

Food inflation surges to 10.05 %

Special Correspondent

Soaring oil prices can put further inflationary pressure

NEW DELHI: Much to the surprise of analysts and fresh concern for the government, food inflation surged yet again to double digits at 10.05 per cent for the week ended March 12 from 9.42 per cent in the previous week as prices of fruits, vegetables and protein-rich edibles continued to rule at higher levels.

Soaring prices

A close look at the wholesale price index (WPI) data reveals that while some solace can be drawn from the fact that food inflation during the like week in 2010 was more than double at 20.62 per cent, the flip side is that the current bout of rising prices is on the back of an inflationary spiral seen last year without any statistical 'base effect' anomaly.

During the week, while vegetable prices rose by 11.20 per cent on a year-on-year basis, fruits remained dearer by 23.60 per cent and eggs, meat and fish continued to rule higher by 13.21 per cent.

Evidently, the sudden spike in food prices has been owing to demand-supply mismatches and such constraints cannot be tackled through monetary measures by the Reserve Bank of India (RBI).

According to HDFC Bank chief economist Abheek Barua, it is alarming that food inflation has surged to double digits. "We are again seeing a reversal on the part of food inflation, which is a cause of concern. The surge in prices could be because of supply-side disruptions," he said.

However, the catch is that since food articles have a weight of more than 14 per cent in the WPI basket for headline inflation, its contribution in overall rise in prices is significant and the RBI may have to opt for hiking its key policy rates yet again during its monetary review due in May.

As per provisional figures, overall inflation stands pegged at 8.31 per cent in February this year.

Perhaps, in anticipation of a fresh surge in prices, the RBI has already upped its projection on overall inflation for the fiscal year ending March 31, 2011, to 8 per cent from 7 per cent estimated earlier. Putting further inflationary pressure in the weeks ahead could be soaring oil prices owing to uncertainty in West Asia and North Africa.

Already, the ongoing political turmoil in the Arab world, especially Libya, has led to a spike in crude oil prices in global markets.

"There would be a continuous increase in the prices of decontrolled [oil] products. Moreover, the prices of diesel could be hiked after elections in four states and one Union territory in the country," Mr. Barua said.

As per the WPI data, inflation of non-food articles was up 26.78 per cent on a year-on-year basis.

While mineral prices went up by 12.35 per cent during the week, petrol turned dearer by 23.14 per cent.

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'Yes, storage, sub-standard grain are problems'

NEW DELHI: The government on Thursday admitted to problems in storage as well as supply of sub-standard foodgrains to the poor after senior Communist Party of India (Marxist) leader Brinda Karat expressed serious concern in the Rajya Sabha over grain rotting.

"I do admit," Finance Minister Pranab Mukherjee said after Ms. Karat charged the government with supplying rotten foodgrains to remote tribal areas. She showed samples of spoiled wheat and rice in the House.

"It is a fact that we could not create surplus storage capacity to our requirement. I do admit... rotten wheat," Mr. Mukherjee said replying to a debate on the Finance Bill later.

Ms. Karat said: "I challenge, let one big officer eat rotis from this wheat." She demanded the recall of sub-standard foodgrains from government godowns and their replacement with better quality rations.

"Is there no value for the lives of Adivasis to whom the grain was supplied via government ration shops?" she added.

With Ms. Karat demanding a monitoring agency to check the quality of foodgrains, Rajya Sabha Deputy Chairman K. Rahman Khan called on the entire House to associate itself with her mention. He assured it that the government would keep in mind the sentiments of the members.

The former corporate sector executive, A.K. Ganguly (nominated), warned that India was sitting on a grain-bomb as wheat production was expected to cross 82 million tonnes this year.

"The country needs an additional storage capacity of 1.5 lakh tonnes, but only 1 per cent was created in 2010," he said. Mr. Ganguly pointed out that while Russia and China were facing wheat crop failure, India was poised to reap a good harvest. "Let us not convert the fortune of plenty into calamity," he said, with noted agriculture scientist M.S. Swaminathan associating himself with the issues raised.

Date:25/03/2011 **URL:** <http://www.thehindu.com/2011/03/25/stories/2011032559980400.htm>

Procurement centres for farm produce

JAIPUR: The Rajasthan Government has started making preparations for procurement of agricultural produce at minimum support prices and identified the crops such as mustard and gram for which procurement centres and storehouses are to be established.

The two crops are arriving in huge quantities in the mandis across the State.

State Principal Cooperative Secretary Tapesh Pawar said at an official meeting here that the Rajasthan State Cooperative Marketing Federation (RAJFED) would have regular updates of mandi prices and would make prompt payment of support prices to farmers after procurement.

Mr. Pawar noted that both mustard and gram had reported an impressive production in the State this year and their prices in mandis were likely to decline below the minimum support prices.

“The cooperative institutions will begin procurement the moment they receive instructions in this regard.”

The Principal Secretary said the procurement would be reviewed every week, while the village cooperative societies would supply agricultural produce by procurement to the National Cooperative Consumers' Federation (NCCF) and the National Agricultural Cooperative Marketing Federation (NAFED) through the RAJFED.

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Innovations help areca farmers driven nuts by labour shortage

Special Correspondent

Arvind Laxmeshwar and Shylaja Vittala use technology to crack the problem



Extra Hand:New machines address several levels of processing the areca, including husking, peeling, scraping and slicing.

Bangalore: Areca farmers seem to moving from crisis to crisis, the latest being the ban on sale of gutka in plastic sachets bringing down areca prices to an all-time low. This has added to what has been a perennial problem in the last few years: severe shortage of skilled labour to shell and process nuts.

The recent national meet of innovative farmers at the Indian Institute of Horticultural Research here had two entrepreneurs offering a solution to this problem by providing machines that lessen reliance on labour. It also had a demonstration by the Centre for Sustainable Technologies (CST), Indian Institute of Science (IISc.), offering farmers the option of making value-added products with the areca husk.

Levels of processing

Arvind Laxmeshwar of Aztec India, an entrepreneur from Sirsi, has developed a variety of machines that address several levels of processing the areca: husking, peeling, scraping, slicing and so on.

It was a casual trip to Sirsi that changed the career plans of this electronics engineer who has served in the Navy for 10 years. During a brief stopover, he felt the farmers there need mechanisation of areca processing if they have to continue productive farming.

