THE HINDU

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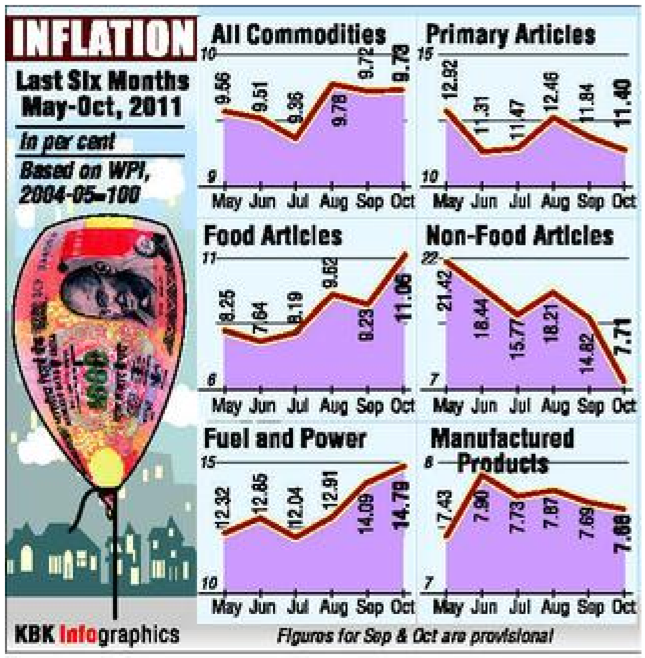
Inflation inches up to 9.73 % in October

Steps taken to improve supply side will yield results: Pranab



Headline inflation remained stubbornly steady at 9.73 per cent in October this year to accord no relief to the common man, despite the various supply-side and monetary measures taken by the government and the Reserve Bank of India (RBI) in over the last few months.

Instead of showing even a slight moderation, WPI (wholesale price index) based overall inflation, in fact, inched up a tad during the month from 9.72 per cent in September owing to the hike in prices of fuel (petrol), higher prices of manufactured goods and food items such as fruits, milk and vegetables.

In October 2010, headline inflation was lower at 9.08 per cent. Finance Minister Pranab Mukherjee attributed the near double-digit headline inflation to the food price spiral and pointed out that the fall in prices of primary articles was getting offset by the surge in prices of certain food items.

However, he expected farm goods prices to soften soon following a good monsoon.

"For seven months, from April to October, 2011... main reason for high [headline] inflation is food inflation ...There has been a substantial increase…I do hope that the full impact of the good monsoon will be felt and steps we have taken to improve the supply side will yield results," Mr. Mukherjee said.

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It's time for adoption of modern technology

R. Sairam

Agricultural labourers at work near Usilampatti in Madurai district. Photo: S. James

It needs a change in the mindset of farmers and agricultural producers to reduce post-harvest losses

At a time when the natural resources of the earth are straining under the weight of an exponentially growing population — an issue thrust into the forefront with global population breaching the seven billion mark recently — it is unconscionable that a hugely-populated country like India lets 20 per cent of agricultural produce to go waste due to lack of proper storage.

Reducing this wastage requires more than just a few more infrastructure . It needs a change in the mindset of farmers and agricultural producers that adoption of modern technology to reduce post-harvest losses through well-equipped storage centre is the way to make farming viable and sustainable.

Importance

This issue has huge importance to Madurai, which is not only a major farming centre by itself, but also a hub where most of the agricultural produce in southern districts of Tamil Nadu is brought for storage before being despatched to all parts of the country.

Stress on storage

R. Mohana Sundaram, Senior Marketing Officer (SMO), Directorate of Marketing and Inspection, Madurai, points out that during harvest season, Madurai sees the arrival of agricultural produce form three to five districts simultaneously in a short span of around 20 days. This placed tremendous stress on the storage points and a sizeable quantity is lost.

Despite this situation existing for decades, nothing much has changed. In Western countries and even in the neighbouring China, adequate planning is done ahead of harvest season and godowns and storage facilities are beefed up.

As a result, most Western countries see loss of only 5 to 7 per cent.

He advocates replicating the hugely-successful strategy Tamil Nadu adopted to increase milk production.

Instead of having farmers come down all the way to marketing centres, small collection centres could be set up in the farming belt to collect perishable products like fruits, vegetables and flowers.

These collection centres could be clustered around one major processing centre, which could be equipped with cold storage and other requisite facilities.

The NABARD provides 25 per cent subsidy and 75 per cent loan for such projects.

“Such measures would go a long way in avoiding distress sale and at the macro level, a buffer stock could be created to bring about stability in prices,” adds Mr. Mohana Sundaram.

Huge wastage

S. Rethinavelu, President, Agro Food Chamber of Commerce and Industry, expressed grave concern that food grains worth around Rs. 78,000 crore were perishing annually for want of safe storage.

One move towards reducing this loss was for farmers to make more use of the Tamil Nadu Storage Marketing Yard. Constructed in an area of 30 acres with a total storage capacity of 60,000 tonnes and 2,500 tonnes cold storage, it also had state of the art facilities.

He also said that the Tamil Nadu Storage Marketing Yard was planning a display for agri products in addition to holding various orientation programs for the benefit of the farming community

R. Shankar Narayan, NABARD Assistant General Manager, said that NABARD promoted Farmers Clubs were being educated on the need for adopting technically superior post-harvest methodologies.

"The future of farming lies in farmers coming together as producer companies and maximising their income levels and bargaining capacity. Creating and expanding state of the art storage facilities is the need of the hour."

Towards this objective, a sensitisation programme on Marketing Infrastructure Grading and Standardisation was conducted by National Bank for Agriculture and Rural Development (NABARD) at Tamil Nadu Foodgrains Marketing Yard here recently.

Marketing infrastructure

P. Ramalingam, NABARD Assistant General Manager, gave a detailed presentation during the meeting on various subsidy facilities given through NABARD.

He urged 60 farmers who took part to take advantage of schemes of Government of India to promote marketing infrastructure.

The farmers were also given an opportunity to go around the Tamil Nadu Foodgrains Marketing Yard and have a view of various facilities such as Tunnel Dryer, Cleaning & Grading, Packaging, Colour Sorting, Research and Development activities, cold storage and common godown.

Muthupeiyandi, a member of the Vaigai Farmers Club, who attended the meeting, said, "We have already taken to joint purchase of inputs such as fertilisers. Now, we are also interested in establishing our own godown facilities and storage infrastructure."

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Need for more oil palm processing units stressed

Ravi. P. Benjamin

The department of horticulture, in line with the Union Government's policy of expansion of horticulture cultivation area to reduce dependence on import of oil palm, is promoting oil palm cultivation in the Visakhapatnam region. Farmers in the district are cultivating in 4,000 hectares while farmers in Vizianagaram and Srikakulam are cultivating in 7,000 and 3,000 hectares respectively. The State stands first in the country by cultivating in one lakh hectares.

Currently, palm oil is being imported from Indonesia and Malaysia in crude form which is refined at the refineries in Kakinada.

“Crop subsidies were being given by the State Government for the oil palm crop for four consecutive years to put up with the long gestation period of five years for reaping commercial benefits out of the crop. Once commercial production begins, the farmers are guaranteed a regular income for the next 25 years on the lines of coconut crop,” says Horticulture Assistant Director S. Ram Mohan.

‘Assured returns'

Returns are assured for farmers as the oil palm fruit which ripens in its fifth year is purchased by processing companies which have a buy-back agreement with the farmers. For the farmers in the Vizag region, a processing plant has been set up at Vaddadi village in Buchayyapeta mandal in the district.

The department of horticulture releases a subsidy of Rs.4,600 per hectare for first year, Rs.3,300 for second year, Rs.3,500 for third year and Rs.4,100 for the fourth year. The subsidy amount takes care of the maintenance cost of the crop.

The farmers produce eight tonnes of oil palm fruit per hectare and sell the same at Rs.6,200 per tonne. The farmer gets a profit of Rs.30,000 per hectare per year after deducting expenditure.

Under the Rastriya Krishi Vignan Yojana scheme, the government is planning to expand the area of cultivation under a special programme to augment the production of the oil by 2.5 to three lakh tonnes in the next five years. In the year 2011-12, the area of cultivation is being expanded by 60,000 hectares throughout the State.

The Union Government is promoting Oil Palm Development Programme under the centrally sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM).

An oil palm farmer in Buchayyapeta mandal Appala Naidu regretted that the government has not covered the oil processing plants under the ISOPOM scheme as no subsidy or incentives were extended to those who set up the processing plants. Unless farmers have sufficient number of processing plants within the vicinity of the farming operation, crop cultivation is not viable and also cannot be expanded. Moreover, the crop needs to be sent to the processing plants within 24 hours of its harvesting. More than 24 hours of waiting for processing will affect the quality of the product.

Farmers and oil processing companies are demanding establishment of more processing plants and for that to become a reality, the government need to extend subsidies and loans for setting up the plants. Palm oil is used in soap making and in cosmetics industry apart from being an edible oil.

