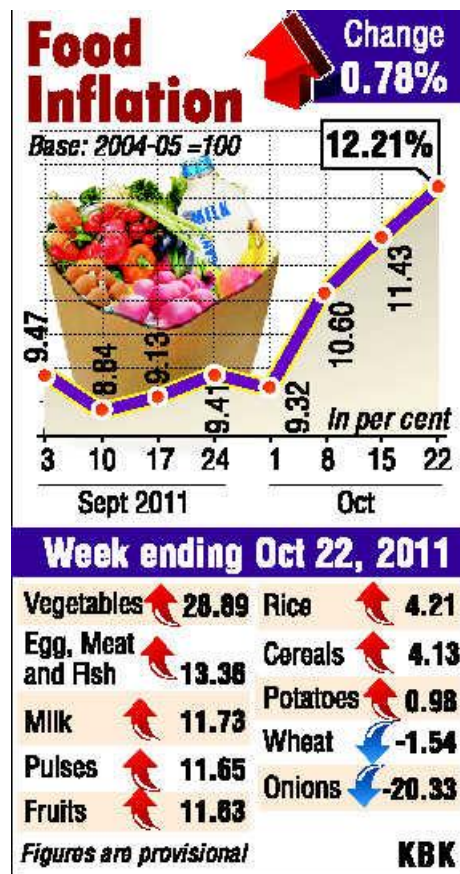


Published: November 4, 2011 00:00 IST | Updated: November 4, 2011 04:23 IST

Food inflation spurts to 12.21 %

Special Correspondent

It is the effect of festive season: Pranab



In a fresh spurt, despite the recent monetary and other measures to contain the price spiral, food inflation surged further to 12.21 per cent for the week ended October 22 from 11.43 per cent in the previous week owing to soaring prices of various edibles such as vegetables, fruits, pulses, milk and all other protein-rich items.

Expressing “grave concern” over the “dangerously” high level of food inflation, Finance Minister Pranab Mukherjee hoped that prices would start easing by the end of this year as the recent spike was on account of increased demand during the festive season.

Commenting on the latest WPI (wholesale price index) data here, Mr. Mukherjee said: “Food inflation is still going high. It is dangerously above [the] double-digit figure...This [high food inflation] is the effect of the festive season. November onward, the trend for the remaining four months [of current fiscal year] would be available”.

The October 22 food inflation data reveals a surge by nearly one percentage point over a seven-day period and is perilously close to the last year's same week figure of 13.55 per cent. The Finance Minister's observation implies that he expects the food inflation numbers from November onwards to perhaps touch the previous year's peak and thereafter start declining to more tolerable levels.

As of now, the WPI data released on Thursday show that prices of vegetables during the week were higher by 28.89 per cent on a year-on-year basis while pulses turned dearer by 11.65 per cent, fruits by 11.63 per cent and milk by 11.73 per cent. Alongside, eggs, meat and fish were also more expensive by 13.36 per cent while prices of even cereals were 4.13 higher on a yearly basis. The only edibles that turned cheaper as compared to last year were onions by 20.33 per cent and wheat by 1.54 per cent, which provided hardly any relief to the common man.

Published: November 4, 2011 00:00 IST | Updated: November 4, 2011 04:18 IST

Rising cost of fertilizers worries farmers

Staff Reporter

Demand action against those who hoard fertilizers

The Tamil Nadu Farmers Association has appealed to the Central government to initiate measures on a war footing to bring down the prices of fertilizers.

The sharp increase in the fertilizers has affected a large number of farmers in the country. The Centre should either take efforts to control the prices of fertilizers or ensure that the fertilizer subsidy is given directly to the farmers instead of routing it through the industry, association members said. They passed a resolution to this effect at a meeting held here recently.

If the government could not bring down the prices of fertilizers significantly, then it should double the procurement prices of paddy and other agricultural produces, members said in the resolution.

They also wanted the government to take stern action against those who hoard the fertilizers to create an artificial scarcity in the market. There should be measures to ensure greater transparency in the fertilizer trade in the country, members stressed.

In another resolution, the association urged the State government to give uninterrupted power supply to the farming community. Regular maintenance to the transformers and power lines would help the government to avoid frequent power cuts.

The association also wanted the State government to consider discontinuing the implementation of Mahatma Gandhi National Rural Employment Guarantee

The other demands of the association included fixing of procurement price for turmeric and a restriction on the import of certain food products including cooking oil.

Published: November 4, 2011 00:00 IST | Updated: November 4, 2011 04:18 IST

Farmers switch to new irrigation techniques

S. Ramesh

With water becoming a scarce resource and the cost of labour going up sharply, the farming community in Erode district has started to look at the micro irrigation techniques, including drip irrigation more seriously.

Financial year

More than 1,000 farmers in the district have installed drip irrigation system covering over 1100 hectares this financial year alone.

The trend clearly indicates the farming community's willingness to adopt better techniques to conserve water and bring down the labour cost.

The Tamil Nadu Horticulture Development Agency has set a target of covering about 920 hectares this year.

“But we have already covered over 1,000 hectares and the work of installing drip irrigation system is under progress in another 600 hectares,” horticulture officials said.

The government provides 75 per cent subsidy to small and marginal farmers for installing micro irrigation systems under the National Mission on Micro Irrigation. Other farmers can get 65 per cent subsidy under this scheme.

The department had provided Rs. 18.56 crore as subsidy under this scheme since 2006-07, covering over 7,300 hectares in the district.

“We have given Rs. 3.79 crore as subsidy to install drip irrigation this year alone,” officials said.

A majority of the farmers had installed the drip irrigation for sugarcane.

The system was also installed for turmeric, banana, papaya, tapioca, vegetables and a number of other crops.

Published: November 4, 2011 00:00 IST | Updated: November 4, 2011 04:18 IST

Rain takes toll on kuruvai harvest

Delta Bureau

162 villages identified as vulnerable in Tiruvarur district; Karur gets respite

marred vision: Vehicles making their way in a rainy evening in Thanjavur town on Thursday.—

Photo:B.Velankanni Raj.

Heavy rain lashed Thanjavur town on Thursday evening with the spell in the district continuing for a week now.

Though agriculture department officials said the rain was good for the samba and thaladi crops, it affected kuruvai harvest in some places. Rainfall recorded till eight a.m. on Thursday is Papanasam 92 mm, Anaikkarai 50 mm, Thiruvaiyaru 25 mm, Ayyampettai 9 mm, Kumbakonam 7 mm, Thirukattuppalli 7 mm, Grand Anicut 6 mm, Kurunkulam 5 mm, and Peravurani 2 mm.

