awareness levels of insurance as a subject are very low in rural areas," Mr Alok Agarwal, Director (Corporate) of ICICI Lombard General Insurance Company Limited, told Business Line.

Mr Agarwal said Modified National Agricultural Insurance Scheme (MNAIS), which was being introduced by the Union Government as an alternative to the ongoing National Agricultural Insurance Scheme (NAIS), too would give a fillip to agriculture insurance. The new scheme was being introduced on a pilot basis in 50 selected districts from the rabi season 2010-11.

ICICI Lombard has been allocated Dehradun in Uttarakhand and Sheopur in Madhya Pradesh for implementation.

With the introduction of the modified scheme, it was expected that an increased number of farmers would be able to manage risk in agriculture production in a better way. "It will succeed in stabilising farm income particularly at the times of crop failure on account of natural calamities, he pointed out.

Mr Agarwal, who was here to attend a CII meeting recently, said private insurance in agriculture had begun to take roots in the country despite low levels of understanding.

Of the 2.87 lakh farmers and 18 lakh acres the company covered so far, 2.42 lakh farmers and 16 lakh acres were covered in the rabi season of 2009-10 alone.

"Though agriculture accounts for 24 per cent of country's GDP, rural economy is still characterised by a low penetration of risk management solutions and faces economic strain due to the variability in agricultural production," he said.

According to him, weather insurance would go a long way in increasing the penetration of agriculture insurance. This ensures immediate compensation as against the delayed pay-outs in the traditional insurance schemes.

"The index-based insurance product covers weather-related risks faced by crops such as excess or deficit rainfall, temperature variation and humidity," he said.

"Weather based crop insurance scheme is an effective scheme as it ensures that the farmers are prevented from the losses due to adverse weather conditions and mitigate their unexpected hardships," he said.

This scheme facilitates immediate compensation based on certified data collected from independent third party bodies such as Indian Meteorological Department (IMD) and National Collateral Management Services Ltd. (NCMSL).

Egg prices cut by 10 paise to boost offtake



Business Line

Chennai, March 10:

The Namakkal-based layer producers have decided to prune the farm-gate price of shell eggs by 10 paise to Rs 2.33 a piece on Thursday. The price reduction comes in the wake of onset of summer when the consumption dips.

Egg prices touched a record Rs 3.02 in January and experienced an almost 40 per cent fall to touch Rs 2.40. Sources in the Namakkal Zone of the National Egg Coordination Committee told *Business Line* that the present price is likely to remain stable for some time.

The price cut effected by the Committee is also aimed at perking up offtake which is usually low in summer.

Meanwhile, Palladam-based Broiler Coordination Committee has fixed the prices of live chicken at Rs 69/kg (Rs 63).

Dr P. Selvaraj, Zonal Chairman, NECC, said that farmers are advised to hold back their produce since the prices of cull birds are expected to rise by end-March as the demand for animal protein is usually high during summer and the production also goes through a lean phase.

NECC has maintained the rates for layer birds unchanged at Rs 29/kg. Namakkal and Palladam are the benchmark of poultry prices in the country.

Shortage lifts prices of quality wheat



Karnal, March 10:

Quality pressures lifted the prices of dara wheat variety by Rs 10-15 a quintal and ruled at Rs 1,240-1,245 a quintal against the levels of Rs 1,225-1,235 quoted at the beginning of this week.

For the finer quality, it was around Rs 1,245 a quintal on Thursday. Mill delivery was at Rs 1,240-1,245, while it traded at Rs 1,250-1,260 in the retail market.

Around 200 quintals of dara variety arrived from Uttar Pradesh, and about 100 quintals was offloaded by the local traders. Low availability of quality wheat lifted the prices of dara variety, said Mr Subhash Chander, a wheat trader. He said farmers from Uttar Pradesh, who were for the past two months going to Delhi, were bringing their stocks to mandis in Karnal after the prices gained.

Just around 130 quintals of *desi* wheat arrived at the Karnal grain market terminal and was quoted at Rs 2,350-2,400 a quintal. About 600 quintals of dara variety was procured from the Food Corporation of India by the flour millers on Thursday.

Flour Prices

Despite an uptrend in wheat prices, flour witnessed a steady trend and ruled at Rs 1,240 for a 90-kg bag. Branded flour such as Ashirwad and Rajdhani were quoted at Rs 210 and Rs 190 for a 10 kg bag, respectively. Chokar prices dropped marginally from their previous levels and quoted at Rs 530 for a 49-kg bag.

Central fisheries institute develops new trawl system

Kochi, March 10:

Scientists at the Fishing Technology Division of the Central Institute of Fisheries Technology here have developed a semi pelagic trawl system as an alternative to bottom trawling, which causes high impact on the sea bottom and also are non-selective.

