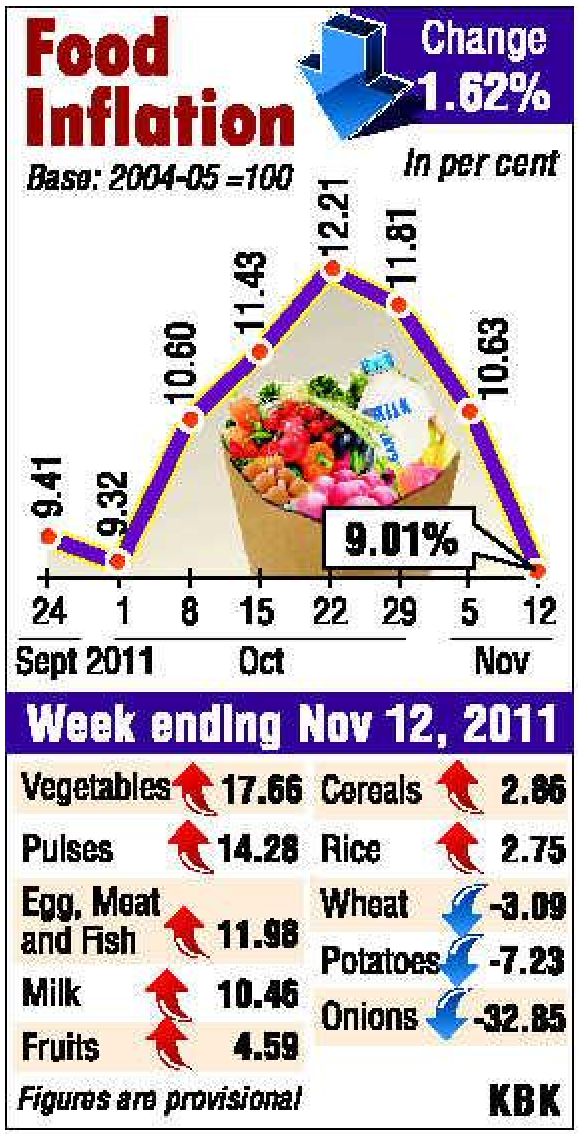
Published: November 25, 2011 00:00 IST | Updated: November 25, 2011 04:25 IST

Food inflation eases to 9.01%

Special Correspondent



In a much-awaited respite from rising prices, food inflation eased significantly to 9.01 per cent for the week ended November 12 from 10.63 per cent in the previous week, lifting hopes of the overall price situation improving further in the months ahead. Even though the decline in WPI (Wholesale Price Index) food inflation to single digit has been, in a large measure, owing to a ‘high base' effect in that it was at a high of 11.38 per cent during the like week in 2011, the downtrend appeared to kindle Finance Minister Pranab Mukherjee's hopes on a further moderation. Commenting on the official data, Mr. Mukherjee said: “If these trends continue for the next two weeks, I hope there will be moderation in inflation and it will have an impact on the year-end inflationary figures…Normally, I do not have much confidence in the weekly figures. But if the trend continues, let us hope for the best.'' The inflation numbers, however, do not present a convincing picture of prices easing any time soon.

Published: November 25, 2011 00:00 IST | Updated: November 25, 2011 04:18 IST

SRI diet for Erode paddy fields

Staff Reporter

The cultivation technique consumes less water

Collector V.K. Shanmugam inspecting a paddy field covered under System of Rice Intensification method in Erode district on Thursday. - PHOTO: M.GOVARTHAN

The Agriculture Department has planned to implement the System of Rice Intensification (SRI) method in at least 62 per cent of the area under paddy cultivation in Erode district this year.

The normal area of paddy is 40,000 hectares. “We have set a target to bring at least 25,000 hectares under the SRI method, as it increases the crop productivity significantly,” District Collector V.K. Shanmugam said, after inspecting paddy fields in Gobichettipalayam block on Thursday.

The department had brought 18,500 hectares under the SRI method till date. “We will be achieving the target very quickly and encourage more farmers to adopt the method,” the Collector said.

The SRI is a cultivation technique for improving productivity in paddy crop using less water. Farmers could get an average yield of 7.5 tonnes as against 6 tonnes under the conventional method. “Some of the farmers who took up paddy under the SRI had reported an yield up to 9 tonnes,” Agriculture officials said. The average paddy production of Erode district is around 2.21 lakh tonnes. “We wanted to improve the production in a sustainable manner by encouraging more farmers to switch to the SRI method of paddy cultivation,” the Collector said.

The SRI clusters have been formed with each cluster comprising 30 hectares. Subsidy to the tune of Rs. 3,000 per hectare is being extended under the National Agriculture Development Programme (NADP). “We have received a sum of Rs. 45 lakh under NADP to provide subsidy to the farmers who cultivate paddy under the SRI method,” the Collector said.

Published: November 25, 2011 00:00 IST | Updated: November 25, 2011 04:17 IST

Fertilizer stocks exceed requirement

Staff Reporter

A total of 400 tonnes of urea would be made available to the primary cooperative societies and private dealers in the district within the next week, said Collector V. Shobana. Besides, it has been planned to disburse 300 tonnes of potash through the PACS on Friday.

Ms.Shobana said in a press release on Wednesday that since more than the required quantum of fertilizers was stocked for November there was excess stock left with the primary agricultural cooperative societies and private dealers in the district. In this connection she said, against the procurement of 1,881 tonnes of urea the off take was only 1,028 tonnes. In case of potash, against the demand of 1,200 tonnes, a total of 1,246 tonnes were procured of which 562 tonnes were in reserve.

Likewise 1,061 tonnes of di-ammonium phosphate were procured against the demand of 1,000 tonnes though 574 tonnes were still in hand. As regards NPK complex fertilizers, 1,806 tonnes were stocked while the off take was just 980 tonnes.

During surprise checks conducted in various fertilizer shops in the district in the past two months, show cause notice have been issued to 21 of them seeking clarifications on discrepancies. The Collector cautioned dealers against selling fertilizers higher than the stipulated cost.

