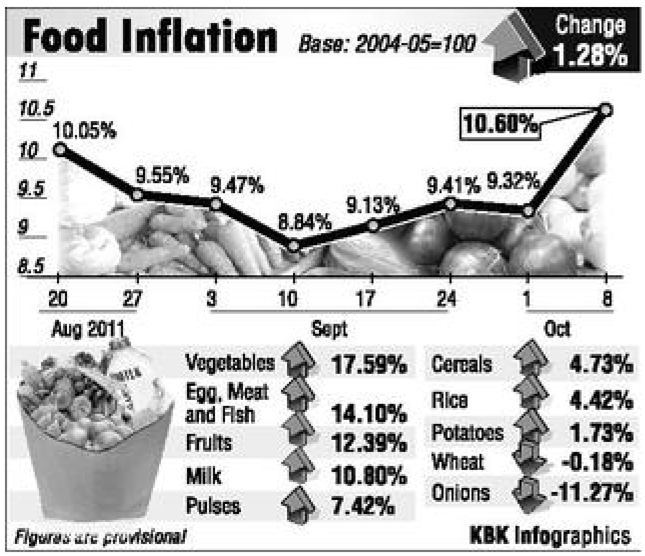
THE HINDU

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

Food inflation surges to 10.60 %

Special Correspondent

'Prices will decline in the coming months'



Food inflation surged ahead to breach the psychological double-digit barrier at 10.60 per cent for the week ended October 8 against 9.32 per cent in the previous week, leaving no one in doubt that the Reserve Bank of India (RBI) will continue with its hawkish monetary policy stance on October 25. More disturbing is the fact that the fresh spurt in WPI (wholesale price index)-based food inflation does not suffer from the statistical anomaly of base effect as the food price spiral during the same week last year was also at a high of 15.72 per cent.

The rising trend does not augur well either for home and auto loan borrowers or for the government and the apex bank which has failed to anchor inflationary expectations despite gradual hikes in key policy rates for a dozen times since March last year. What remains to be seen — and what India Inc. may be apprehensive about — is whether the RBI sticks to a routine hike of 25 basis points in the repo rate or adopts a more hawkish stance of 50 basis points during its second quarter monetary policy review. In keeping with the RBI's projection of headline inflation peaking till December before tapering down to about 7 per cent by March 2012, the contribution of the food basket has been a renewed surge in prices during the week. Prices of fruits and vegetables soared, with vegetables turning dearer by 17.59 per cent on a year-on-year basis while fruits also cost 12.39 per cent more.

To add to the common man's woes, milk prices went up by 10.80 per cent and eggs, meat and fish even higher by 14.10 per cent. Even pulses and cereals, which had witnessed a decline in recent weeks, turned more expensive by 7.42 per cent and 4.73 per cent respectively.

Commenting on the WPI data on food inflation which has surged despite a normal monsoon and a good harvest, Prime Minister's Economic Advisory Council Chairman C. Rangarajan expressed concern but exuded confidence that prices would decline in the coming months. “I am concerned [over high food prices] … I do believe that food inflation will come down... I believe that the monsoon has an effect on the availability of foodgrains which you will see in the months ahead,” he said at the Economic Editors' Conference here.

- *Reserve Bank will continue its hawkish monetary policy stance*
- *Rising trend does not augur well for home, auto loan borrowers*

Published: October 21, 2011 00:00 IST | Updated: October 21, 2011 04:17 IST

TNAU proposal for establishing food processing centres

Staff Reporter

The proposal is for a budget outlay for Rs. 150 crore

P. Murugesa Boopathi, Vice-Chancellor of TNAU (second from left) and Jayatheertha Chary, general manager, Reliance Retail Limited, Hyderabad, releasing a souvenir at a seminar in Coimbatore.

Tamil Nadu Agricultural University has submitted a proposal to the Planning Commission for establishing food processing centres in 30 districts in the State under the XII Five Year Plan.

According to Vice-Chancellor P. Murugesa Boopathi, the proposal is for a budget outlay for Rs. 150 crore at Rs. 5 crore for each centre. The varsity has also made a proposal to the State Planning Commission for establishing food processing centres at block levels in the State.

“Farmers can use these centres for processing the produce and also for value addition. TNAU is also involved in a project in collaboration with University of Guelph for developing a nano-film to control post-harvest losses. These are needed to avoid wastages,” Mr. Boopathi said.

He was inaugurating a national seminar ‘Foodxplore' on “Emerging Technologies in Food Processing for Ensuring Food Safety and Quality” at the varsity recently, to commemorate World Food Day. Mr. Boopathi said that though 241 million tonnes of foodgrain was produced, there were facilities to store only 40 million tonnes. Huge quantities of produce were wasted due to lack of sufficient storage facilities. While foodgrain wastage was to the extent of eight to 10 per cent, wastage of perishables such as fruits and vegetables was around 25 to 30 per cent, which was worth Rs. 46,000 crore. Jayatheertha Chary, general manager, Reliance Retail Limited, Hyderabad, said that though the Indian food industry was estimated at over $200 billion, only 30 per cent of this got processed. This was as against the 65 per cent that was processed in the United States. Out of the 30 per cent, only 6 to 7 per cent was perishables.

“Food retailing has come of age. It has surpassed the apparel and accessory sector and is growing at the rate of 30 per cent. Food safety and quality are two significant aspects that food engineers should keep in mind while developing new products,” Mr. Chary said.

Published: October 21, 2011 00:00 IST | Updated: October 21, 2011 04:17 IST

TNAU's pest and disease surveillance forecast

Tamil Nadu Agricultural University (TNAU) has suggested measures to combat pests and diseases that could affect crops like paddy, cotton, sugarcane, groundnut, black gram, and banana, during this season.

Incidence of stem borer and leaf folder were found in paddy in districts like Tirunelveli, Salem, Kanyakumari, Thanjavur, Theni, Thiruvarur and Villupuram. Farmers are asked to spray neem seed kernel extract 5 per cent and set up light traps to monitor the pest menace. Bacterial leaf blight was also found in Kanyakumari, Theni and Thiruvarur districts. For this, farmers can spray Kocide 101 at 2.5 g / litre.

Sucking pests were noticed in cotton in Salem, for which it has been suggested to set up yellow sticky traps.

The incidence of pink boll worm in Thiruvannamalai can be monitored using Pheromone traps.