Features

Christened as CIFT SPTS, this gear system has been developed and optimised taking into consideration the biological, behavioural and distribution characteristics of tropical demersal and semi-pelagic finfish and cephalopod resources and the technical capabilities of the small-scale mechanised trawler fleet, operating in Indian waters.

system

The system consists of a four panel semi-pelagic trawl with double bridles, front weights and vertically cambered high aspect ratio otter boards and semi-pelagic finfishes and cephalopods, which are generally beyond the reach of conventional bottom trawls, currently used in commercial trawl fisheries in the country.

CIFT SPTS with exchangeable codends is prescribed for harvesting non-shrimp trawl resources.

Minimising eco impact

One of the biggest challenges before modern fisheries, in recent times, is to minimise ecological and environmental impact of fishing, a release said.

Function

The technology was released for the benefit of the fishing industry by Dr B. Meenakumari, Deputy Director General (Fisheries), Indian Council of Agricultural Research, at a function organised at CIFT, attended by representatives from fisheries organisations, NGOs and fishing industry.

Refined soya futures fall on sluggish demand

New Delhi, March 10:

Refined soya oil futures prices fell by Rs 11.95 to Rs 622.85 for 10 kg on Thursday owing to slackness in demand against adequate stocks position.

At the Multi Commodity Exchange, refined soya oil for April contract fell by Rs 11.95, or 1.88 per cent, to Rs 622.85 for 10 kg, with a business volume of 16 lots.

Similarly, the oil for delivery in March declined by Rs 11.05, or 1.77 per cent, to Rs 613.20 for 10 kg, with an open interest of seven lots.

Market analysts said adequate stocks position in the spot market against subdued demand mainly led to the decline in refined soya oil futures prices.

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Business Standard

Friday, Mar 11, 2011

UP sugarcane output to be record high in 2010-11

Virendra Singh Rawat / New Delhi/ Lucknow March 11, 2011, 0:38 IST

Farmers' payment to breach the Rs 15,000-crore mark.

On the back of an estimated 20 per cent increase in Uttar Pradesh sugar production in the ongoing crushing season, the payment to sugarcane farmers is inching towards a record level.

The farmers' payment in the current season is on course to breaching the Rs 15,000 crore mark, much higher compared to the existing highest level of Rs 13,200 crore recorded during 2009-10.

Not only sugar production is pegged higher in 2010-11 crushing season, the State Advised Price (SAP) of cane is Rs 40 higher at Rs 205-210 per quintal compared to last year.

So far, mills have already paid Rs 9,837 crore to the farmers against the total dues of Rs 12,183 crore. The farmers have to be paid within 14 days of the delivery of cane lest interest is paid by mills on outstanding amount.

During 2008-09, about Rs 5,900 crore were paid to the state farmers. Even during 2006-07 season, when Uttar Pradesh had posted a record sugar production figure of about 8.5 million tonnes (MT), the total payment had stood at Rs 4,000 crore. The figures are actual payments made and not inflation adjusted.

While, the sugarcane department has estimated sugar production at 6.14 MT this year, industry has pegged it at 6.5 MT. Last year, the state sugar production stood at 5.18 MT.

The sugar mills are still crushing and the process is likely to continue till mid-April, especially in western and central parts of Uttar Pradesh.

The cane supply this year is robust and not much diversion to jaggery and khandsari units have been reported. Last year, the crushing had ended around March 15 due to lower cane availability.

Meanwhile, the government has warned mills of strict action if they defaulted in farmers' payment within stipulated timeframe.

According to sugar department, till date the mills had crushed 55.41 MT of cane producing 5.01 MT of the sweetener. This season, the state's cane acreage and production have been estimated at over 2 million hectares and 120 MT, respectively.

There are 4 million cane farmers in Uttar Pradesh, which is the highest sugarcane yielding state in India and second largest sugar producer after Maharashtra. The annual sugar consumption in the state is 5 MT.

Ginners close units as cotton arrivals dip

Vimukt Dave / Mumbai/ Rajkot March 11, 2011, 0:16 IST

As short supply of raw cotton has raised raw material prices, in turn increasing the cost of production for cotton ginner, nearly 80 per cent of ginning units in Gujarat are shut since last month. The remaining are working part-time.

Thanks to lower arrival and raw high cotton prices, 700 to 800 units are not working now, say industry sources. Market estimates put the total number of ginning units in the state at around 1000. The units usually operate till April.

"High price of raw material is the main reason for this situation. We are losing around Rs 2500-3000 per candy (1 candy=356 kg) since February. As a result, almost 80 per cent of ginning units are closed in Gujarat and rest are working part time", said Dilip Patel, president of All Gujarat Ginners Association.