Published: November 25, 2011 00:00 IST | Updated: November 25, 2011 04:25 IST

Banks asked to step up advances to encourage farm mechanisation

Special Correspondent

Rs.2,855.85-crore credit for priority sector during 2012-13

Ready with road map: Collector Jayashree Muralidharan handing over the annual credit plan for 2012-13 to R.Krishnamoorthy, Chief Regional Manager, IOB, in the city on Thursday. D.Solomon Paul Durairaj, right, AGM, NABARD, is in the picture. — Photo: M.Moorthy

The Potential Linked Credit Plan (PLP), prepared by the National Bank for Agriculture and Rural Development, has suggested that banks in the district encourage farm mechanisation by stepping up advances for the purpose.

The PLP, which would form the base document for the bankers to prepare their annual credit plan, observes that there was a need for agro centres which can lend farm machinery on rent to farmers and banks could finance such projects. It also suggests that government departments make available such machinery at the block level.

Banks could finance purchase of farm implements such as combined harvesters apart from tractors and tillers to overcome the shortage of labour and increase productivity. Banks could also explore the possibility of extending credit for farm implements through kisan credit cards, it says.

The PLP projects a credit flow potential of Rs.2,855.85 crore to the priority sector in Tiruchi district during 2012-13, which includes Rs.1,348.43 crore of short term credit for production, marketing and food security and Rs.461.84 crore of agriculture term advances.

The potential for advances to the non-farm sector is estimated at Rs.340.59 crore. The other priority sector offered scope for credit advances to the tune of Rs.705 crore.

The plan document was released at the District Consultative Committee meeting of bankers here on Friday by Jayashree Muralidharan, Collector, in the presence of D.Solomon Paul Durairaj, Assistant General Manager, NABARD, R.Krishnamoorthy, Chief Regional Manager, Indian Overseas Bank, the lead bank of the district, and bankers.

The plan recommends investments in high tech agriculture, technology driven horticulture practices, food processing and storage, steps to reduce post harvest losses and promotion of cluster or group approach with joint liability group financing as focus. Hi-tech horticulture practices such as use of poly houses, shadenet and plastic mulching should be promoted

The PLP suggests that banks in the district encourage agri clinics, seed processing centres and agri business centres. Stating that mono cropping was a matter of concern, the PLP suggests promotion of second crop to generate additional income and employment.

Banks should also extend credit support for community borewells, micro irrigation and rain water harvesting projects. Similarly, credit support should be extended for land reclamation, creation of farm ponds, bio-fertilizer and bio pesticide units.

Dwelling on the infrastructure requirements and gaps, the PLP says that there was a need for pack houses, cold storages and terminal markets in the district. Under the Rural Infrastructure Development Fund, the district has so far been provided Rs.363.83 crore for 587 rural roads, 44 bridges, 21 irrigation works, 37 check dams, 56 veterinary clinics, 11 pay and use toilets, 133 schools and 59 health sub centres.

In the current year sanctions have been made to select Primary Agriculture Credit Cooperative Societies for construction of rural godowns.

Later at the consultative committee meeting, Mr.Krishnamoorthy informed the officials that the total deposits in the district stood at Rs.11,144.79 crore against the total advances of Rs.8959.98 crore as on September 2011.

T.Ramadoss, Lead District Manager, and other officials attended the meeting.

Published: November 25, 2011 00:00 IST | Updated: November 25, 2011 04:17 IST

Chitradurga farmers demand horticultural university

Staff Correspondent

'District is fourth in State in production of horticultural crops'

LUCRATIVE: Several farmers are switching over to horticulture in Chitradurga district.

Progressive farmers have urged the Government to establish a horticultural university in Chitradurga district.

They recently submitted a memorandum to Chief Minister D.V. Sadananda Gowda in this regard.

In the memorandum, they stated that many farmers in the district were gradually switching over to horticulture by availing themselves of various government schemes and getting better dividends by adopting modern cultivation methods.

Several farmers were cultivating pomegranate, mango, papaya and other horticultural crops. The district was gaining popularity for a variety of flowers, which were being sold in other districts.

Chitradurga was in the fourth position among onion-growing districts in the State, the memorandum said.

Different types of fruits were being cultivated on 10,854 hectares of land, vegetables on 22,108 hectares, spices on 2,336 hectares, flowers on 1,050 hectares and medicinal plants on 320 hectares.

The district was in fourth position in the State even in the production of horticultural crops, the farmers said.

Quoting instances of farmers who had suffered huge loss due to pest attacks on pomegranate, coconut and mosambi, the farmers said that there was a need to conduct more research on how to protect these crops and develop pest-resistant plants. Such research work could be undertaken only by a university, which would help the farmers increase production and earn higher profits. Neighbouring districts such as Tumkur, Kolar, Bangalore Rural, Chickballapur, Ramanagaram and Mandya could be brought under the jurisdiction of the university in Chitradurga, the farmers said.

- *A memorandum has been submitted to the Chief Minister*
- *'District is gaining popularity for floriculture'*

Published: November 25, 2011 00:00 IST | Updated: November 25, 2011 04:19 IST

Insurance scheme for farmers to be launched

Staff Correspondent

Agricultural Insurance Company of India has been roped in

Deputy Commissioner Darpan Jain (right) and Ganesh Naik, Joint Director of Agriculture, releasing a pamphlet on the crop insurance scheme in Dharwad on Thursday.

Deputy Commissioner Darpan Jain has said that a crop insurance scheme will be launched for select rabi and summer crops in the district in association with the Agricultural Insurance Company of India.

He told presspersons on Thursday that jowar, wheat, Bengal gram, sunflower, safflower, green gram, maize and groundnut, among others, had been listed as crops to be insured.

Farmers could pay the premium within 30 days of sowing or by December 31, whichever is earlier, at the nearest bank. Mr. Jain said it was compulsory for those who had availed themselves of loans to join the insurance scheme. .

“In case of crop failure, the Government gives only input subsidy for further activities and the amount paid does not compensate for the loss. Hence, it is advisable to insure the crops,” he said. Mr. Jain also released pamphlets on the scheme.