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Cotton growers protest, seek market price

Staff Reporter

PATIENT WAIT: Cotton growers at the agricultural marketyard in Karimnagar on Monday. — Photo: Thakur Ajay Pal Singh

Cotton growers came on to the roads in Karimnagar on Monday demanding market price to their produce instead of the minimum support price at the agricultural marketyard.

After the arrival of huge stocks into the marketyard, traders started bidding and the price reached Rs. 3,900 per quintal against the minimum support price of Rs. 3,300 per quintal. But, the growers were not satisfied and wanted more than Rs. 4,000 per quintal as there was a good market price in the neighbouring Adilabad and Warangal districts.

When traders refused to pay more than Rs. 3,900 per quintal for high grade quality and Rs. 3,600 per quintal for ordinary variety, the growers staged a ‘rasta roko' and a dharna at the market committee office. Later, agricultural market committee chairman Akarapu Bhaskar Reddy arrived at the spot and pacified the agitating cotton growers and held consultations with them and traders and ensured that the cotton was procured at Rs. 4,000 per quintal. Following the deal, they called off their agitation.

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Government to double kharif paddy procurement

Special Correspondent

The State government has finalised plans to double the quantity of kharif paddy for procurement this year, taking to a high of 40-50 lakh tonnes compared to 23 lakh tonnes procured during the last rabi which itself was a record.

Purchase centres

As many as 1,400 purchase centres are being opened in the State for procurement run by self-help groups, FCI, Civil Supplies Corporation and Markfed. A Centre will be opened wherever a request is made, declared Civil Supplies Minister D. Sridhar Babu.

Speaking to reporters after meeting of Group of Ministers on procurement and prices of essential commodities here on Monday, he announced that 103 lakh tonnes of paddy was expected out of the kharif crops this year.

An MSP of Rs. 1,110 would be offered to farmers per quintal on buying at the purchase centres for “A' grade paddy and Rs. 1,080 for common variety. In case of both, farmers would get an extra of Rs. 80 per quintal compared to the MSP offered last time (Rs. 1,030 and Rs. 1,000).

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Water from Pechipparai dam released

Staff Reporter

: Water from the Pechipparai dam was released for irrigation on Monday. According to Public Works Department sources, as expected by the farmers, there was lack of adequate rain during the north-east monsoon, even in catchment areas.

However, as there was heavy rain which lashed other parts of the district, the release was stopped from the Pechipparai and Perunchani dams. The farmers have also started agriculture activities and started transplanting paddy crops in many parts of the district, including the tail-end areas. As water was needed now for the paddy crops, the officials of PWD released 286 cusecs of water from the Pechipparai dam for irrigation after consulting the representatives of various farmers' associations. The inflow to the dam was 137 cusecs.

The catchment areas witnessed the maximum rainfall of 31 mm in Chittar I followed by 10 mm in Pechiparai, 6.2 mm in Perunchani and 6 mm each in Myladi and the Puthen dam. The level in the Pechipparai dam stood at 24.70 feet, 53.20 feet in Perunchani, 4.13 feet in Chittar I, 4.23 feet in Chittar II and 1.10 feet in the Poigai dam.

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Supply milk as per requirement

Overcrowded kerosene bunk

The kerosene bunk at Kadampadi is the only one in Nagapattinam town. On many occasions, consumers, who have been allotted particular days for collecting kerosene, return empty handed on seeing no stock board.

They have to go all the way again on some other days, which leads to overcrowding at the bunk. I request the authorities to ensure availability of kerosene on all the days.Rajeswari,*Nagapattinam.*

The Thanjavur cooperative milk supply union is supplying Aavin milk for the district. Restrictions are made for the sale of milk against the wishes of consumers.

Most of the consumers want milk in the morning, but they are forced to get it in the evening.

The union has a stock excuse - transportation of milk from Tiruchi is a problem. Since milk is an essential item, the consumers should be supplied according to their requirement. The Aavin should make the necessary arrangement without forcing condition on the consumers.

S.Ganesan,*Thanjavur-7.*

Computerised reservation centre

The new BG line between Nidamangalam and Mannargudi was opened for passenger traffic recently. Consequently, a daily train was introduced between Chennai Egmore and Mannargudi with effect from September 27, which is called Mannai Express. Adiramapattinam and surrounding areas are deprived of gauge conversion as this belt does not have direct rail connectivity to Chennai. Computerized reservation centres need to be opened in order to book tickets.A.I. Abdul Razak,*Adirampattinam.*

Garbage removal

At the new housing unit in Thanjavur, which has about 400 houses, day-to-day accumulation of garbage is not cleared periodically. The piles of garbage at the end of every street spew out foul smell, besides posing health hazard.I request the municipal health officer to visit this area regularly.A.Xavier,*Thanjavur-5.*

Advance booking

Consequent to cancellation of Kamban express between Chennai and Karaikudi due to the gauge conversion, passengers from Thiruthuraipoondi and surrounding areas travel by buses to Chennai. Transport corporation operates direct buses from Thiruthuraipoondi to Chennai.

At present, advance booking is made on the day of travel, whereas many people plan to visit Chennai to attend court on a fixed date. The State Transport Corporation should take steps for booking of tickets at least three to four days in advance.R. Jambunathan,*Thiruthuraipoondi.*

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Mettur level

The water level in the Mettur dam stood at 103.88 feet on Monday against its full level of 120 feet. The inflow was 8,225 cusecs and the discharge, 13,002 cusecs.

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Sericulture farmers to protest today

The All-India Struggle Committee Against Duty-free Silk Import will stage demonstrations in front of silk cocoon markets on Tuesday in protest against the State Government's ‘meagre' relief package for sericulture farmers. The Government's announcement of Rs. 30 per kg of cocoon was unscientific, committee convener G.C. Bayya Reddy told presspersons on Saturday. As farmers were losing over Rs. 150 per kg of cocoon, the relief being provided was not enough, he said. The protest is also aimed at pressuring the Government to withdraw the cases filed against farmers of Channapatna who were on an agitation against the dip in cocoon prices, he said.

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Collector seeks 350 tonnes animal fodder for Nalgonda

Correspondent

Nalgonda Collector N. Mukteswara Rao, while interacting with Revenue Minister N. Raghuveera Reddy during a video conference in Hyderabad, sought supply of 350 tonnes of animal fodder seeds to tide over its shortage following a dry spell in the district.

Mr. Rao informed the Minister that 573 official teams had so far toured 85 per cent of the affected villages and secured details of the crop loss estimates. They would cover the balance villages and submit reports on relief measures by November 17.

He said over 68 per cent of various crops in the district were damaged and that already 52 of the 59 mandals were named as drought-hit.

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Cooperatives to help small farmers: Minister

Special Correspondent

The 58{+t}{+h}All-India Cooperative Week began in Rajasthan on Monday with a call to infuse a "democratic spirit" into the cooperative institutions to benefit small and marginal farmers. The process for elections to village cooperative societies has already begun in the State.

Cooperative Minister Parsadilal Meena said in his message that the State Government had provided a grant worth Rs.72 crore to the cooperative banks to release sufficient crop loans to farmers. These loans are given at an interest rate of 4 per cent and the credit limit for each beneficiary has been increased two-fold to Rs.1 lakh.

Mr. Meena said new cooperative societies are being established in villages across the State to extend benefits to a greater number of people: "Elections are going to inculcate a true democratic spirit into the cooperative institutions."

A number of activities are proposed to be undertaken on each day of the Cooperative Week. An integrated cooperative development scheme worth Rs.236 crore has been launched in 11 districts for strengthening cooperative societies.

Minister of State for Cooperatives Brajendra Singh Ola and Principal Cooperative Secretary Tapesh Pawar said the cooperative activities would be turned into a "people-centric movement" and steps taken to enhance profits and productivity of cooperative bodies. Mr. Pawar said two lakh new members are being linked with the Sahakari Kisan credit card facility.

hindustantimes

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Higher food prices push inflation to 9.73%

A rise in prices of food articles, notably lentils, rice, milk, condiments, fruits and vegetables marginally pushed India's annual rate of inflation to 9.73% for October from 9.72% in the previous month.

According to latest data on the wholesale price index released by the commerce ministry, the rise was spread across commodity groups. Primary articles registered an inflation rate of 11.4%, fuels were up 14.79 % and factory goods 7.66%.

The high inflation rate has been a cause for concern both for the Reserve Bank of India and the government, with Prime Minister Manmohan Singh terming it a "worrisome" problem. "I do not deny it particularly with regard to food prices," he said last week.

"Foodgrain prices are stable. But the prices of vegetables and that of tertiary goods are going up. The demand is growing on a much faster rate on the supply curve. "One reason why inflation has become a problem is due to the prices of fuel products," the Prime Minister said.