To combat the borer pest in Salem, Sivaganga, Theni and Thiruvannamalai, farmers are asked to release the egg parasitoid Trichogramma at 6 cc an acre.

In Salem, Sivaganga, Thiruvannamalai and Villupuram, leaf miner incidence was sporadically recorded.

Farmers are advised to monitor the insect using light traps. If normal rainfall is not received, there is a possibility of pest to cross the Economic Threshold Level, for which farmers can spray need seed kernel extract at 5 per cent.

Yellow mosaic virus was noticed in black gram in Sivaganga. Farmers can control the vectors by spraying dimethoate 30 EC at 2 ml a litre of water or Methyl Demeton 25 EC at 2 ml a litre.

Sigatoka leaf spot and Septoria leaf spot incidences were noticed in Thuckalay and Kurunthencode blocks. Farmers are advised to spray mancozeb (Indotil – 45) or Chlorothalonil (Karach – 0.25 per cent) to manage the problem.

Tapioca, papaya and mulberry farmers are asked to watch out for incidence of papaya mealy bug. In the case of incidence, farmers can contact TNAU's colleges, research station / Krishi Vigyan Kendras for obtaining parasitoids free of cost, for releasing the same in the their fields.

For details, contact Head, Department of Agricultural Entomology, TNAU on 0422-6611214, or Head, Department of Plant Pathology, TNAU on 0422-6611226.

- *Sucking pests were noticed in cotton in Salem*
- *It has been suggested to set up yellow sticky traps*

Published: October 21, 2011 00:00 IST | Updated: October 21, 2011 04:22 IST

Water, water everywhere, but not a drop for the crops

An irony it is that though the Kelevarapalli Dam is almost full, the agricultural fields at the Boothinatham Village, hardly five kms from the dam, is near-parched.Farmers of the area say the crops cultivated over 500 acres in the area have begun to wither away.Blame it all on the damage on the Left Main Canal (LMC) of the dam that irrigates the area, which either came down in the rain a fortnight ago, or as farmers allege, have been pulled down by land sharks.The reservoir was constructed in Kelevarapalli, across the South Pennar River, to irrigate over 5,000 acres from the LMC and Right Main Canal (RMC).This was because though the South Pennar was flowing in the vicinity of Kelevarapalli, its course of flow did not allow the farmers in the area to use the water for irrigation.But even after the construction of the dam in 1978, the water could not be used for irrigation due to cases pending in the Supreme Court till 2006.The dam was put into use only after 25 years of its construction, and now, the farmers of Kelevarapalli solely depend on the LMC for watering their farm lands.

The tale took a twist a fortnight ago, when a 50-metre stretch of the LMC wall, about 5 kms from the start of the canal, came crashing down, stalling the water supply to the fields.

Published: October 21, 2011 00:00 IST | Updated: October 21, 2011 04:16 IST

PNB embarks on drive to sanction agriculture loans

straight from mind: K.R. Kamath, centre, Chairman and Managing Director, Punjab National Bank, addressing presspersons in Tiruchi on Thursday.

Punjab National Bank has currently taken up a special national drive for sanctioning loans to agriculture. The initiative aims at sanctioning loans to all agricultural activities, including drip irrigation and sprinkler irrigation programmes, said K.R. Kamath, Chairman and Managing Director of the bank. Addressing presspersons here on Thursday, Mr. Kamath said that it has been planned to sanction Rs. 5,000 crore as farm loan to a total of 4.50 lakh farmers during this special drive. It would be in addition to the annual allocation for the farming sector.

On the bank's performance for the quarter ended June this year, he said it earned a net profit of Rs.1,105 crore as against Rs. 1,068 crore last year, registering a growth of 3.4 per cent.

The credit to agriculture sector has grown by 12.94 per cent, with the bank sanctioning Rs, 34,153 crore during the period. He said the bank had planned to start 200 new branches across the country, including 10 in Tamil Nadu during the current fiscal.

It has also planned to start overseas units at Maldives, Bangladesh and Brazil while a plan to upgrade bank's Representative Office at Shanghai and Oslo into a branch was also under consideration.

The bank's business has grown by Rs. 5.90 lakh crore by September 30 this year, registering an year-on-year (YOY) growth of about 22 per cent. The total deposit crossed Rs. 3.40 lakh crore recording an YoY increase of 25 per cent. The CASA deposits increased to Rs. 1.24 lakh crore, recording a growth of about 12 per cent. Advances stood at Rs. 2.50 lakh crore registering a growth of 19 per cent while the credit deposit ratio stood at 72.81 per cent as of September this year.

On financial inclusion, he said that the bank had provided banking services to 2,214 villages so far out of a total of 4,583 villages. In the Tiruchi circle, the bank has registered a growth in its business by 19 per cent achieving Rs, 5,000 crore till mid-October now. The Tiruchi circle has opened 21,669 saving fund accounts as of September. As many as 41 villages would be covered under the financial inclusion in Tiruchi circle. The bank would appoint a technology provider shortly for taking up the programme.

T. Latha, Circle Head, Tiruchi and S. Ranganathan, Field General Manager, (South), said that the credit deposit ratio for the circle was 113 per cent.

Published: October 21, 2011 00:00 IST | Updated: October 21, 2011 04:23 IST

‘Policy to curb change in farm land use needed'

Special Correspondent

Underlining the need to strike a balance between competing claims of the agricultural and non-agricultural sectors, Vice-Chancellor of the University of Agricultural Sciences K. Narayana Gowda on Thursday suggested a more stringent policy to prevent conversion of agricultural land for non-agricultural purposes. Delivering a keynote address at a seminar on “Land Use and Globalisation in India” organised by Indian Economic Association in association with Social Science Research Centre of Maharani Lakshmi Ammanni College for Women here, he said that the formulation of a policy on land use in the wake of rapid urbanisation was the need of the hour.

“Land, being one of the most scarce natural resources, has always been the subject of debate regarding its effective use. There is competing demand on it from different sectors. Hence, there is a need to strike a balance in sustainable use of land,” he observed.

Noting that land continued to be the primary factor of production in agriculture, he said that technological opinions have to be evolved to address the problem of shrinking land available for agriculture to sustain the desired level of production of foodgrains and other agricultural commodities.

It was essential to evolve and implement land reforms suited to today's context and steps were needed to prevent further indiscriminate fragmentation of land. “Steps have to be taken for consolidation through appropriate policy measures,” he suggested.