He said there had been a delay in rabi sowing in the district owing to scanty rain in September. Of the targeted area of 2,08640 hectares, sowing had been completed in 18,3195 ha.

While crops in irrigated areas were coming up well, they were affected in rain-fed areas owing to lack of humidity. Bengal gram, Jayadhar Cotton, sunflower and maize were the main crops for rabi season with Bengal gram covering 56,000 ha followed by Jayadhar Cotton (26,000 ha), sunflower (10,000 ha) and maize (9,000 ha).

Mr. Jain said there was no shortage of fodder in the district.

He said works under the Mahatma Gandhi National Rural Employment Guarantee Act were being implemented in drought-hit areas.

Published: November 25, 2011 00:00 IST | Updated: November 25, 2011 04:25 IST

Aavin to bolster cattle feed production capacity

G. Sathyamoorthi

The Tamil Nadu Milk Producers' Co-operative Federation (Aavin), which has been directed to usher in a White Revolution in the State by Chief Minister Jayalalithaa, plans to strengthen its cattle feed production capacity in a big way as the first step.

The high cost of cattle feed has been a major grouse of milk producers.

According to highly placed official sources, of the three cattle feed plants in the State – Madhavaram, Kappalur and Erode – only Erode plant is functioning, that too in a small way. In a bid to revive the other two, a team of technical experts has been constituted and “it is expected to submit a report on the available infrastructure and the feasibility of revival in about a fortnight”.

The sources said that at present about four lakh farmers in the State could be termed “milk-pouring (milk supplying) members” to co-operative milk societies. Each farmer requires a minimum of 15 kg of feed a month. “Thus we have to provide at least 6,000 tonnes of cattle feed to them every month.”

They pointed out that Madhavaram plant, the oldest unit, started in 1972 with a capacity of 100 tonnes of concentrated feed, ceased operations in 2001-02. The major reasons were its long life and high maintenance cost. “It might cost Rs.7 crore to Rs.10 crore to revive this unit.”

The Erode unit was started in 1985 and is now producing concentrated feed, bypass protein and high-protein feed. This plant is also capable of producing 100 tonnes a day.

The Kappalur plant in Madurai district also has the same capacity. Started in 1991, this also ceased operation in 2006 due to a major breakdown. Then the estimate for revival was worked out to be around Rs.5 crore. “It might cost Rs.7 crore to Rs.10 crore to revive this unit.” The sources said though revival of these two units might take some time, the immediate task is to raise the production of the Erode plant to its capacity in the range of 2,500–3,000 tonnes. “As of now it is producing concentrated feed, bypass protein and high–protein feed, far less than its capacity.”

Besides, Aavin has permitted district milk producers' co-operative unions to place orders for concentrated feed with Tamil Nadu Co-operative Federation (TANFED) .This purchases the feed from Indian Potash Ltd at Rs 10.90 per kg and supplies to the unions who in turn supply to the societies. “While the society members buy the feed it is given on credit which is adjusted against the weekly payment for milk”.

When pointed out that the milk producers are pleading for the supply of feed at a cost of about Rs.10 a kg, as it was supplied at Rs.8 a kg by the unions a few years ago, the sources wondered how it would be possible. “We were supplying at Rs.8 a kg when rice bran was quoted at Rs.8 a kg. As its price itself has shot up to Rs.18 a kg now, how is it feasible to supply concentrated feed adding nutrients at such a low price?”

- *High cost of cattle feed has been major grouse of milk producers*
- *Each farmer requires a minimum of 15 kg of cattle feed a month*

Published: November 25, 2011 00:00 IST | Updated: November 25, 2011 04:21 IST

Growers demand support price for tobacco

Staff Correspondent

Seeking action: Tobacco growers staging a protest outside the office of the Deputy Commissioner in Mysore on Thursday. — PHOTO: M.A. SRIRAM

Tobacco growers, under the banner of the Karnataka Prantha Raitha Sangha, Hunsur, and the Karnataka State Tobacco Growers' Welfare Committee, staged a demonstration outside the office of the Deputy Commissioner here on Thursday seeking support price for the crop.

In a memorandum submitted to the Deputy Commissioner, they demanded that the growers who did not have permits for cultivating the crop be permitted to sell their produce.

They said that the facilities and benefits should be uniform to all farmers, including tobacco growers, and they should get bank loans.

They alleged that the Tobacco Board had not come to the rescue of growers who had invested in cultivation of the crop.

They urged the Centre and the Tobacco Board to take immediate steps to solve the growers' problems.

hindustantimes

HT Correspondent, Hindustan Times
Email Author

New Delhi, November 24, 2011
First Published: 12:34 IST(24/11/2011)
Last Updated: 00:58 IST(25/11/2011)

Plunging onion prices bring down inflation

Finally, the consumer gets respite, with the food inflation rate falling by 1.62% to the lowest levels in four months - 9.01% for the week-ended November 12 - rekindling hopes that the price monster may be tamed.

Food inflation, measured by the wholesale price index, was 10.63% in the previous week.

It was 11.38 % in the corresponding period in 2010. Onion prices fell by 32.85% during the week compared to the previous year on the back of enhanced supplies.

"If these trends continue for the next two weeks of November, I hope there will be moderation in inflation and it will have an impact on the year-end inflationary figures," finance minister Pranab Mukherjee told reporters in New Delhi.

express buzz

By PTI

24 Nov 2011 12:22:36 PM IST

Food inflation falls to single digit at 9.01%

NEW DELHI: Food inflation fell sharply to single digit at 9.01 per cent for the week ended November 12 even as prices of most agricultural items, barring potatoes, onions and wheat, continued to rise, on an annual basis.

Food inflation, as measured by the Wholesale Price Index (WPI), was 10.63 per cent in the previous week.

The rate of price rise in food items stood at 11.38 per cent in the corresponding week of the previous year.

According to the data released by the government today, onions became cheaper by 32.85 per cent year-on-year, while potato prices were down by 7.23. Price of wheat also fell by 3.09 per cent.