Following is the inflation rate for key commodities for October, as per latest data:

* Food Articles 11.06

* Cereals 4.56

* Rice 4.56

* Wheat (-)0.95

* Pulses 9.63

* Vegetables 21.76

* Potato 1.30

* Onion (-)16.16

* Fruits 11.96

* Milk 11.12

* Eggs, Meat and Fish 12.59

* Non-Food Articles 17.71

* Fuel and Power 14.79

* Liquefied petroleum gas 14.27

* Petrol 27.90

* High speed diesel 9.32

* Manufactyured Products 7.66

* Food Products 7.80

* Sugar 6.69

* Edible Oils 13.09

* Beverages, Tobacco and Tobacco Products 12.53

* Cotton Textiles 10.80

* Man-made Textiles 7.17

THE TIMES OF INDIA

Inflation inches up further to 9.73% in October

Tweet

PTI | Nov 14, 2011, 04.37PM IST

NEW DELHI: Showing no signs of moderation, the headline inflation rose, albeit marginally, to 9.73% in October due to expensive food items and fuel, adding to hardships of common man.

Inflation, measured by the Wholesale Price Index (WPI), was 9.72% in the previous month. The rate of price rise had stood at 9.08% in October 2010.

Finance minister Pranab Mukherjee, however, expressed the hope that prices will calm down as a result of good monsoon.

"I do hope the full impact of the good monsoon will be felt. And steps we have taken to improve the supply side will yield results," he said while attributing the high inflation to rising prices of certain food items.

As per the data released today, food items became 11.06% more expensive year-on-year during the month under review.

Food inflation was at 9.23% in September. Inflation in the fuel and power segment stood at 14.79% on an annual basis in October, as against 14.09% in the previous month.

The spill-over of the over Rs 3 per litre hike in petrol prices by oil marketing companies in mid-September seems to have been reflected in the numbers. This is the 11th consecutive month when headline inflation has stood above the 9% mark.

"These trends partly reflect the impact of depreciation of the rupee on prices of imported inputs," ICRA economist Aditi Nayar said.

The rupee has depreciated by over 10% against the US dollar in the last four months. The exchange rate currently stands near Rs 50 per dollar, thus making imports more expansive, especially of crude oil.

Inflation inches up to 9.73% in Oct

Agencies Posted online: Mon Nov 14 2011, 11:45 hrs

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Inflation, measured by the Wholesale Price Index (WPI), was 9.72 per cent in the previous month. The rate of price rise had stood at 9.08 per cent in October 2010.

Finance Minister Pranab Mukherjee, however, expressed the hope that prices will calm down as a result of good monsoon. "I do hope the full impact of the good monsoon will be felt. And steps we have taken to improve the supply side will yield results," he said while attributing the high inflation to rising prices of certain food items.

As per the data released on Monday, food items became 11.06 per cent more expensive year-on-year during the month under review.

Food inflation was at 9.23 per cent in September.

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This is the 11th consecutive month when headline inflation has stood above the 9 per cent mark. "These trends partly reflect the impact of depreciation of the rupee on prices of imported inputs," ICRA economist Aditi Nayar said.

The rupee has depreciated by over 10 per cent against the US dollar in the last four months. The exchange rate currently stands near Rs 50 per dollar, thus making imports more expansive, especially of crude oil.

Inflation in overall primary articles stood at 11.40 per cent in October, compared to 11.84 per cent in September.

Prices of manufactured products, which have a weight of around 65 per cent in the WPI basket, went up by 7.66 per cent year-on-year in October, as against 7.69 per cent in September.

Inflation in manufactured items has been high since February this year, when it crossed the 6 per cent-mark.

Meanwhile, the inflation numbers for August has been maintained at the original estimate of 9.78 per cent. This is after a long time that final estimates of inflation for any month has not been revised.

Experts said that the Reserve Bank is unlikely to go for another hike in interest rates at its next mid-quarterly review in early December. "Inflation is expected to ease over the course of the third quarter ... Accordingly, we expect the RBI to leave the repo rate unchanged in the December policy review, in line with the guidance provided in the second quarter review of monetary policy," Nayar said.

In the last review, the apex bank has already said that another rate hike in December is unlikely. The apex bank has already hiked key policy rates 13 times since March, 2010, to tame inflation.

India Inc has said the string of rate hikes, which have raised the cost of borrowing, have acted as a dampener to fresh investment and hindered growth.

Growth in industrial production fell to a two-year low of 1.9 per cent in September. The economic growth in the April-June period stood at 7.7 per cent, the slowest expansion rate in the past six quarters.

At its second quarterly review last month, RBI said it expects inflation to start moderating by December and fall to 7 per cent by March, 2012.

Global financial services major Barclays termed the October inflation as "in line with expectations". "The November inflation is also likely to hover around a similar level before softening from December onwards. Our expectation in this regard is broadly in line with the central bank's projections," Barclays Capital economist Siddhartha Sanyal said.

Inflation surges above forecast in Oct

India's headline inflation was unchanged in October, worse than forecast and above the 9 percent mark for the eleventh straight month, complicating monetary policy for the Indian central bank.

India's central bank, the D Subbarao-led RBI (Reserve Bank of India) has raised interest rates 13 times since early 2010 but has failed to contain price pressures which are threatening to hit double-digit levels due to supply and transport bottlenecks and high global commodity prices.

The RBI acknowledged in its October review that growth risks were being reflected in slowing economic indicators for Asia's third-largest economy, but still raised its policy lending rate, the repo rate, by 25 basis points.

It also said that if inflationary pressures started to abate by December, more rate hikes may not be needed.

Annual wholesale price index in October stood at 9.73 percent versus 9.72 percent in September, as local prices for energy and food continued to rise despite a sharp pullback in global commodity prices in recent months.

Fuel price inflation in October stood at 14.79 percent while food inflation was 11.06 percent.

The RBI, which has been the world's most aggressive central bank in fighting inflation, has now become an outlier as global economic risks grow.

Elsewhere in Asia and in parts of Latin America, some central banks are moving to a more accommodative stance or preparing to do so in the face of mounting global risks, with central banks in Indonesia and Australia cutting interest rates in recent weeks and others such as the Bank of Korea toning down its rhetoric on inflation.

RBI statements have puzzled economists. It has left its forecast for WPI inflation by March 2012 unchanged at 7 percent while downgrading growth forecasts, acknowledging it expects high inflation levels to persist for a further two months and warning of the risks of a premature end to policy tightening.

To some economists, it suggests unwillingness on the part of the bank to recognise rate rises have had little impact on inflationary pressures but inflicted heavy damage on investment.

Indian federal bond yields and swap rates inched higher, while the rupee trimmed gains after slightly higher-than-expected October inflation data.

Data is in line with expectations. I don't think the RBI will lower its vigil yet on inflation concerns, said Kumar Rachapudi, fixed income strategist at Barclays Capital in Singapore.

At 11:35 a.m., the most-traded new 10-year bond yield was up 1 basis point at 8.97 percent from before the data.

The benchmark five-year swap and the one-year rate both inched up 1 basis point each to 7.38 percent and 8.13 percent, respectively, traders said.

The main share index extended gains marginally to be up 0.85 percent.

Data on Friday showed India's factory output grew at its slowest pace in two years in September, suggesting high domestic interest rates, worries about Europe's debt crisis and fragile global demand were dampening industrial activity in India.

UNDERLYING INFLATIONARY PRESSURES STRONG

Local food prices, which are largely outside the domain of monetary policy, have risen sharply in October and with little help from the government to ease supply-side pressures, it is a key contributing factor to high inflation.

Food price inflation slowed slightly to an annual 11.81 percent in the week to October 29, government data showed on Friday.

Last week state run refiners raised gasoline prices by 2.7 percent, the fourth increase in a year and a move which will further stoke inflationary pressures in the economy.

The economy has also been hit by a depreciating rupee which fell to its lowest level in two and a half years on Friday thus making oil imports more expensive. India imports 75 percent of its oil consumption.

Core inflation, which excludes food and fuel prices, is still high, indicating persistent price pressures in the economy.

However, Subir Gokarn, a deputy governor of the Reserve Bank of India said on Friday that interest rates may have peaked and he sees inflation moderating, reinforcing expectations it will pause its policy tightening at its next policy review in December policy.

INSTANT VIEW/COMMENTARY:

RADHIKA RAO, ECONOMIST, FORECAST PTE, SINAGPORE:

October WPI surprised to the upside holding up above 9.0 percent mark for 11th successive month and reinforces worries that the anticipated moderation in price pressures might not materialise into end-year.

Food and fuel prices posted double-digit growth while manufacturing WPI steadied above 7.5 percent y/y. This data print alongside weak September industrial production highlights RBI's policy conundrum and the likely course of action ahead.

We do not expect the firmer inflation print alone to revive odds for another hike in December. This reading, however, does lower scope of any imminent rates cuts and we expect benchmark rates to remain on hold until end-FY12, with trajectory thereafter hinging upon evolving growth risks.

