THE HINDU

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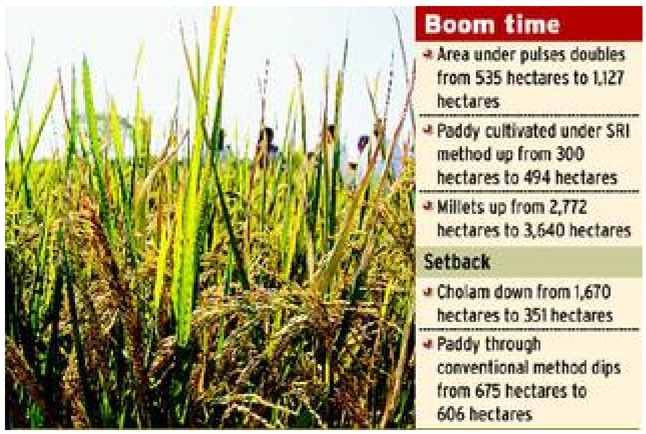
Rise in area under agriculture

R. Vimal Kumar



It is a heartening push for the economic indicators in the district as the overall area covered under agriculture crops has registered a significant increase during the first half of the current financial year compared to the corresponding period in the last fiscal.

Statistics shows that except in the case of few crops like cholam, castor and red gram, the area coverage has tremendously improved when it comes to the cultivation of all major crops, including the labour-intensive sugarcane.

Experts were of the opinion that if the trend continues, it could act as an engine of prosperity for the rural economy considering that the agriculture sector still continues to be the largest employment provider in the country even though its share to the GDP (gross domestic product) is yet to reach the targeted 4 per cent.

“The increase in area coverage can mainly be attributed to the timely distribution of high quality inputs like seeds and fertilizers at subsidised rates in adequate quantities and intensification of promotional activities under government-sponsored schemes like National Food Security Mission besides getting good rainfall and copious flow into reservoirs ahead of the season,” P. Santhanakrishnan, deputy director of Agriculture, told *The Hindu* .

Even though area under cholam (a crop under millets category) came down from 1,670 hectares registered during the first six months of 2010-11 to 351 hectares in the corresponding period this fiscal, the overall area coverage under millets were found to be up from 2,772 hectares to 3,640 hectares for the period.

Similar was the case of red gram. Though its area coverage reduced marginally, the overall area under pulses got doubled from 535 hectares in the first half of 2010-11 fiscal to 1,127 hectares during this fiscal.

Though the paddy raised through conventional method dipped from 675 hectares to 606 hectares, it was compensated in overall terms as the crop cultivated under System of Rice Intensification (SRI) methodology had gone from 300 hectares to 494 hectares during the first half of this fiscal.

Timely distribution of fertilizers, seeds, besides good rain were contributory factors

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Modified crop insurance for Cuddalore farmers

Special Correspondent

Cuddalore is one of the three districts in the State (the other two being Sivaganga and Namakkal) selected for the implementation of the Modified National Agricultural Insurance Scheme on a pilot basis for the samba paddy crop, according to R.Anbarasu, regional manger, Agriculture Insurance Company of India Ltd (AIC).

In a statement here, Mr. Anbarasu said that it was being jointly implemented by the Central and State governments. For calculating crop loss and insurance amount to be paid, each revenue district would be taken as a unit.

For the purpose of arriving at the size of the loss, the average normal yield of the past five years would be taken into account and compared with the present yield level. Mr Anbarasu said that if the farmers faced risks soon after sowing or planting, owing to adverse weather conditions, excess rainfall and natural fury that might stunt the crop growth, 25 per cent of the estimated crop loss would be given initially to them. The remaining amount would be disbursed after assessment of an expert committee.

If the farmers were prevented from sowing or planting the crops due to inclement weather conditions or natural calamities, they would be given an insurance coverage of 25 per cent of the total expenditure incurred so far by the farmers.

Mr. Anbarasu also said that if there were post harvest losses arising out of floods or cyclone, the farmers should inform the AIC within 48 hours of the peril. The premium to be paid for the non-loanee farmers (who have not taken bank loans) would be Rs 1,327 per acre.

For the loanee farmers the banks concerned would deduct the relevant premium, he added.

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Increase milk procurement price by Rs. 6: producers

Staff Reporter

Procurement in State has come down, they say

Coimbatore District Milk Producers' Welfare Association (Kovai Mavatta Paal Urpathiyalar Nala Sangam) has urged the State Government to increase the procurement price.

Labour cost

In a release, association trustee S.R.Rajagopal said that keeping in mind the increase in cost of labour, raw materials, and medical expenses, the Government must increase by Rs.6 the procurement price of cow's as well as buffalo's milk.

The Association had pointed out that co-operative societies in Kerala bought milk at a price that was Rs. 6 more than what societies in Tamil Nadu offered.

Private milk companies sold milk at Rs. 28 a litre to customers, because of which they were able to offer high procurement price to producers.

If the Government did not hike the price, the producers would be pushed to a situation where they would be forced to sell the milk to Kerala societies or private players.

To buttress its argument, the Association had pointed out that the milk procurement in the State had come down from 25 lakh litres to 21 lakh litres a day.