However, all other food items became expensive on an annual basis during the week under review.

Vegetables became 17.66 per cent costlier, while pulses grew dearer by 14.28 per cent, milk by 10.46 per cent and eggs, meat and fish by 11.98 per cent.

Fruits also became 4.59 per cent more expensive on an annual basis, while cereal prices were up 2.86 per cent.

Inflation in the overall primary articles category stood at 9.08 per cent during the week ended November 12, as against 10.39 per cent in the previous week. Primary articles have over 20 per cent weight in the wholesale price index.

Inflation in non-food articles, including fibres, oilseeds and minerals, was recorded at 4.05 per cent during the week under review, as against 5.33 per cent in the week ended November 5.

Fuel and power inflation stood at 15.49 per cent during the week ended November 12, the same as in the previous week.

The decline in the rate of rise in food prices is likely to bring some relief to the government and the Reserve Bank, which have been facing flak from all quarters for persisting high prices.

The government had said steps were being taken to remove supply bottlenecks and expected prices to ease from December.

Yesterday, Finance Minister Pranab Mukherjee had said that the government's immediate priority is to contain price rise."High inflation and also some of the effort to control liquidity has a detrimental effect on short-run growth. The immediate priority is to control inflation so that long-term growth prospects are not affected," Mukherjee had said in a written reply in Rajya Sabha yesterday.Earlier this week, he had said in Parliament that inflation is likely to moderate to around 6-7 per cent by March 2012.Headline inflation, which also factors in manufactured items, has been above the 9 per cent-mark since December, 2010. It stood at 9.73 per cent in October this year.The RBI has hiked interest rates 13 times since March, 2010, to tame demand and curb inflation.In its second quarterly review of the monetary policy last month, the central bank had said it expected inflation to remain elevated till December on account of the demand-supply mismatch, before moderating to 7 per cent by March, 2012.

DECCAN Chronicle
Published on *Deccan Chronicle* (http://www.deccanchronicle.com)

Food inflation dips to 9.01 percent

India's food inflation slipped below double digits for the first time in five weeks at 9.01 percent for the week ended Nov 12, official data released on Thursday showed. Food inflation had shot up to over double digits during the week ended Oct 8 and persisted at these levels as the festive season approached, pushing demand higher. It was recorded at 10.63 percent in the previous week. For the week under review, prices of vegetables, fruits and milk showed a decline but eggs and poultry continued to cost more, according to data made available by the commerce and industry ministry. The primary articles index, which has a 20.12 percent weight in the wholesale price index, also rose at a slower 9.08 percent as compared to 10.39 percent in the previous week. The index of fuel and power was steady at 15.49 percent, while the index for non-food articles declined to 4.05 percent from 5.33 percent earlier. Although after it had hiked rates in October the Reserbe Bank of India said it would hold off another increase if inflation showed signs of decline, bank's Governor D.Subbarao in a speech in Hyderabad this week said he would not hesitate to tighten rates further if inflation did not come down as expected. Overall inflation too has remained stubbornly high, near double digits, since January 2010. Headline inflation based on the wholesale price index was recorded at 9.73 percent in October, according to the latest official data.

Source URL: http://www.deccanchronicle.com/channels/business/news/food-inflation-dips-901-percent-884

---

the pioneer

More needs to be done to check inflation: Pranab

TUESDAY, 22 NOVEMBER 2011 23:24

PNS | NEW DELHI

Though in order to soothe the frayed nerves of a combatant Opposition in Parliament over the issue of rising inflation, Finance Minister Pranab Mukherjee tried to put up a brave face by hoping that it will come down to 6-7 per cent by March end, the possibilities of this happening seem remote as the demand-supply mismatch continues and the rupee continues to depreciate.

On the first day of the Winter session of Parliament, the Finance Minister, facing an aggressive Opposition led by the BJP which was geared up to move an adjournment motion on the issue of price rise (and which eventually did happen), said that despite adverse global fiscal scenario, inflation would pare down by March.

“...While there has been a steady improvement in the inflation situation in India, there are important tasks ahead to be undertaken to get the desired outcomes,” Mukherjee said in a suo-motu statement on inflation in Lok Sabha.

He attributed the rising prices to demand-supply mismatch, depreciating rupee, global commodity prices and easy monetary policy followed by some countries.

“...The Government is committed to bring down inflation to more acceptable levels. I hope to see the March end inflation between 6 to 7 per cent”, he said and sought suggestions from the members on how to tackle the issue.

However, with the current fiscal just months away from culmination and inflation still hovering over 9 per cent since December 2010, experts say, the possibilities of it coming down dramatically to a 6 per cent level seem improbable as of now.

Sample this - the headline inflation measured on WPI too was 9.7 per cent in October, while the rate of price in food segment for the week ended November 5 was 10.6 per cent.

Mukherjee’s statement was laid in the Lok Sabha amid turmoil over a variety of issues including price rise.

The Left parties had announced that they will move an adjournment motion in the House today and the BJP-led NDA had promised support to it, much to discomfiture of the Government.

Mukherjee, however, said that during periods of rapid growth and structural change, that India is currently undergoing, inflation does tend to increase.

He said in a globalised economy, where the Indian economy is dependent on commodity imports like fuel oils, movement in international prices have a direct bearing on level of domestic inflation and its management.

The Minister said as Indian currency was sliding against the dollar, “whatever little benefit could have been derived from the softening of international commodity prices, has been wiped out by the depreciation in rupee.”

Mukherjee said the Reserve Bank was keeping a close watch on foreign exchange markets.

“The RBI has been monitoring the foreign exchange markets closely and will take the required action in the light of international developments as the situation unfolds,” he said.

State govt steps up pressure on private sugar mills

THURSDAY, 24 NOVEMBER 2011 21:14

PNS | LUCKNOW

In anticipation of the farmers being deprived of payment of cane arrears according to state advisory price (SAP) due to litigation over it, the state government has stepped up pressure on private sugar mills.