Tiruvarur

Collector C.Munianathan held discussions with officials on preparedness to meet monsoon emergencies. He said 162 villages had been identified vulnerable and two-month stock of essential commodities had been kept in fair price shops.

A control room had been opened at the collectorate and people could dial 1077 for help or passing on information.

Revenue department officials have been asked to send measurement of rainfall in each taluk to the district administration.

Animal husbandry department has been issued instruction to vaccinate cattle against diseases. PWD department and highways department have been directed to be prepared.

Xavier Dhanraj, Superintendent of Police, and Lakshmi, District Revenue Officer, participated in the meeting.

Nagapattinam

The district recorded rainfall average of 5.12 mm up to 8 a.m Thursday.

Tharangambadi recorded the highest rainfall of 36mm followed by 5.20mm by Mayiladuthurai, 4.20 mm by Sirkazhi and .70mm by Thirupoondi.

Karur

There was respite on Thursday from the North East Monsoon rains that were lashing Karur district for the past few days.

The sun was shining brightly as the day progressed but on Wednesday the rains that were targeting the east and southeast of the district had moved to west and southwest parts of Karur district.

The chief amount of rainfall (in mm) recorded in various parts of the district in the 24 hours ending 8.30 a.m. on Thursday are as follows: Anaipalayam 42.20, K. Paramathi 23, Kadavur 5, Mylampatti 4, Palaviduthi 3.4, Karur 3.2 and Aravakurichi 2.8 mm.

Published: November 4, 2011 00:00 IST | Updated: November 4, 2011 04:18 IST

Farmers' agitation against shortage of fertilizers

Special Correspondent

The Tamil Nadu Vivasayigal Sangam, affiliated to the Communist Party of India (Marxist) CPI(M), will organise an agitation here on November 19 to highlight issues such as shortage of fertilizer in the state and getting crop insurance from the Central government.

Speaking to presspersons here on Thursday, P.Shanmugham, general secretary of the sangam, said that the State government should take steps to overcome the problem of acute shortage of fertilizers especially potash.

As the fertilizer companies fix the price of their products, fertilizer prices have gone up. Moreover, these companies create artificial shortage and sell the products at exorbitant prices, he alleged. Hoarding of fertilizers is also a major problem.

It is unfortunate that the Union Minister for Chemicals and Fertilizers M.K.Alagiri has not taken any step to overcome this problem, Mr.Shanmugham said.

He said that the incentive given by the state government for paddy-Rs 70 per quintal for fine variety and Rs. 50 per quintal for common variety-was inadequate as the cost of inputs has gone up.

Procurement price

He demanded fixing of Rs. 1,400 per quintal of paddy as procurement price.

Alleging that crop insurance amount has not been disbursed to farmers whose crops were affected due to last year's rains, he said that the government has not released its share which will be equal to that of the Central government.

He alleged that the Tamil Nadu government has to release Rs 205 crore in this connection.

He appealed to the Chief Minister Jayalalithaa to sign the file related to crop insurance and get the amount from Central government.

Members of the sangam and members from the Tamil Nadu Vivasayigal Sangam, affiliated to CPI will also take part in the agitation.

Published: November 4, 2011 00:00 IST | Updated: November 4, 2011 04:23 IST

Farmers upset over fertilizer shortage

Staff Reporter

Prices of chemical nutrients go up



Tough: A farmer preparing his field for the pisanam paddy season at Kurichi may have to struggle a lot for fertilizer. FILE Photo

Farmers here who have commenced the preliminary operations for the 'pisanam' paddy season after a gap of three 'rain shadow' years are encountering an agonizing problem of acute fertilizer shortage.

Since the district used to witness the cultivation of paddy on over one lakh acre during the 'pisanam' season, the farmers' fertilizer requirement for November is quite high. Over 4,000 tonnes of Di-Ammonium Phosphate, similar quantity of complex fertilizers, 20,000 tonnes of urea and 5,000 tonnes of potash will be utilized during November alone.

However, agriculturists, who were let down by the nature for the past three years, struggle a lot owing to non-availability of the chemical nutrients. And the fertilizers available with the stockists are being sold at highly inflated price due to heavy demand.

To make the farmers' miseries more painful, the chemical nutrients are available in the market in lesser quantity but at steeply inflated price. Prices of almost all fertilizers, except urea, have increased 200 per cent in the past one year. Di-Ammonium Phosphate, which was sold at Rs. 486 a bag of 50 kg in November 2010, is being sold at Rs. 927. The price of complex fertilizer has increased from Rs. 327 to Rs. 737 during the past one year and potash from Rs. 231 to Rs. 565.

The only solace for the farmers is that the price of urea alone has come down from during this period from Rs. 276 to Rs. 268.

"Since the Union Government, without anticipating the nationwide requirement for the ensuing paddy season, failed to take precautionary steps for the adequate supply of all kinds of fertilizers to the farmers, who have to run from pillar to post to buy the chemical nutrients to nourish their crop. Those who can somehow manage to identify the "right stockist" for buying

fertilizers in the quantity actually needed by them have to pay inflated price,” says ‘Minnal’ Mohamed Ali, a leading fertilizer stockist here.

Even as the government officials, who want to save their skin from this issue, cite a range of reasons and theories that originate from the international market for the inflated fertilizer prices, the farmers are anxiously waiting for the arrival of increased quantity of fertilizers.

“We believe that the Chief Minister might take some measures to bring down the fertilizer prices as a team of agriculturists from Thanjavur have planned to meet her to submit a memorandum in this connection,” said K. Ganesan from Kurichi.

Joint Director of Agriculture Devasahayam told ‘The Hindu’ that the situation might improve in the next 10 days. “We expect fresh arrival of fertilizers within next ten days and hence the present tight situation may ease,” he said. However, he could not provide the exact quantity of fertilizers that had been earmarked for the district.

Farmers urged to adopt drip fertigation method

Special Correspondent



N. Vijayan Nair — Photo: M. Sathyamoorthy

Judicious use of irrigation related technology will help farmers conserve a significant amount of water, said N. Vijayan Nair, Director, Sugarcane Breeding Institute, Coimbatore.

He was inaugurating a three-day training programme for the sugarcane growers covered under the Farmers Participatory Action Research Programme (FPARP) at the Central Soil and Water

Conservation Research and Training Institute (CSWCRTI) at Rees Corner near here on Thursday.

Stating that by taking up micro-irrigation with fertigation farmers can save up to 50 per cent of irrigation water, he said that farmers in general and sugarcane growers in particular, could tackle problems such as weeds and labour scarcity, if they adopt the drip fertigation method. The expenses on fertilizers would also come down.

Refuting a theory that the crop yield would go up if there was continuous irrigation, Dr. Nair said that optimum usage of water alone would fetch higher yields.