The Association release also said that the Rs. 2.35 hike in procurement price the State Government effected in February this year had not reached them because the Government had failed to transfer the money to the milk producers' union.

Of the Rs. 16 crore that was supposed to reach the unions in the district, only Rs. 3 crore had come.

The Government must immediately disburse the remaining Rs. 13 crore.

Another issue the producers' unions faced was the failure by the federation to purchase milk, milk powder, butter and ghee from the unions at a higher price.

Loss

Due to this, the producers' unions were incurring loss, the Association said and wanted the federation to pay five per cent more for products purchased since February 2011.

The Association had also called for modernisation of the procurement process, installation of bulk milk coolers to prevent degradation of milk and supply of animal feed at a competitive price.

- *Societies in Kerala buy milk at a price that is Rs. 6 more than what societies in TN offer*
- *They will be forced to sell milk to Kerala societies or private players: association*

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Subsidy-based project to put farmers' finger on the pulses

S.Ganesan

Agriculture department plans to cover 500 ha in nine blocks

Input to spur output: T.Indira Gandhi, MLA, distributing agricultural inputs to beneficiaries under the Rainfed Agricultural Development Programme at Chinna Illupur on Monday.

The Agriculture Department has launched a new centrally sponsored project, Rainfed Agriculture Development Programme (RADP), in Tiruchi district aimed at encouraging farmers in rain-fed areas to go in for pulses cultivation immediately after a paddy crop.

About 500 hectares (ha) in rainfed areas in nine blocks of the district would be covered under the project implemented under the National Agriculture Development Programme.

Farmers would be extended a subsidy of 25 per cent of the total cultivation cost of Rs.40,000 a ha.

The project was launched at Chinna Illupur, a tribal hamlet in the Pachamalai hills in Thuraiyur block on Monday by T.Indira Gandhi, MLA, in the presence of T.Rajathi, chairperson, District Panchayat, and J.Sekar, Joint Director of Agriculture.

A maximum area of 100 ha each would be covered in the tribal areas of Pachamalai in Thuraiyur and Uppilliyapuram blocks in the district under project.

The remaining area would be covered in Musiri, Mannachanallur, Marungapuri, Pullambadi, Mannaparai, Vaiyampatti and Thottiyam blocks.

“Normally farmers in rainfed areas in the district leave the field fallow after a paddy crop. The project aims to encourage them to go in for pulses soon after (the paddy crop), utilising the moisture content in the soil,” R.Chandrasekaran, Deputy Director of Agriculture (central schemes), Tiruchi, told *The Hindu* .

The subsidy would be given to the selected farmers in the form of farm inputs. Farmers would be given seeds, fertilizers, bio fertilizers, micro nutrients, weedicides and plant protection chemicals.

The project, to be implemented at a total outlay of Rs.77.82 lakhs, would also aim to achieve an increase of 30 per cent yield in pulses. Forty-nine vermi compost units would be established under the project.

The units would be established with 50 per cent subsidy of Rs.30,000 each to improve the organic soil content in the project areas.

Seed farms to produce high quality yielding variety seed of pulses and oilseeds would be established covering a total area of 50 ha, 20 ha for pulses seeds and 30 ha for oilseeds.

For each farm, 50 per cent subsidy would be given to farmers to the tune of Rs.10,000 a ha.

The farm inputs were distributed to the beneficiaries by Ms.Indira Gandhi at a simple ceremony to launch the project.

Mr.Sekar explained to farmers the technologies to be adopted for achieving higher yield in dry land agriculture.

Mr.Chandrasekaran elaborated on the objectives of the project and appealed to the farmers to avail themselves of the assistance extended to them. Pon.Kamaraj, chairman, Thuraiyur Panchayat Union, and S.Rajasekaran, Assistant Director, Agriculture, Thuraiyur, were present.

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Farmers sit on fast for fertilizer price rollback

Special Correspondent

Members of the Tamizhaga Vivasayigal Sangam observed a fast at Somarasampettai near Tiruchi on Tuesday condemning the hike in prices of fertilizers and demanding a roll back of the same.

The association members condemned the sharp rise in the price of fertilizers such as di-ammonium phosphate, potash, super phosphate and complex fertilizers and blamed the Centre's policy of switching over to a nutrient based subsidy regime for the rise in the prices.

The farmers alleged that the private companies have jacked up the prices unilaterally despite a fall in the price of raw materials and creating an artificial scarcity. They demanded that a roll back of the prices of fertilizer to the pre-April 2011 levels.

The agitators also appealed to the State government to regulate the sale of fertilizers through private dealers.

S.A.Chinnsamy, state president of the association inaugurated the fast, which was presided over by M.P.Chinndurai, Manikandam Union convenor of the association. R.Raja Chidambaram, state secretary and other office bearers of the association also participated.

Mr.Chinnasamy, in a statement issued here, threatened to launch a state-wide agitation if the prices of fertilizers were not rolled back by November 30.

'Private companies have jacked up the prices despite fall in the cost of raw materials'

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Mettur level

The water level in the Mettur dam stood at 103.50 feet on Tuesday against its full level of 120 feet. The inflow was 8,232 cusecs and the discharge 13,009 cusecs.