With 29 private sugar mills along with UP Sugar Mills Association (UPSMA) challenging the power of state government regarding fixation of cane price in Lucknow bench of High Court, doubts were being raised over full payment of cane arrears to farmers. The UPSMA had also urged the government to not pressurise sugar mills for writing the cane price on cane supply slips in view of matter being subjudice in the court.

Declining plea of private sugar mill owners that new SAP Rs. 235-250 per quintol was beyond their paying capacity, state government has given fresh instructions to all district magistrates for regular monitoring of private sugar mills in respective area. The government have already said in the court that SAP of current crushing session was fixed in view of paying capacity of mills and interest of farmers.

According to sources in cane development department, the DMs has been asked to ensure that all sugar mills besides writing the SAP on cane supply slips were properly filling the Form 'C' which was the contract between farmer and sugar mill.

The result of the pressure from government was palpable as the private mills even which have moved to court were mentioning SAP on cane supply slips, said, Bhartiya Kisan Union (BKU) state spokes person, Dharmendra Malik on Thursday.

All private mills in Meerut and Saharanpur division has started crushing and were paying arrears according to SAP fixed by the government although few of them were party in the case against state government, he said.

Bharitya Kisan Majdoor Sangh (BKMS), president VM Singh who was organising meetings to make farmers aware of not supplying the cane without getting proper cane supply slips, responding to the logic of sugar mills said, being Rs. 250 cane price beyond paying capacity was a big lie of millers. In fact they extract sugar costing Rs. 300 from one quintol of cane besides the molasses, bugass and alcohol of equal cost from it.

While fixing the cane price next year the additional profit from by-products of sugar also should be taken in to consideration by the government, he said.

Business Standard

Friday, Nov 25, 2011

Sesame seed output may decline 25%

Vimukt Dave / Rajkot November 25, 2011, 0:51 IST

Sesame production in 2011-12 may fall 25 per cent on account of low acreage and reduced yield, according to Shellac & Forest Products Export Promotion Council (Shefexil) estimates.Shefexil is a trade body sponsored by the Ministry of Commerce.

It conducted a survey of different stages of the sesame crop across India and the report shows production is likely to fall to 275,000 tonnes as against 360,000 tonnes in 2010-11. This is attributed to lower acreage, which has fallen 8.7 per cent, and a 18.9 per cent decline in yield.

According to the report, sowing declined from 1.31 million hectares in 2010-11 to 1.20 million hectares in 2011-12, while yield declined to 210 kg per hectare this year from 265 kg per hectare in the previous year. The fall in yield was mainly due to heavy and extended rainfall during the monsoon.

The acreage, production and yield have fallen in major sowing regions, including Gujarat, Uttar Pradesh, Madhya Pradesh and Andhra Pradesh.

In Gujarat, most of the crop was damaged due to heavy rainfall, due to which farmers took up alternative crops like cotton, castorseed and groundnut. Farmers in Gujarat are more inclined to take up sesame in summer. In Rajasthan, crop performance was inconsistent. In Pali and Jodhpur, farmers have reported a good crop compared to last year.

In spite of lower production estimates, Shefexil and traders are hopeful of good exports. This year, during April-July, India's sesame seed exports were 150,000 tonnes.

DGFT may levy 20% export duty on guar gum

Dilip Kumar Jha / Mumbai November 25, 2011, 0:12 IST

The Directorate General of Foreign Trade (DGFT) is considering levy of 20 per cent export duty on guar gum, a derivative of guar seed, with application in oil drilling, paper, textiles, mining, explosives, ore floatation and many other industries.

"We have received representations from a section of exporters to levy a minimum 20 per cent export duty, after withdrawing the six per cent subsidy currently provided for guar gum exports. We are studying the proposal," said an official.

The government introduced six per cent subsidy to promote exports five years ago, when price of the commodity was ruling at Rs 700-800 per kg. Now, the prices have surged to Rs 15,000 a kg.

India is the largest producer and exporter of guar gum supplying 90 per cent of the world consumption. It produces 1-1.5 million tonnes of guar seed annually, which is processed into about 0.3-0.5 million tonnes of guar gum.

Ganesh Gupta, ex-president of the Federation of Indian Export Organizations, said, "China introduced import duty on guar gum powder and splits. If India considers imposition of export duty, countries like China would be forced to roll back duty on guar gum and the benefit would accrue to India."

According to an official with Rajasthan Guar Gum Association, withdrawal of incentives and imposition of export duty would result in a substantial revenue generation and saving to the exchequer. Along with gum, the country exports its by-products known as guar meal. Export of guar seed derivatives (gum and meal) grew 85 per cent from 2,18,000 tonnes in 2009-10, to 4,03,000 tonnes in 2010-11.

In terms of value, the rise was impressive at about 148 per cent (Rs 1,133 crore to Rs 2,812 crore).

This financial year, in April-June, 145,000 tonnes of guar derivatives were exported, as against 71,340 tonnes in the same quarter last year.

If the trend continues, the country may export about 581,000 tonnes of guar derivatives worth Rs 6,245 crore.

Currently, guar gum splits, powder and guar meal exports are covered under the Vishesh Krishi and Gram Udyog Yojana, wherein five per cent of free-on-board (FOB) value of exports are waived by way of duty credit while importing goods. The products also enjoy one per cent duty drawback. In view of the robust growth of exports, increasing prices of the products and excellent margins enjoyed by the industry, there is an increasing demand for considering withdrawal of the promotional incentives.

According to industry experts, there are very attractive margins throughout the value chain, while farmers, too, have benefited from the price rise, the maximum amount of profits are accruing to processors, exporters and importers. The government seems to be the only entity losing on potential revenues it could have garnered in the form of export duty. China, which is completely dependent on India for guar gum, levies an import duty of 15 per cent on guar gum powder and seven per cent gum splits.

The 20 per cent export duty may fetch around Rs 1,250 crore over and above the Rs 375 crore it is currently doling out as incentives.

High prices bring down onion exports

Press Trust of India / New Delhi November 24, 2011, 16:26 IST

Moves by the government to further bring down the export price of onion from $350 a tonne stems from a steep 24% decline in overseas shipments of the staple.