DARIUSZ KOWALCZYK, SENIOR ECONOMIST AND STRATEGIST, CREDIT AGRICOLE CIB, HONG KONG:

The data shows that the RBI has not yet achieved a breakthrough in its fight against price pressures. This will reduce upside for the Indian rupee today and is likely to push the short end of the INR OIS curve up.

We expect inflation to start falling in December. The RBI is likely to stay put, waiting for a decline, and may well cut the cash reserve ratio in early 2012.

KUMAR RACHAPUDI, FIXED INCOME STRATEGIST, BARCLAYS CAPITAL, SINAGPORE:

Data is in line with expectations. I don't think the RBI will lower its vigil yet on inflation concerns. The RBI will make sure that call rate will be close to the repo rate in line with its anti-inflationary stance.

ARUN SINGH, SENIOR ECONOMIST, DUN & BRADSTREET, MUMBAI:

It is clear that despite the many months of interest rate increases, inflation is not moderating as expected and remains well above 9 percent. This is a big worry.

We know inflation in India is being worsened by supply-side bottlenecks about which RBI can't do much, so it will stay focused on managing inflation expectations.

Hence, another 25 basis point hike in repo rate is most likely before the RBI looks to pause.

SHAKTI SATAPATHY, FIXED INCOME STRATEGIST, AK CAPITAL, MUMBAI:

The headline number is steady on month-on-month basis and a reflection of persistent rise in protein-rich food items through out the previous months.

However, the manufacturing number indicates moderation. The prime challenge to face ahead is centred on the fuel price index. With oil marketing companies running short of cash, either a price deregulation or subsidy outflows or both could take place, thereby worsening the near-term inflationary outlook.

With growth trending down and the RBI rate hikes in peak zone, reciprocate action should come from the government end to curb the overall demand for the subsidized oil.

SUJAN HAJRA, CHIEF ECONOMIST, ANAND RATHI SECURITIES, MUMBAI

There is no major change as far as manufacturing is concerned, and it is the food prices that are on the upside. The bad thing is that we are not seeing month-over-month softening in inflation.

But now base effect will start playing out, and even if the prices don't fall, because of the base effect, inflation will start easing by December. Inflation will come off by 200-250 basis points by March.

MARKET REACTION:

The main stock index rose slightly to 0.84 percent after the data from 0.75 percent beforehand.

The new 10-year 8.79 percent, 2021 bond inched a basis point higher to 8.97 percent after the data.

The benchmark five-year swap rate and the one year swap rates each moved up 1 bp to 7.38 percent and 8.13 percent respectively, traders said.

The partially convertible rupee trimmed early gains after inflation data and was at 50.08/09 per dollar.

BACKGROUND:

- Rising borrowing costs and a weak global economic environment have hurt growth. India's industrial output expanded 1.9 percent in September, the weakest pace in 2 years, in further evidence of a slowdown in Asia's third-largest economy.

- Food inflation eased slightly to an annual 11.81 percent in late October, as monetary policy which is largely ineffective in reining in food prices was not backed up by measures to ease supply side bottlenecks.

- In early November, state-run refiners raised gasoline prices by 2.7 percent, a move which will stoke inflationary fires in the economy.

- The rupee has shed about 12.5 percent from its 2011 peak reached in late July, adding to the pressure on imported inflation.

- A deputy governor of the Reserve Bank of India said on Friday that interest rates may have peaked and inflation is seen moderating going forward.

- The economy expanded 7.7 percent in the April-June period, its weakest pace in six quarters.

17 districts of UP reported using chemical fertilizers

MONDAY, 14 NOVEMBER 2011 22:07

ANIL YADAV | LUCKNOW

Driven by greed for bumper yield, the farmers in 17 districts of UP are reported to be using chemical fertilizers almost double than normal standards and this have posed a serious threat of turning vast tracts of agricultural lands in to barren.

A study by Union Agriculture Ministry has found the condition of soil in several districts in Gangetic plains being critical due to excessive use of chemical fertlizers. The districts marked in study where the farmers unmindful of consequences were leading towards complete loss of soil fertility in next five years include Allahabad, Shahjahanpur, Khiri, Moradabad, Sitapur, Bareilly, Muzaffar Nagar, Bulandshahar, Gorakhpur, Pilibhit, Barabanki, Kanpur (City), Hardoi, Bijnore, Meerut, Etah and Aligarh.

Admitting that study by the centre have warned against significant drop in agricultural production caused by overdose of fertilizers in UP, state Agriculture Minister Lachchmi Narayan said, the measures are being taken to make farmers aware of ill consequences.

Giving details of the study Agriculture Secretary in central government, PK Ghosh have written a letter to state government.

Expressing concern over the threat of vast tracts of agricultural lands turning barren, in the letter he said, "out of 100 districts in the country marked for excessive use of fertlizers 17 were in UP."

"Normally 60 kilogram of diamonium phosphate (DAP) is used for one acre of wheat crop but per acre DAP consumption have reached to 110-125 Kg. in these districts," the deputy director of Indian Farmers Fertilizer Co-operatives (IFFCO), Balvindar Singh said.

To curb the menace state government and fertiliser companies should take joint measures to show farmers that high yield could be attained through normal use of fertilisers otherwise fallout could be hazardous, he said.

State Agriculture Minister, Lachchmi Narayan pointing at the similar reports being achieved from soil tests carried during Apni Mitti Pehchano (AMP) campaign in last three years, said, the department was planning to provide 'soil cards' to farmers along with organizing lectures of experts in these districts as they could be aware of the danger ahead.

The Agro experts have anticipated that if preventive measures were not taken in time by promoting use of organic fertlizers the agricultural production might take a sharp dip in coming five years, he said.

To recall, the levels of Nitrogen and Phosphorus has been found consistently dropping during the Apni Mitti Pehchano (AMP) campaign carried by state Agriculture Department in last three years. The soil in 49 districts was seriously lacking Phosphorus and level of Nitrogen was found dropping in 14 districts.

400-yr-old Lavi Fair goes from livestock to gadgets

MONDAY, 14 NOVEMBER 2011 22:53

IANS | RAMPUR (HIMACHAL PRADESH)

Once a centre of barter trade with Tibet, the 400-year-old Lavi Fair here has undergone a sea change, with rural people’s changing lifestyles and aspirations resulting in greater sale of gadgets and automobiles than farm implements, livestock and dry fruits.

The fair dates back to the time when Raja Kehari Singh of Rampur Bushahr State signed a treaty to promote trade with Tibet. Rampur, 120 km from Shimla, was once a major trade centre as it is located on the old silk route connecting Afghanistan, Tibet and Ladakh in Jammu and Kashmir.

“It’s no more a fair to buy farm implements, horses and sheep. Now, you will find people shopping for luxury goods like carpets, television sets, furniture and even automobiles,” trader Shiv Singh Negi told IANS.

The fair, which was inaugurated by Governor Urmila Singh, concluded on Monday.

Negi, who was trading dry fruits and species grown in his orchards in Kinnaur district, said over the years the buyers for dry fruits have reduced drastically. “From next year, we are not likely to participate in the fair.”

Another trader, Naresh Thakur, said Rampur was a centre of barter trade before the 1962 India-China war.

The traders from Tibet used to bring raw wool, herbs and leather products and take back wheat flour, rice, spices, butter, farm implements and livestock.

“The traders from across the border have stopped coming. Multinational companies come every year to sell electronic goods, modern gadgets and even luxury sedans,” Thakur said.

A three-day horse trade-cum-exhibition was organised before the beginning of the Lavi Fair.

The main attraction during the attraction every year is the sale and purchase of Chamurthi horses - an endangered species known as ‘ship of the cold desert’. Being a surefooted animal, it’s mainly used for transporting goods in the Himalayas.

“Over 70 Chamurthi horses were sold this year and these were mainly purchased by the farmers of Uttarakhand,” animal husbandry department assistant director Ramesh Gupta said.

He said a horse fetched Rs 35,000 to Rs 45,000 depending upon its age, he added.

The Chamurthi horse traces its origin to the Tibet region. In India, it’s bred in the villages of Himachal Pradesh bordering China.

According to the 2007 livestock census, there are around 1,300 Chamurthi horses in Kinnaur and Lahaul and Spiti districts in the State.

Gupta said 300 horses of various strains were traded but all the Chamurthi horses were traded on the first day of the exhibition.

Shimla deputy commissioner Onkar Sharma, chairman of the Lavi Fair Organising Committee, said the fair which concluded on Monday, saw business worth crores of rupees.

“As usual, four-wheelers and electronic goods were much in demand,” he added.

The fair even had several folk singers from Punjab and Himachal Pradesh performingduring cultural programmes.