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Supply constraints driving food inflation: report

Special Correspondent

The country's food inflation surged to over 12 per cent last month mainly because of supply constraints due to inefficiencies in production, processing, distribution and retail of fresh produce and food products, according to a KPMG report.

“While demand factors such as rising incomes affect income elastic food items such as milk and sugar, the supply side constraints have been a key contributor to the rising prices,” said the report titled ‘Taming food inflation through innovations in agribusiness'.

Increase in demand

It said that supply constraints had been exacerbated by an increase in demand led by growing per capita consumption of food driven by the economic advances of the past decade.

Food inflation rose to 12.21 per cent for the week ending on October 22, the highest in nine months.

The report highlighted that reduction in farm investment, lack of infrastructure, low productivity, sub-optimal technology usage and failed policy focus were some of the key factors contributing to food inflation.

“Despite a good monsoon and increased production in 2010-11, food inflation in India remains remarkably high. Inflation in food products has been either a direct or an indirect consequence of various factors on both the demand and supply side.”

Lack of storage facilities

Only 2 per cent of the produce in India is stored in a temperature-controlled environment as against 8 per cent in Asia-Pacific and 85 per cent in Europe and North America.

"Lack of processing and absence of storage facilities lead to wastage of approximately 35 per cent of fruits and vegetables," the report observed.

Reasons for wastage

Major reasons for wastage are: lack of grading/sorting (10 to 12 per cent), lack of food chains (5 to 10 per cent), poor harvesting (20 to 40 per cent) and poor handling (40 to 60 per cent), the report said. As per industry estimates, 25 to 30 per cent of fruits and vegetables and 5 to 7 per cent of grain is wasted.

Milk price up 35%, CCI targets 'cartel'

Agencies Posted online: Tue Nov 15 2011, 18:18 hrs

New Delhi : Amid food inflation ruling in double digits, competition watchdog CCI is considering looking into the possibility of cartelisation by milk producers who have recently raised prices several times in unison.

The Competition Commission of India (CCI) is studying data to ascertain whether a "prima facie" case can be made against milk producers, who have increased prices by over 35 per cent in the past one year, sources said.

"Given the increasing inflation, especially on the food side, we are planning to check if cartelisation is driving up costs of these products. So, have picked up milk as that being an important component of the index," an official said.

CCI is already investigating role of cartelisation in spiking of onion prices, especially the sudden surge in December last year.

'Cartelisation' is a violation of section 3 of the Competition Act 2002 which pertains to anti-competitive agreements between companies.

CCI officials said, the Commission will very soon take a decision on a formal investigation by the Director General, if prima facie evidence is found of a cartel formation.

Meanwhile, justifying the price hike, two major producers have said that the increase was clearly because of increased cost of production and was not done as a cartel.

Gujarat Cooperative Milk Marketing Federation (brand Amul) Managing Director R S Sodhi said, "The increase in sales price has mainly been due to rising production cost and increase in demand. We are the market leader so when we increase price, the others tend to follow".

A spokesperson of Paras Dairy said, "We follow Amul as our suppliers begin putting pressure on us to increase prices.

Prices of milk feed has increased dramatically over the year and therefore, there is no other way for us than to increase the price."

Food inflation rose to 12.21 per cent during the week ended October 22, on account of expensive vegetables, pulses, fruits and milk. Food inflation, as measured by the Wholesale Price Index (WPI), stood at 11.43 per cent in the previous week.

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the pioneer

Basmati rice farmers may get bumper crop during this season

TUESDAY, 15 NOVEMBER 2011 23:12

RAJENDRA S MARKUNA | HALDWANI

Farmers engaged in cultivation of basmati rice may earn better returns for their produce particularly common paddy basmati during November and December this season.

The scientists of the GB Pant University of Agriculture and Technology (GBUAT), Pantnagar, are of the view that the market prices of common basmati paddy in terai region i.e. in Rudrapur market (US Nagar) would range between `2,000 and `2250 per quintal in November and December 2011.

Therefore, the farmers who undertook cultivation of common basmati paddy in the current season on their farms may dispose off their harvest i.e. common paddy basmati during this period to get the maximum benefits. So the farmers are advised to take this price forecast as the basis for selling their harvest, suggested the scientists.

Udham Singh Nagar, Dehradun and Haridwar are the major paddy producing districts in the hill State. The scientists of the agricultural economics department of the GBPUAT have been able to make these aforementioned forecasts only after conducting a market survey.

The primary objective of making price forecasts well in advance of certain agricultural commodities during sowing and harvesting seasons is to enable the concerned farmers to get the maximum benefits of their produce, said Naresh Kumar, a senior scientist of the GBPUAT.

This market analysis project titled as establishing and networking of market intelligence centers in India is a world-bank sponsored national agriculture innovation project aimed at making price forecasts of certain agricultural commodities, added Kumar.

Since US Nagar is one of the major paddy producers in the hill State, so the scientists had conducted market survey of Rudrapur regulated market, a major market for common basmati paddy in Uttarakhand, and analysed the market price data which prevailed for last 16 years in this market, further said the concerned official of the GBPUAT.