India's onion export has declined by about 2.13 lakh tonnes during April to November 20 this year, agri-cooperative Nafed, a principal government agency which grants NOC for onion shipments, said.

Close on the heels of the government bringing down the export price of onion by $125 a tonne to $350 a tonne last week, Agriculture Minister Sharad Pawar on tuesday said there has been discussion on further lowering the MEP to boost exports of onion.

The country had exported 11,18,426 tonnes between April and November 30 last year, the sources said. Only 9,05,150 tonnes of the bulb had been send abroad between April and November 15, 2011, a fall of almost 24%.

The sources attributed the drop in exports to high Minimum Export Price (MEP) and inconsistent trade policy of the government.

"The export price of onion in the international markets is ruling below $300 a tonne due to which there has been lesser number of buyers for Indian onion," NHRDF Director R P Gupta told PTI.

"Inconsistency in trade policy by switching on and off of onion export is also working against India," a senior office bearer of Mumbai based Agriculture Export Association, Ajit Shah, said.

India Is the second largest producer of onions in the world after China.

Shah said China with MEP of $210 per tonne is currently dominating the international market.

Earlier, Pakistan was also shipping huge quantity of onions due to low MEP, but shortage of crop in the domestic markets has forced it to stop the shipment now, he added.In February, the government had lifted the ban on onion exports following protests from growers due to crashing of domestic prices.Rajendra Sharma, General Secretary of Delhi-based Azadpur market (Asia's biggest wholesale fruits & vegetables market) said over 600 tonnes of onion is arriving from various parts of the country.

Flooding of onion and lesser demand has brought down prices in Delhi to Rs 5-9 a kg in the wholesale, Sharma added.

THE HINDU Business Line

Food inflation falls to 9.01%

New Delhi, Nov. 24:

Food inflation eased into single digits to touch a nine-week low of 9.01 per cent during the week to November 12, largely on account of the base effect.Cereals, fruits and vegetables such as potatoes and onions too contributed to the declining trend.In the previous week, annual WPI-based food inflation was recorded at 10.63 per cent. On a week-on-week basis, the food articles index declined 0.7 per cent to 198.5 as prices of most commodities, including protein-rich food items, recorded a dip.During the latest reported week, non-food articles index too eased sharply, while inflation was unchanged in the fuels subgroup.*anli@thehindu.co.in*

(This article was published in the Business Line print edition dated November 25, 2011)

Tomato or brinjal?

Now in India: Tree tomato or tomarillo (Cyphomandra betacea) that resembles mini brinjals, grown in Mizoram, on display at a packaging show in Hyderabad. Tomarillo which is grown in Kenya, Australia is now being cultivated in India. — P.V. Sivakumar

(This article was published in the Business Line print edition dated November 25, 2011)

Sugar exports will provide floor for domestic prices

G. Chandrashekhar

Mumbai, Nov. 24:

In a sensible move, the Government has decided to allow the export of 10 lakh tonnes of sugar at the beginning of the season — possibly the first instalment — in the wake of bright domestic production prospects for season 2011-12. There will surely be some minor differences in output and consumption estimates, but the fact remains that the country is going to enjoy a decent surplus of the sweetener in the months ahead.

The less-fortunate part is that sugar exports will take place at a time when the world market is faced with surplus sugar of around 6.5 million tonnes (mt) for 2011-12, and there has been a broad-based commodity sell-off in the global markets which has exerted severe downward pressure on prices including sugar.

So, India's announcement to allow export has the potential to further weaken the world prices and in turn the export value in dollar terms. The silver-lining in this exercise is the recent depreciation of the rupee. If the rupee continues to remain weak and the exchange rate stays below Rs 50 to a dollar for some time as is widely expected, exporters will find some relief in the unit value realisation in rupee terms.

Given the global cues and domestic market fundamentals, announcement of ten lakh tonnes export is unlikely to push domestic sugar prices higher markedly in the near-term. Seasonal supply pressure will cap the upside. While the underlying sentiment will be bolstered, there is nothing to suggest any unmanageable spurt in wholesale sugar prices at least until the end of March 2012.

Domestic sugar prices

On the other hand, exports will provide the much-needed floor of support for domestic sugar prices. The rates are likely to stay at levels that are at once consumer-friendly and producer-supportive. The domestic price direction beyond March 2012 will be influenced by cane planting for the next season and developments if any on the international front, including those in Brazil — the world's largest producer and exporter.

For 2011-12, the domestic sugar industry has estimated the production at 26 ml.t; consumption at 22 mt and opening stocks at 5.8 ml. These numbers could eventually turn out to be slightly different. It is possible that production estimate and opening stocks are overstated by one million tonnes each and consumption estimate understated by one million tonnes.

Given the propensity of our sugar sector data to undergo rapid changes, the Government has be sensible in allowing 10 lakh tonnes, perhaps as the first instalment. It is necessary to closely monitor the market conditions and obtain more reliable numbers for taking an informed decision about further exports in the coming months.

gchandra@thehindu.co.in

(This article was published in the Business Line print edition dated November 25, 2011)

Paddy farmers losing out on levies, policy decisions

M.R. Subramani

Growers got lower returns owing to export ban: Agri costs panel

Chennai, Nov. 24:

The Commission for Agricultural Costs and Prices (CACP) has said that paddy growers are facing ‘implicit taxation' of 16-25 per cent due to levies and policy decisions such as ban on export.

It has also said rice export quota should be distributed among States in proportion to their contribution of rice to the buffer stocks.

In its recommendation for minimum support price (MSP) this year, the commission said that the Centre should announce a bonus of Rs 80 a quintal over and above the MSP if exports were not allowed and also for the taxation.

This season that began in July, the Centre has fixed an MSP of Rs 1,080 a quintal for common paddy against Rs 1,000 last year. For Grade A paddy, the MSP is Rs 1,100 (Rs 1,030 last year).

Lower prices

“If export of rice is opened up, farmers are likely to get the price prevailing in the international market of the comparable variety of rice, minus the transportation cost and exporters margin,” the CACP said.