This is the principle on which the FPARP has been conceptualised by the Union Ministry of Water Resources.

Pointing out that to produce one tonne of sugarcane, 2.5 lakh litres of water was needed, he urged the farmers who cultivated 'water-guzzling' crops such as sugarcane, rice and banana to avoid indiscriminate use of water. If 50 per cent of the irrigated area was brought under 'micro irrigation with fertigation, one-third of the water requirement could be conserved. Dr. Nair hoped that such training programmes would sensitise the farmers on the optimum usage of water with improved irrigation management technologies.

Addressing the gathering O.P.S. Khola, Head of CSWCRTI, said that the Centre has done pioneering work in conserving the two basic and essential resources viz., soil and water.

Stating that at the national level, the available water resources are just enough to irrigate 50 per cent of the area, he asked the farming community to utilise the available water resources efficiently.

Earlier, D. Puthira Prathap, Senior Scientist and Principal Investigator of FPARP, said in his introductory remarks that 50 cane growers belonging to Dharmapuri, Erode and Krishnagiri districts of Tamil Nadu are participating in the training programme.

Technology

The farmers are now adopting various water conserving technologies.

S. Manivannan, Senior Scientist and Course co-ordinator, said that exposure visits to CSWCRTI's demonstration plots in Erode and here would form part of the training programme.

Demand to distribute seeds, fertilizer

Staff Correspondent

A large number of farmers staged a dharna in front of the Agriculture Department in Harihar on Thursday in protest against the failure to distribute agriculture implements, pesticides, seeds and fertilizer at subsidized rates for the past two years.

However, following an assurance from the officers concerned, they withdrew their agitation and fixed a 15-day deadline for fulfilling their demands.

Allegation

Beevinahalli Mahesh, president of the Karnataka Rajya Raitha Sangha, alleged that implements, seeds and pesticides had not been distributed for the past two years. The grants released for the purpose of distributing implements, seeds and fertilizers had been diverted elsewhere, he alleged.

Vijaykumar, Assistant Director of the Agriculture Department, who rushed to the spot on being informed that farmers were staging a dharna in front of the department, assured the protesters that he would meet their demands in 15 days.

The protesters dispersed after his assurance.

Clarification

Sources in the Agriculture Department told *The Hindu* that the Government had to release Rs. 4 crore this year for the distribution of agriculture implements, seeds, fertilizer and pesticides. But it had not released any grants so far. The department had asked farmers to buy the implements and pesticides on their own and submit bills to the department for reimbursement, which would be done after the receipt of grants.

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- *Farmers stage dharna in Harihar*
 - *No grants released so far: officials*
-

Published: November 4, 2011 00:00 IST | Updated: November 4, 2011 04:23 IST

Mettur level

The water level in the Mettur Dam stood at 94 feet on Thursday, against its full level of 120 feet. The inflow was 14,733 cusecs and the discharge, 1,000 cusecs.

hindustantimes



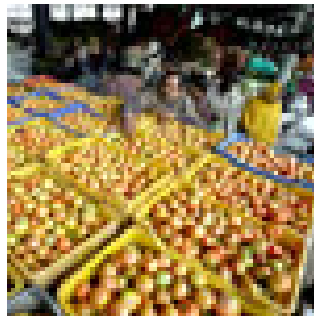
Indo-Asian News Service

New Delhi, November 03, 2011

First Published: 12:29 IST(3/11/2011)

Last Updated: 12:32 IST(3/11/2011)

Food inflation at 12.21%, highest in 9 months



There seems to be no respite from rising food prices. Latest official data on Thursday for food inflation showed a sharp rise during the week ended Oct 22 at 12.21% - the highest in nine months.

Prices of pulses, vegetables and milk and poultry all rose. The week before had seen food inflation logging at 11.43%.

This is the third consecutive week food inflation has stayed in double digits.

The spike in food inflation in the three weeks of October, for which data is available, is also because of a rise in demand as the month had many important festivals which raises demand.

Overall inflation too has remained stubbornly high, near double digits, since January 2010.

The headline inflation based on the wholesale price index was recorded at 9.72% in September, according to latest official data.

To contain inflation, the Reserve Bank of India (RBI) has hiked key interest rates 13 times since early 2010, but the frequent tightening has not had much impact on soaring prices.

The central bank, in its last rate hike, said that it may not take such an action further because it expected inflation to fall from December.

In the week under review, the primary articles index, which has a 20.12% weight in the wholesale price index, rose by 12.08% during the week under review as compared to 11.75% in the previous week, according to data made available by the commerce and industry ministry.

The index of fuel and power declined marginally to 14.5%.

During the week ended Oct 15, the index for non-food articles again showed a significant decline, growing at a slower rate of 6.43% as compared to 7.67% in the previous week.

The following are the yearly rise and fall in prices under review of some main commodities that form the sub-index for food articles:

Onions: (-) 20.33%

Vegetables: 28.89%

Fruits: 11.63%

Potatoes: 0.98%

Eggs, meat, fish: 13.36%

Cereals: 4.13%

Rice: 4.21%

Wheat: (-) 1.54%

Pulses: 11.65%

If inflation comes down as projected by March, the central bank said it could focus on offering incentives for growth.

<http://www.hindustantimes.com/StoryPage/Print/764319.aspx>

New Delhi, November 03, 2011

First Published: 14:11 IST(3/11/2011)

Last Updated: 22:29 IST(3/11/2011)

'Dangerously' high inflation due to festivals: Pranab

Finance minister Pranab Mukherjee on Thursday expressed grave concern over rising food inflation, even as he attributed the latest spike in prices to increased demand during the festive season.

Food inflation, at 12.21 % for the week ended October 22, climbed to a nine-month high.

"Food inflation is still going high. It is dangerously above double-digit figure," Mukherjee said.

The finance minister, however, said the recent spike in prices of food items was due to increased demand during the ongoing festive season.

"This (high food inflation) is the effect of festive season demand. November onwards, the trend for remaining four months (of the fiscal) would be available," he said.

Mukherjee also termed the price situation as a matter of "grave concern" as food inflation has been in double digits for three consecutive weeks.

According to the Wholesale Price Index (WPI) released by the Ministry of Commerce and Industry, the surge in food prices has been mainly due to expensive vegetables, pulses, fruits and milk, putting more burden on the common man.

It was 11.43 % in the week ending October 15.

While food prices are going up, there has been some decline in non-food primary articles, Mukherjee said.

Inflation in non-food articles, including fibres, oil seeds and minerals, was at 6.43 % in the reporting week as against 7.67 % a week earlier.

On a weekly basis, inflation in the overall primary articles category stood at 12.08 %, compared to 11.75 % in the previous week.