Business Standard

Tuesday, Nov 15, 2011

Experts for higher support price as local taxes fuel food inflation

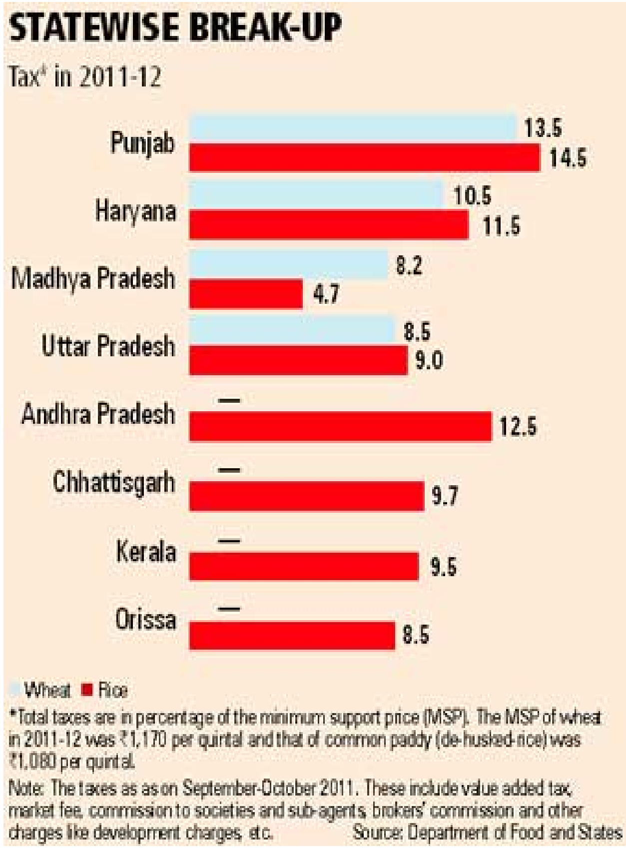
Sanjeeb Mukherjee / New Delhi November 15, 2011, 0:03 IST

As the government struggles to bring down the high food inflation, farm experts believe that high local taxes have a big role in fuelling the prices.

The taxes that are generally collected by the states do push up prices, and tend to distort the market prices. Considering this, the Commission for Agricultural Costs and Prices suggested a solution: grant compensation — by increasing the minimum support price — to those states that decide to phase out the taxes levied on agricultural products.

The other solution is to encourage states to change their laws regarding agricultural produce marketing committees (APMCs) so as to free farmers from markets controlled by a few people; instead allow private players to purchase directly from growers. Some states have moved towards this, but a majority of them are reluctant to lessen control over the mandis (traditional market places).

Even so, there are experts who believe that abolishing the APMC Act is a backdoor attempt by the corporate to control the country’s agriculture by purchasing directly from farmers. Whatever, an analysis of grains shows that the taxes on farm produce, particularly in grains, was among the highest this year in Punjab and Haryana — the country’s two biggest producer states.



In the 2011-12 wheat procurement season that will end in March, local tax in Punjab was the highest.

It stood at 13.5 per cent of the minimum support price (MSP), official data showed.

So, when MSP for wheat was Rs 1,170 per quintal, the taxes on it totalled Rs 158, effectively making the grain that much costlier for consumers as well as private buyers. In Haryana, it was 10.5 per cent of the MSP. Both Punjab and Haryana produce almost four-fifth of the total wheat produced in the country. Not only are the taxes high for wheat; they are the same for rice as well.

In the 2011-12 rice marketing season, Punjab once again topped the list of states that levy high tax on rice to the extent of 14.5 per cent. In Andhra Pradesh, the figure is almost 12.5 per cent.

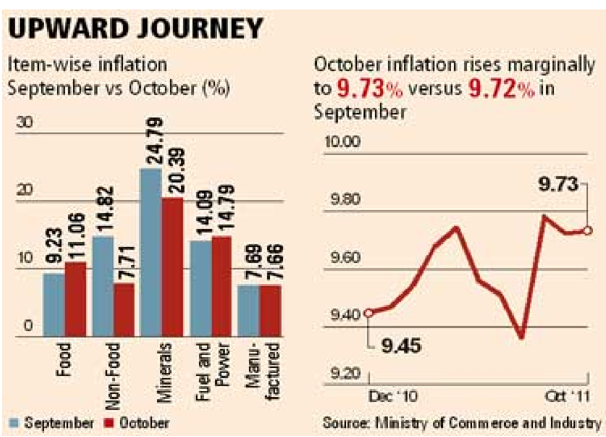
In all the big rice-producing states, the local tax is not below five per cent in one of them, barring West Bengal, where it totals three per cent. Of all the big agricultural states in India, only Maharashtra had a tax rate of below four per cent on wheat and rice. In fact, the biggest producers imposed the highest tax on wheat and rice.

High food prices keep Oct inflation firm at 9.73%

BS Reporter / New Delhi November 15, 2011, 0:59 IST

Successive RBI rate hikes notwithstanding, inflation showed no signs of retracting and remained at an over nine per cent level for the 11th month in a row in October.

The rate of price rise last month rose marginally to 9.73 per cent from 9.72 per cent in September, credited to the mounting inflation in food articles, specially tomatoes (among vegetables) and pulses coupled with high demand in the festival season.



The government expressed the hope that agricultural commodity rates would calm down as a result of good monsoon. “We have already taken steps to address the supply-side shortage,” Finance Minister Pranab Mukherjee said.

However, analysts noted that if overall inflation does not come down drastically next month, it would be a year of high inflation — at over nine per cent mark.

That would be a dismal performance on the price front far a developing economy that is India, they add.

In October, food articles saw inflation surging to 11.06 per cent — from 9.23 per cent the previous month. This was on the back of high inflation seen in vegetables and pulses.

Inflation in vegetables rose to 21.76 per cent in October from 14.04 per cent in September, despite price pressures easing from onions and potatoes.

Onions and potatoes saw inflation easing to a great extent to -16.16 per cent and 1.30 per cent from the heights of 23.58 per cent and 14.64 per cent respectively in September.

Tomatoes, though having a small weight of 0.26 per cent in wholesale price index (WPI), recorded 43.3 per cent inflation in October, up from -24 per cent in September. Late rainfalls have harmed standing tomato crops, particularly in Himachal Pradesh.

Pulses saw the rate of price rise jumping to 9.63 per cent from 2.06 per cent.

There was a 10 per cent shortfall reported in the production of pulses in the kharif season, as 6.43 million tonnes was produced this year as against 7.12 million tonnes last year.

Points out the YES bank report on WPI numbers for October: “While undoubtedly October inflation is uncomforting on several fronts, a sharp depreciation in rupee and a rise in festive related food inflation are the key drivers of inflation in the month.”

The fuel inflation remained steady at 14.79 per cent. Oil marketing companies went to for another petrol price hike of Rs 1.82 per litre in November, the effect of which will be seen in the inflation numbers for this month.

High WPI inflation numbers showed no respite, despite RBI’s repeated attempts to tame it through 13 rate hikes since March 2010. Far from improvement, it is taking a hit at the growth figures.

Recent IIP numbers was a sad story, as industrial production grew by a lowest in two years of 1.9 per cent in September.

However, the central bank’s tight monetary stance did help a check of spread of high inflation in food articles to manufactured products. Inflation in manufactured products remained nearly stable at 7.66 per cent in October versus 7.69 per cent in September.

But, given the high overall inflation numbers and the sliding growth figures, the RBI will have to look at alternative policy options to deal with the inflation issue in its next policy meet on December 16.

At its second quarterly review last month, RBI said it expected inflation to start moderating by December and fall to 7 per cent by March next year.

Domestic market may crash if sugar exports are not allowed

Kunal Bose / November 15, 2011, 0:16 IST

Success in trade is all about timing of deals. It is on this consideration that Indian Sugar Mills Association (Isma) president Narendra Murkumbi is pressing the government to allow the industry to start exporting the sweetener now. What lends weight to the demand is the certainty of bumper production during 2011-12 under the pressure of which the domestic market would collapse without big export. More, global traders are striking a bearish stance on expert forecasts that for the first time in four years, the world will have sugar surplus. The surplus scene may stay unchanged through 2013, impinging on prices. In fact, nine of the 13 experts interviewed by Bloomberg expect raw sugar to go on seeking lower levels.

This is despite the Brazilian sugar industry representative body, UNICA, lowering the country's centre-south region sugar production estimate to 30.8 million tonnes (mt) from the August forecast of 31.6 mt as the freezing June weather and productivity setback in many cane fields, where replantation is overdue, will restrict the cane crop to 488.5 mt, down from earlier expectation, of 510.2 mt. Stung by the 2008 financial crisis, Brazilian groups are making do with ageing cane plants, at the cost of productivity. Brazil, the world's largest producer and exporter of sugar, produced 33.5 mt during 2010-11. But any production setback in Brazil will be more than made good by higher cane production in India, Thailand and China and beet-based sugar output turnaround in many places, including Russia. Beet's competitiveness vis-a-vis cane has improved in the wake of cane growing costs rising in emerging countries like Brazil and India. What, therefore, naturally follows is the share of beet sugar likely to rise to 22 per cent of global sugar production this season from 20 per cent in 2007-08.