Published: October 21, 2011 00:00 IST | Updated: October 21, 2011 04:22 IST

Call to make farmers aware of new technologies

Staff Reporter

S. Rajan, Assistant Director-General (Horticulture), Indian Council of Agricultural Research, has stressed the need to establish and maintain functional linkages between farmers and research stations and State agriculture and horticulture departments for scaling up of the technologies generated at the research stations.

Dr. Rajan was addressing the plenary session of the 20th biennial group meeting of the All-India Coordinated Research Project on Palms at the Central Plantation Crops Research Institute (CPCRI) here on Thursday.

As many as 80 scientists from 12 States representing 20 research centres attended the group meeting.

CPCRI Director George V. Thomas briefed about the proceedings of the meeting. The deliberations of the workshop were conducted in seven technical sessions and the major decisions and recommendations were presented during the plenary session.

The biennial meeting identified coconut varieties suitable for different regions of Tamil Nadu, Andhra Pradesh, Karnataka, and Kerala and the tenera hybrids of oil palm for Maharashtra, Andhra Pradesh, and Karnataka.

The coconut-based cropping system model found to be ideal in a region were recommended for commercial adoption there.

Evaluation of Noni (*Morinda citrifolia*) as a mixed crop in coconut groves using tissue culture plants and seedlings has shown an encouraging trend of growth and yield, it was pointed out at the session.

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

Sliding average price brings no cheer to tobacco growers

Staff Reporter

With sliding average prices on bright and medium grades of Flue Cured Virginia (FCV) tobacco, the auctions which were completed in Andhra Pradesh in the second week of October brought no cheer to farmers while uncertainty over global surpluses is having traders keeping their fingers crossed. A total of 173.24 million kg was sold at the end of auction season lasting 188 days in 20 auction centres, but despondency is setting in the trade as average price is still smarting low at Rs.87.65 per kg, a marginal increase of Rs.7 when compared to last year. It may be reminded that restive farmers blocked auctions at many platforms in Prakasam district protesting against slide in prices, forcing the board to intervene and persuade traders to step up prices. With uncertainty over global tobacco trade looming large, the Tobacco Board cautiously trimmed the authorised crop size to 162.5 million kg. Contrary to trade expectations, the average prices of the bright grades declined by more than Rs.8 per kg, while the slide was marginal in medium and low grades.

FCV tobacco cultivated on Northern Light Soils (NLS) in West Godavari district too bore the brunt of the uncertain trade vagaries with a dip of nearly Rs.10.69 per kg. While the average prices recorded in 2010 were at Rs.116.30, the prices slid to Rs.105.61 per kg.

Exports

“The trends are not encouraging and indicating a downtrend in global market for Indian tobacco. But we remain optimistic and confident of breaking new ground with prospects of exports to global giants such as China,” said a senior official of the board.

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hindustantimes

HT Correspondent, Hindustan Times
Email Author

New Delhi, October 20, 2011
First Published: 11:57 IST(20/10/2011)
Last Updated: 01:04 IST(21/10/2011)

Food inflation in double digits at 10.60%

Food inflation recorded a double-digit rise to 10.60% in the week ended October 8, the sharpest increase in six months, data on Thursday showed. Just a day earlier, finance minister Pranab Mukherjee had said he could foresee prices declining from December onwards.

Costly vegetables and fruits, whose prices jumped 17.6% and 12% on an annual basis, fanned prices, which rose an annualised 9.32% in the previous week. While non-food prices has shown some decline, suggesting the hiking of interest rates have worked, food inflation continues to be stubbornly high, posing a threat to the government.

Milk went up by 10.80% and eggs, meat and fish by 14.10 per cent. The last time that food inflation stood this high was on April 16 when it was recorded at 11.25 %. "I am concerned…

(but) I do believe that food inflation will come down... I believe that the monsoon has an effect on the availability of foodgrains which you will see in the months ahead," said Prime Minister's Economic Advisory Council chairman C Rangarajan.

All eyes will be on the RBI, to know whether it will announce a pause in its interest rates hiking cycle later this month.

http://www.hindustantimes.com/StoryPage/Print/759384.aspx

New Delhi, October 20, 2011
First Published: 23:57 IST(20/10/2011)
Last Updated: 23:59 IST(20/10/2011)

Food EGoM shelved over Pawar, Thomas differences

A meeting of an inter-ministerial panel on food policy, which was to decide on freeing more sugar for exports, was called off on Thursday due to runway inflation and persisting differences between the food and agriculture ministries.HT had, on October 10, reported differences between food minister KV Thomas' estimates of India's sugar output and that of agriculture minister Sharad Pawar's.India's food inflation, which recorded a double-digit rise to 10.60% on Thursday, the sharpest increase in six months, also prompted the government to defer a decision on whether to allow exports of sugar.The empowered group of ministers (EGoM) on food, which is headed by Union finance minister Pranab Mukherjee, was to take a call on sugar export based on a joint proposal by the two ministries, but a consensus could not be reached.Thomas has stuck to his production estimate of 24 million tonnes, contrary to Pawar's 26 million tonnes. While Pawar has argued for more exports, citing a surplus, Thomas appears reluctant, fearing a price spike in the festive season.

India is headed for a second straight year of surplus, with prices ruling steady between Rs 31-32 a kilo and rising only 0.23% in the past half-year.While Pawar's ministry is responsible for putting out cane estimates, the food ministry, which Thomas heads, works out the figures for sugar output.Varying estimates of sugar output are tricky.Allowing too much export could fan domestic prices, while curbing exports of surplus stocks affects millers' ability to pay farmers.Domestic demand of the sweetener in India - the world's largest consumer and second-largest producer - hovers around 21.5 million tonnes.

http://www.hindustantimes.com/StoryPage/Print/759679.aspx

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weather

Delhi - INDIA

Today's Weather

Partly Cloudy

Friday, Oct 21

Max Min

33.6° | 17.6°

Rain: 00 mm in 24hrs
Humidity: 51%
Wind: Normal

Sunrise: 6:24
Sunset: 17:46
Barometer: 1009

Tomorrow's Forecast

Sunny

Saturday, Oct 22

Max Min

35° | 16°

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Oct 23	Oct 24	Oct 25	Oct 26	Oct 27
33° | 19°	34° | 19°	34° | 21°	34° | 22°	33° | 21°
Sunny	Sunny	Sunny	Sunny	Sunny

THE TIMES OF INDIA

Food inflation returns to double-digits

Tweet

AFP | Oct 20, 2011, 02.58PM IST

India's food inflation on Thursday returned to double-digits, as prices of vegetables and other staples surged, creating fresh problems for the country's embattled government.