<http://www.hindustantimes.com/StoryPage/Print/764349.aspx>

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express
buzz

By Express News Service

03 Nov 2011 01:16:27 AM IST

Vegetable prices shooting up



THIRUVANANTHAPURAM: Though the north-east monsoon has been offering a relief from the scorching sun, the sky-rocketing prices of vegetables this season are making buyers perspire as if in sweltering heat. The heavy downpour in Tamil Nadu is being blamed for the phenomenon. The prices of essential vegetables such as tomato and big onion are enough to burn a hole in the pockets of buyers. While HortiCorp provides one kilogram of tomato for Rs 30, it goes up to Rs 35 in the open market. Onion, which is in high demand as the festive season of Bakrid is approaching, costs Rs 18 to Rs 20 now. It was being sold for Rs 12 to Rs 14 per kilo a week ago.

The Chalai market, which is the last resort of a laymen, sells vegetables such as lady's finger for Rs 20, cauliflower for Rs 32 and beans for Rs 35 per kg.

The price of potato has doubled in a week's time. It has made a giant leap from Rs 10 per kilogram to Rs 20. But if the customer is satisfied with the potato from Karnataka, then it would be available for Rs 15.

But the vegetable vendors call the price rise an unintentional phenomenon. According to Jayakumar of KSV Vegetables of Chalai market, "When the demand is abundant and supply short, an increase in price happens naturally. Customers who urgently need a vegetable would be willing to pay any price for it."

He also said that a major portion of the vegetables that have been arriving here after the downpour in Tamil Nadu was either damaged or even rotten.

Though HortiCorp has been a great boon for those who buy vegetables, it too could not bridle the price of certain items such as tomato, long beans and brinjal.

Compared to just 10 days ago, these vegetables have seen a marked price rise of Rs 8, Rs 6 and Rs 4 respectively.

While prices have been rising for most vegetables, there has been a decrease in the prices of certain other vegetables. Beans, ivy gourd and capsicum now cost lesser than about a week ago.

Says Thankam A from Vattiyoorkavu, who buys vegetables from a HortiCorp stall in the city: "Price rise has definitely hit my monthly budget. As we cannot starve, I have cut my daily menu until there is a fall in the prices of vegetables."

Food inflation surges to 12.21% for week ended October 22



Food inflation rose to 12.21 per cent during the week ended October 22, with expensive vegetables, pulses, fruits and milk, putting more burden on the common man. Food inflation, as measured by the Wholesale Price Index (WPI), stood at 11.43 per cent in the previous week. The rate of price rise of food items stood at 13.55 per cent in the corresponding week of the previous year. As per data released by the government on Thursday, vegetables became 28.89 per cent costlier on a year-on-year basis. Pulses grew costlier by 11.65 per cent, fruits by 11.63 per cent and milk by 11.73 per cent. Eggs, meat and fish also became 13.36 per cent more expensive on an annual basis, while cereal prices were up 4.13 per cent. However, onions became 20.33 cheaper. Wheat prices were also down 1.54 per cent year-on-year during the week under review. Commenting on the latest food inflation numbers, Finance Minister Pranab Mukherjee said the rise in rate of price rise was a matter of 'grave concern', but attributed this to the festive season which led to an increase in demand. "Inflation is still a matter of grave concern. This is also the affect of the festive season. November onward, the real trend for the remaining four months of the fiscal will be available," he told reporters here. On a weekly basis, inflation in the overall primary articles category stood at 12.08 per cent, compared to 11.75 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, oil seeds and minerals, was recorded at

6.43 per cent during the week under review, as against 7.67 per cent in the week ended October 15. Fuel and power inflation stood at 14.50 per cent during the week ended October 22, compared to 14.70 per cent in the previous week. The upsurge in food prices is likely to exert further pressure on the government and the Reserve Bank to tackle the situation expeditiously. Headline inflation, which also factors in manufactured items, has been above the 9 per cent-mark since December, 2010. It stood at 9.72 per cent in September 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 apex bank said it expects inflation to remain elevated till December on account of the demand-supply mismatch, before moderating to 7 per cent by March 2012.

Source URL: <http://www.deccanchronicle.com/channels/business/news/food-inflation-surges-1221-week-ended-october-22-515>

Business Standard

Friday, Nov 04, 2011

Milk output may rise 6-7%

Ajay Modi / New Delhi November 04, 2011, 0:34 IST

A good monsoon, stable cattle-feed cost and better price to farmers are expected to increase domestic milk production by six-seven per cent and ensure stable prices to consumers. The production growth rate will be higher than three-four per cent increase achieved in recent years.

R S Sodhi, managing director, Gujarat Cooperative Milk Marketing Federation, which sells milk and milk products under the Amul brand across most domestic markets, said, "A series of price increase has been taken up. However, the uptrend seen in the past one year will not continue and prices will be stable now, on better availability." Leading milk retailers like Amul and Mother Dairy have taken a series of price increases in the current calendar year. Over a year, the retail milk price has increased by nearly 20 per cent. In September, Mother Dairy raised the price of full cream milk by Rs 2 to Rs 37 per litre and the price of double-toned milk from Rs 24

to Rs 25 per litre.

Sodhi said the country's milk production is expected to touch 127 million tonnes (mt) this financial year, against 120 mt in the previous year. India is the world's biggest milk producing nation. "Farmers are getting 18-19 per cent higher price for milk compared to last year, cattle-feed prices are stable and farmers will certainly produce more than last year," he said.

Amul had last month cut butter production marginally to meet the strong festive demand for milk. It is now restoring the butter production.

While a stable milk price is certainly good news that will help control food inflation, prices of certain milk products are already coming down. Prices of skimmed milk powder (SMP) have come down by seven per cent compared to last month.

"SMP was selling at Rs 200 a kg around Diwali and is now available for Rs 185. Prices have come down as the flush season has started. These will come down further," said Sandeep Aggrawal, director, SMC Foods, that sells SMP under the Madhusudan brand.

Prices of ghee have also come down from around Rs 295 a kg to Rs 280. Aggrawal said further downward pressure is expected in prices of both SMP and ghee. The country had imposed a ban on export of milk powder and casein to improve milk availability.

Govt to announce Rs 400 per quintal subsidy for raw jute

Press Trust Of India / Kolkata November 04, 2011, 0:28 IST

The government is set to announce shortly a relief of Rs 400 per quintal on raw jute over minimum support price of Rs 1700 per quintal. "The state has agreed to offer subsidy of Rs 100 per quintal while, Centre has agreed to pay another Rs 300 per quintal to support the farmers," West Bengal Agriculture Marketing Minister Arup Roy said at the Indian Chamber of Commerce.

