THE HINDU Business Line

Turning costlier

Inflation rears up: Vegetable trade near Mumbai. After a short respite, food inflation was back in double digits at 10.05 per cent for the week ended March 12 on costlier vegetables, fruits and protein-based items.

Spot rubber turns weak

Kottayam, March 25:

The physical rubber prices turned weak on Friday. The undercurrent was bearish in the absence of genuine buyers though there has been no visible selling pressure in the market. According to observers, the market might continue to remain sluggish with minor variations on either side till the end of the current fiscal. The trend was mixed.

The Tokyo rubber futures fell on heavy long liquidation by investment funds since it failed to break above the key resistance of ¥440 but the prices were partially supported by tight supplies on late trades.

Sheet rubber weakened to Rs 226 (228) a kg as quoted by the traders. The grade moved down to Rs 226.50 (227.50) a kg both at Kottayam and Kochi according to Rubber Board.

The April series increased to Rs 227.80 (223.54), May to Rs 233.69 (229.45), June to Rs 239.50 (235.34) and July to Rs 239.80 (237.18) a kg for RSS 4 on the National Multi Commodity Exchange (NMCE).

RSS 3 (spot) slipped to Rs 258.90 (260.37) a kg at Bangkok. The March futures expired at ¥453.8 (Rs 249.36) a kg while the April futures declined to ¥433 (Rs 237.93) from ¥442.5 during the day session and then improved to ¥439.5 (Rs 241.50) a kg in the night session on the Tokyo Commodity Exchange (TOCOM).

Spot prices were (Rs/kg): RSS-4: 226 (228); RSS-5: 223 (224); ungraded: 219 (221); ISNR 20: 222 (222) and latex 60 per cent: 132 (130).

Parag Milk enters South with Go Kids

Chennai, March 25:

The Pune-based Parag Milk Foods Pvt Ltd is set to expand into South India with its Rs 85-crore milk processing facility going on stream in Chittoor, Andhra Pradesh.

The company will launch Go Kids brand of liquid milk in Chennai before rolling it out in other markets, according to Mr Devendra Shah, Chairman Parag Milk. The “Go” brand will also include a range of milk products including cheese and fruit flavoured yoghurt.

In a telephone interview to *Business Line*, Mr Shah said that the 12-lakh litre a day milk processing facility at Palamner, Chittoor District, commenced operations recently. This plant gives it reach to the southern markets and the export markets because of its proximity to the ports in Chennai and Andhra Pradesh.

Milk procurement for the Chittoor plant has started in Andhra Pradesh and Tamil Nadu. The company will soon expand into Karnataka also. It now handles about 2.5 lakh litres of liquid milk daily. The capacity available in the South adds to its 10 llpd in Pune where it commenced operations in 1992. Like Maharashtra, the rest of the southern markets are cow milk-based, which complements Parag Milk's traditional products lines.

As part of its expansion into South India, the company has floated a new brand Go Kids which is now going through a soft launch. Go Kids cow milk has been launched first in Chennai. It will also launch shredded cheese under the “Go” brand. Suitable for pizza and pasta dishes, shredded cheese will be launched next month in Chennai. It is now being launched in Mumbai and Bangalore, he said. GO is a brand that will target the modern segment. Parag Milk's traditional brand has been Gowardhan which will cover traditional products like ghee and butter. The market for this range is also being expanded. Earlier it was available in Maharashtra and in the last two months Gowardhan has been marketed in Bangalore.

Reduction in MEP of onion will spur exports

Price-cut raises Indian onion's marketability

File picture of workers unloading onion at a market in Mumbai.
Chennai, March 25:

A move by the Government to further lower the minimum export price (MEP) for onions to $225 a tonne from $275 is likely to boost exports of the vegetable.

This is the fourth time that the MEP has been cut this month from $600 fixed when the ban on onion exports was lifted.

Besides, the Government has also reduced the MEP for Bangalore rose onions to $600 a tonne from $1,400.

“The lower MEP will boost exports to European destinations such as Greece and Italy, besides our traditional markets,” said Mr Rupesh Jaju, Director of the Nashik-based United Pacific Agro Pvt Ltd.

India had earlier exported to Greece and Italy, though not continuously.

“Countries such as Pakistan are also in the export market and shipments will depend on what sort of demand emanates,” said Dr R.P. Gupta, Director of the National Horticultural Research Development and Foundation.

But exporters are upbeat on export prospects since the lower MEP will render Indian onions competitive in the global market.

“Our prices should match other sellers and we don't think there will be any problem,” said Mr Madan Prakash of Chennai-based Rajathi Group of companies that exports onions.

“Countries such as Pakistan and China will not be able to compete with us on quality,” said Mr Jaju.

For onion on par with the Indian quality, Pakistan could quote around $300. Though the neighbouring country sells onions for $170-180 a tonne too, they are of inferior quality and are meant for Bangladesh.

Some Malaysian buyers used to this quality onion from Pakistan, too, buy it. Pakistan onion is set to arrive from next month.

“China's onion will lose out because it is a bit spicy,” said Mr Jaju.