On a rough calculation, paddy farmers have been getting prices 16 to 25 per cent lower than what they would have got had shipments been open.

The CACP, in fact, recommended allowing 30 to 50 lakh tonnes of rice. (The Centre has permitted exports of 30 lakh tonnes of rice.)

On the higher statutory levies that vary from 50 per cent to 75 per cent across various States, the Commission has said that it should be reduced to 50 per cent in States where it is 75 per cent and to 25 per cent in States that have 50 per cent levy obligation.

Under levy obligation, each State fixes a certain amount of rice that will have to be offered to the procurement agencies for the buffer stocks. For example, in Andhra Pradesh a mill will be allowed to sell half a tonne of rice in the open market for every tonne it delivers to the procurement agency.

In 2-3 years time, no State should have a levy of over 25 per cent. The levy could be justified to take back some of the subsidies that farmers get though fertilisers, power and cheap irrigation water.

The commission, which carried out an in-depth analysis of paddy costs, said that the weighted average production cost was Rs 888 a quintal. Thus, the return was between 13 and 23 per cent going by last year's MSP.

Though the MSP has been raised, the cost of production was also rising due to labour and energy.

INCENTIVE FOR FARMERS

The commission said a higher MSP along with non-price policies would incentivise farmers to help bring about some balance in the agri-basket of the country. “It will align demand and supplies of various commodities, encourage rice production in water abundant eastern States,” it said in its recommendation. The CACP said such steps would also encourage farmers to take to coarse cereals, oilseeds and pulses in less irrigated tracts.

The MSP payment to farmers should have a reasonable rate of return, the commission said, expressing concern over prices ruling below the MSP in some place last year.

If the Government is unable procure rice and wheat for buffer stocks effectively, it should invite the private sector to procure on the Government's behalf under the same terms and conditions as the Food Corporation of India (FCI), including cost of procurement and preserving stocks.

EXCESS STOCKS

The Commission has stressed the need to liquidate excessive stocks with the Government.

Stocks with the FCI are nearly double the norms set by the Government and they are exposed to the vagaries of the climate, rodents and anti-social elements.

At the current economic cost of about Rs 20 a kg for rice and Rs 16 a kg for wheat, the cost for maintaining the excess stocks with the FCI is Rs 40,000 crore.

This was putting pressure on prices besides creating artificial shortage in the market.

Improper storage also led to wastage of grains that was almost 10 per cent in some cases.

Therefore, excess stocks should be sold in the open market at a price not below the MSP.

The commission said that flaws in the retail food marketing could be remedied though improved public distribution system and encouragement of active private retail chains, reforming the *mandi* system relating to taxes, fees and commissions.

It also called for extending the Mother Dairy safal model to cereals and provision of adequate commercial intelligence in the Government.

mrsubramani@thehindu.co.in

(This article was published in the Business Line print edition dated November 25, 2011)

Spot rubber declines on buyer resistance

Our Correspondent
Kottayam, Nov. 24:

Spot rubber prices turned weak on Thursday. The prices slipped on buyer resistance though the domestic futures ended on a positive note after the initial weakness on the National Multi Commodity Exchange.

According to sources, there has been no selling pressure in the market as arrivals continued to be low which might restrict steep declines in the natural rubber prices. The trend was mixed.

Sheet rubber dropped to Rs 190.00 (191.00) a kg according to traders.

The grade finished unchanged at Rs 191.00 a kg both at Kottayam and Kochi, according to the Rubber Board.

The December series increased to Rs 192.60 (190.71), January to Rs 193.68 (192.08), February to Rs196.50 (195.23), March to Rs198.25 (197.49) and April to Rs 202.45 (202.25) while the May series finished flat at Rs 202.00 a kg on the NMCE.

RSS 3 (spot) surrendered to Rs 170.14 (174.57) a kg at Bangkok.

The November futures expired at ¥ 249.5 (Rs 168.70) while the December futures inched up to ¥ 250.9 (Rs 169.60) from ¥ 250.5 during the day session and then to ¥ 252.7 (Rs 170.81) a kg in the night session on the Tokyo Commodity Exchange.

Spot rubber rates/kg were RSS-4: 190 191); RSS-5: 187 (188); Ungraded: 181 (181); ISNR 20: 172 (172) and Latex 60%: 110 (111)

(This article was published in the Business Line print edition dated November 25, 2011)

Slack demand keeps poultry products flat

Our Bureau
Chennai, Nov. 24:

Prices of poultry products remained almost flat this week owing to seasonal uncertainties and slack offtake.

The egg price, after increasing at the start of this month on the onset of winter, stayed flat at Rs 2.94 a piece due to fears of buyers' resistance and to perk up consumption.

Broiler chicken is on a sliding spree and its price has been trimmed to Rs 46 a kg from last week's Rs 48 on account of the Sabarimala season. Industry sources said broiler prices are likely to be pruned in the coming days because of the Sabarimala season in the South, a major consumer.

The National Egg Coordination Committee (NECC), too, has slashed the price of layer birds (for birds of 1.3 kg) to Rs 43 a kg (Rs 46). Namakkal and Palladam prices are the benchmarks for eggs and chicken in the country.

“This is an usual phenomenon and prices will not be hiked much till Christmas when the demand for poultry products resumes back,” said an NECC spokesperson.

gayathri.gururajan@

thehindu.co.in

(This article was published in the Business Line print edition dated November 25, 2011)

Jeera seen bearish on higher supplies

Our Correspondent

Rajkot, Nov. 24:

Though short-covering buoyed jeera futures on Thursday, weak export demand, high carryover stocks and increased sowing acreage in top producer Gujarat are expected to keep the spice bearish in the coming days, according to a report from Kedia Commodity. Spot jeera fell by Rs 40 for 20 kg.

On the National Commodity and Derivatives Exchange (NCDEX), jeera's December contract increased by Rs 230 to Rs 13,840 a quintal with an open interest of 14,016 lots while the January contract gained Rs 201 at Rs 14,100 a quintal with an open interest of 13,308 lots. Stocks in NCDEX-accredited warehouses dropped by 31 tonnes to 10,587 tonnes.