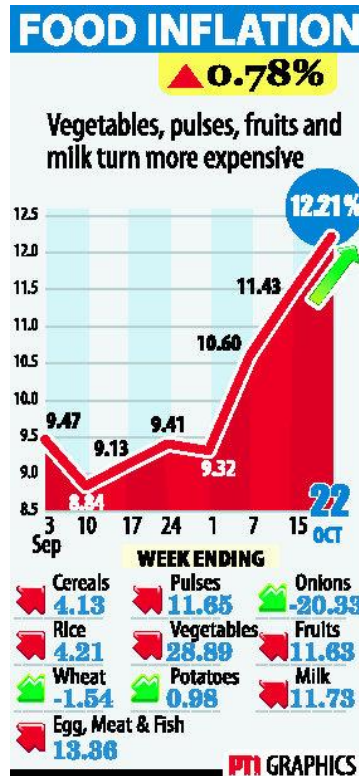
"The announcement of the Centre's support is expected shortly," he said. There are about 40 lakh jute growers in the country and majority is in West Bengal. "Production cost of raw jute is Rs 1900-1950 per quintal and MSP is Rs 1700 per quintal. State had demanded a support of Rs 400 but Centre had agreed for Rs 300 per quintal."

THE HINDU Business Line

Food inflation surges to 9-month high

Our Bureau

Festival season impact, says Pranab



New Delhi, Nov. 3:

Food inflation continued to surge, climbing to its highest level in close to 10 months in the third week of October.

This was mainly on account of a sharp surge in price levels of vegetables, pulses, poultry items and milk during the week, which marked the festival season across the country.

Data released by the Government on Thursday showed food inflation, as measured by the Wholesale Price Index (WPI), was recorded at 12.21 per cent during the week ended October 22 as against the previous week's annual rise of 11.43 per cent.

Non-food articles and fuels, though, showed some moderation during the latest reported week.

According to analysts, prices of food articles are expected to ease towards the end of the festive season, which could help cool inflation in the coming weeks.

The base effect should also come into play in the second week of November, which could further exert downward pressure on the food inflation estimates. Food inflation was recorded at 13.55 per cent in the corresponding week of the previous year.

During the latest week, vegetables were up 29 per cent year-on-year, while pulses, fruits and milk were all up 12 per cent each. Eggs, meat and fish were also up nearly 14 per cent on an annual basis, while cereal prices shot up over 4 per cent.

Pranab concern

Commenting on the latest food inflation numbers, the Finance Minister, Mr Pranab Mukherjee, said the rise in rate of price rise was a matter of "grave concern", but attributed this partly to the festive season. "Inflation is still a matter of grave concern. This is also the effect of the festive season. November onward, the real trend for the remaining four months of the fiscal will be available," he told reporters here.

During the latest reported week, the spike in prices of protein items such as poultry products and milk, in week-on-week terms, could be partly attributed to seasonal variations in consumption demand.

Analysts said the easing in prices of cereals, pulses and vegetables in week-on-week terms is an encouraging sign.

Inflation in the primary articles was recorded at 12.08 per cent, compared to 11.75 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, oil seeds and minerals, was recorded at 6.43 per cent during the week under review, as against 7.67 per cent in the week ended October 15.

Fuel and power inflation stood at 14.50 per cent during the week ended October 22, compared to 14.70 per cent in the previous week.

(This article was published in the Business Line print edition dated November 4, 2011)

Department of Fertilisers objects to direct cash subsidy to retailers

Shishir Sinha

Task Force advocates three-phase approach to reform sops mechanism

| FERTILISER SUBSIDY | | |
|---|--|---------------------------------------|
| | (In Rs Crore) | |
| | 2010-11 (Revised Estimates) | 2011-12 (Budget Estimates) |
| Imported (Urea) fertilisers | 6,395.95 | 6,983.00 |
| Indigenous (Urea) fertilisers | 15,080.73 | 13,308.00 |
| Sale of decontrolled fertilisers with concessions to farmers | 33,500.00 | 29,706.87 |
| Total | 54,976.68 | 49,997.87 |

Source: Budget Documents

New Delhi, Nov. 3:

The Department of Fertilisers has objected to giving direct cash subsidy to retailers, even in the interim period.

“A detailed note containing the objection has been sent to the Finance Ministry. The Department believes that giving direct cash subsidy to retailers of fertiliser, even as an interim arrangement, will not serve the purpose of new mechanism,” highly placed sources said.

In the Budget this year, the Government had announced introduction of direct cash subsidy transfer for LPG, kerosene and fertiliser.

A task force headed by Mr Nandan Nilekani had advocated a three-phased approach to reform the subsidy disbursement mechanism. “At present, simplistically put, the fertiliser subsidy is given by the Government directly to manufacturers and importers. In the interim proposed framework, the subsidy is planned to be provided to retailers and ultimately to the intended beneficiaries (farmers),” the task force said in its interim report, submitted in June.

The first phase proposes to have information visibility up to the retailer level. The second phase consists of direct cash subsidy transfer to retailers, and the third phase ensures direct cash subsidy to the ultimate beneficiaries, i.e. the farmers.

The Department of Fertilisers is believed to have questioned why fertiliser was being singled out, when there was no plan to involve retailers for direct cash subsidy for kerosene.

The Government provides subsidy for 23 grades of fertilisers (both indigenously manufactured and imported). There are over 2.3 lakh retailers of fertilisers.

The interim report of the task force envisages that the subsidy will be released to a retailer when he receives the fertiliser.

This will involve transfer of subsidy directly to the retailer's bank account on receipt of fertiliser from the wholesale market. It was recognised that this phase would have the advantage of the fertiliser moving at full value across the supply chain, up to the retailer.

The task force believes that lessons from the interim arrangement will pave the way for smooth switch-over to the next phase of direct subsidy transfer to the intended beneficiaries, which is more complex due to its scale and eligibility issues. This phase is dependent on linking retailers to the core banking network.

The process, will also involve, inter-alia, the need to look into the payment procedures being followed by the Government.

It is expected that the payment procedure adopted will be electronic, non-repudiable, credible, and auditable and will not require extra deployment of manpower, the report added.

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(This article was published in the Business Line print edition dated November 4, 2011)

Soya oil down a tad



Mumbai, Nov. 3:

Soya oil declined marginally on slack buying in the local market.

In local mandis, soya refined sold at Rs 596-600 for 10 kg (Rs 598-600).

Soya solvent, on the other hand, sold at Rs 565-568 for 10 kg (Rs 565-570) on weak buying interest.

According to trade sources, soya oil is bearish mainly because of lack of buying interest as traders have enough stocks that were purchased before Diwali.