In the global market, Indian onion costs a little higher but in view of its better quality it has a good demand. “Unless the prices rise sharply, there won't be any fall in demand,” said Dr Gupta.

The lower MEP will be of relief to traders since they need not invest more for exports. Demand from the Gulf, Sri Lanka and Malaysia for Indian onion continues.

“We are now getting enquiries from The Philippines. They could start buying from the second week of April,” said Mr Prakash.

Buyers from The Philippines have to get permits and they are waiting before they can commit themselves.

“We have an order book running to 900 tonnes,” said Mr Jaju.

Exporters expect good shipments to take place the next 3-4 months.

The Centre banned exports of onion in December when prices at retail outlets surged to over Rs 80 a kg. The ban was lifted on February 18 after the prices cooled and arrivals improved. However, the Centre fixed $600 as the MEP for shipments.

With arrivals flooding markets and farmers protesting against fall in prices, the Centre cut the MEP on March 1 to $450 before reducing to $350 on March 8 and $275 on March 16.

Onion prices had crashed to lower than Rs 400 a quintal last week, while some markets around growing centres such as Lasalgaon, Pimpalgaon were closed unable to provide space for the huge arrivals.

On Friday, onion ruled between Rs 430 and Rs 460 a quintal at different markets across Maharashtra, which is the number one producer in the country.

Onion stabilises on lower minimum export price

Stable price*

Date	Arrivals	Price		
		Min	Max	Modal
Mar 20	367.8	400	600	500
Mar 21	1,530.2	650	600	475
Mar 22	1,193.3	300	600	450
Mar 23	1,449.2	300	600	450
Mar 24	1,700	300	600	450
Mar 25	2,423.2	320	600	460

*arrivals in tonnes; price in Rs/quintal at Pune
Source: NHRDF

Chennai, March 25:

Onion prices tended to stabilise this week with the rates improving marginally at markets around growing centres. Prices stabilised despite heavy arrivals in markets. One reason was further lowering of the minimum export price to $225 from $275, while the other was demand coming in from the eastern parts.

“We saw a normal demand but buying for areas such as West Bengal and Siliguri was higher,” said Mr Madan Prakash, Director of Chennai-based Rajathi Group of companies that is into onion exports. “This is a normal phenomenon. Prices will go up or come down Rs 100 a quintal during these times,” said Dr R.P. Gupta, Director of National Horticultural Research Foundation.

On Friday, the modal price or rates at which most trades took place in Pune was Rs 460 a quintal against the week's highest arrivals of over 2,400 tonnes. At Lasalgaon, the most important market, the modal price was Rs 430 a quintal against Rs 361 last week.

arrivals

Arrivals were over 1,500 tonnes against 2,600 tonnes last Friday. Dr Gupta said markets would tend to move either way especially when some markets are closed for March-ending. Mr Rupesh Jaju, Director of Nashik-based United Pacific Agro Pvt Ltd, said 60 per cent of the arrivals was the red onion harvested during kharif, while the rest was onion grown in kharif.

“Kharif onions are sold between Rs 200 and Rs 350 a quintal. They cannot be stored,” he said.

Rabi onions that can be stored and in demand from exporters are ruling around Rs 400-500 a quintal, he said. Quality onions from the rabi harvest are commanding Rs 700-750 a quintal. Prices are likely to rule around these levels for the next 3-4 months, Mr Jaju said.

Cotton firm on mill demand

Rajkot, March 25:

Cotton prices remained firm on demand from mills. According to industry sources, cotton is unlikely to fall the near future as farmers hold on to the poor quality stocks.

Gujarat *Sankar*-6 cotton variety increased Rs 1,000 to Rs 61,000-61,500 a candy of 356 kg. Raw cotton price also jumped Rs 15-20 to Rs 1,420-1,425 for 20 kg in Gujarat. About 17,000-18,000 bales arrived in Gujarat and 60000 bales in the rest of the country.

Mr Avdhesh Sejpal, a Rajkot-based broker, said, “There is no chance for market to go down as stocks are of poor quality. Farmers are holding on to the stocks in hope of better returns.”

Domestic mills have to cover huge quantities of cotton to meet requirements until the new crop arrives in October, said experts.

In Gujarat, agricultural produce marketing committees will be closed for a week to settle accounts for year-end.

According to sources, an estimated 25.8 million bales, 83 per cent of the forecasted output of 31.2 million bales, had arrived into the market till Wednesday, as compared to 25.1 million bales, 76 per cent of the last season's output of 33.9 million bales that hit the *mandis* around the same time last year. This means an estimated 5.3 million bales, 17 per cent of the year's output, is left with farmers and stockists.

Pulses witness dull trading

Indore, March 25:

Most of the pulses ruled steady while pulse seeds showed mixed trend amid dull trading. Because of *Sheel Saptmi* which falls on Saturday, majority of small *mandis* across the State remained closed. Pulse seeds and other grains in Indore *mandis* saw a steep decline with merely 1,000-1,200 bags of chana and 300-400 bags of masoor arriving in the local *mandis* on Friday. Weak arrival and poor buying affected trading, leading to bearish sentiment in pulses. Nevertheless, chana and urad saw a marginal gain on weak arrival and improved queries.