Food inflation climbed to 10.60% for the week ending October 8 from the same period a year earlier, according to commerce ministry figures.

The rise was driven higher vegetable costs which soared 17.6% year-on-year while fruit prices were up more than 12 percent.

In the previous week, annual food inflation stood at 9.32%.

Overall annual inflation, measured monthly in the world's second fastest-growing economy after China, stands at 9.72%.

The ruling Congress-led coalition, which is also reeling under the impact of a slew of corruption scandals, desperately wants to tame prices, fearing a voter backlash in key state elections due next year.

Rising prices have had the hardest impact on India's teeming poor who are the Congress party's main support base.

India's central bank has raised interest rates a dozen times since March 2010, slowing the economy, but they have still not been able to bring down inflation to its long-term desired level of four to five percent.

The bank is expected to raise rates again next week despite warnings from business leaders that such a step could exacerbate the economic slowdown amid growing global financial turbulence.

The government projects expansion of "close to eight percent" in the financial year to March 2012, down from an initial nine percent forecast. The economy grew 8.5% last year.

The Prime Minister's Economic Advisory Council chairman C. Rangarajan told reporters he expected good harvests from India's plentiful monsoon to reduce food inflation in coming months.

"The full impact of the monsoon will be felt in November and December. I expect food inflation to come down by then and I would expect overall inflation could be around seven percent by next March," he said.

Food inflation back in double-digit zone

ENS Economic Bureau Posted online: Fri Oct 21 2011, 02:14 hrs

New Delhi : Food inflation climbed to a six-month high of 10.60 per cent for the week ended October 8, from 9.32 per cent reported in the previous week.

According to commerce ministry data, the week witnessed a broad rise in prices of vegetables, fruits and protein-based items such as egg, meat and fish.

It is not a good news for borrowers as well, since the data is likely to weigh on Reserve Bank of India's review of interest rates next week.

The Reserve Bank of India has increased policy rates 12 times since March 2010 to curb demand and tame inflation.

"I am concerned (over high food prices)," Prime Minister's Economic Advisory Council Chairman C Rangarajan said.

He, however, exuded confidence that food inflation would moderate in the coming months on account of good monsoon.

"Even if in this particular week it (inflation) has risen, it will come down. I believe monsoons have an effect on the availability of grains which you will see in the months ahead," he said.

On an annual basis, prices of vegetables rose 17.59 per cent, fruit 12.39 per cent, milk 10.80 per cent, pulses 7.42 per cent, cereals 4.73 per cent and eggs, meat and fish 14.10 per cent. Among food items which became cheaper were onions (11.27 per cent) and wheat (0.18 per cent). Export restrictions in the form of high minimum prices and a bumper kharif production have combined to increase domestic availability of onion, pulling down its price.

Assocham secretary general DS Rawat said in a statement: "Government intervention in agriculture sector needs a complete overhaul with a fresh perspective at the highest level to tackle supply side constraints."

The last time that food inflation stood this high was on April 16 when it was recorded at 11.25 per cent. Crisil chief economist D K Joshi also found the trend disturbing. "The surge in food inflation is worrying. The

numbers show that food prices have not moderated despite a normal monsoon and good harvest," he said. *With Agencies*

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express buzz

By PTI

20 Oct 2011 12:23:13 PM IST

Food inflation in double digits at 10.60%

NEW DELHI: Food inflation is back in double digits after a gap of a month-and-a-half and stood at 10.60 per cent for the week ending October 8 on the back of costlier vegetables, fruits, milk and protein-based items.

Food inflation, as measured by Wholesale Price Index (WPI), stood at 9.32 per cent in the previous week. The rate of price rise of food items stood at 15.72 per cent in the corresponding week of 2010.

As per data released by the government today, vegetables became 17.59 per cent more expensive year-on-year during the week ended October 8. Fruits grew dearer by 12.39 per cent, milk by 10.80 per cent and eggs, meat and fish by 14.10 per cent on an annual basis.

Pulses also became dearer by 7.42 per cent and cereal prices were up 4.73 per cent year-on-year.

However, onions became 11.27 cheaper and wheat prices were down 0.18 per cent during the week under review.

Food inflation had previously crossed the double-digit mark in the week ended August 20.

Inflation in overall primary articles stood at 11.18 per cent for the week ended October 8, compared to 10.60 per cent in the previous week. Primary articles have a share of over 20 per cent in the WPI.

Inflation in non-food articles, including fibres, oil seeds and minerals, was recorded at 8.51 per cent during the week under review, as against 9.59 per cent in the week ended October 1.

Fuel and power inflation stood at 15.17 per cent in the week under review, compared to 15.10 per cent in the previous week.

The upsurge in food prices in likely to exert further pressure on the government and the Reserve Bank to tackle the situation expeditiously, according to experts.

Headline inflation, which also factors in manufactured items, has been hovering above the 9 per cent mark since December, 2010. It stood at 9.72 per cent in September this year.

The RBI has already hiked interest rates 12 times, by a total of 350 basis points, since March, 2010, to tame demand and curb inflation.

The apex bank is scheduled to announce its second quarterly review of the monetary policy on October 25 and experts have said that another rate hike is expected, despite the slowdown in industrial growth.

Yesterday, Finance Minister Pranab Mukherjee blamed high global commodity prices and supply constraints for stubbornly high inflation. He, however, exuded confidence that inflation will moderate to around 7 per cent by March, 2012.

Business Standard

Friday, Oct 21, 2011

Food inflation in double digits after six weeks

BS Reporter / New Delhi October 21, 2011, 0:53 IST

After lingering tantalisingly close to 10 per cent for about a month-and-a-half, food inflation climbed to double digits for the week ended October 8, signalling that Reserve Bank of India (RBI) may continue with its tight monetary stance in its policy review later this month despite the economy showing signs of a slowdown in growth.

As protein-based items turned dearer, wholesale price-based annual food inflation rose by a whopping 1.28 percentage points to touch 10.60 per cent for the week, against 9.32 per cent a week earlier. At almost a six-month high, food inflation is headed up at least for a few more weeks, economists said.