“With farmhands migrating to urban areas or taking up other jobs, there is a real crisis of labour and needs to be observed,” said Mr. Laxmeshwar, who runs his enterprise from Sirsi, where he has now settled.

Multipurpose peeler

Tumkur-based Dharma Technologies, run by Shylaja Vittala, also offers a range of processing machines. The machine on display at the exhibition was a multipurpose peeler suitable for fruits and nuts such as arecanut, walnut, badam, hazelnut and groundnut. A member of Association of Women Entrepreneurs of Karnataka (AWAKE), Ms. Vittala is one of the few women in the business.

The IISc. project, funded by NABARD, makes value-added products out of areca husk, which is usually thrown away or used as fuel. The biomass-based biogas plant development by CST, which yields fibre, compost and biogas, augments the income of the farmer. The centre is already holding field trials on this project in Tumkur.

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Rs. 557-cr. credit plan for agriculture

Staff Correspondent

Chitradurga: Canara Bank, Lead bank of the district, plans to extend credit to the tune of Rs. 904 crore during 2011-12.

The bank has set aside about 71 per cent of this credit, which works out to around Rs. 557 crore, to the agriculture sector. For non-farm sector, the bank has reserved Rs. 41.68 crore, which works out to 5 per cent of the total allocation. For other priority sector, the bank has earmarked Rs. 189 crore (24 per cent). "On the whole, the bank has set aside Rs. 787 crore for priority sector and Rs. 117 crore for non-priority sector," said Mokashi, Assistant General Manager of Canara Bank, who was present at a function organised to release the plan here on Thursday.

Chitradurga Zilla Panchayat Chief Executive Officer Rangegowda, after releasing the plan, urged the banks and their implementing officials to ensure that the targets were met and the loans utilised properly.

Sericulturists, reelers stage protest



Sericulturists and reelers staging a protest in

KOLAR: Sericulturists, reelers and others connected with the sericulture sector staged a protest in front of the office of Kolar MP and Minister of State for Railways K.H. Muniyappa here on Thursday.

The police stopped the protesters, who gathered under the banner of the all-India Anti Duty-free Silk Import Struggle Committee and Karnataka Prantha Raitha Sangha (KPRS), from entering into the office building.

The protesters came in a procession and raised slogans against the policies of the Union Government. KPRS district unit president P.R. Suryanarayan addressed the protesters.

'Irrigation potential is underutilised'

Special Correspondent

85 p.c. of minor irrigation projects not functioning: CAG

Only 13 to 17 p.c of the 5 lakh hectares irrigation potential has been utilised in five years

The CAG of India recommends review of all the ongoing minor irrigation works

— File Photo



Apathy: The Comptroller and Auditor-General of India says Rs. 7.31 crore was spent for maintenance of 245 non-functional minor irrigation tanks in the State from 2005 to 2009.

GULBARGA: The performance of Minor Irrigation Department and the percentage of utilisation of irrigation potential have come in for criticism from the Comptroller and Auditor-General (CAG) of India.

In its latest report, the CAG said only 13 to 17 per cent of the 5 lakh-plus hectares irrigation potential was utilised in the past five years.

One of the main reasons for this was that 78 to 85 per cent of the minor irrigation projects were not functioning, the CAG pointed out.

Out of the 4,259 tanks which could irrigate 5.17 lakh hectares in 2008-09, as many as 3,318 minor irrigation tanks were not providing water even to one hectare of land. The performance was the same during 2005-06 and 2007-08.

A review of the performance of the 25 new tanks constructed between 2005 and 2009 revealed that while no irrigation was possible in 19 to 22 tanks, one to four tanks irrigated only 3 to 30 per cent of the command area.

The CAG, in its recommendations on streamlining the functioning of the Minor Irrigation Department, said that all the ongoing minor irrigation projects should be thoroughly reviewed to assess their viability.

A detailed action plan should be drawn to complete all pending works in a time-bound manner to avoid cost escalation, and reasons for the poor performance of minor irrigation projects should be analysed for taking appropriate remedial measures.

The CAG pointed out that the number of incomplete works had risen from 1,109 to 3,529 during 2005 to 2010 and the total investment in these works was Rs. 756.23 crore. Another Rs. 928.1 crore was required to complete these works.

The report indicted the department for violating the norms fixed by the 12th Finance Commission on the allocation and expenditure of funds for maintenance of minor irrigation projects. While the norms clearly stated that the funds for maintenance should be allotted only on performing projects, Rs. 7.31 crore was spent on maintenance of 245 non-performing minor irrigation tanks from 2005 to 2009. Besides, the department had spent Rs. 19.45 crore on the maintenance of 142 tanks with less than 40 acres of command area which should have been transferred to zilla panchayats.

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Pineapple prices looking up

K.A. Martin

Given the current situation, the price should have been at least Rs.20 a kg for ripe fruits; still, farmers are getting a remunerative Rs. 16 a kg

KOCHI: After going through a bad patch through the year, pineapple farmers in Kerala are now finding prices looking up, thanks to a heavy summer that has boosted the demand of the tropical fruit in markets as far as Andhra Pradesh, Maharashtra, Gujarat, Delhi and Rajasthan.

Given the current situation, the price should have been at least Rs.20 a kg for ripe fruits; still, farmers are getting a remunerative Rs.16 a kg, said Baby John, president, Pineapple Farmers' Association, based in Vazhakkulam, near here.

He said that 2010 and 2011 had not been of much hope for the farmer, but the last two weeks have seen prices moving up, raising the prospects of making good their losses through the year. Farmers need at least Rs.13 a kg for pineapple cultivation to break even, he said pointing to the ever-rising cost of production.

Best quality

The best quality pineapple is fetching Rs.15 a kg at the Mazhuvannur market run by farmers under the Vegetable and Fruit Promotion Council Keralam (VFPCCK). C. Mathai, president of the self-help group of farmers which runs a market at Mazhuvannur, told The Hindu that the prices are good for the farmers and it is holding firm as the summer season progresses.

Despite the heavy sunshine and the need to irrigate pineapple fields, the arrivals are quite encouraging, he said pointing out that regular arrivals are in the range of 20 to 25 tonnes a day.

According to a rough estimate, there is around 13,000 hectares under pineapple cultivation in Kerala and the State produces around 3.25 lakh tonnes of the fruit a year. Kerala itself is a major market for the produce. However, some adverse publicity during the early part of the year had seen pineapple prices plummeting, Mr. John said.