Local mandis are likely to witness new demand for soya oil from Monday ahead of the upcoming marriage season.

Soya oil futures traded higher on strong foreign support.

On the National Board of Trade, soya refined for November delivery closed Rs 1.30 higher at Rs 622 for 10 kg (Rs 621.30).

On the National Commodity and Derivatives Exchange (NCDEX), soya oil's November contracts closed at Rs 619.20 and December at Rs 617.70.

Soya seeds in the State mandis remained range-bound at Rs 2,050-2,100 (Rs 2,050-2,090) even as five lakh bags arrived.

Soyabean in Indore mandis quoted at Rs 2,060-2,090 a quintal amid arrivals of 13,000 bags.

In Ujjain mandis, 16,000-17,000 bags arrived and sold at Rs 2,050-2,090, and 16,000 bags arrived in Dewas and sold at Rs 2,080-2,120.

Soya seeds futures traded higher on strong buying support.

On the NCDEX, soyabean's November contract closed Rs 24 higher at Rs 2,201.

Plant deliveries of soyabean remained flat at Rs 2,170-2,185.

According to trade sources, farmers released lesser stocks of soyabean in the State mandis as excessive rains in seven districts of Madhya Pradesh raised fears crop damage and hope they will get better prices in the coming months.

Soya de-oiled cake sold at Rs 16,100 a quintal in the Kandla port against Rs 15,700 in the local market.

(This article was published in the Business Line print edition dated November 4, 2011)

Oilseeds meet to discuss productivity

Indore, Nov. 3:

The Soybean Processors Association of India (SOPA) is organising 49th All-India Convention on Oilseeds, Oils Trade & Industry here during November 5-6. The convention, which is being organised under the aegis of the Central Organisation for Oil Industry & Trade (COOIT), will be attended by nearly 800-1,000 delegates including scientists, technologists, trade and industry professionals.

Mr Rajesh Agrawal, spokesperson, SOPA, here on Wednesday said the theme of this year's convention is — 'Productivity – A Gateway to Growth'. The event will focus on the key issue of augmenting productivity for better future prospects, Mr Agrawal said, adding that during the two-day convention, experts from oilseeds industries will critically focus on the challenges and opportunities that lies ahead.

Defending survey forecast by the SOPA in the past several years, he said there has been hardly 2-3 per cent variations in survey forecast and actual production of soyabean in the country.

(This article was published in the Business Line print edition dated November 4, 2011)

Volume hits 14-week high at Coonoor tea auction

P.S. Sundar

Coonoor, Nov. 3:

A volume of 16.68 lakh kg has been offered for Sale No: 44 of Coonoor Tea Trade Association auctions concluding on Friday, reveals an analysis of brokers' listing.

This is the highest volume of the last 14 weeks. It is some 2.95 lakh kg more than last week's offer and as much as 3.89 lakh kg more than the offer this time last year.

Of the 16.68 lakh kg on offer, 11.67 lakh kg belongs to the leaf grades and 5.01 lakh kg belongs to the dust grades. As much as 15.76 lakh kg belongs to CTC variety and only 0.92 lakh kg, orthodox variety. The proportion of orthodox teas continues to be low in both the leaf and dust grades.

Leaf

In the leaf counter, only 0.49 lakh kg belongs to orthodox while 11.18 lakh kg, CTC. Among the dusts, only 0.43 lakh kg belongs to orthodox while 4.58 lakh kg, CTC. In the 16.68 lakh kg, fresh teas account for 15.86 lakh kg. As much as 0.82 lakh kg comprises teas which had remained unsold in previous auctions.

(This article was published in the Business Line print edition dated November 4, 2011)

Turmeric market to be shut until Tuesday

Our Correspondent

Erode, Nov. 3:

The Turmeric Merchants' Association has declared a holiday for the turmeric market for four days starting Friday.

The market will assemble again only from Tuesday next week. .

Meanwhile, turmeric auctions would soon be shifted to Semmampalayam near Erode to ease traffic congestion in the district, said Mr R.K.V. Ravishankar on Thursday.

Currently, the turmeric auction yard is located in a congested place at Park Road in Erode.

A decision was taken some years ago to start a turmeric complex at Semmampalayam village, located eight km from Erode .

But, due to some reason or the other, the construction of the complex was delayed.

The Regulated Marketing Committee also demanded a huge place for the location of the godown and auction yard, Mr Ravishankar said.

The traders association, however, was unwilling to grant it. Meanwhile, the Government granted a site at Karumandichellipalayam near Perundurai for the Regulated Marketing Committee to sell the commodity. Construction is taking place there, he said.

Work at the auction yard is progressing at the site belonging to the Turmeric Merchants Association at Semmampalayam, and auctions are likely to begin before the end of the month, he hoped.

More than 35 traders are constructing their turmeric godowns.

(This article was published in the Business Line print edition dated November 4, 2011)

Spot rubber prices drop with futures

Our Correspondent

Kottayam, Nov. 3:

Domestic rubber prices declined further on Thursday. In the spot market, prices dropped tracking sharp losses on the National Multi Commodity Exchange (NMCE). Sentiments were also affected by the fall in stocks and commodities around the globe, though the local markets still experienced short supplies. Sheet rubber weakened to Rs 207 (210) a kg, as quoted by the traders. The grade surrendered to Rs 207.50 (209.50) a kg both at Kottayam and Kochi, according to the Rubber Board.

Natural rubber prices falling below \$4 a kg in the international market have raised fears over to a default by China. Chinese buyers wanted to renegotiate contracts with Thai sellers following the price fall. It was earlier reported that China had asked to delay as much as 10,000 tonnes of rubber shipments from South-East Asia. In futures, the November series declined to Rs 206.50 (211.28), December to Rs 204.25 (209.49), January to Rs 204.99 (210.36), February to Rs 206 (210.90), March to Rs 209 (212.89) and April to Rs 209.10 (215.30) a kg on the NMCE. RSS 3 (spot) slipped to Rs 186.69 (186.92) a kg at Bangkok. The Tokyo Commodity Exchange remained closed on account of 'National Culture Day'.

Spot rates were: RSS-4: 207 (210); RSS-5: 205 (208); ungraded: 197 (200); ISNR 20: 196 (198) and latex 60 per cent: 126.50 (128).

(This article was published in the Business Line print edition dated November 4, 2011)

'Centre may agree on higher support price for jute'

Our Bureau

Kolkata, Nov. 3:

The Union Government might soon agree to the West Bengal Government's demand for higher minimum support price for raw jute, said Mr Arup Roy, State Minister of Agriculture Marketing.