Financial services firm Kassa said the inflation was bound to go up for another two-three weeks. “Then we can see some moderation,” said its director Siddharth Shankar. “RBI may continue with a tight monetary stance.” CARE Ratings said RBI would continue with its rate hike stance as it had been reiterating this for a while that it is inflation over growth for the central bank. “There is definitely a scope for another hike,” said Madan Sabnavis, chief economist of the research and analysis firm.(Click here table & graph)

The economic growth is showing signs of moderating. The economy grew at a six-quarter low of 7.7 per cent in the April-June segment of this fiscal. Signs for the second quarter are also not very encouraging as well.

While industrial growth remained sub-five per cent in the first two months of the second quarter, widely-tracked HSBC purchasing managers' index contracted in September for the first time since April 2009.

The inflationary push came majorly from egg, meat and fish, which saw the rate of price rise moving up to 14.10 per cent for the week under review from 9.92 per cent a week before. Inflation in milk rose marginally to 10.80 per cent from 10.35 per cent. Said Sabnavis:

"Inflation in egg, meat and fish can only come down when cost of production comes down, like fodder or coarse cereals like maize." Milk inflation would also remain steady as the demand would remain up due to the ongoing festival season, he added.

Among other protein-based items, pulses saw inflation going up to 7.42 per cent from 6.87 per cent a week ago.

Even though inflation in both potatoes and onions declined, the rate of price rise in vegetables rose to 17.59 per cent from 13.01 per cent a week earlier. Inflation in fruit also rose to 12.39 per cent from 12.19 per cent. However, inflation in cereals, comprising rice and wheat, was down to 4.73 per cent from 5.41 per cent. Sabnavis said non-core inflation may move down gradually by this month-end, but fruits and vegetables will start moderating only in December.

Headline inflation has persistently been over nine per cent for this calendar year till September, despite RBI going for 12 rate hikes since March, 2010. Food inflation has 14.34 per cent weight in the wholesale price index, on which inflation is based.

The Planning Commission said it believed the RBI measures would bring the year-end inflation lower than eight per cent. "From next month onwards, it will start softening." claimed its deputy chairman, Montek Singh Ahluwalia. "Inflation in recent times is not due to supply-side pressures," he added.

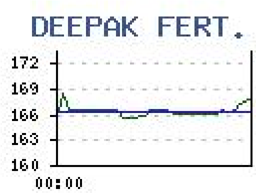
Deepak Fertilisers profit dips by 15.7%

BS Reporter / Mumbai/ Pune October 21, 2011, 0:11 IST

Industrial chemicals manufacturer and suppliers Deepak Fertilisers, a player in methanol, nitric acid, ammonium nitrate and micronutrient fertilisers, announced its financial results and posted a decline in its net profit to Rs 53.9 crore for the quarter ending September, 2011 as compared to Rs 63.94 crore for quarter ended June, 2011 thereby showing a dip by 15.7 per cent.

The company recorded its revenues at Rs 577.19 crore for the September quarter of 2011 showing a rise of 21.8 per cent from Rs 473.87 crore in the earlier quarter of the same year. "Our volume growth over the next 6-8 quarters is expected to be strong as we will replace inferior quality imports," said Sailesh Mehta, MD, Deepak Fertilisers.

BSE | NSE   Price



Incentives for farmers on anvil to cut tobacco output

Anindita Dey / Mumbai October 21, 2011, 0:14 IST

The agriculture ministry is set to inventivise reduction in tobacco production. This is part of the government's commitment as a signatory of the Framework Convention on Tobacco Control (FCTC) of the World Health Organization (WHO).

The ministry plans to come up with a package for farmers. It will identify viable alternative crops to be grown instead of tobacco and fix the remuneration to be given to farmers for winding up cultivation of tobacco, which is one of the most valuable cash crops. This will be done in a coordination with the Central Tobacco Research Institute (CTRI) and the ministry of health and family welfare, the nodal ministry for tobacco production control. A high-level inter-ministerial meeting to this effect will be held next week and discuss the strategies to be followed.

The objective for tobacco production control is to bring down the total area under the crop from 450,000 hectares currently to 200,000 hectares in 2020, in a phased manner. This is expected to bring down tobacco productivity from 750 million kg to 250 million kg.

Meanwhile, CTRI and the agriculture ministry have also questioned the urgency for tobacco control measures here, since other countries like China and the US, also signatories of FCTC, are encouraging tobacco production, even subsidising the cash crop.

Officials say, since tobacco is a high-value exchange earner for the country, the remuneration package will help eradicate non-smoking variety of tobacco, while smoking variety, which is used as raw material for cigarettes and beedis, will continue to flourish. They added only one of the 10 tobacco varieties was a smoking variety.

On the basis of geography, CTRI has suggested various sets of alternative crops to the ministry for this programme. Officials said, farmers would have to grow two sets of crops in place of one to make good the loss they might incur on account of not growing the cash crop. They added, farmers could grow one kharif and one rabi crop to get the same value. In Karnataka, tobacco farmers could switch to kharif/rabi mix of ragi/wheat, while in West Bengal, the mix could be potato/wheat. In Tamil Nadu, the mix could be drumstick/chilli or vegetables, jowar, sunflower, or even banana.

For Andhra Pradesh, where tobacco is a main crop, a suitable mix could be maize/pulses or palm oil or chilli. The process of shifting from tobacco production is expected to start from December 2012.

The remuneration for farmers is another agenda that will be discussed with health ministry officials. “For a period of two-three years, in which the farmers shift from tobacco to another crop, some financial assistance will have to be given to them. This can be a mix of subsidy on fertiliser or crop loan and price protection in the form of a higher minimum support price (MSP). CTRI has already recommended a higher MSP for alternative crops.

The tobacco board had earlier recommended that a fixed subsidy of Rs 5 lakh per barn should be paid to the farmer for this purpose. However it was not accepted as one time price compensation is not enough, said officials. “What is needed is a medium-term price compensation both to the owner of the land where tobacco is grown and the tenants who work on that land," officials added.

According to WHO vision document , India should aim to achieve at least a 30 per cent reduction in prevalence of tobacco consumption by 2020 and 25 per cent reduction in tobacco-related mortality by 2050.