Earlier, the scare from Thailand's worst floods in half a century pummelling many areas led to a major rally in sugar prices in three weeks to October 27. But gains in prices melted away with the country's biggest shipper Thai Sugar Trading Corporation announcing record cane production and no delays in sugar exports. Thailand is the world's second-largest exporter. Imports by China, where demand growth for sugar has outpaced any other country by a long margin in the last five years, resulting from growing urban prosperity, are always anticipated with keen interest by the market. The country's sugar association says domestic sugar production in the current crop year will rise 15 per cent to 12 mt, while the demand will be in excess of 14 mt. While the deficit is to be covered by imports, Chinese buying in the world market this time could be a lot more if it sets about restocking after drawing down around 3.7 mt from inventory in the past two seasons. According to Morgan Stanley, growing cane in not exactly suitable land that keeps productivity low and crushing mills doing with obsolete machinery are the bane of China's sugar industry.

Meantime, the forecast by London-based C Czarnikow that 2011-12 imports by Russia will be down to 1.2 mt from last year's 2.75 mt will be a shot in the arm for bears. Russian imports are to be more than halved on the back of a "strong recovery" in the country's beet crop, to result in sugar production of 4.6 mt. But how much prices of raws and white will finally react will depend on global surplus. This ranges from 4.2 mt as seen by the International Sugar Organisation to 5.32 mt by Macquaire and to a high of 8.4 mt by Kingston. It is in this context Goldman Sachs is expecting a 9.8 per cent fall in raws in the next six months, while Barclays Capital sees "three quarterly declines" in case sugar surplus bloats.

"New Delhi, which is inviting criticism for unchecked food inflation, is likely to err on the side of caution in granting an export quota. A bountiful cane crop leading to sugar production of 26 mt, along with the season's opening stocks of 5.976 mt, has created ideal conditions to export nothing less than 4 mt. Hopefully, exports will be allowed quickly. As a move like this will ease the industry inventory burden, mills will have the money to settle cane bills in time. More, it is by unloading our surplus sugar in the world market that domestic prices can be maintained at reasonable levels in the face of supply torrent as the season progresses," says former Isma president Om Dhanuka.

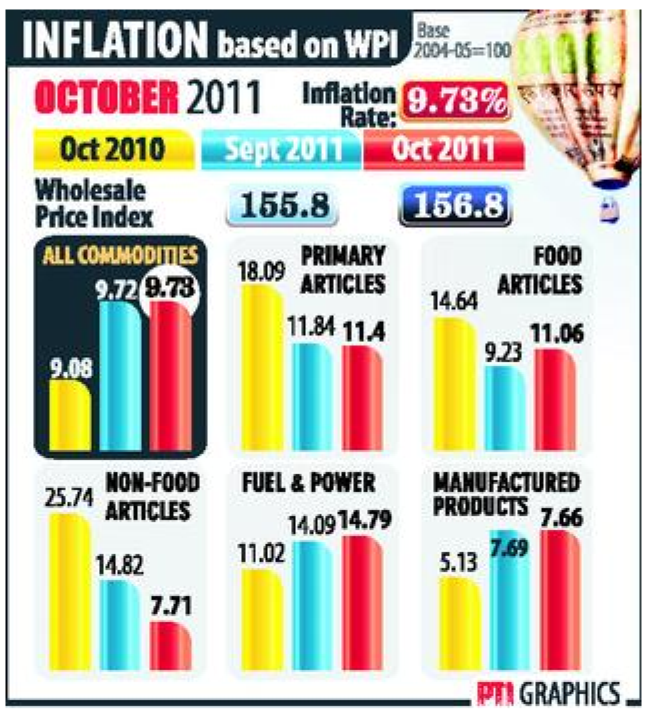
Land under cane being five million hectares here and the weather behaving nicely, bumper sugar output is not in doubt. But crushing operation has been off to a slow start in Maharashtra and Uttar Pradesh on the cane price issue. The government, therefore, may not be in a hurry to sanction exports. And, as Sucden India chief Yatin Wadhwana says, since the 500,000-tonne export instalment formula has worked well, the “government will be tempted to stick to it”.

THE HINDU Business Line

Costlier food items push inflation up in Oct

Our Bureau

Vegetables surge 22%; manufactured products dip



New Delhi, Nov. 14:

Headline inflation, though up only marginally in October, continued to stay above the 9-per-cent mark for the eleventh straight month.

The annual wholesale price index-based inflation rate in October rose 9.73 per cent compared with the previous month's annual increase of 9.72 per cent.

Food inflation was up sharply to top 11 per cent in October, from just over 9 per cent in the previous reported month, as vegetables, pulses and poultry products spiked on a year-on-year basis. Fuels too, exhibited an upswing, even though manufactured products bucked the uptrend to dip slightly.

According to the latest data, inflation in the primary articles group was recorded at 11.40 per cent in October, compared with 11.84 per cent in the previous month.

Vegetables surged 22 per cent on an annual basis in October, while fruits were up 12 per cent and milk by over 11 per cent during the month.

The eggs, meat and fish group registered a 13 per cent rise in year-on-year inflation during October. Manufactured products, which have a weight of around 65 per cent in the WPI basket, rose 7.66 per cent year-on-year in October, against 7.69 per cent in September.

RBI rate hike

The RBI has raised interest rates 13 times since early 2010 to curb price pressures.

The central bank acknowledged in its October review that growth risks were being reflected in slowing economic indicators, but still resorted to raising its key lending rate by 25 basis points.

It also said that if inflationary pressures started to abate by December, which is a distinct possibility in light of the base effect coming into play, there could be a pause in the rate hike cycle.

Inflation in the primary articles group was recorded at 11.40% in October, compared with 11.84% in the previous month.

(This article was published in the Business Line print edition dated November 15, 2011)

'Subsidies for fertilisers will lead to larger fiscal deficit'

Our Bureau
Chennai, Nov. 14:

Subsidies for fertilisers will lead to larger fiscal deficit and the Government has to take a holistic view on this, said Mr A. Vellayan, Executive Chairman, Murugappa Group.

“China has zero subsidy for fertilisers but the productivity is double that of India. The price of fertilisers in India is half that of any other country,” said Mr Vellayan.

The Murugappa group owns Coromandel International, which is in the business of fertilisers and specialty nutrients.

“The Centre has to take a holistic view on this. Fifty per cent MRP and 50 per cent subsidy should be the way to go,” said Mr Vellayan, on the sidelines of the inauguration of a public health centre by Coromandel near Ennore.

(This article was published in the Business Line print edition dated November 15, 2011)

Nabard sensitisation programme for farmers

Our Correspondent
Madurai, Nov. 14:

The National Bank for Agriculture and Rural Development (Nabard) organised here a sensitisation programme for farmers on the importance of agricultural marketing infrastructure grading and standardisation with a stress on post-harvest technologies at the Tamil Nadu Foodgrains Marketing Yard in the outskirts of the city recently.

Mr S. Rethinavelu, President, Agro Food Chamber, in his inaugural address, expressed his concern over the loss of foodgrains to the tune of Rs 78,000 crore annually for want of safe and secure storage. He said that the Tamilnadu Storage Marketing Yard has been constructed in an area of 30 acres with storage capacity of 60,000 mt and 2500 mt cold storage and added that plans were ahead for display of agri-products of farmers in addition to holding various orientation programmes for the benefit of the farming community in partnership with institutions such as Nabard.

Mr R. Shankar Narayan, Assistant General Manager, Nabard, Madurai, in his address earlier said that the objective of the programme was to expose members of the Nabard promoted farmers clubs on the need for technically superior post harvest methodology, specially storage godowns.

Mr R.Mohana Sundaram, Senior Marketing Officer, Department of Marketing and Inspection, (DMI), Government of India provided technical inputs on specifications for raising marketing infrastructure specific safeguards for selection of sites and the financial outlay and subsidy available from Nabard. He requested farmers to conceive infrastructure projects as a group for which DMI would extend technical support. Mr P. Ramalingam, Assistant General Manager, Nabard, gave a detailed presentation on the various subsidy facilities channelised through Nabard.

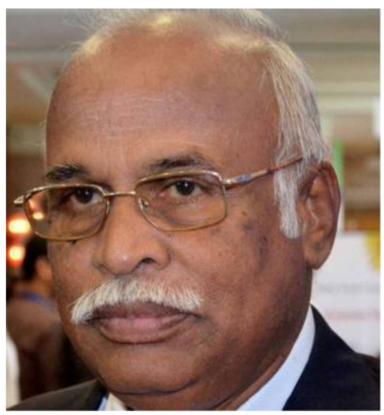
Around 60 leaders from various farmers clubs in Madurai promoted by Nabard in Madurai district participated in the sensitisation programme.

(This article was published in the Business Line print edition dated November 15, 2011)

Seed replacement rate for paddy rises as farm hands decrease

M. R. Subramani

Increased preference for hybrids also a reason



Mumbai, Nov. 14:

The problem of labour availability has brought in some cheer for the seeds industry, especially in South India.