The results of econometric analysis showed that the market prices of common basmati paddy in Rudrapur market would range between `2000 and 2250 per quintal in November and December 2011. So the scientists have advised the farmers, who undertook cultivation of common basmati paddy in the current season on their farms, to take this price forecast as the basis for selling their harvest in right time. In Uttarakhand, area under paddy crop was 0.3 million hectare and production was 0.58 million tone during 2008-09, added the scientists.

Cane farmers disappointed over delay in declaring prices

TUESDAY, 15 NOVEMBER 2011 23:10

RAJENDRA S MARKUNA | HALDWANI

Cane farmers have expressed their disappointment over delay in declaring cane prices by the State Government.

Since neighbouring UP Government has already fixed minimum support price, it is highly likely that the cane farmers may dispose of their produce to the sugar-mills of the neighbouring State.

“As our crop is ready, in case the Government fails to declare the price we would have no option but to dispose of our produce to whoever offer us better rates,” said Rajeev Semwal, a cane farmer.Some of the farmers are yet to get their last year’s cane dues cleared. Delay in announcing the cane prices this season has only made things tougher for us, he regretted.As the farmers have threatened to sell their harvest to UP, in case uncertainty continues over price declaration issue, the State Government would only end up losing revenue. More so, the financial health of the Government run sugar-mills which is already in poor shape would only be worsened in case cane is exported to UP.

It is reported that some private sugar-mills in Haridwar have started cane crushing work, while the Government run sugar-mills in the State are yet to start their new crushing season. A meeting is likely to be held in US Nagar soon to discuss this issue, said Pramod Kumar Singh, deputy cane commissioner, while talking to The Pioneer.

He further said that only after that meeting it would be clear as and when the cane crushing season could be started in the State.On the issue of cane price he stated that it is up to the Government to decide. However, the deputy commissioner informed that the UP Government has fixed `235 per quintal for rejected variety of cane, `245 for mid-late variety of cane and `250 for early variety of cane.

Business Standard

Wednesday, Nov 16, 2011

Veg oil imports to rebound, despite high output

Dilip Kumar Jha / Mumbai November 16, 2011, 0:52 IST

Despite higher estimated domestic output, vegetable (veg) oil import in India is likely to rise six per cent this oil year (November 2011-October 2012) to bridge the deficit on growing consumer demand.

Data compiled by the Solvent Extractors' Association (SEA) showed overall import had slumped six per cent, or 570,000 tonnes, during the 2010-11 oil year to 8.7 million tonnes, compared to 9.24 mt the previous year. B V Mehta, executive director of SEA, attributed the decline to higher availability from domestic sources on increased production of oilseeds. The import was also hit because of high prices of edible oil due to rupee depreciation. The currency was down 10 per cent against the dollar at an average of 49.20 in October 2011, against 44.75 in the corresponding month last year.

DEMAND-SUPPLY MISMATCH

Vegetable oil imports (million tonnes)

Oil year (Nov-Oct)	Edible oil	Non-edible oil	Total
2007-08	5.61	0.648	6.26
2008-09	8.18	0.460	8.64
2009-10	8.82	0.418	9.24
2010-11	8.37	0.296	8.67

Source: Solvent Extractors' Association

However, demand is likely to rebound on a positive economic outlook and sustained investible income at the hands of the average middle class, to take the overall import again to 9.2 mt next year, said Mehta. Overall edible oil consumption in India is currently 15.5 mt.

With an additional two mt output of soybean this kharif season, the industry is estimated to get more refined soy oil supply of nearly 300,000 tonnes. The apex trade body, the Central Organisation for Oil Industry & Trade (COOIT), has forecast 1.15 mt of soybean production this kharif season, as compared to 9.5 mt last year.

Also cottonseed output is estimated to rise this year to 11.16 mt, around 10 per cent higher than last year's 10.07 mt last year. This will translate into 100,000 tonnes of additional output in cotton oil. This means the country will get 400,000 tonnes of additional vegetable oil output this year, assuming a normal rabi.

Meanwhile, Dorab Mistry, director of the London-based Godrej International, has forecast the crude palm oil price on Bursa Malaysia to rise 25 per cent to 4,000 ringgit from the current 3,195 ringgit on reduced production from major producing countries, including Malaysia and Indonesia. Euro zone debt problems are set to support the commodity's upward movement, with supply and demand fundamentals offering further support for the edible oil. In case of quick price rise, the crushing parity from domestic sources turns negative, resulting in carryover oilseed stocks. In any case, veg oil import will go up, said Satyanarayan Agarwal, president, COOIT.

Sugar industry in UP petitions court over cane price

BS Reporter / New Delhi November 16, 2011, 0:49 IST

The sugar industry in Uttar Pradesh (UP) on Tuesday openly criticised the cane pricing policy of the state government and filed a petition at the Lucknow bench of the Allahabad high court, requesting quashing of the minimum buying price set for mills in 2011-12 by the administration.

The industry, through its apex body, the Indian Sugar Mills Association (Isma), also demanded central government intervention in the form of export permits for three-four million tonnes of sugar, removal of the levy obligation to feed ration shops and a quick announcement of a final price for ethanol.