THE HINDU Business Line

AGRI-BUSINESS

Cotton prices seen drooping

The scenario for cotton in the global market has turned further bearish with consumption by spinning mills seen rising by a meagre 1.6 per cent against over 11 per cent growth in production this season. Production this year may increase to 26.93 million tonnes .

(This article was published in the Business Line print edition dated October 21, 2011)

Cotton prices seen drooping on global surplus

M.R. Subramani

Consumption seen up 1.6% against 11% rise in output

Chennai, Oct. 20:

The scenario for cotton in the global market has turned further bearish with consumption by spinning mills seen rising by a meagre 1.6 per cent against an over 11 per cent growth in production this season that began in August.

According to estimates by *Cotton Outlook*, production this year is likely to increase to 26.93 million tonnes (mt) against 24.19 mt last season.

Consumption at the same time is seen rising to 23.92 mt against 23.52 million tonnes, a revised projection, the industry newsletter said.

Lower prices

Cotton prices are currently ruling at around Rs 40,000 for a candy of 356 kg. Prices are far lower from around Rs 63,000 a candy seen in April. These projections could put more pressure on prices.

In the global market, cotton for delivery in December on the ICE ruled at a 2-week low of 99.72 cents a pound.

Cotlook's estimates have been pruned from last month's projection. Last month, it had projected production at 26.96 mt and consumption at 24.39 mt.

Estimates have been revised lower as use of raw cotton by Chinese mills is seen down. In fact, now it is seen below last year's offtake.

Chinese consumption

In 2010-11, Chinese mills consumption of raw cotton was pegged at 9.5 mt. Initially, this year's offtake was estimated at 9.9 mt but now, it has been projected at 9.4 mt.

On the other hand, production in China is expected to increase to 7.15 mt against 6 mt last year. However, the estimate is 0.1 mt lower than the one made last month.

India's production is seen at 6.12 mt or 360 lakh bales (170 kg each) against 5.52 mt or 325 lakh bales.

Consumption of raw cotton by spinning mills in India is seen at 7.50 mt or 441 lakh bales against 7.25 mt (426 lakh bales) last year. Pakistan's production, hit by floods last year, is seen higher this year to 2.08 mt (1.76 mt)

US AND BRAZIL

Production in the US is seen down at 3.55 mt (3.94 mt) as also in Brazil.

Cotton consumption in Turkey is seen up 50,000 tonnes but 50,000 tonnes lower in Brazil. In the US, consumption could also be lower at 0.83 mt (0.85mt) but in other user countries it could be higher at 4.11 mt (3.92 mt).

The end-season carryover stock is seen up at 3 mt against 0.65 mt last year.

(This article was published in the Business Line print edition dated October 21, 2011)

Spot soya oil unchanged; futures gain

Our Correspondent
Indore, Oct. 20:

Soya refined oil remained unchanged in the spot market at Rs 610-612 for 10 kg even as improved foreign markets pushed up soya oil futures.

On the other hand, soya solvent declined at Rs 565 for 10 kg (Rs 570-575) on absence of demand in the delivery market. Soya oil futures gained at Rs 639 for 10 kg on the National Commodity and Derivatives Exchange (NCDEX). Soya refined for November delivery on National Board of Trade gained Rs 2.70 at Rs 608.70 for 10 kg (Rs 612.80).

Soya oil October delivery closed higher at Rs 639 for 10 kg on the NCDEX, Rs 3 up, while declined on weak buying support at Rs 609.30 for 10 kg for November delivery.

Trade sources expect prices to fall as demand will drop after Diwali.

Soyabean in State *mandis* sold at Rs 2,050-2,100 a quintal amid arrivals of about 5 lakh bags. Indore mandis witnessed arrivals of 14,000 bags that sold at Rs 2,050-2,120 a quintal. among other mandis, 18,000 bags arrived in Ujjain, 18,000-20,000 in Dewas and 8,000 in Barnagar. Plant deliveries of soyabean ruled firm at Rs 2,150-2,170 a quintal. Soya de-oiled cake remained sluggish on weak buying support in the export market. It quoted at at Rs 17,150-17,200 a quintal for delivery at Kandla port.

(This article was published in the Business Line print edition dated October 21, 2011)

Global cues sap spot rubber

Aravindan,Kottayam, Oct. 20:

Physical rubber prices extended losses on Thursday. The market fell further, tracking the broad weakness in commodities and stocks in the domestic and international scene.

According to observers, arrivals continue to be poor and prices lost ground mainly on buyer resistance.

NO PANIC SELLING

There was no panic selling from dealers or growers and hence the market managed to sustain at the prevailing levels.

Sheet rubber declined to Rs 209.50 (213.00) a kg according to traders.

The grade moved down to Rs 210 and Rs 209.50 (213) a kg at Kottayam and Kochi respectively according to the Rubber Board.

The November series weakened to Rs 208.98 (212.05), December to Rs 209.98 (213.88), January to Rs 212.40 (216.03) , February to Rs 214.50 (218.05) and March to Rs 218.48 (221.17) a kg for RSS 4 on the National Multi Commodity Exchange.

RSS 3 (spot) dropped to Rs 201.96 (203.80) a kg at Bangkok.

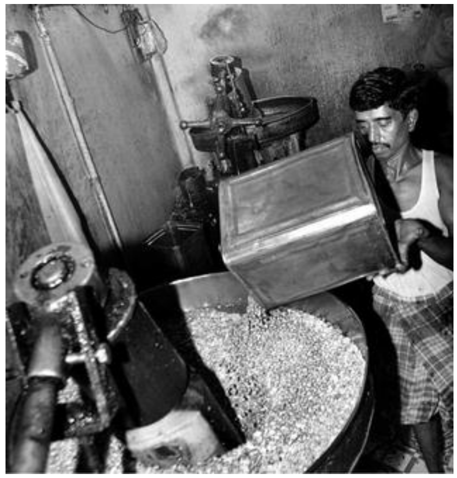
October futures

Its October futures nosedived ¥277 (Rs 179.01) from ¥294.8 a kg during the day session and then to ¥275 (Rs 177.72) in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 209.50 (213); RSS-5: 206 (211); ungraded: 198 (202); ISNR 20: 200 (202) and latex 60 per cent: 128 (129).

(This article was published in the Business Line print edition dated October 21, 2011)

Groundnut oil unmoved by bullish Saurashtra market



Mumbai, Oct. 20:

Edible oils witnessed a mixed trend on Thursday.