Steady price

The price of pineapple has been quite steady throughout Kerala, according price figures released by the VFPCCK. Pineapple was selling at Rs.16.25 a kg in the wholesale at the Vazhakkulam market on Wednesday.

The price was Rs.18 and Rs.20 a kg in the wholesale and retail market respectively in Ernakulam.

At Aluva, it was Rs.17 and Rs.20, at Perumbavoor it was Rs.16 and Rs.18; at Palakkad Rs.18 and Rs.22 and at Kozhikode Rs.20 and Rs.24.

Prices were slightly higher in March 2010. In the second half of March, 2010, pineapple was selling at Rs.18.25 in the wholesale market at Vazhakkulam while the farmer was getting Rs.18 a kg. Around the same time, the price was Rs.20 and Rs.22 in Ernakulam, Rs.20 and Rs.22 in Kottayam, Rs.20 and Rs.22 in Aluva, Rs.22 and Rs.24 in Thrissur, and Rs.16 and Rs.20 in the Kozhikode market.

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Forestry Day celebrated

Staff Reporter

Kozhikode: Environmental activists, students and nature lovers of Kozhikode and Malappuram districts came together at the V.M.K Botanical Garden at Arambram here on Monday to celebrate World Forestry Day and the International Year for Forests.

Environmentalist T. Shobheendran inaugurated the get-together.

The botanical garden is an artificial forest located in the property of Uneerikkunnummal V. Muhammed Koya. Mr. Koya had constructed the forest by planting more than 250 plants over a period of 11 years in a hectare of land.

Various environmental organisations like B.P. Moideen Seva Mandiram, Mukkam, Iruvanhi Samrakshana Samithi, Punthoor Puzha Samrakshana Samithi, Chaliyar Samrakshana Samithi, Kera Karshaka Samithi, Jaiva Karshaka Samithi, Neerthada Samrakshana Samithi of Mavoor, Scouts and Guides, Junior Red Cross, Green Hope Society and Youth Hostel Association took part in the programme.

The group passed a resolution which demanded the authorities concerned to retain biodiversity, rivers and biodiversity parks and to increase the forest area. There are plans to establish a 'Vanavijnana Vidyalayam' in the garden, a press release said.

100-day programme to modernise agriculture

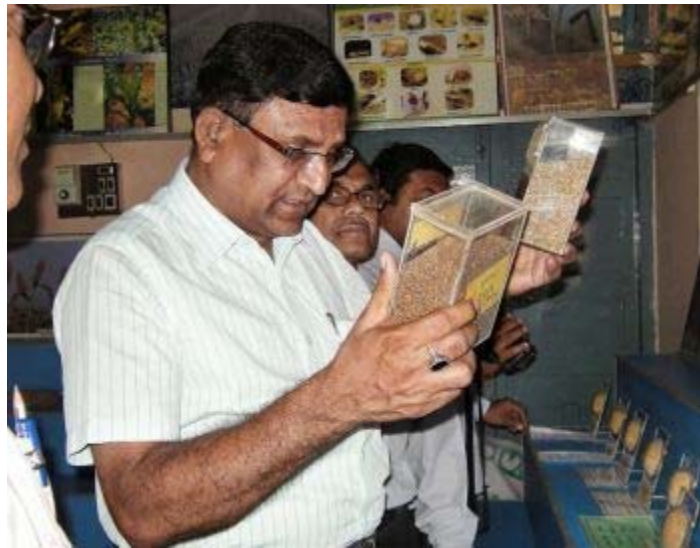
Special Correspondent

Collector holds meeting with scientists, officials

Meeting decides to provide soil testing results to farmers, suggesting ways to reduce costs

Collector underscores need for improving market intelligence

Photo: U. SUBRAMANYAM



Collector Ramsankar Naik examining breeder seed at Regional Agriculture Research Station at Nandyal in Kurnool district on Thursday.

KURNOOL: Collector Ramsankar Naik has initiated a 100-day lab to land programme to modernise agriculture system in the district and eliminate gaps in the present delivery mechanism.

As part of the preparation for the programme to be launched in April, Mr. Naik held a broad meeting with scientists, officials of agriculture, allied, revenue departments and banks at Regional Agriculture Research Station in Nandyal on Thursday.

Help for farmers

Spelling out his targets, Mr. Naik told the meeting that he wanted to help out farmers within the means available in the district and help revive agriculture making it remunerative.

The meeting decided to help farmers cut cost by providing soil testing results, suggesting ways to reduce cost on seed and fertilizers, provide bank loans by streamlining the process and offering market intelligence to get reasonable prices.

Scientists told the meeting that nearly two lakh hectares in the district lying in the black cotton belt did not require excess application of phosphorous. However, farmers were believed to have applied phosphorous chemicals worth Rs. 13 crore which was not required.

If all farmers were advised on the fertilizer dosage, a lot of money could be saved. Also, farmers were buying seed from private companies in the absence of know-how to produce their own seed.

Progressive farmers were encouraged to produce seed in the village, while all others could be benefit in the form of cheap seeds.

The Collector urged the bankers to streamline the loaning process and provide more loans to farmers easily. He promised to address their concern of recovery by involving the officials of other departments.

He mooted a proposal for farmers groups for borrowing loans so that recovery could improve.

Market monitoring

The meeting said the district had national recognition in the production of onion and tomato, yet the growers did not benefit out of it. Mr. Naik underscored the need for improving the market intelligence by monitoring the onion market at Nasik and tomato at Madanapalli.

The meeting reviewed the dairy, sericulture and fisheries identifying the gaps. The Fisheries Department identified that 26,500 tonne fish could be produced if properly managed.

Date:25/03/2011 **URL:**

<http://www.thehindu.com/2011/03/25/stories/2011032553550500.htm>

Farmers to get aid to shift to perennial crops

Staff Correspondent

Credit to be given at subsidised rate for a smooth transition

Monetary yield from perennial crops said to be high when compared to annual crops

The switch to perennial crops will be in phases

Shimoga: To enhance the income level of farmers in dry and semi-arid regions, the district administration has planned to extend financial assistance for them to switch over from annual crops to perennial crops.