Cotton prices had increased from Rs 41500-42000 per candy at the beginning of season to Rs 60000-60500 per candy in February. Currently, cotton prices are hovering around Rs 58000-58500 per candy.

Around 30,000 bales arrive per day in Gujarat and 75000 bales arrive in India. The average arrival of cotton were around 50,000 per day in February. The state has a production capacity of 3.2 crore bales per annum. Saurashtra Ginners Association president Bharat Vala said,

"Farmers are not willing to sale raw cotton at a lower price. On the other hand, mill demand has reduced due to high cotton price."

According to Vala, there are about 15 to 17 lakh bales of unsold raw cotton is available with farmers in Gujarat. "Farmers are holding back on speculation prices will rise. Traders are bidding on hopes of further rise and buyers also seem to be in some sort of panic," claimed Arvind Raichura of Balkrishna Ginning Industries.

Climate change may result in foodgrain demand-supply gap

Sanjeeb Mukherjee / New Delhi March 11, 2011, 0:13 IST

India's annual foodgrain production could fall short of demand by 20 million tonnes by the end of next decade, if urgent measures are not taken to minimise the impact of climate change, according to the ministry of agriculture.

The ministry has sought Rs 1,08,000 crore in the form of additional budgetary support till 2016-2017 for various initiatives to reduce the impact of climate change on agriculture. Of this, 60 per cent will be spend on technological advancement and 29 per cent on building infrastructure.

According to ministry's estimates, the demand for foodgrain (wheat, rice, coarse cereals and pulses) during the next ten years will rise to 281 million tonnes from the current 220 million tonnes, whereas production will only rise to 261 million tonnes, if no steps are taken to nullify the impact of climate change on the yield of crops.

"This would leave a shortfall of around 20 million tonnes between demand and supply," the ministry said in a recent presentation to the Planning Commission.

To prevent the shortfall, foodgrain production will have to rise to 301 million tonnes by 2020, which, when compared to the projected demand, will then leave a surplus of 20 million tonnes.

The ministry said climate change impacts farming in multiple ways. It leads to lower productivity and poor quality of crops and results in degradation and depletion of soil and water resources. It also increases the chance of additional heat stress on livestock and impacts aquatic habitat.

“All this could lead to massive agrarian distress,” the ministry said. Agriculture emanates 17.6 per cent of the total greenhouse gases, which is second only to power generation. “Of this, 63.4 per cent is contributed by livestock and 20.9 per cent by rice cultivation,” the ministry said.

While climate change is expected to raise temperatures by 0.2 degree Celsius every decade, mean summer rainfall would also rise and dry spells would become longer and more intense. “Contraction of snow cover and a rise in sea levels are the other adverse impacts of climate change,”

Unseasonal rains cost Rs 3,312 cr to state agriculture

BS Reporter / Mumbai/ Ahmedabad March 11, 2011, 0:13 IST

Heavy damages estimated for in cotton, chana, castor crop.

Unseasonal rains in the state of Gujarat during September - November, 2010 has cost the state agriculture sector Rs 3,312 crore with key cash crops including groundnut, cotton, castor seed and pulses taking a major blow among other agriculture commodities.

The state minister for agriculture, Dilip Sanghani on Thursday informed that as of December 31, 2010 the total damage to the state agriculture sector was estimated at around Rs 3,312.82 crore. "We have made a representation to the union government on January 19, 2011 to provide a relief for the damages due to the unseasonal rains witnessed during the year 2010," the minister said in a written reply to a question in the the state assembly on Thursday.

The minister further informed that the rains during the month of November, 2010 had damaged the crops of cotton, chana (chick pea), jowar and some of the horticulture crop cultivated in the Surendranagar district. The district alone saw an estimated damage worth Rs 382.15 crore.

Among oilseeds, castor and soybeans were badly affected. The state tops in castor production in India. This year, the castor production was estimated at around 8.60 lakh tonnes up 17 per cent over previous year. The crop was sown on 4.83 lakh hectares in the state.

Meanwhile, the Rapeseed-Mustard production in Gujarat was expected to rise by 15,000 tonnes during the current rabi season 2010-11 as the area under the crop also rose by 4 per cent at 216,700 hectares over last year. A survey by Solvent Extractors' Association of India (SEA) had

estimated the state's rapeseed production at 3.30 lakh tonnes against 3.15 lakh tonnes registered in 2009-10.

The Banaskantha district, which is among the worst affected due to unseasonal rains, had seen a growth of 22 per cent in the area under rapeseed cultivation against to 123,100 hectares for the current season against 101,000 hectare in 2009-10.

Other badly affected districts included Kutch, Sabarkantha, Ahmedabad, Jamnagar and Rajkot. The state assembly was informed that over 16,000 hectares of crop area was affected due to the ill-timed rains covering as many as 21 districts across the state.