Attacking the Mayawati government, Uttar Pradesh Sugar Mills Association secretary Shyamlal Gupta said, “The state government wants to increase the price of sugarcane as much as it can, keeping in mind the elections (next year). There is no logic behind increasing the SAP (state advised price). It is a political decision. Mills cannot pay this kind of price”. The state government has announced a Rs 35-40 rise per quintal of sugarcane to Rs 235-250 per quintal for different varieties.

Said Gupta: “At an estimated under-recovery of Rs four-five per kg, the sugar industry in UP could lose almost Rs 3,000 crore in one season alone.” Considering an average cane price of Rs 240 per quintal, the cost of sugar production in UP works out to Rs 34 per kg.

To sustain payment of the higher cane price, the ex-mill price needs to improve to at least Rs 34 a kg and the retail price to Rs 37-38 per kg, at least in North India, he said. The present ex-mill price in UP is around Rs 29 per kg.

Gupta also said if the price did not improve, sugar from Maharashtra mills would flood North Indian markets.

Isma director-general Abinash Verma said, “If the ex-mill price does not improve or the government keeps the prices down artificially through its powers to release the monthly sugar quota that each mill is required to sell every month, it is feared that cane price arrears may build up sooner than expected."

The anticipated loss of around Rs 3,000 crore would put more burden on mills and lead to mounting of cane price arrears or defaults in bank loan payments. In turn, leading to reduction in cultivation of cane next season, Verma said. UP is estimated to produce 6.6 million tonnes of sugar this season. So far, 25 mills have started crushing cane.

THE HINDU Business Line

Gains from farm mechanisation

Shashanka Bhide

The rural economy often throws up surprises. It acts as a source of demand even when there is slump in demand elsewhere. This feature of rural demand may fade as the rural-urban distinction becomes weaker and farm operations become more and more commercialised. However, for the moment, there is the unrealised potential of the rural sector as a growing consumer of goods and services in the non-farm sector.

Stable demand for agricultural produce makes the farm sector a reliable source of demand, both for the input industries as well as for the consumer goods industry, even when supply of farm produce is dependent on weather. The potential for mechanisation of farm operations has always been recognised. However, the economics of it has held back its expansion. The constraints remain but changes in the rural sector may make the wider use of mechanised power in farming more viable.

One major indicator of changes on the farm front is in the pattern of use of animal power and of farm labour. Whether it is the impact of MGNREGA on the attractiveness of farm employment, the impact of growing rural-urban links that provide new avenues of employment to the rural labour force or the improvements in farm machinery, the potential for increased mechanisation of farming in India appears to be on the rise.

While animal-powered farm implements are still used widely, despite the lure of machine-powered equipment and the difficulties in maintaining bullocks, the rising cost of farm labour may be instrumental in changing the choices.

Shift in preference

The significant increase in the production and sale of tractors in the current year is certainly one indicator of the changing scenario. Shifts such as these are gradual and there will have to be many successful examples before other farmers pick up from the early leaders.

While earlier debates may have restrained the policy incentives for mechanisation of farm operations, economic compulsions have slowly pushed agriculturists to the use of machine power. This does increase the use of fossil fuels in farming. But the trade-off will be in the overall gains in efficiency and productivity. Machine power may also bring in new ways to conserve soil and water.

There is no telling what has happened to the number of bullocks and bullock-drawn implements in the recent years. The five-yearly or decadal count of farm implements does point to a shrinking number of such devices.

The use of tractors is not limited to large farms, although the rate of penetration is far greater in such farms. The size of smaller farms may push farmers with such holdings to mechanisation in order to reduce operational costs. But the need to retain control over timing of critical operations will also mean that they must own, maintain and operate the machines themselves.

Thus, even as animal power is becoming more expensive, along with costlier farm labour, it is also losing out on time-efficiency as farm labour finds alternative demands. Tractors, of course, do a lot more than just plough the land. They do everything on the farm that the bullocks do, except provide manure! Transportation is a clear advantage with the tractors. The multiple uses of tractors increase their attraction for small farm agriculture. Although rural transport needs, in general, may have added to the attractiveness of tractors, such a requirement is unlikely to be the main driver of demand for tractors.

Industry interface

Increasing mechanisation will also increase the interface of agriculture with industry. Just as expansion of irrigation meant a greater need for pumpsets and fuels, expansion of machine-powered farm operations will require manufacture of such machinery and their maintenance. It will also add to the need for working capital and credit for farmers for the purchase of machines. Mechanisation will also come with new technologies for farm operations, leading to better seeding, plant protection and harvesting. Small holdings have always been a challenge in the adoption of mechanised operations. Development of equipment and machines to make them commercially viable for small farms has, apparently, not been easy to achieve.

With the improving support structures for agriculture, whether it is connectivity, credit or markets, there is now the possibility of greater rewards for innovation in technologies for small-farm agriculture.

Mechanisation will obviously not only substitute labour in some instances, but it will also add to demand for labour of another kind. It will require differently skilled labour, increasing the work opportunities for rural labour. But there are also the costs. The requirement for more capital will mean the need for significant borrowed funds.