“Credit will be provided to farmers through cooperative banks to switch over to perennial crops. Cultivation of mango and sapota that suits the region will be promoted,” Deputy Commissioner V. Ponnuraj said after releasing the district credit plan for 2011-12 at the Lead Bank in the city on Thursday.

Transformation

Returns per acre from maize was Rs. 15,000 to Rs. 20,000 while it would be Rs. 60,000 to Rs. 80,000 for crops like mango. The process of transformation to perennial crops would be in phases.

Expected yield

As yield could be expected in mango in three or four years, farmers would be asked to grow inter-crops, the income from which would help them tide over the gestation period. The possibility of synergising various existing schemes of the Centre and the State Government such as providing loans at 1 per cent interest and subsidising the agriculture inputs would be planned, he said. Referring to the low credit-deposit ratio of 70 per cent that the district had registered in the present financial year, he said banks should re-work their policies and ensure that a major share of the deposits mobilised here was used for the growth of local economy.

High rate of interest

Expressing concern on the high rate of interest prevailing in informal financial market in rural areas, he said the banks should ensure easy access to credit for people in villages. He regretted that banks had withdrawn from rural areas as well as from the credit needs of farmers. The nation although had achieved high growth rate after opting for liberal economic order, however the fruits of economic growth was yet to reach all sections of society. Concerted efforts were necessary to realise inclusive growth and banks had a crucial role to play in this regard, he said.

Shimoga Zilla Panchayat CEO A.B. Hemachandra, NABARD Assistant General Manager M.S. Raghavendra, Canara Bank Deputy General Manager M.T. Padmanabha and District Lead Bank Manager L. Subba Rao were present.



HT Correspondent, Hindustan Times

Email Author

New Delhi, March 24, 2011

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Food inflation rises to 10.1% as vegetables turn dearer

Costly vegetables, fruits and protein-based items pushed India's food inflation back to double-digits at 10.05%, rekindling the debate about another round of interest rate hike by the Reserve Bank of India (RBI) in its annual monetary policy review in May.

The RBI is manoeuvring between keeping the growth rate intact, and reining in runaway prices.

Last week, the RBI raised key policy rates (repo and reverse repo) by 0.25 percentage points - the eighth time this year - to cool inflation.

A higher repo at 6.75% would raise banks' borrowing costs, which in turn would raise interest rate on final home, auto and corporate loans. A higher reverse repo at 5.75% would give banks incentive to park money with the RBI, reducing liquidity and demand, cooling prices.

The RBI has acknowledged that underlying inflationary pressures have accentuated, even as risks to growth are emerging.

<http://www.hindustantimes.com/StoryPage/Print/677258.aspx>

New Delhi, March 24, 2011

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Last Updated: 14:16 IST(24/3/2011)

India's food inflation rises after three weeks of decline

Food inflation snapped a three-week easing trend in mid-March and fuel inflation remained at elevated levels, keeping pressure on the central bank to rein in broader inflation.

The food price index rose an annual 10.05% in the week to March 12, higher than a 9.42% rise in the previous week as prices of potatoes and vegetables rose, data released on Thursday showed.

The fuel price index climbed 12.79% in the same week, the same level as in the previous week. Bonds fell on the data.

High food prices kept headline inflation up for much of the past year. But now rising energy prices on unrest in the Middle East are a bigger challenge to inflation management as costlier fuel runs the risk of stoking overall inflation.

"Fuel inflation has remained steady as not much of pass through of high global crude prices is happening," said NR Bhanumurthy, an economist at Delhi-based think-tank National Institute of Public Finance and Policy.

"Once the domestic prices are reviewed to bring them in line with international prices, you will see an acceleration in fuel inflation. But any such revision in fuel prices is unlikely before the state legislative elections."

Bhanumurthy said the rise in food price inflation was a one-off move and should ease going ahead.

The yield on most traded 8.13% 2022 government bond was up 1 basis point at 8.07% after the data release. The 5-year swap rate climbed 2 basis points to 8%, while the 1-year swap rate was up 2 basis points at 7.47%.

Headline inflation had unexpectedly quickened to 8.31% in February from 8.23% a month ago on rising fuel and manufacturing prices.

High prices are a major headache for the Congress-party led ruling coalition, which faces key state elections next month. A poor showing could unravel Prime Minister Manmohan Singh's government, which is already under attack for a series of corruption scandals.

The Reserve Bank of India (RBI) raised interest rates last week for the eighth time since last March and said it was likely to maintain its anti-inflationary bias.

It also raised its forecast for headline inflation at the end of March to 8%, from an earlier 7%, citing risks stemming from high global crude prices.

"I don't think the rate hike cycle has peaked yet. So I expect further rate hikes going ahead," Bhanumurthy said.

World oil prices are trading around \$115 a barrel as unrest in Yemen raised concerns about a further threat to supply from the Gulf with Libya's flow also crippled by a standoff between rebels and the government.

<http://www.hindustantimes.com/StoryPage/Print/677054.aspx>

New Delhi, March 22, 2011

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Last Updated: 19:48 IST(22/3/2011)

Middle East events may push oil prices, inflation: Mukherjee

Finance minister Pranab Mukherjee on Tuesday warned of a spike in global fuel prices and domestic inflation as a result of the political uncertainties in the Middle East but said the fallout of the crisis in Japan was too early to assess.

"Growing political uncertainty in the Middle East and Libya has profound implications for the global oil markets and for the fuel-oil costs and inflation in our economy," Mukherjee told the lower house of parliament during a debate on the Finance Bill.

"The consequences of the tragedy for the Japanese economy and the implications for the global markets are yet to be fully assessed," he said, while initiating the debate on the bill that he tabled last month.

"Even as we plan and prepare for the uncertainties in a globalised world, I want to emphasise that there will always be events that one cannot anticipate or plan for," Mukherjee said referring to the devastating earthquake and tsunami in Japan.

As a result, he said, it was imperative for the government to keep some headroom in policy to address the issues. Accordingly, fiscal consolidation without affecting the growth momentum was one of the guiding principles in the budget.

"We need to do more when the going is good."

Mukherjee said that the government had outlined a major legislative agenda for financial sector reforms, and in this regard mentioned bills on banking and pension, as also to amend the Constitution for a uniform goods and services tax.

"I would like to emphasise the importance of staying our course on the tax reforms, the enactment of the direct tax code and the constitutional amendment to facilitate the implementation of goods and services tax from the next fiscal," he said.