The minister further noted that so far the central government had not responded to the representations made by the state government to give relief for the damage.

Jeera exporters losing market to Syria, China

Sharleen Dsouza / Mumbai March 11, 2011, 0:12 IST

Jeera (Cumin seeds) exporters are losing market to Syria and China, as Indian jeera is being quoted at a higher price despite being low in quality. At present, Indian jeera is quoted at \$3,500 (free on board) per 100 kgs, while jeera from China and Syria is quoted at \$3,000-3,300 (free on board) per 100 kgs.

According to the Spices Board of India, jeera exports have fallen 36 per cent to 26,000 tonnes from April to January, compared to 40,800 tonnes in the same period last year.



This season jeera crop is expected to be lower by 20 per cent, but in the last few months, prices remained high due to the ending season when the stocks are at low levels. This has led to higher prices affecting exports.

However, when the new crop starts arriving in the market in a week's time, "export prices could also come down by \$150-200, matching with the prices offered by the competitors," said an exporter.

The unseasonal heavy rainfall in November-December have damaged the quality of jeera. Traders point that the jeera which is arriving in market is dark in colour and is not suitable to export.

Prices on the National Commodity & Derivatives Exchange reached its peak this season at Rs 17,520 per 100 kilogram on Wednesday.

This year, the inventory level is at its 10-year low of four-five lakh bags (1 bag = 75 kilograms) from the average inventory levels of 10-12 lakh bags. The crop is estimated to be at 1,50,000 tonnes as compared to last year's 1,65,000 tonnes.

Sugar exports on hold as ministries spar

Sanjeeb Mukherjee & Ajay Modi / New Delhi March 11, 2011, 0:10 IST

Food ministry wants clarity on cane production and yield numbers before allowing exports.

Divergent views between the food ministry and agriculture ministry over the production and yield numbers are holding up the export of 500,000 tonnes of sugar under the open general licence (OGL), despite the industry pressing for it in the face of huge losses and mounting arrears of Rs 4,000 crore to farmers till end of December.



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

The food ministry has sought a clarity on the sugarcane production and yield numbers before allowing exports, while the agriculture ministry wants exports to be allowed.

The exports, which were announced by the then Food and Consumer Affairs Minister Sharad Pawar in December, have yet not been cleared because of concerns over rising inflation.

Officials said, an empowered group of ministers to whom the matter was referred, has asked for inter-ministerial consultations before the exports of 500,000 tonnes of sugar is finally okayed.

A draft note for the same was circulated among all the concerned departments and ministries for consensus.

Meanwhile, the food ministry is banking on its third meeting with the state sugarcane commissioners to come up with a final production estimate for the 2010-2011 crop marketing season. The second state-wise sugarcane output estimates given by the cane commissioners were different from the second advanced estimates of the agriculture ministry.

“Though, there was not much difference in the overall cane production (which showed a rise in both the cases), but it was the wide variance in the state-wise cane production and per hectare yield numbers between the agriculture ministry and cane commissioners which raised concern,” officials said.

In some big states like Maharashtra, the agriculture ministry’s sugarcane production and per hectare yield estimates were 20-30 per cent more than that provided by the sugarcane commissioners.

The food ministry is now waiting for a clarity on the inter-state variance in the sugarcane estimates and the per hectare yield from the agriculture ministry before forming a final view on when to approach the empowered group of ministers again.

The meeting of sugarcane commissioners in Delhi on March 4, kept the official production numbers unchanged from the previous estimates of 24.1-24.5 million tonnes for 2010-11. Output in 2009-2010 was estimated to be 19 million tonnes.

Officials said the food ministry and agriculture department are holding regular consultations to sort-out the differences before finalising the draft to be sent to the EGoM.

Meanwhile, the sugar industry on Thursday demanded that the government should allow immediate export of sugar while reiterating its demand for removal of two critical controls — the levy obligation and release mechanism.

In a joint press conference held here, Indian Sugar Mills Association (Isma) and National Federation of Cooperative Sugar Factories (NFCSF) said the step will cut down the losses of industry and lead to timely payment to farmers.

“Since January, almost all sugar mills have been selling sugar at a price that is below the cost of production and are incurring loss of Rs 150 a quintal. This is unfortunate, since there is an opportunity to export surplus sugar as the global prices are high by Rs 500 a quintal,” Narendra Murkumbi, president of ISMA and managing director, Renuka Sugars said.

In the second-biggest producing state Uttar Pradesh, cost of sugar production is Rs 2,950 a quintal, while the ex-mill price is Rs 2,800 a quintal. Similarly, in Maharashtra, the biggest producing state, the cost of production is Rs 2,750 a quintal, ex-mill price is Rs 2,600 a quintal.