While a part of agriculture is stable because of irrigation and diversity, it is also prone to uncertainties of weather. The change in technology will also often be irreversible. There will be a need for caution on the part of farmers as machines take over the work of bullocks.

(This article was published in the Business Line print edition dated November 16, 2011)

Cashew market subdued as roasters turn cautious

Kochi, Nov. 15:

The cashew market was quiet last week with a steady undertone. However, small volume of W320 was traded at $3.80-3.95 an lb (f.o.b) and that pushed the prices up marginally by few cents, according to trade sources.

Nominal levels for other grades were from $4.10- 4.30 a pound for W240; $3.70-3.85 for W450 and SW320; for SW360 from $3.50-3.65; for Splits and Butts from $3.10-3.25 and for pieces from $3.05-3.15 an lb (f.o.b).

The domestic market saw some activity in pieces at slightly higher levels but there was no change in prices of wholes, except for some increase in W320 in the inter-exporter market, Mr Pankaj N Sampat, a Mumbai-based dealer told *Business Line*. He said that there was steady Chinese demand in Vietnam but they were buying from selected processors.

RCN trend

Although some buyers continued to pick up quantities of raw cashew nuts (RCN) in Tanzanian tenders, there was hardly any business with shellers, he said. Offers, apart from some limited trades, took place in the price range from $1,500-1,600 for Indonesia, Tanzania, Guinea Bissau. Prices for other West African RCN are in the $1,100-1,300 range depending on quality.

Due to the very high level of uncertainty in economic situation, kernel buyers i.e., retailers, roasters and importers, are very cautious. Nobody seems to be in a mood to take any decision for long term purchases, he said. Everybody seems to be buying on “as and when needed” basis. This increases the potential for volatility, he said.

Long period of reduced buying could put pressure on some processors to reduce prices to move the product. Slight pick up in off-take could lead to need to buy more for nearby and required grades may not always be available leading to spike in prices. Prices can be stable in a reasonable trading range only when both sides – sellers and buyers – have adequate forward positions so that there is no pressure to buy or sell at short notice to meet immediate needs for product or cash.

Shellers in India and Vietnam have RCN inventory to take them through to end of the year.

(This article was published in the Business Line print edition dated November 16, 2011)

Rubber futures fall on buyer resistance

Kottayam, Nov. 15:

Domestic rubber prices turned weak on Tuesday. According to sources, the domestic futures fell on buyer resistance amidst profit booking at higher levels.

In spot, the prices dropped mainly tracking the declines on the National Multi Commodity Exchange (NMCE). Sheet rubber dropped to Rs 190 from Rs 195 and Rs 193 a kg respectively, according to traders and the Rubber Board. Volumes were dull.

In futures, the November series expired at Rs 188.00 (191.80) a kg while the December series declined to Rs 186.90 (192.57), January to Rs. 187.90 (194.36), February to Rs.190.10 (196.25), March to Rs.192.00 (198.34) and April to Rs. 195.00 (200.85) a kg on the NMCE.

RSS 3 (spot) slipped to Rs. 168.11 (168.51) a kg at Bangkok.

The November futures moved down to ¥257.00 (Rs. 169.32) from ¥262.0 a kg during the day session and then to ¥253.00 (Rs 166.46) a kg in the night session on the Tokyo Commodity Exchange.

Physical rubber rates (Rs/kg) were: RSS-4: 190 (195); RSS-5: 187 (190); Ungraded: 180 (185); ISNR 20: 171 (173), and Latex 60%: 113 (113).

(This article was published in the Business Line print edition dated November 16, 2011)

Parts of southern peninsula could stay wet

Thiruvananthapuram, Nov 15:

As expected, parts of southern peninsula are getting impacted by an easterly wave whose front-end is mostly directed towards the north of Sri Lanka.

Thundershowers have been Thiruvananthapuram in Kerala and Karaikal, Vedaranniyam and Pampan in Tamil Nadu during the 24 hours ending Tuesday morning.

RAIN CLOUDS

Insat imagery showed the presence of convective (rain-bearing) clouds over parts of southwest Bay of Bengal, north Andaman Sea, Kerala and adjoining southeast Arabian Sea.

An India Meteorological Department (IMD) outlook said that rain or thundershowers may break out at a few places over Tamil Nadu and at one or two places over south coastal Andhra Pradesh, Kerala and Lakshadweep on the next two days.

An extended outlook valid until Sunday said that rainfall is likely at a few places over extreme south peninsula.

According to the US National Centres for Environmental Prediction, this could be the precursor for a much more expansive weather that could erupt over the south peninsula during the last week of the month (November 23 to 30).

It has predicted the arrival of an easterly wave (even a full-fledged weather system) expansive enough to hit northern Sri Lanka and most of coastal Tamil Nadu during the period under reference.

The system could also interact with a western disturbance checking into northwest India and trigger rainfall over northwest Maharashtra and adjoining west Madhya Pradesh.

On Tuesday, satellite images showed convective clouds rolling up over north Jammu and Kashmir while low and medium clouds were spotted over parts of the rest of the western Himalayas, Arunachal Pradesh and Gangetic West Bengal.