"Half-measures in these reforms, by insisting on concessions and exemptions, will only add to the complexity and distortions of the tax regime, which will compromise the intended benefits from these measures."

<http://www.hindustantimes.com/StoryPage/Print/676357.aspx>

Weather

Chennai - INDIA

Today's Weather



Clear

Friday, Mar 25

Max Min

34.7° | 22.1°

Rain: 00 mm in 24hrs

Humidity: 66%

Wind: Normal

Sunrise: 6:11

Sunset: 18:20

Barometer: 1007.0

Tomorrow's Forecast



Cloudy

Saturday, Mar 26

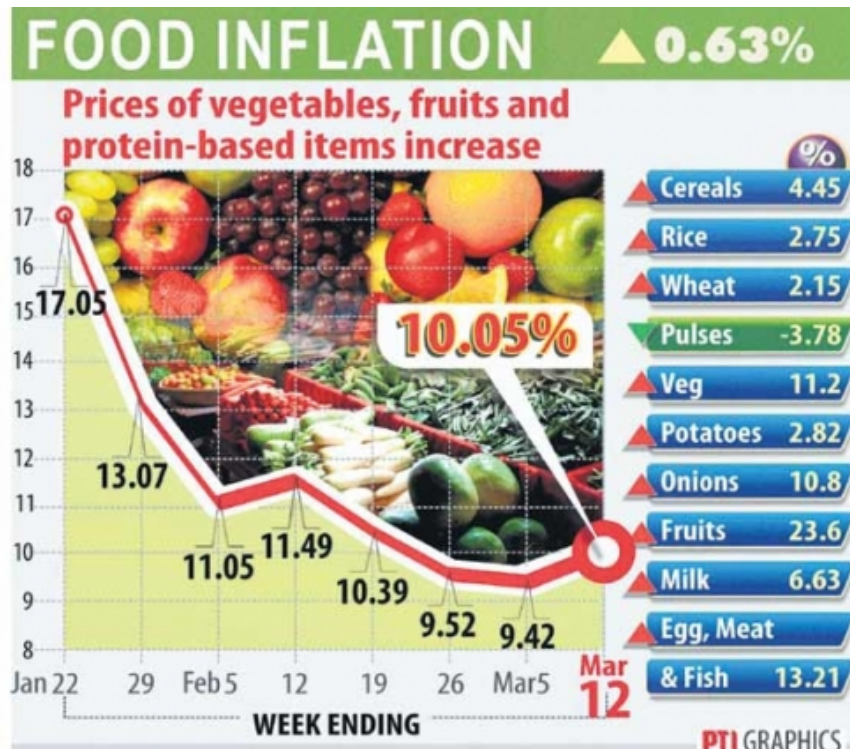
Max Min

35° | 24°

Extended Forecast for a week

Sunday Mar 27	Monday Mar 28	Tuesday Mar 29	Wednesday Mar 30	Thursday Mar 31
32° 24°	32° 24°	31° 22°	31° 23°	32° 23°
Cloudy	Cloudy	Cloudy	Cloudy	Cloudy

Food inflation back to double digits at 10%



March 24: People do not seem to be getting any relief from the high foods prices. At a time when there was some hope that rise in the prices of agri-commodities would come down, food inflation has once again gone into double digits at 10.05 per cent for the week ended on March 12. The food inflation, which measures the pace of rise in agri-commodities prices had fallen to single digit on February 26. The relief now seems to be short lived as the food inflation has remained in double digits for most part of the last two years. Crisil chief economist, Dr D.K. Joshi, said “ The milk prices have been rising besides vegetables and fruits and this has put pressure on food inflation. He said that the people are not going to get relief from overall high inflation in the near future.” The inflation in 2011 will remain above the comfort level of the policy makers. While the pressure will be there from food articles, it will be mainly replaced by high prices of non-food articles,” said Mr Joshi. Last week the RBI had raised its projection for food

inflation for March end to 8 per cent from its earlier estimate of 7 per cent. The overall inflation was at 8.31 per cent in February. "I feel that the inflation would continue to rise, we are nowhere close to the peak. The full effects of higher agricultural commodity prices and the latest jump in energy prices is still not reflected in the inflation numbers. The point here is the monetary policy will have to incorporate higher inflation projections in the coming months," said Mr Siddharth Shankar, director, KASSA. He said that food prices will continue their uptrend. Meanwhile to keep a tab on the prices of pulses, the government has extended a ban on the exports of pulses by one more year till March 2012. The restriction was imposed in June 2006 to augment the domestic supply and check prices of the commodity.

Source URL: <http://www.deccanchronicle.com/channels/business/news/food-inflation-back-double-digits-10-468>



By PTI

24 Mar 2011 12:25:53 PM IST

Food inflation in double digits at 10.05%

NEW DELHI: Food inflation crept back into double digits at 10.05 per cent for the week ended March 12, breaking a three-week long downward spiral, as prices of vegetables, fruits and protein-based items increased.

Food inflation stood at 9.42 per cent in the previous week. The latest rise marks the first time in a fortnight that food inflation has gone above a single-digit figure.

The latest surge in the rate of price rise of food items is likely to increase the worries of the government and the RBI, which have termed inflation control as a big challenge.

During the week under review, prices of vegetables went up by 11.20 per cent year-on-year.

While potatoes became 2.82 per cent more expensive, onions became dearer by 10.80 per cent on an annual basis.

Prices of fruits soared by 23.60 per cent year-on-year, whereas egg, meat and fish became

dearer by 13.21 per cent.

During the week under review, milk became 6.63 per cent costlier on an annual basis.

Cereals were up 4.45 per cent, while rice and wheat became dearer by 2.75 per cent and 2.15 per cent, respectively.

Meanwhile, inflation of non-food articles was up by 26.78 per cent year-on-year.

Mineral prices were up by 12.35 per cent during the week under review, while petrol became dearer by 23.14 per cent.

Headline inflation in the country has remained above 8 per cent since February, 2010.

According to latest data, overall inflation in February this year was 8.31 per cent.

The RBI in its quarterly review on March 17 revised the March-end inflation forecast upward to 8 per cent from 7 per cent projected earlier.

The apex bank has hiked its short-term lending and borrowing rates eight times since March last year to tame the inflationary pressure.