The minimum support price of TD-5 variety of jute ex-Assam is Rs 1,675 a quintal while the minimum price ex-Kolkata is Rs 1,738 a quintal. West Bengal Chief Minister, Ms Mamata Banerjee, had sought a bonus of Rs 400 a quintal for the current jute season in her meeting with the National Development Council in Delhi recently.

“The cost of production of jute at Rs 1,950 a quintal is much higher in comparison to the minimum price announced. So we have asked for a bonus of Rs 400 a quintal. The Union Government has assured our Chief Minister that they will favourably consider the issue,” Mr Roy told newsmen on the sidelines of the 3 {+r} {+d} Agro Protech seminar organised by the Indian Chamber of Commerce in association with Ministry of Agriculture and Ministry of Food Processing Industries here on Thursday. Proper marketing of the agriculture produce is critical for the development of the sector in the State, Mr Roy said. The State Government plans to introduce a 3-tier marketing facility within the State, with the primary tier catering to the rural mass. Poor connectivity, lack of warehousing facility, prevalence of middlemen are some of the major challenges facing the sector, he said and added, “Investment in packaging facilities, transport and infrastructure including food parks and agri-export zones, advertising and promotion should be given priority.”

(This article was published in the Business Line print edition dated November 4, 2011)

AP farmers to continue crop holiday in rice bowl

K V Kurmanath

Sugarcane growers to decide on the issue tomorrow



A file photo of farmers declaring crop holiday at Gouravaram village in Andhra Pradesh's Krishna district. — Ch.Vijaya Bhaskar

Hyderabad, Nov. 3:

Mr Nekkonda Subba Rao, 73, has been a farmer for about 55 years at Achanta in East Godavari district. He never had any inkling to break his stride. But he was forced to put a break in the kharif season when he joined thousands of farmers in Andhra Pradesh to declare a crop holiday, protesting against insufficient returns on paddy.

On Thursday, two weeks into the rabi season, he sees no reason to get back to his fields because nothing has changed ever since. "They have not increased the MSP (minimum support price). Not a rupee more," he points out.

MSP for paddy stands at Rs 1,080 a quintal, while cost of production is at Rs 1,200. Prof. Swaminathan Committee has favoured an MSP that is 50 per cent more than the cost of production.

The other major reason is, only half of the 10 lakh acres under canals are going to get Godavari waters. "Officials have indicated that only 4.5 lakh acres will get water. Farmers are favouring to go in for crop holiday in rabi too," Mr Subba Rao told *Business Line* over phone.

With things going against them, even sugarcane farmers are planning to join paddy farmers in declaring crop holiday. Top executives of Andhra Pradesh Sugarcane Growers Association will meet at Challapally on November 5 to discuss the issue.

Three sugar factories in the area cover an area of 14 lakh acres. "We may go for crop holiday if we do not get a reasonable support price," Mr N. V. S Sharma, a sugar farmer, said.

The two districts grow crops in an area of 5.25 lakh hectares in rabi, with paddy dominating the scene with 4 lakh hectares, or one-fourth of State's paddy area of 17 lakh ha in the season.

Mr Balaram, a State leader of CPI(M)-affiliated Andhra Pradesh Rythu Sangham, alleged that farmers were at the mercy of millers and middlemen and not getting payments on time. "80 per cent of area in the two districts under tenancy. They are the worst hit. We see a clear trend in favour of crop holiday this season."

(This article was published in the Business Line print edition dated November 4, 2011)

Egg seen higher on lower output



Chennai, Nov. 3:

Egg ruled flat this week at Rs 2.88 a piece, after rising by six paise over last week's rate. Egg is slowly inching up to touch a record with the onset of North-East monsoon.

With the onset of winter and torrential rains lashing Tamil Nadu and Kerala, egg consumption is set to rise gradually. Cut in production has sent the egg price moving up across the country. Egg touched Rs 2.90 a piece during the same period last year.

Meanwhile, Palladam-based Broiler Co-ordination Committee has slashed the rate for cull birds to Rs 63 a kg from Rs 67. the National Egg Coordination Committee's (NECC) layer rate (for birds of 1.3 kg), too, is down at Rs 41 a kg (Rs 44). Namakkal and Palladam prices are the benchmarks for eggs and chicken in the country.

“Broiler prices are likely to be pruned in the coming days because of the approaching Sabarimala season in the South — a major consumer of these products,” an NECC source said.

“We want to increase the prices gradually. If we raise the prices, we may face consumer resistance and piling up of stocks,” said an NECC spokesperson.

Industry sources told *Business Line* that chick placement in the farms is on the rise. Poultry farmers have started placing layer chicks during the austere months so that they can build up stocks. (A chick takes 24 weeks to hatch eggs.)

(This article was published in the Business Line print edition dated November 4, 2011)

Choppy global markets drag edible oils

Our Correspondent



Mumbai, Nov. 3:

Edible oils declined by Rs 3-5 for 10 kg on Thursday, tracking volatile world equity and commodity markets.

In absence of local demand, palmolein remained unchanged, groundnut oil, cotton oil and sunflower oil fell by Rs 5 each, and soya refined oil and rapeseed oil dropped by Rs 3 each.

Crude palm oil (CPO) futures on Bursa Malaysia Derivatives (BMD) Exchange closed higher after initial losses on speculative buying and expectation of improvement in Chinese demand. Mills sold aggressively as arrivals from main producing states rose.

Resellers sold 150-200 tonnes of palmolein at Rs 528-530. Liberty offered palmolein at Rs 535-536 for November delivery, super palmolein at Rs 570 and soya refined oil at Rs 620. Ruchi quoted palmolein at Rs 530 and soya refined oil at Rs 615.

Allana offered palmolein at Rs 535 for delivery between November 20 and 30. In Saurashtra and Rajkot, a *telia* tin of groundnut oil remained unchanged at Rs 1,295 and loose (10 kg) Rs 840. Cotton (wash) was at Rs 605-608.

Malaysia's BMD CPO's December contracts settled at MYR2,976 (MYR2,962), January at MYR2,976 (MYR2,958), February at MYR2,981 (MYR2,960) and March at MYR2,985 (MYR2,965) a tonne. Soya oil for November delivery rose to Rs 622 (Rs 621.50) and December to Rs 616.50 (Rs 615.70) on National Board of Trade in Indore.

Bombay Commodity Exchange spot rates (Rs/10 kg): groundnut oil — 855 (850), soya refined oil — 617 (620), sunflower exp. ref. — 630 (640), sunflower ref. — 690 (695), rapeseed ref. oil — 700 (703), rapeseed expeller ref. — 670 (673), cotton ref. oil — 620 (625) and palmolein — 532 (532).