The causative western disturbance is expected to be active on Wednesday as well, an IMD report said.

Fog to shallow fog conditions descended over some parts of Uttar Pradesh, Bihar and Gangetic West Bengal during the 24 hours ending Tuesday morning.

Minimum temperatures changed a little over the country outside some parts of east Madhya Pradesh, Chhattisgarh and Vidarbha where they fell by 2 to 3 deg Celsius.

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Spot chana falls; futures increase

Mumbai, Nov. 15:

Weak buying support kept pulses and pulse seeds sluggish on Tuesday.

Chana (kanta) declined by Rs 50 at Rs 3,450 a quintal even as futures on the National Commodity and Derivatives Exchange gained Rs 20. Chana (desi) sold at Rs 3,400 a quintal. Weak demand chana dal (average) to Rs 4,225-4,250 (Rs 4,275-4,300), chana dal (medium) to Rs 4,325-4,350 (Rs 4,350-4,375) and chana dal (bold) to Rs 4,500-4,525 (Rs 4,525-4,550).

Masoor declined by Rs 25 at Rs 2,850 a quintal on slack demand, while masoor (medium) sold at Rs 2,625-2,650. Masoor dal remained unchanged despite weak demand, with masoor dal (average) at Rs 3,325-3,350, masoor dal (medium) at Rs 3,400-3,425 and masoor dal (bold) at Rs 3,500-3,525 a quintal. Sluggish demand also dragged down tur (Maharashtra) in local mandis at Rs 3,500-3,550 (Rs 3,575-3,600) and tur (Nimari) at Rs 2,300-2,600. Tur dal, on the other hand, remained unchanged despite subdued demand, with tur dal (full) at Rs 5,500-5,550, tur dal (*sawa* no.) at Rs 4,800-4,850 and tur (marka) at Rs 6,300-6,350 a quintal.

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Edible oils flare up despite slack demand

Mumbai, Nov. 15:

Bull run continued in edible oils on Tuesday despite lack of of demand. Resellers were active on profit taking and ready to sell palmolein was Rs 10-12 lower than refineries rates.

On the Bombay Commodity Exchange, palmolein extended gains by Rs 12, taking the total jump to Rs 34 for 10 kg in just five days, ignoring weak Malaysian palm oil futures.

In domestic market, wide price gap between producers and resellers arrested buying mood. Soya refined oil increased by Rs 4, cotton refined oil rose by Rs 2 and rapeseed oil shot up by Rs 9 on firm sentiment. Groundnut oil and sunflower oil ruled steady.

Sources said local refineries have increased the rates for palmolein by Rs 17-18 for 10 kg in start of the day in line with firm foreign markets and considering higher import costs due to weakening rupee. Volume was need based in physical market with about 50-60 tonnes of palmolein was traded in the resale market at Rs 556–558.

Resellers were quoting palmolein at Rs 555-556. Liberty's rates for palmolein was Rs 580-582 for November, super palmolein Rs 600 and soya refined oil Rs 615. Ruchi was last quoting palmolein at Rs 565 , soya refined oil at Rs 615 and sunflower refined oil Rs 677. Allana's Palmolein was Rs 571 for November. In Saurashtra and Rajkot groundnut oil ruled steady at Rs 1,270 for *telia* tin and Rs 825 for loose (10 kg), and late evening it was quoting Rs 800.

Malaysia's crude palm December contracts settled lower at MYR3,184 (MYR3,208), January at MYR3,176 (MYR3,195), February at MYR3,178 (MYR3,194) and March at MRY3,178 (MYR3,193) a tonne. Soya oil for December futures closed at Rs 633 (Rs 628.70) while January rose to Rs 637 (Rs 635.40) on National Board of Trade in Indore.

Bombay Commodity Exchange spot rates (Rs/10 kg): groundnut oil 840 (840), soya refined oil 614 (610), sunflower exp. ref. 625 (625), sunflower ref. 685 (685), rapeseed ref. oil 712 (703), rapeseed expeller ref. 682 (673), cotton ref. oil 605 (603) and palmolein 564 (552).

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Poor offtake pulls down groundnut oil

Rajkot, Nov. 15:

Prices of a 15-kg new tin and a 15-kg *telia* tin of groundnut oil dropped Rs 10 each on Tuesday as crushing increased and demand weakened.

Loose groundnut oil (10 kg)decreased by Rs 10 at Rs 805-810.

A 15-kg *telia* tin was down Rs 10 to Rs 1,247-1,248 a 15-kg new tin in the retail market dropped by Rs 10 to Rs 1,410-1,415.

A 15-litre tin was traded at Rs 1,300-1,305.

In Saurashtra, 100-150 tonnes groundnut oil were traded.

More than a lakh bags of groundnuts arrived in Gujarat.

Bold groundnut fetched Rs 550-710 for 20 kg here and small Rs 580-735 for 20 kg.

At Junagadh agricultural produce marketing committee, groundnut traded at Rs 540-700 for 20 kg.

Cotton oil (wash) declined by Rs 3 to Rs 582-585 for 10 kg and 15-kg new tin was down Rs 5 to Rs 1,025-1,035.