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CM meets PC, Pawar over crop loss

March 25, 2011 10:58:46 AM

Staff Reporter | Bhopal

Madhya Pradesh Chief Minister Shivraj Singh Chouhan, who had called off his fast against the stepmotherly treatment meted out to the State last month, called on Union Home Minister P Chidambaram and Union Agriculture Minister Sharad Pawar in New Delhi on Thursday.

On getting assurance from Prime Minister Manmohan Singh, Chouhan had called off his fast on February 13. Later, he had met Planning Commission Deputy Chairman Montek Singh Ahluwalia on February 18. In the meeting, it was decided that a Group of Ministers would be formed to decide whether crop loss due to frost should be included in the natural calamity effects.

However, after over a month, the meeting of the Group of Ministers (GoM) is yet to be convened. Following this, the farmers who lost their crops in several parts of the State are facing problems. Since, the Centre did not take any decision till date, only the State government is compensating the affected farmers.

During the meeting, Chouhan urged both the Ministers to hold a meeting of GoMs as expeditiously as possible so as to consider the issue of inclusion of frost/cold wave as an eligible calamity for relief under National Disaster Response Fund (NDRF).

Chouhan drew the attention of Pawar and Chidambaram to the crop loss, due to frost and cold wave and requested them to include the loss into the National Disaster Response Fund as the farmers are not extended any financial help on havoc.

Chouhan apprised the Union Ministers of 33 lakh farmers losing 35 lakh hectare crops on account of natural frost hammering. As a result of this, crops of estimated Rs 7,000 crore were wrecked in the disaster. The State Government has demanded a financial help of

Rs 2,400 crore from Central Government. The Madhya Pradesh Government is distributing Rs 1,300 crore among the frost-affected farmers from its resources.

Agriculture Minister Sharad Pawar and Home Minister Chidambaram assured the Chief Minister of calling a meeting of Group of Ministers very soon and the loss to crops, due to frost, would be considered for inclusion into natural calamity.

CIAE breaks new grounds in precision farm machinery

March 25, 2011 10:59:07 AM

Staff Reporter | Bhopal

The Central Institute of Agricultural Engineering (CIAE), Bhopal, which is functioning under the aegis of the Indian Council of Agricultural Research (ICAR) has been instrumental in developing farm equipment ever since its inception.

The CIAE, Bhopal was established on February 15, 1976 during the Fifth Five Year Plan to develop and demonstrate technologies for mechanisation of production and post-production agriculture using conventional and non-conventional energy sources. The vision is to make Indian agriculture profitable, sustainable and globally competitive enterprise through engineering interventions of farm mechanisation, value addition and energy management in production and post harvest activities.

During the current Plan period, the CIAE has broken new grounds in terms of precision machinery; biomass-based decentralised power generation, primary processing of medicinal plants, shelf life extension of dairy analogs of soybean, extrusion technology, and efficient utilisation of water for irrigation.

THE HINDU Business Line

Food inflation rears up even as fuel scare looms large



Business Line CAUSE FOR WORRY: Food inflation crept back into double digits at 10.05 per cent for the week ended March 12, breaking a three-week long downward spiral, as prices of vegetables, fruits and protein-based items increased. - Photo: Ashoke Chakrabarty
March 24, 2011:

An uptick in items such as wheat, potatoes, onions and fruits, forced food inflation to snap a three-week downward trend to inch up back into the double digits.

West Asia fears

Fuel inflation, though steady, continued to stay at elevated levels amid fears that the continuing unrest in the Arab world could stoke price trends in coming months, keeping up the pressure on the central bank to rein in broader inflation.

Data released on Thursday showed that the food price inflation, based on the annual Wholesale Price Index, rose 10.05 per cent in the week ended March 12, higher than the 9.42 per cent annual rise recorded in the previous week.

While analysts termed the upsurge in food inflation as a one-off move that should ease going ahead, the unrest in West Asia and North Africa has aggravated fears of costlier fuel stoking overall inflation, even though a revision in fuel prices is unlikely before the upcoming State elections.

The data released on Thursday showed that the fuel price index surged 12.79 per cent in the latest week, the same level as reported in the previous week.

The markets seem to have discounted the uptick in the weekly inflation number, with bourses rising for the third consecutive day on Thursday. Reacting to the latest inflation estimates, the Finance Minister, Mr Pranab Mukherjee, said it would be possible to maintain inflation at “reasonable” levels on account of measures taken by the Government.

While replying to the debate on the Finance Bill in the Rajya Sabha, he also said the Centre and the States have to work collectively to remove supply bottlenecks in order to tame inflation.

According to the data, onions were up 11 per cent on an annual basis, while fruits surged 24 per cent and milk was up 7 per cent. Cereals surged over 4 per cent, with wheat moving up sharply.

Inflation among non-food articles, led by fibres, was up 27 per cent year-on-year. On a sequential basis, poultry chicken, and fruits and vegetables surged 2 per cent.

Headline inflation had quickened to 8.31 per cent in February from 8.23 per cent a month ago on rising fuel and manufacturing prices.

The RBI, on its part, had raised interest rates last week for the eighth time since last March and is likely to maintain its anti-inflationary bias. The central bank, in its quarterly review on March 17, had raised its forecast for headline inflation at the end of March to eight per cent, from an earlier seven per cent, citing risks stemming from high global crude prices.

India can become self-sufficient in pulses production in 3-5 years: Icrisat



Pulses on display. (file photo)

New Delhi, March 24:

India, the world's largest importer of pulses, can become self-sufficient in production in the next 3-5 years through the use of quality seed varieties and supportive government policy, global research body Icrisat has said.

India imports three million tonnes of pulses annually to meet domestic shortages. Production this year is estimated at 16.55 mt against the demand of 17-18 mt.

"India can become self-sufficient in pulses production in the next 3-5 years. We believe we can easily produce three mt of pulses in the country itself," the International Crops Research

Institute for the Semi-Arid Tropics (Icrisat) Director-General, Mr William Dar told reporters here today.

He said the institute has developed pulses seed varieties that are resistant to climate change and “some of them will be rolled out through a partnership with Indian research institutes like ICAR”. Mr Dar, who was here for the four-day 64th meeting of the Icrisat governing board, which ended today, said there are pulses varieties that can be grown in the short and medium-term and adaptable to various ecology in India. Launching the ‘Icrisat South-South Initiative’ to boost the India-Africa partnership in agri research for development, the Icrisat governing board Chair, Nigel Poole, said the initiative will help in exchange of research knowledge between the two countries for improving pulses and other agricultural production in dryland areas.