“The seed replacement rate in paddy is increasing in South India in view of the labour problem,” said Dr M. Ramasami, Managing Director of Salem-based Rasi Seeds Pvt Ltd.

The replacement rate is around 95 per cent in paddy, according to him.

According to Government statistics, the seed replacement rate in Andhra Pradesh and Tamil Nadu for paddy is 82 per cent and 67 per cent respectively till 2008.

The seed replacement rate is also higher in the case of maize since hybrids are being used. Even in paddy, the increased preference for hybrids is seen as the reason for the rise in seed replacement rate.

Till 2008, the all-India seed replacement rate was 25.87 for paddy, while it was marginally lower for wheat at 25.23. The seed replacement rate is higher for maize (corn) at 44.24 per cent and bajra at 48.47 per cent.

“Even in traditional varieties, farmers are going for seed replacement due to labour shortage. It needs labour to keep the seeds separate, process, dry and then store them,” Dr Ramasami said.

Economic viability

On the other hand, adoption of methods such as the system of rice intensification (SRI) in Andhra Pradesh and Tamil Nadu is also helping.

“Earlier, farmers were asked to use 30 kg seeds on an acre. With methods such as SRI, it is enough for them to use just 5 kg. It is economically feasible for them to buy seeds now,” he said.

Rasi Seeds, as part of its efforts to improve research and development in rice, has moved its rice research station to Hyderabad from Salem in Tamil Nadu.

It has also set up research stations for vegetables in Kullu (Himachal Pradesh), Gurgaon (near New Delhi) and Bangalore (Karnataka), said Dr Ramasami, who was here to attend the fifth World Cotton Research Conference.

“We have entered the vegetable seeds market aggressively in the last three years since it offers us better scope,” he said.

Rasi Seeds is more popular for its cotton seeds but the fact that the crop is grown in only nine States has forced the company to expand its activities to other crops and horticulture.

The company has also started marketing maize seeds for the last three years.

On cotton, Dr Ramasami said that his company was field-testing a variety that would grow more closely. “We are conducting field trials in the North and may commercially release it next year,” he said.

The variety, by growing closely, will help in better fertilisation, irrigation and also ease problems of picking during harvest.

Asked how much the variety would yield, he said: “It is a better yielding one.”

On mechanisation of cotton cultivation, he said breeders or seed makers would have to be given proprietary rights or seed production costs would have to be drastically lower. “It will take time for mechanisation but these things will have to happen,” he said.

Even in traditional varieties, farmers are going for seed replacement due to labour shortage. It needs labour to keep the seeds separate, process, dry and then store them. Dr M. Ramasami, Managing Director Rasi Seeds Pvt Ltd.

(This article was published in the Business Line print edition dated November 15, 2011)

Nearly 39% Coonoor tea unsold

P.S. Sundar

Coonoor, Nov. 14:

The increasing proportion of tea remaining unsold at the auctions of Coonoor Tea Trade Association witnessed in the past few weeks continued at Sale No: 45 this weekend when about 39 per cent of the 6-week low offer of 12.73 lakh kg had to be withdrawn for want of buyers.

This meant that there were no takers for 4.82 lakh kg worth about Rs 3.07 crore despite shedding Rs 3 a kg.

“Better liquoring CTC leaf lost Rs 2-4, mediums up to Rs 3 and some plainers could not be sold even after shedding up to Rs 5. Primary whole leaf orthodox, however, gained Rs 3-4 a kg. Orthodox dust eased Re 1-Rs 2. High priced CTC dusts lost Rs 2-4, mediums up to Rs 4 and some plainers found no takers despite shedding Rs 2-5,” an auctioneer told*Business Line*.

Among CTC teas, Vigneshwar Estate, auctioned by Paramount Tea Marketing, topped at Rs 135. Hittakkal Estate got Rs 132, Shanthi Supreme Rs 126, Professor Rs 125 and Darmona Estate Rs 124. In all, 49 marks got Rs 100 and more.

(This article was published in the Business Line print edition dated November 15, 2011)

Global cues lift spot rubber

Kottayam, Nov. 14:

Spot rubber improved further on Monday. The commodity gained strength following early gains in domestic futures but its decline towards the close did not bring any fresh selling pressure in the market. Positive reports from the international scene extended further support as TOCOM rubber futures added more than five per cent during the morning session. The trend was partially mixed.

Intervention by the top three natural rubber producing countries viz Thailand, Indonesia and Malaysia by avoiding selling below $3 a kg improved the sentiments, analysts said.

Sheet rubber increased to Rs 195 (192) a kg, according to traders. The grade firmed up to Rs 193 (187) a kg both at Kottayam and Kochi, according to the Rubber Board.

In futures, the November series declined to Rs 191.70 (198.03), December to Rs 192.15 (196.59) and January to Rs 193.90 (197.79 a kg on the National Multi Commodity Exchange (NMCE).

RSS 3 (spot) improved to Rs 168.51 (161.82) a kg at Bangkok. The November futures dropped to ¥ 256 (Rs 167.60) a kg in the night session on the Tokyo Commodity Exchange.

The spot rubber rates/kg were RSS-4: 195 (192); RSS-5: 190 (187); Ungraded: 185 (180); ISNR 20: 173 (173) and Latex 60%: 113 (110).

(This article was published in the Business Line print edition dated November 15, 2011)

Olives set to bloom in Rajasthan

Vishwanath Kulkarni
New Delhi, Nov. 14:

Olive cultivation is set to take off in northern Rajasthan. After successful field trials over past three years in the State-owned farms, the Rajasthan Government plans to promote olive cultivation on private farms from February with a buy-back arrangement.

The State has decided to take the cluster approach to promote olive cultivation in about 300 hectares next year, said Mr Surinder Singh Sekhawat, COO of Rajasthan Olive Cultivation Ltd (ROCL), a special purpose vehicle. ROCL's stakeholders include the Rajasthan State

Agriculture Marketing Board, Plastro Plasson Industries and Indolive Ltd, an Israeli agri-consultancy firm.

Six clusters of 50 hectares each will be formed in districts such as Sri Ganganagar, Hanumangarh, Bikaner and Nagaur. In the next three years, the State plans to bring about 5,000 hectares under olives, which has great demand in both domestic and export market.

India's olive oil imports, driven by the rising awareness of health-foods grew 52 per cent to 3,988 tonnes in 2010, according to the Indian Olive Association. Olive imports for table top consumption grew 46 per cent to 637 tonnes in 2010.

“Cluster approach will help us provide free technical consultancy for the first three years, without any hassles,” Mr Sekhawat said.

Typically, an olive plant starts yielding fruits from fourth year onwards. Farmers, who can plant 523 olive seedlings in a hectare, are free to grow intercrops like pulses such as green gram and gram among others, he said.

ROCL plans to start distributing seedlings to farmers from the February-March next. The Government will offer a subsidy of 75 per cent towards the planting material.

The subsidised cost of each seedling works out to Rs 28.75, while its original cost is Rs 115. Besides, a farmer will also be provided a 90 per cent subsidy on the drip irrigation equipment and offered consultancy services for processing.

“There is a tremendous interest from farmers seeking crop diversification. We are trying to promote it in the vicinity of those areas, where we have already grown olives,” Mr Sekhawat said.

At the recent FarmTech 2011, organised by PHD Chamber of Commerce and Industry, and the Rajasthan Government in Jaipur, knowhow on olive cultivation was the most sought after information at the agri-fair.

(This article was published in the Business Line print edition dated November 15, 2011)

Cardamom average price dips to Rs 500/kg

G.K. Nair

Kochi, Nov. 14:

The cardamom market declined last week as supply outstripped demand at auctions held in Kerala and Tamil Nadu.

Arrivals continued to remain on the higher side consequent to good crop this year and as a result, the market could not absorb the entire quantity. Consequently, the market declined marginally last week from that of the previous week.

Upcountry buyers were covering as buying at the current prices, they felt, might not be risky, market sources told*Business Line*. Exporters also estimated to have bought around 100 tonnes last week. The crop in Guatemala, the lone competitor of India in the world cardamom market, is reportedly good and estimated to be at around 23,000 tonnes this year, but the quality is said to be poor due to heavy rains and consequent diseases, trade sources claimed.

Total arrivals last week at the auctions were at around 533 tonnes against 478 tonnes the previous week. There were withdrawals of about 15 tonnes last week.

For the first time in recent past, the average price dropped to below Rs 500 a kg at the Saturday auction to Rs 490 a kg.

KCMPC auction

However, it improved on Sunday at the KCMPC auction, where the average price went up to Rs 527 a kg, despite heavy arrivals of 103.75 tonnes. Of this about 3 tonnes of cardamom were withdrawn. The maximum price stood at Rs 808 a kg, while the minimum was Rs 354 a kg, Mr P.C. Punnoose, General Manager, CPMC, said.