Groundnut oil remained unchanged despite a jump of Rs 25 for 10 kg on demand from brand-makers and consumers in Saurashtra. Soya refined and sunflower oil remained unchanged.

Tight supplies pushed up palmolein by Rs 2 and cotton refined oil by Rs 3. Rapeseed oil lost Rs 10.

Volumes were thin as buying for Diwali has got over. Crude palm oil (CPO) futures on Bursa Malaysia Derivatives (BMD) fell on Thursday as escalating fears about the European Union's ability to resolve its debt problems and an uncertain economic outlook from the US Federal Reserve spurred investors to liquidate riskier positions.

Needy buyers bought palmolein at Rs 526-527 in the resale market. Liberty offered palmolein at Rs 530-531, soya oil at Rs 630 and super palmolein at Rs 566. Ruchi quoted palmolein at Rs 524-525 for delivery between October 25 and November 25 and soya refined oil at Rs 626.

Allana offered palmolein at Rs 525 for delivery between November 1 and 10. In Saurashtra, 80,000-85,000 bags of groundnuts arrived. Improved demand lifted a *telia* tin of groundnut oil by Rs 30 to Rs 1,280 and loose (10 kg) by Rs 25 to Rs 825. Cotton (wash) sold at Rs 612-613.

Malaysia's BMD CPO's November contracts settled at MYR2,860 (MYR2,880), December at MYR2,866 (MYR2,886) and January at MYR2,866 (MYR 2,892) a tonne.

Soya oil for November delivery was at Rs 609 (Rs 612.80) and at Rs 611 (Rs 616) for December delivery on National Board of Trade in Indore.

Bombay Commodity Exchange spot rates (Rs/10 kg): groundnut oil 840 (840), soya refined oil 625 (625), sunflower exp. ref. 655 (655), sunflower ref. 725 (725), rapeseed ref. oil 685 (695), rapeseed expeller ref. 655 (665), cotton ref. oil 648 (645) and palmolein 528 (526).

(This article was published in the Business Line print edition dated October 21, 2011)

Trickling inflow buoys spot jeera

Our Correspondent

Rajkot, Oct. 20:

Lower arrivals pushed up spot jeera on Thursday.

On the National Commodity and Derivatives Exchange, the October contract increased by Rs 41 at Rs 14,466 a quintal with an open interest of 1,113 lots, November by Rs 73 at Rs 14,843 with an open interest of 17,523 lots, and December by Rs 46 at Rs 15,165 with an open interest of 14,082 lots.

Arrivals fell below 5,000 bags. However, trades were up around 7,000 bags at auctions held at the Unjha market. Spot rates for quality crop remained unchanged at Rs 2,100-3,400 for 20 kg.

The spice rose by Rs 15 at Rs 2,000-2,800 for 20 kg at the Agriculture Produce Marketing Committee yard in Rajkot, where about 400 bags arrived.

Arrivals may keep falling till Diwali though export and local demand is good, said a Rajkot-based trader. Markets will be closed after Monday next week, he said.

A report from Kedia Commodity also predicted arrivals will drop ahead of Diwali. Local demand is likely to improve after the festival, the report said.

(This article was published in the Business Line print edition dated October 21, 2011)

Turmeric loses sparkle ahead of Diwali

Our Correspondent

Erode, Oct. 20:

Spot turmeric prices dropped sharply on Thursday due to heavy arrival and quality issues.

“Due to poor quality, the hybrid finger variety turmeric decreased by Rs 800 a quintal. The other varieties decreased by Rs 200 a quintal due to heavy arrival. But 60 per cent of the arrivals were sold,” Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants' Association said on Thursday.

Turmeric growers have a huge stock and are bringing more than 10,000 bags a day, as they need the money for the festival season. With the arrival being heavy, traders are quoting a lower price and buying mainly to meet north Indian orders.

Mr Ravishankar said traders were not quoting prices based on the futures market that remains stable. Farmers said they wanted to dispose of at least 25 per cent of their stocks ahead of Diwali at the prevailing price.

On Thursday, out of 13,580 bags that arrived, 60 per cent were sold. Traders said they expected at least 15,000 bags to arrive after Diwali, when prices could drop more.

At the Erode Turmeric Merchants' Association Sales Yard, the finger variety fetched Rs 4,300-5,495 a quintal, the root variety Rs 3,789-5,069.

Salem crop: The finger variety sold at Rs 4,631-5,209, the root variety Rs 4,349-5,225. Of total arrival of 3,297 bags, 712 were sold.

At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety sold at Rs 4,279-5,516, the root variety Rs 4,040-5,050. All the 614 bags available were sold.

At the Erode Cooperative Marketing Society, the finger variety sold at Rs 4,699-5,589, the root variety Rs 4,239-5,099. Of the 1,375 bags available, 1,260 were sold.

At the Regulated Marketing Society, the finger variety sold at Rs 5,072-5,466 , the root variety Rs 4,783-5,029 . Of 1,535 bags available, 1,466 were sold.

(This article was published in the Business Line print edition dated October 21, 2011)

Higher arrivals pound wheat

Our Correspondent

Karnal, Oct. 20:

Following high arrivals coupled with restricted trading in the market, dara wheat prices fell up to Rs 10 a quintal while desi wheat varieties continued to rule flat on Thursday.

Easy availability of stocks due to high arrivals from Uttar Pradesh amid reduced offtake mainly pulled Dara down, said Mr Subhash Chander, a wheat trader.

Sowing starts from next week in this region and the Government is likely to decide the minimum support price for the rabi season 2011-12 within a week or two.

The Dara variety eased by Rs 10 a quintal at Rs 1,110-1,120.

Around 90 tonnes of dara variety arrived from the Uttar Pradesh and the stocks were directly offloaded at the mills. Mill delivery was at Rs 1,110 a quintal, while delivery at flour mills was at Rs 1,15-1,120 a quintal.