Mr Poole said there is a pessimistic view of tropical dryland farming. But Icrisat has lot of evidence to show that market-oriented agriculture can be promoted in dryland farms. About 65 per cent of India’s agriculture is under dryland farming. Even pulses are grown in dryland areas of about 23 million hectares in the country at present, he added. Hyderabad-based Icrisat is the only global institute of agriculture, which has its headquarters in India. The institute has released 57 varieties of chickpea and pigeonpea in India in the last 30-odd years, raising the production of pulses

DGFT extends ban on pulses export till next March



New Delhi, March 24:

Ban on export of pulses has been extended by one more year till March 2012, even as the country is likely to import 3.4 million tonnes to match the enhanced demand.

“The period of validity of prohibition on export of pulses is extended up to March 31, 2012,” a Directorate General of Foreign Trade (DGFT) notification said. The ban was to expire on March 31, 2011.

The restriction was imposed in June 2006 to augment the domestic supply and check prices.

Wholesale price index based inflation in the pulses segment stood at 1.89 per cent in February 2011 down from 12.72 per cent in the same month last year.

However, the prohibition will not apply to the export of Kabuli Chana and 10,000 tonnes of organic pulses during 2011-12, DGFT said.

Notwithstanding expected bumper production of pulses during 2011-12, India is likely to import 3.4 million tonnes of the commodity, the government had said recently.

Production of pulses during 2011-12 as per the Second Advance Estimates of the Agriculture Ministry is put at 16.51 mt. The Planning Commission has estimated the demand during the period at 19.11 mt.

To augment the domestic availability of pulses, the Government has permitted imports at zero duty up to March 31, 2012. Regarding export of organic pulses, the DGFT said the quantity shall be 10,000 tonnes up to March 2012.

Tea producers body seeks lifting of embargo on tea despatches



A tea garden near Coonoor. (file photo)

Kolkata, March 24:

The Consultative Committee of Plantation Associations (CCPA), the apex body of tea producing associations in the country, has urged the Darjeeling Terai Dooars Plantation Labour Union (DTDPLU) to restore normalcy by withdrawing the embargo on tea despatches from the tea estates located in Darjeeling hills to enable the producers to fulfil their commitments and obligations to buyers, according to a release issued by CCPA.

CCPA has made it clear that it is willing to initiate discussion on its charter of demands “in conformity with well established practice of concluding a composite agreement covering all sections of West Bengal tea industry.”

CCPA has also informed DTDPLU that it has urged the West Bengal Labour Department to immediately convene a meeting for commencement of discussion on revision of wages in accordance with the charters of demands received from several tea workers' unions in the State.

Pepper futures decline on liquidation



Black pepper

Kochi, March 24:

Pepper futures on Thursday declined marginally on liquidation and correction.

Besides, activities were limited due to the financial year closing.

Some of those who took delivery of March and holding valid stock were booking some profit.

Some were offering March delivery valid stock at Rs 2 to 3 per kg below April price but the buyers were asking discount at Rs 4 to 5 a kg, market sources told *Business Line*.

There was good liquidation which led to the decline in the market.

No selling pressure

No selling pressure was there in the spot market, they said.

April contract on NCDEX declined by Rs 80 to close at Rs 23,634 a quintal. May and June contracts dropped by Rs 49 and 32 respectively to close at Rs 23,925 and Rs 24,245 a quintal.

Total turnover dropped by 1,596 tonnes to 5,094 tonnes. Total open interest dropped by 224 tonnes to 11,073 tonnes showing good liquidation.

April open interest dropped by 275 tonnes to 8,831 tonnes while that of May and June moved up by 22 tonnes and 31 tonnes respectively to 1,900 tonnes and 229 tonnes.

Spot prices

Spot prices remained unchanged at previous levels on thin activities at Rs 22,100 (ungarbled) and Rs 22,900 (MG 1) a quintal.

Indian parity in the international market was at 5,450-5,475 a tonne (c&f). The currency factor has influenced the price as the rupee continued to be stronger against the dollar.

Firmer trend

Meanwhile, Vietnam has been showing a bit firmer trend following good reported buying from China apart from the reluctance of the growers there who are not showing any interest to sell at lower levels, they said.

India-Africa partnership to fight dryland poverty



Poverty-stricken: A farmer sits on his barren land in Punjab. (File photo)

Hyderabad, March 24:

The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) today announced the formation of ICRISAT South-South Initiative (IS-SI) to boost India-Africa partnership on agriculture research aimed at tackling poverty in drylands.

Dr Nigel Poole, Chairman of ICRISAT Governing Board, in a statement said IS-SI will build upon ICRISAT's strong India-Africa partnership to scale up its role as the driver of prosperity and economic opportunities in the dryland tropics.

Addressing participants of the Indo-Africa roundtable on agriculture for development in New Delhi, Dr Poole explained that IS-SI will provide the platform for focussed and systematic international partnerships critical for a more effective and inclusive development cooperation between the two continents.

Every one dollar spent on international agricultural research leads to a return on investment of nine dollars worth of economic value in developing countries.

Dr William Dar, ICRISAT Director General, said “IS-SI will open more opportunities for increased and technical support and enhanced public-private people partnerships on research for development.”

“This initiative will also see better policies, more effective institutions, improved infrastructure and better access to markets and to higher quality inputs particularly for dryland farmers in India and Africa,” Mr Dar added.

Dr S.Ayyappan, Director General of the Indian Council for Agricultural Research (ICAR), expressed that this initiative will enhance South-South partnership between India and Africa.

Spot rubber rules steady



Kottayam, March 24:

Spot rubber was steady on Thursday. The market lost its direction as most of the traders were hesitant to enlarge their commitments since it is very near to the current financial year closing. Moderate gains in the global indices helped the prices to sustain at the prevailing levels though the session remained under pressure on buyer resistance following the declines in the domestic futures.

In the international scene, physical supplies remained tight since farmers in Thailand and Malaysia stopped tapping following a sharp drop in latex production during the dry season which is expected to end only in late April. The Tokyo rubber futures firmed up on supply concerns but the gains were limited on profit taking at higher levels.