Supported by marginal rise in futures on the National Commodity and Derivatives Exchange (NCEDX), chana in the spot was quoted Rs 10-20 higher at Rs 2,340-2,350 a quintal. Chana (desi) quoted at Rs 2,300 and chana (mausmi) quoted at Rs 2,300-2,400 a quintal. Chana dal ruled firm. Chana dal (bold) quoted at Rs 2,950-3,000, chana dal (memdium) quoted at Rs 2,850-2,900 and chana dal (average) quoted at Rs 2,750-2,800 a quintal. Urad also gained Rs 50 on improved queries with its prices in the spot quoted at Rs 4,150-4,200 a quintal. Urad (medium) quoted at Rs 3,400-3,600 a quintal. Urad dal however, ruled steady with urad (mongar) quoted at Rs 6,600-7,000, urad dal (bold) quoted at Rs 5,850 and urad dal (chilka) quoted at Rs 4,800-4,850 a quintal.

Masoor

Declining demand dragged masoor and tur in the spot. Masoor declined to Rs 3,210-3,215 a quintal on lack of buying at the current level. Masoor (medium) quoted at Rs 2,950-3,000 a quintal. However, no change was observed in masoor dal with masoor dal (bold) in the spot quoted at Rs 3,925-3,950 a quintal, masoor dal (medium) quoted at Rs 3,775-3,800 a quintal and masoor dal (average) quoted at Rs 3,675-3,700 a quintal.

Poor demand also dragged tur by Rs 50 with the prices of tur (white, Maharashtra quality) in the spot quoted at Rs 3,700 a quintal. Tur (Nimari) quoted at Rs 3,400-3,600 and tur (red) quoted at Rs 3,600 a quintal.

Rice prices improve on moderate buying

Karnal, March 25:

Prices of Pusa-1121 varieties of rice increased Rs 50-100 a quintal on moderate buying. Other aromatic and non-basmati varieties ruled steady on Friday.

Pusa-1121 managed to recover, after its prices fell two days ago, while all other rice varieties remained flat, said Mr Amit Chandna, Proprietor, Hanuman Rice Trading Company. Prices of Pusa-1121 have dropped by around Rs 3,000 a quintal in the last 2 years, said Mr Chandna. Two years ago, this variety was traded at Rs 8,000 a quintal. Currently, it is currently trading at around Rs 5,000, he added.

Prices of Pusa-1121 rice (steam) increased by Rs 100 and ruled at Rs 5,100-5,300 a quintal, Pusa-1121(sela) rose by Rs 70 to Rs 4,150-4,320, and Pusa-1121(raw) increased by Rs 50 to Rs 5,050-5,150. Prices of duplicate basmati ruled at Rs 3,850-4,000 a quintal.

Among brokens, Tibar was quoted at Rs 3,000-3,400, Dubar at Rs 2,300-2,600 and Mongra at Rs 1,800-2,100.

Sharbati (steam) was quoted at Rs 3,000-3,100 and Sharbati (raw) at Rs 2,800-2,900 a quintal.

PR-11 (sela) ruled at Rs 2,000-2,050 and PR-11(raw) was traded at Rs 2,000-2,150 a quintal. Permal (sela) was quoted at Rs 1,600-1,900 a quintal. Permal (raw) at Rs 1,800-1,900 a quintal.

Sugar prices rule steady

Mumbai, March 25:

Sugar prices ruled steady on Friday. Ready market and *naka* rates were unchanged.

Mill tender rates were weak. At the production level, selling pressure continued, even after export permission and extension of stock-holding limits boosted sentiment.

With the time limit for the current month's free-sale quota coming to an end next week, it will add some pressure to complete sales at the mill level. The undertone was steady, said traders.

Mr Harakhchand Vora, Vice-President of Bombay Sugar Merchants Association, said market players were waiting for the free-sale quota for the next month to be announced. The talk of lesser quota affected market sentiment.

For the current month, 16.84 lakh tonnes of free-sale quota was declared. Mills have not off-loaded the expected quantity as there wasn't enough demand in the first fortnight. Mills are pressed to sell the monthly quota.

But with the temperatures rising throughout the country, demand for the sweetener is seen higher in the coming days. Currently month-end lower retail demand has kept traders away from fresh bulk-/stock-buying for the short term.

On Thursday evening, about 8-10 mills came forward with tender offers, and sold about 40,000-45,000 bags at Rs 2,680-2,715 for S-grade and Rs 2,725-2,765 for M-grade. Sugar prices in other producing centres also ruled steady on need-based demand.

On Friday, arrival in the Vashi markets also declined to 38-40 truck loads (each of 100 bags). Local dispatches were at 35-36 truck loads on thin retail buying.

Bombay Sugar Merchants Association's spot rates: S-grade Rs 2,801-2,841 (Rs 2,801-2,841) and M-grade Rs 2,841-2,926 (Rs 2,841-2,926).

***Naka* delivery rates:** S-grade Rs 2,770-2,800 (Rs 2,770-2,800) and M-grade was Rs 2,785-2,880 (Rs 2,785-2,880).