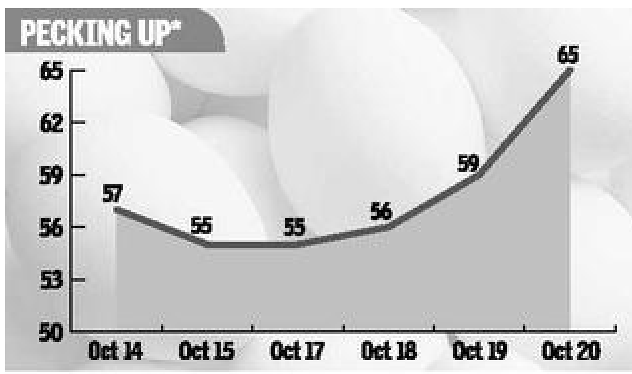
Desi wheat remained unchanged on account of low trading. Tohfa variety quoted at Rs 2,250, Samrat at Rs 1,850, Lal Quila at Rs 1,835 and Rasoi at Rs 1,800.

On the National Commodity and Derivatives Exchange, wheat for November delivery decreased by Rs 2.20 to Rs 1,091.40 a quintal.

(This article was published in the Business Line print edition dated October 21, 2011)

Egg boils on rising demand

Our Bureau



*broiler prices in Rs/kg

Chennai, Oct. 20:

The National Egg Coordination Committee (NECC), Namakkal zone, has raised the egg price by 12 paise to Rs 2.66 a piece this week.

The increase in price is due to rising demand and resumption of truck movement to neighbouring Andhra Pradesh, a major consumer of Tamil Nadu's poultry products. Last week, NECC had trimmed the price after the Telangana stir hit movement of trucks to the state.

“We had accumulated stocks and to get clear of that we slashed the prices hoping that this will perk up consumption. But now, with the end of Navaratri season and resumption of goods movement, we expect a good demand. We want to cash in on this demand before the Sabarimala season starts and, hence, this price hike,” said an official.

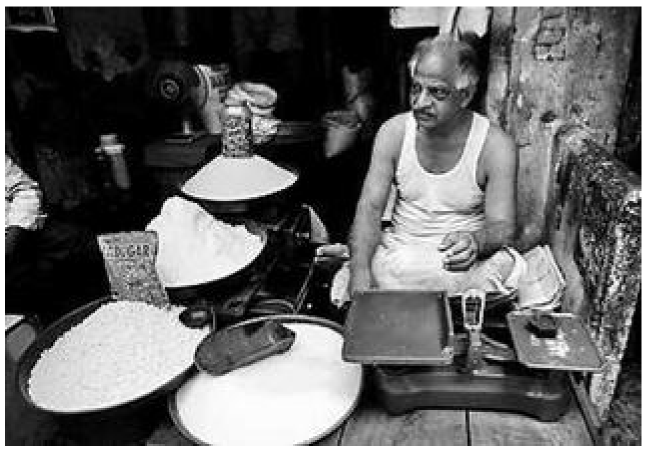
NECC has slashed the price of layer birds by Re 1 a kg to Rs 41.

On the contrary, broiler prices, until now marred by seasonal uncertainties, are inching up on short supply. The Broiler Coordination Committee (BCC) has hiked the price of live birds to Rs 65 a kg from last week's Rs 57. Earlier this March, the price touched a record Rs 75 a kg. The price of broiler birds are likely to go up gradually, said an industry source.

(This article was published in the Business Line print edition dated October 21, 2011)

Sugar range-bound on lower bulk buying

Our Correspondent



Mumbai, Oct. 20:

Need-based demand kept sugar range-bound on Thursday.

The fine quality rose by Rs 10, while regular quality fell by Rs 5 in the spot market. Naka prices gained Rs 10 as selling eased. Mill tender prices declined by Rs 5 for fair quality and increased by Rs 10 for fine quality.

egom meet

The meeting of the Empowered Group of Ministers to review limits on stockholding and exports has been put off until after Diwali, sources said.

Diwali demand is almost over, and local bulk consumers and neighbouring States have reduced buying as they finished covering for their requirements during the first fortnight, said Mr Mukesh Kuwadia, Secretary of Bombay Sugar Merchants Association.

The market is now waiting for the Centre's decision on exports and free-sale quota for November.

With 55-60 lakh tonnes of opening stocks, India is expected to have 90-95 lakh tonnes surplus this season year.

Freight rates were steady. Sugar was steady to bearish in other producing centres.

Arrivals in the Vashi market rose to 60-65 truckloads while local dispatches were at 55-60 truckloads.

On Wednesday, about 28-30 mills offered tenders and sold about 60,000-65,000 bags to local traders at Rs 2,685-2,770 (Rs 2,695-2,770) for S-grade and Rs 2,770-2,900 (Rs 2,790-2,900) for M-grade.

Bombay Sugar Merchants Association spot prices: S-grade — Rs 2,801-2,910 (Rs 2,812-2,900); M-grade Rs 2,900-3,062 (Rs 2,911-3,062).

Naka delivery rates: S-grade — Rs 2,780—2,830 (Rs 2,770-2,820); M-grade — Rs 2,880-3,020 (Rs 2,875-3,020).

(This article was published in the Business Line print edition dated October 21, 2011)

Pepper rebounds on buying support

G.K. Nair
Kochi, Oct 20:

Pepper futures on Thursday rebounded on buying support amid limited supply.

Those holding farm grade pepper and validity-expired stocks sold on the spot and bought back their sales at higher and higher prices which in turn aided the price rise with Oct delivery touching the ceiling today, market sources told*Business Line*.

The market was highly volatile as usual and the Oct delivery touched the ceiling at the closing minutes of the final session on buying interest.

There was additional buying on the exchange and in fact the activities were limited. There was no selling of spot pepper. In fact, the entire activity could be viewed as purely technical, they claimed.

Some of the exporters who were holding positions were opting for delivery and that also made the market bullish, they said.

In the Oct contract, 860 tonnes of pepper were delivered on maturity of the contract today. There was switching over to Nov and Dec, they said.

October contract on NCDEX shot up Rs1,055 to close at Rs 36,215 a quintal while that of Nov and Dec increased Rs 630 and Rs 615 respectively to close at Rs 35,975 and Rs 36,325.

Total turn over dropped 1,649 tonnes to 5,550 tonnes. Total open interest moved up 204 tonnes to 11,771 tonnes.

Oct open interest was down 77 tonnes to 860 tonnes (delivered) while that of Nov and Dec increased 193 tonnes and 86 tonnes respectively to close at 9,275 tonnes and 1,408 tonnes. Spot prices in tandem with the upward trend in the futures market and good demand amid limited supply increased by Rs 300 to close at Rs 33,900 (ungarbled) and Rs 35,400 (MG 1) a quintal.

(This article was published in the Business Line print edition dated October 21, 2011)