Sheet rubber closed flat at Rs 228 a kg amidst scattered transactions. The grade weakened to Rs 227.50 (228.00) a kg both at Kottayam and Kochi as quoted by the Rubber Board.

In futures, the April series declined to Rs 223.51 (230.13), May to Rs 229.50 (235.96), June to Rs 235.75 (241.82) and July to Rs 235.76 (242.41) a kg for RSS 4 on the National Multi Commodity Exchange (NMCE).

RSS 3 (spot) flared up to Rs 260.37 (253.19) a kg at Bangkok. The March futures for the grade increased to ₹457 (Rs 252.45) from ₹445 a kg during the day session but then slipped to ₹455.4 (Rs 251.55) a kg in the night session on the Tokyo Commodity Exchange (TOCOM).

Spot prices were (Rs/kg): RSS-4: 228 (228); RSS-5: 224 (224); ungraded: 221 (221); ISNR 20: 222 (222) and latex 60 per cent: 130 (130).

Govt admits to foodgrains rotting ahead of wheat harvest

New Delhi, March 24:

Amidst a warning that the country is sitting on a “grain bomb” due to prospects of record wheat output, the government on Thursday admitted to cases of foodgrains rotting and said enough storage facility must be created. Referring to CPI(M) member Ms Brinda Karat showing samples of rotten wheat and rice in the House, the Finance Minister, Mr Pranab Mukherjee, said in the Rajya Sabha, “I do admit.” He also agreed that the country needs to create a big storage

capacity as the foodgrains production has grown fast in the wake of remunerative prices given to the farmers.

“It is the fact that we could not create surplus storage capacity to our requirement. I do admit... rotten wheat,” he said, replying to a debate on the Finance Bill.

Grain bomb

Earlier during the Zero Hour, Ms Karat raised concern that the government was supplying rotten foodgrains to remote tribals areas. She even showed the samples of spoiled wheat and rice in the House.

Making a demand for recall of such foodgrains from government godowns, Ms Karat blamed bureaucrats for the problem. “I challenge, let one big officer eat rotis of this wheat... Is there no value for life of adivasis?” to whom the grain was supplied via the government ration shops.

Mr A K Ganguly (Nom) said “the country is sitting on a grain bomb” as wheat production is expected to be over 82 million tonnes this year.

India needs additional storage capacity of 1.5 lakh tonnes and only one per cent was created in 2010, he said. Even before the harvesting of new wheat crop, the government godowns are overflowing with foodgrains of over 47 million tonnes.

Record production

Of a record wheat production of over 82 million tonnes, the government procurement are expected to exceed 25 million tonnes, which will put pressure on storage capacity.

Most of procurement and storage is undertaken by the Food Corporation of India (FCI) and some Sstate agencies. Mr Ganguly, a well-known name in the corporate sector, and former Cchairman of Hindustan Unilever, said while countries such aslike Russia and China are facing wheat crop failure, India has a fortune of reaping good harvest. “Let us not convert fortune of plenty into calamity,” he said.

Business Standard

Friday, Mar 25, 2011

FMC raises margins for mentha oil futures

Anindita Dey / Mumbai March 25, 2011, 0:46 IST

The Forward Markets Commission (FMC) has directed commodity exchanges to increase margins on mentha oil futures from March 23.

“Mentha oil prices have been increasing sharply since the last two weeks mostly on speculation and not much on fundamentals. Therefore, both on the buying and selling side (long and short), margins have been increased with a special margin on long-side for March and April expiry contracts,” said an official close to development.

Since March 1, mentha oil futures have shot up from Rs 1,135 a kg to Rs 1,314 a kg. Similarly for the April contract, prices have gone up from Rs 1,070 per kg to Rs1,127 per kg. However, since yesterday, prices fell to Rs 1,284 per kg and 1,079 per kg for the March and April contracts respectively. March contract and April contract of mentha oil futures expire on March 31 and April 29.

“As against the usual margin of five per cent paid in cash for both long and short positions in the contract, an additional margin of 10 per cent has been imposed on both positions. In addition to this, a special margin of 20 per cent has been directed for only long positions,” said an official. In effect, the margin for long position is 30 per cent (inclusive of five per cent paid in cash) and 10 per cent for short positions (inclusive of five per cent paid in cash).

Traders said the sudden volatility in mentha contracts because the United States had earlier decided to ban mint cigarettes. However, it is now being reported that they have decided to continue the use of mint based/menthol cigarettes. Traders said there no confirmation on this front but speculations are adding to the confusion. India is the largest producer and exporter of menthol and mint oil in the world.

India's mint belt lies in Uttar Pradesh, Punjab, Himachal Pradesh, Haryana and Bihar. Almost 80 per cent of the crop in India comes from Uttar Pradesh (Rampur, Moradabad, Bareilly, Barabanki and Badaun) and the remaining from the other states.

At present, major producers of mint oil are India, China, Brazil and the US. The estimated export of mint products from India in 2009- 2010 was 19,000 MT having a value of around Rs 120 crore.

"The price range of Rs 1,200-1,300 for mentha oil has been highest since 2006. In fact, the price, till sometime back, used to be backwardation (future prices below spot prices). Suddenly, the contracts are in contango (future prices higher than spot) without much increase in productivity. Since March, spot prices ruled in the range of Rs 1,206-1,195 before settling at Rs1195 per kg," said an official.

Maharashtra's revival scheme fails to enthuse sugar industry

Sanjay Jog / Mumbai March 25, 2011, 0:46 IST

The Maharashtra sugar industry is not amused by the state finance minister's proposal to write off interest and penalty in return for upfront payment of sales tax and sugarcane purchase tax dues by sick and closed mills.

According to sources in the sugar industry, there are 30 mills whose net worth is negative and which have not crushed cane in the previous three seasons.

The state government is estimating sales tax and sugarcane purchase tax dues owed to it and it is believed the arrears could be in the range of Rs 15 crore to Rs 20 crore.

"The proposed revival scheme is of little help, as it does not address the real issue of financial crisis of such mills. If these mills are unable to make payment to banks, how will they be in a position to make upfront payment of sales tax and sugarcane purchase tax dues?," industry sources told Business Standard.

"The sick and closed mills have got loans from the state cooperative bank on a government guarantee. The arrears towards these loans would be more than Rs 500 crore."