(This article was published in the Business Line print edition dated November 4, 2011)

Jeera may fall 10-15% on low overseas demand



Rajkot, Nov. 3:

Jeera rose in spot and futures markets on Thursday as bad weather in producing areas in Gujarat triggered fears of lower yields.

It increased by Rs 102 at Rs 14,372 a quintal for November delivery on the National Commodity and Derivatives Exchange, with an open interest of 14,412 lots, and by Rs 104 at Rs 14,709 for December delivery, with an open interest of 14,648 lots. Spot jeera gained Rs 25-30 for 20 kg at Rs 2,140-2,915 here, while it traded at Rs 2,000-3,081 for 20 kg at the agricultural produce marketing committee in Unjha, where 5,000-7,000 bags of 60 kg each have arrived in the past couple of days.

Low overseas demand may pull down jeera by about 10-15 per cent, traders said.

According to recent reports from the Spice Board of India, exports have fallen by 39 per cent to 9,500 tonnes in 2011 from 15,700 tonnes in 2010.

Trader sources expect jeera production at 3.5 million bags in 2011-12. Higher arrivals over the past two months have increased the possibility of carryover stocks to the tune of a million bags. Favourable weather in Gujarat and Rajasthan is expected to improve crop yields. Jeera requires sufficient moisture content in the soil during sowing in October-December. However, reports of adverse weather in Turkey and Syria are likely to affect output estimates.

(This article was published in the Business Line print edition dated November 4, 2011)

Purchases by Eastern States sweeten sugar



Mumbai, Nov. 3:

Sugar prices increased sharply on new buying from local and neighbouring States on Thursday.

In the Vashi market, spot rates increased by Rs 20-25 a quintal for fair quality, while fine quality remained unchanged. Naka rates improved by Rs 20 for S-grade and by Rs 50 for M-grade. About two to three rail rakes of 27,000 bags each were bought by buyers from eastern States on Wednesday evening.

An analyst said the demand to allow exports of 10 lakh tonnes immediately by the National Federation of Cooperative Sugar Factories Ltd has supported the market sentiment as production is expected to be higher than local demand for the second consecutive year. The Government is also very keen to allow sugar exports but is hesitating to take the decision considering high food inflation.

Sugar millers have been demanding for more sugar exports without delay for long now. On talks of possible increase in sugar exports from the country, local sugar futures market also gained sharply.

Market sources said in the Vashi physical market, new local demand, demand from mills of neighbouring States and firm futures market have improve the sentiment. Demand at the beginning of the month keeps the morale positive. Local stockists have also started new covering. Local traders have bought about 65,000–70,000 bags through mills' tenders offer. On Wednesday, 14–15 mills sold 1–1.25 lakh bags at Rs 2,700-2,760 (Rs 2,680-2,760) for S-grade and at Rs 2,820-2,900 (Rs 2,800-2,900) for M-grade. With increase in local demand, Vashi market got 53-54 truckloads of arrivals, while local despatches were at 51-52 truckloads. Freight rates were steady.

Bombay Sugar Merchants Association's spot rates (Rs/quintal) : S-grade — Rs 2,846-2,900 (Rs 2,821-2,900) and M-grade — Rs 2,941-3,061 (Rs 2,921-3,061).

Naka delivery rates : S-grade — Rs 2,780-2,850 (Rs 2,760-2,830) and M-grade — Rs 2,920-3,020 (Rs 2,870-3,010).

(This article was published in the Business Line print edition dated November 4, 2011)

Turmeric pales on lack of bulk orders

Our Correspondent



Erode, Nov. 3:

Spot turmeric prices dropped on Thursday on lack of bulk buying.

“Erode bulk buyers have not received fresh orders, resulting in prices decreasing by Rs 150 a quintal. Traders are buying the commodity only to fulfil their commitments to local spices firms,” said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said that arrivals at the Nizamabad market have decreased and so, North Indian traders have decided to divert orders to Erode traders. Due to quality and availability, North Indian traders prefer Erode turmeric. Further, turmeric farmers in Erode district are holding over 8-10 lakh bags of turmeric.

He said that while prices declined at the Erode Turmeric Merchants sales yard, they increased by Rs 150 a quintal in Gobichettipalayam and Erode Cooperative Marketing Societies for a few lots.

On Thursday, 11,400 bags of turmeric arrived for sale, but only 40 per cent were sold.

Farmers took back one third of the quantity they brought to the market.

A marginal fall in the turmeric futures had no impact in the local turmeric market.

At the Erode Turmeric Merchants Association Sales yard, the finger variety was sold at Rs 3,309-5,185 a quintal and the root variety at Rs 3,199-4,911.

Salem crop: The finger variety was sold at Rs 4,449-5,485 and the root variety at Rs 4,374-5,290. Of the total arrival of 2,735 bags, 521 were sold.

At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 4,579-5,310 and the root variety at Rs 4,610-5,089. Out of the 322 bags that arrived, 287 were sold.

At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 4,569-5,250 and the root variety at Rs 4,100-5,004. Out of the 720 bags that arrived, 654 were sold.

At the Regulated Marketing Committee, the finger variety fetched Rs 4,731-5,315 and the root variety Rs 4,700-4,939. Of 1,796 bags that arrived, 1,119 bags were sold.

(This article was published in the Business Line print edition dated November 4, 2011)

Wheat perks up on domestic buying

Our Correspondent



Karnal, Nov. 3:

Dara wheat prices continued to witness an uptrend, while desi wheat varieties were range-bound on Thursday.

“Domestic buying is giving good support to the market at current levels,” said Mr Hansraj, proprietor of Hansraj Traders. “Arrivals have been quite low this week and the market may rule firm for the next few days,” he said.

In the physical market, dara increased further by Rs 5 at Rs 1,155-1,165 a quintal. Around 55 tonnes of dara variety arrived from Uttar Pradesh and the stocks were directly offloaded at the mills. Mill delivery was at Rs 1,155/, while delivery at *chakki* was at Rs 1,165.

Dara increased by Rs 25-35 over the last four days. Even after a good rally at the beginning of this week, dara is Rs 60 down from the levels of Rs 1,220 during the corresponding period last year.

On the other hand, desi wheat varieties were ruling around their previous levels. The Tohfa variety was quoted at Rs 2,250, Samrat at Rs 1,865, Lal Quila at Rs 1,825 and Rasoi at Rs 1,800.

On the MCX, wheat for November delivery went up by Rs 33.90 to Rs 1,162.30.

On the National Commodity and Derivatives Exchange, wheat for November delivery increased by Rs 3.4 at Rs 1,104.

Flour prices rose by Rs 5 at Rs 1,165 for a 90-kg bag.

(This article was published in the Business Line print edition dated November 4, 2011)