Jeera traded lower by Rs 40 at Rs 2,100-2,660 for 20 kg at the agricultural produce marketing committee (APMC) here, where 800-900 bags arrived. In Unjha, where arrivals fell by 500 bags to 2,500 even as demand rose by a thousand bags to 6,500, jeera fetched Rs 1,625-2,990 for 20 kg at the APMC. Latest data from the Gujarat Agriculture Department showed that area under rabi crops in the State increased by 19.2 hectares year-on-year to 1.01 million hectares. According to the Spices Board of India, exports during April-September stood at 16,000 tonnes this year against 18,800 tonnes in 2010-11, down 15 per cent.

(This article was published in the Business Line print edition dated November 25, 2011)

Soyabean oil seen range-bound

Our Correspondent

Indore, Nov. 24:

Even as soyabean arrivals in Madhya Pradesh declined to three lakh bags on Thursday, prices of soya seeds prices dropped marginally to Rs 2,100-2,150 a quintal (Rs 2,120-2,170) on sluggish demand. Traders expect soya oil to remain range-bound as arrivals of cotton oil and mustard oil increase in local mandis.

In Indore mandis, soyabean sold at Rs 2,130-2,200 a quintal amid arrival of 9,000 bags. In Dewas mandis, 10,000 bags arrived and sold at Rs 2,125-2,150 a quintal, while in Ujjain mandis soyabean fetched Rs 2,120-2,150 a quintal amid arrival of 9,000 bags. Plant deliveries of soyabean also declined to Rs 2,230-2,240 a quintal (Rs 2,230-2,235). Farmers are offloading lesser stocks of soya seeds, hoping the price will rise even more. Besides, the marriage season has kept them busy, too, traders told *Business Line*. With the rupee weakening against the dollar, soyabean futures have fallen. On the National Commodity and Derivatives Exhange (NCDEX), soyabean's December and January contracts closed lower at Rs 2,250.50 a quintal (down Rs 9.50) and Rs 2,285.55 a quintal (down Rs 10.05).

Soya refined in the local mandis quoted at Rs 606-609 for 10 kg (Rs 609-612). In the resale market, soya refined remained range-bound at Rs 605-606. Soya solvent declined to Rs 568-572 for 10 kg (Rs 574-578) on weak global cues. While soya oil futures declined on the NCEDX on weak buying support, it gained marginally on the National Board of Trade (NBOT). On the NCDEX, soya oil's December and January contracts closed at Rs 642.60 (down Rs 2.50) and Rs 648.85 (down 50 paise) for 10 kg. Soya refined's December contract closed marginally higher on the NBOT at Rs 643.20 for 10 kg.

(This article was published in the Business Line print edition dated November 25, 2011)

Turmeric pales on lack of buying support

Our Correspondent

Erode, Nov. 24:

Spot turmeric prices dropped by Rs 200-400 a quintal on Thursday on lack of buying support, especially from other States.

“The turmeric grower farmers were seen desperate due to the poor sale of turmeric. The prices were decreased by Rs 200-400 a quintal. Buyers purchased very limited stock, as they have not yet received fresh orders from other States. But the good quality hybrid variety has increased Rs 500. Only a few bags of the hybrid variety arrived for sale and all were sold”.

Farmers brought 11,500 bags for sale, but only 35-40 per cent of the goods was sold.

In the Erode Cooperative Marketing Society, prices decreased by Rs 200 and in the Regulated Marketing Committee, it was Rs 380 a quintal.

He said information has been received by traders that the new turmeric crop (Number 8 variety) will arrive e for sale in the first week of December, as in many areas in Gobichettipalayam and Bhavani taluks the harvest has started.

So traders are reluctant to purchase turmeric now. Further in other markets such as Nizamabad and Sangli also the sales were very low.

Some traders said when the new crop arrives in the market, initially at least for a fortnight, the prices will be lower.

Further they said they do not want to stock the produce due its daily declining trend.

At the Erode Turmeric Merchants Association Sales yard, the finger variety sold at Rs 3,209-4,630 a quintal, the root variety Rs 3,106- 4,415.

Salem Crop

The finger variety fetched Rs 4,889-6,009, the root variety Rs 4,299-4,689. Totally 2,736 bags arrived for sales, of which, 510 were sold.

(This article was published in the Business Line print edition dated November 25, 2011)

Wheat unchanged amid tepid trade

Our Correspondent

Karnal, Nov. 24:

The prices of *dara* and *desi* wheat remained unchanged on Thursday in lukewarm trading.

The market has been ruling firm following good domestic demand and restricted arrivals and may continue to rule around current levels for the next few days, said Mr Sewa Ram, a wheat trader.

The rise in wheat dara prices was due mostly to increased off-take by the flour mills, he said.

In the physical market, the *dara* variety maintained its previous level and ruled between Rs 1,165-1,175 a quintal after witnessing an uptrend earlier this week. Around 55 tonnes of the *dara* variety have arrived from Uttar Pradesh and the stocks were offloaded at the mills. Mill delivery was at Rs 1,165-1,170 a quintal, while delivery at the *chakki* was at Rs 1,175 a quintal.

Similarly, the *desi* wheat varieties remained unchanged following restricted trading in the market. Samrat quoted at Rs1,900-1,950, Lal Quila Rs 1,850 and Lok-1 at Rs 1,850-1,870 a quintal.

On the National Commodity and Derivatives Exchange, wheat for December delivery decreased by Rs 5 to Rs 1,188 a quintal; it had touched a high at Rs 1,195 a quintal earlier on Thursday. On the MCX, wheat for January delivery was at Rs 1,198.8 a quintal.

Flour prices: Following the steady trend in wheat, flour prices ruled flat and quoted at Rs 1,175-1,180 for a 90-kg bag, while branded flour such as Lal Quila and Ashirwad were ruling at Rs 155 and Rs 210 for a 10-kg bag, respectively. On the other hand, Chokar prices eased further by Rs 10 and sold at Rs 650 for a 49-kg bag.

(This article was published in the Business Line print edition dated November 25, 2011)