The individual auction average price last week slipped marginally and vacillated between Rs 489 and Rs 565 a kg, trade sources said. Total arrivals during the current season up to

November 13 stood at around 6,548 tonnes as against 3,190 tonnes in the same period the previous season. Sales during the period were at around 6,165 tonnes and 3,065 tonnes respectively. Weighted average price as on Nov 13 was at around Rs 525 a kg, while that on the same day last year was at around Rs 1,190 a kg.

(This article was published in the Business Line print edition dated November 15, 2011)

Malaysian cues buoy palmolein

Our Correspondent

Mumbai, Nov. 14:

Tracking a bullish Malaysian palm oil, palmolein rose by Rs 9 for 10 kg, extending gains for the fourth day, along with soya refined oil and cotton oil which were up Rs 3 for 10 kg each. Groundnut oil, sunflower oil and rapeseed oil remained unchanged despite lack of demand.

Crude palm oil (CPO) futures on Bursa Malaysia Derivatives (BMD) Exchange gained on improving investor sentiment over Eurozone debt issues and slowing output.

Palm oil prices may rise in the coming months as production growth in top producers Indonesia and Malaysia is easing even as heavy rainfall stalls harvesting progress, said Mr Dorab Mistry of Godrej International on Sunday. Tracking firm Malaysian palm oil, local refineres increased prices of palmolein by Rs 9-11 and soya oil by Rs 3. Resellers traded about 100-150 a tonnes of palmolein at Rs 549-550. Liberty offered palmolein at Rs 563-564 for November delivery, super palmolein at Rs 590 and soya refined oil at Rs 615. Ruchi quoted palmolein at Rs 557-561, soya refined oil at Rs 613 for November delivery and sunflower refined oil at Rs 675 for delivery between November 20 and 30. Allana quoted palmolein at Rs 561 for delivery on November 21..

Malaysia's BMD CPO's December contracts closed at MYR3,208 (MYR3,146) and January at MYR3,195 (MYR3,135) a tonne. Soya oil for November delivery closed at Rs 624 (Rs 623.60) while for December delivery shot up to Rs 628.70 (Rs 622.80) on National Board of Trade in Indore.

Bombay Commodity Exchange spot rates (Rs/10 kg): groundnut oil - 840 (840); soya refined oil - 610 (607); sunflower exp. ref. - 625 (625); sunflower ref. - 685 (680); rapeseed ref. oil - 703 (703); rapeseed expeller ref. - 673 (673); cotton ref. oil - 603 (600); and palmolein - 552 (543).

(This article was published in the Business Line print edition dated November 15, 2011)

Export offtake to keep non-basmati rice steady

Our Correspondent

Karnal, Nov. 14:

Pure basmati rice and paddy prices dropped to the season's lowest on Monday. Prices of aromatic rice decreased by Rs 50 to Rs 500 a quintal, while non-basmati varieties remained unchanged.

Pure basmati is going through its worst phase at present, said Mr Tara Chand Sharma, proprietor of Tara Chand and Sons. There is hardly any demand for aromatic varieties and prices may continue to fall, he said.

On Monday, pure basmati (raw) decreased by Rs 500 at Rs 4,800, while basmati (sela) sold at Rs 3,500-3,550, Rs 150 down.

During the corresponding period last year, basmati (sela) was around Rs 6,100, while basmati (raw) was at Rs 7,100. Paddy of pure basmati was quoted at Rs 1,250-1,650 on Monday against Rs 2,000-2,900 last year.

Non-basmati rice is expected to remain unchanged despite new arrivals and ample stock because of export demand, said Mr Sharma.

Prices of Pusa-1121 (steam) dropped by Rs 50 at Rs 4,400-4,450, while Pusa-1121 (sela) sold at Rs 3,450-3,500.

Among the brokens of Pusa-1121, Tibar sold at Rs 3,400, Dubar at Rs 3,000 and Mongra at Rs 2,400.

Non-basmati varieties were unchanged. Sharbati (steam) sold at Rs 2,900-2,925 while Sharbati (sela) fetched Rs 2,770.

Paddy Arrivals

Around a lakh bags arrived at the Karnal grain market terminal. Around 50,000 bags of PR arrived and sold at Rs 1,000-1,150. Around 5,000 bags of Sugandha-999 arrived and they were lifted at around Rs 1,300-1,390.

(This article was published in the Business Line print edition dated November 15, 2011)

Soya oil rises on demand, global cues

Our Correspondent

Indore, Nov. 14:

Demand and strong global cues lifted soya oil and soya seeds in local mandis on Monday. Soya refined fetched Rs 596-602 for 10 kg (Rs 593-596) in spot and delivery markets. In the re-sale market, soya refined fetched Rs 596-597. Soya solvent also gained on strong foreign markets and improved buying support in the local market. Soya solvent sold at Rs 561-564 for 10 kg (Rs 557-560) in spot and delivery markets.

The uptrend in foreign markets also buoyed soya oil futures, with the December contract of soya refined on the National Board of Trade closing at Rs 628.70, up Rs 2.50. On the National Commodity and Derivatives Exchange, soya oil's November contracts rose by 50 paise at Rs 623.70 and December was up at Rs 629.05.

According to trade experts, soya oil prices are likely to remain range-bound, keeping in view arrivals of mustard and cotton oils in the coming days amid demand for soya oil during the continuing marriage season.

Soyabean also gained on buying support. With five lakh bags arriving in State mandis, soya seeds on Monday gained Rs 15-20 at Rs 2,070-2,120 a quintal. While 13,000 bags of soyabean arrived in Indore, 20,000 and 16,000 bags arrived in Dewas and Ujjain, respectively. Plant deliveries of soyabean also gained Rs 20 at Rs 2,170-2,220 a quintal. Soya de-oiled cake was firm at Rs 17,200 a quintal in the port on improved demand, while it was quoted at Rs 16,100 a quintal in the local market.

(This article was published in the Business Line print edition dated November 15, 2011)

Sugar extends losing streak

Our Correspondent

Mumbai, Nov. 14:

Sugar prices on the Vashi wholesale market extended their losing streak on Monday by Rs 20 a quintal for fine quality even as fair quality sugar rates remained unchanged.Naka rates declined sharply by Rs 10 for S-grade and Rs 30-50 for M-grade on lack of demand and increased selling by mills. Mill tender rates were expected to be lower by Rs 15-20 despite producers not willing to sell at lower rates, tracking higher prices in northern markets.A wholesaler at the Vashi market said: “Sugar prices rose by a total of Rs 170 – Rs 175 while mill tender rates shot up by Rs 175-200 a quintal till last Friday on expectation of sharp hike in cane price by the Government in line with (cane prices in) Uttar Pradesh.But the Maharashtra Government has fixed the cane price in the range of Rs 180-205 a quintal, which was less than expected rise. Mills are calculating higher costs of production as farmers are demanding higher rates”.After the State Government's decision on Saturday, sugar prices were down sharply by Rs 50 a quintal on producers' selling pressure.As there is no fresh active demand from local and upcountry buyers, the bearish trend continued on Monday, he said. Arrivals at the Vashi market were at routine levels. Market witnessed arrivals of about 50-52 truckloads and local dispatches were nearly 48–50 truckloads.

Bombay Sugar Merchants Association sugar rates (Ra/quintal): Spot: S-grade Rs 2,931-3,001 (2,921-3,021) and M-grade Rs 2,991- 3,132 (2,991-3,152).*Naka* delivery: S-grade Rs 2,900-2,950 (2,910 – 2,960) and M-grade Rs 2,970- 3,050 (3,000–3,100).

(This article was published in the Business Line print edition dated November 15, 2011)

Export buying lends colour to turmeric

Our Correspondent

Erode, Nov. 14:

Heavy purchases by Punjab and Delhi traders for export lifted spot turmeric rates by Rs 100-200 a quintal on Monday.

“About 8,700 bags arrived for sale. Buyers who had orders for the root variety from traders in Delhi and Punjab purchased heavily for export. Similarly, traders who received orders from

Kolkata and Guwahati purchased the finger variety. Prices, excepting at the Regulated Marketing Committee, were up by Rs 100-200 a quintal. In the Regulated Marketing Committee, however, prices were down by Rs 100 a quintal," said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association.

. Due to the winter in North India, traders have received limited orders . So, they are buying only a reasonable quantity and immediately sending it to the traders there. They also do not want to keep the stock, as the prices are fluctuating and they fear they will incur losses if the prices decrease, he said.

Demand for the hybrid finger variety was high on Monday, and sales of the hybrid variety were good . Rates for the hybrid finger variety increased by Rs 200 a quintal, whereas the root variety declined by Rs 100 a quintal.

Salem Crop: The finger variety was sold at Rs 4,789-5,489 and the root variety at Rs 4,299 to Rs 4,598. Of the total arrival of 2,317 bags, 626 were sold. .

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A wholesaler at the Vashi market said: “Sugar prices rose by a total of Rs 170 – Rs 175 while mill tender rates shot up by Rs 175-200 a quintal till last Friday on expectation of sharp hike in cane price by the Government in line with (cane prices in) Uttar Pradesh.

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