Thick supplies have put increased pressure on the market, retail traders said.

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Sugar mills await permit for exports

Mumbai, Nov. 15:

After witnessing a sharp correction of Rs 50-70 a quintal from its highs in the last two days, sugar prices on the Vashi wholesale market ruled steady on Tuesday.

Mills are holding the price on expectation of a positive announcement by the Government regarding exports this week; this is expected to keep volumes comparatively at a low level. Local demand has also eased due to the middle month period. Sentiment was cautious as traders expect additional sugar exports to support bullish sentiment later on.

Sources said that at the Vashi physical market , limited demand kept volumes as usual. Absence of demand from neighbouring States, despite prices in Maharashtra being Rs 150-200 lower than northern States, made producers offload sugar in the local markets.

But likely permission to export more has made them unwilling to sell at lower rates. Traders are now refraining from bulk buying or betting on fine quality sugar due to the high rates.

Sugar prices in the Mumbai spot market rose by Rs 170 – 175, tracking the sharp rise of Rs 175-200 in mill tender rates in the first 12 days of the month. Over the last two days, the market witnessed sharp correction on less than expected hike in cane prices.

On Monday, more mills came forward with tender offers. About 14-15 mills offered tenders and sold about 30,000-35,000 bags of sugar in the range of Rs 2,770-2,850 (2,790-2,860) for S-grade and Rs 2,920-3,000 (2,900-3,010) for M-grade.

Arrivals at the Vashi market were at routine level, of about 46-48 truckloads and local dispatches were nearly 44-45 truck loads.

Bombay Sugar Merchants Association sugar rates (Rs/quintal): Spot rates: S-grade Rs 2,931-3,001 (2,931-3,001) and M-grade Rs 2,996-3,131 (2,991-3,132).

Naka delivery: S-grade Rs 2,900- 2,970 (2,900-2,950) and M grade Rs 2,970-3,100 (2,970-3,050).

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Turmeric rises on low arrivals

Erode, Nov. 15:

Spot turmeric prices increased by Rs 100-300 a quintal as arrivals dipped to around 8,500 bags on Tuesday. Prices climbed Rs 500 a quintal at the Regulated Marketing Committee.

Bulk buyers bought the hybrid finger variety heavily as they expect prices to remain high for another week, said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association.

However, the minimum price quoted for the spice dropped by Rs 100 a quintal because of poor quality. The better quality produce was up Rs 500 a quintal at the Regulated Marketing Committee.

Markets in Erode reflected the rise in turmeric futures, up by Rs 200 a quintal, said Mr Ravishankar. Of the arrivals, 70 per cent was sold. Farmers still have 13 lakh bags of stocks, including stocks carried over from last year. They plan to sell at least three lakh bags by the end of the year. More than 50 lakh bags are likely to arrive next year.

In the Erode Turmeric Merchants Association Sales yard, the finger variety was sold at Rs 3,409-4,855 and the root variety at Rs 3,220-4,589.

Salem Crop: The finger variety was sold at Rs 4,361-5,609 and the root variety at Rs 4,196-4,936. Only 512 of the 2,396 bags that arrived were sold.

At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 4,039-4,906 and the root variety at Rs 3,900-4,730. All the 198 bags that arrived were sold.

At the Erode Cooperative Marketing Society, the finger variety fetched Rs 4,199-4,919 and the root variety Rs 3,199-4,739. Out of the 1,118 bags that arrived, 1,109 were sold.

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Dara wheat gains on mills' purchase

Karnal, Nov.15:

New buying by flour mills, coupled with low arrivals, pushed up dara prices while desi wheat varieties remained almost unchanged on Tuesday.

Fall in supply against the frantic buying by the flour mills pushed dara prices up, said Mr Sewa Ram, a wheat trader. Demand for flour is rising in the domestic market and prices may continue to witness the uptrend, he added.

In the physical market, dara prices went up by Rs 20-25 and was quoted between Rs 1,170-1,180 a quintal. Around 50 tonnes of dara variety arrived from Uttar Pradesh and the stocks were directly offloaded at the mills. Mill delivery was at Rs 1,165-1,170/quintal, while delivery at chakki was at Rs 1,175-1,180/ quintal.

On the other hand, after witnessing a good uptrend last weekend, desi wheat varieties ruled flat. Samrat was quoted at Rs 1,920, Lal Quila at Rs 1,840 and Lok-1 at Rs 1,850/ quintal.

On the National Commodity and Derivatives Exchange, wheat for November delivery increased by Rs 1.6 to Rs 1,150.2/ quintal; it had touched a high at Rs 1,155/ quintal earlier on Tuesday. At the MCX, wheat for December delivery was Rs 1,149.8/ quintal.

Flour Prices

Following uptrend in wheat, flour prices increased by Rs 10-15 and was quoted at Rs 1,170-1,175 for a 90-kg bag, while branded flour such as Lal Quila and Ashirwad were ruling at around Rs 155 and Rs 210 for a 10-kg bag. Similarly, heavy buying pushed Chokar prices further up by Rs 50 and was sold at Rs 660-670 for a 49-kg bag.

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