THE HINDU

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Warming signs for the economy

Sujatha Byravan

Sudhir Chella Rajan

*The Hindu*BIG PICTURE: Diversifying sources of energy can help reduce supply risks, build climate resilience and reduce emissions. File photo

Climate change policies should be central to India's long-term economic policy

Adverse weather events around the world, such as floods in China, the changing pattern of the monsoons in India, devastating drought in the United States and the resulting damage to local, national and regional economies, are stark reminders that climate change is not a fringe concern of environmentalists, but an issue of profound importance for economic development.

A recent paper in the *Proceedings of the National Academy of Sciences* by Hansen and colleagues states that recent incidents of extreme weather in different parts of the world are almost certainly the result of global warming. In India it is difficult to link monsoon variability with climate change using existing models, but the recent trends may be serious warning signs. Warming will also lead to melting of glaciers, drought, floods and sea level rise, all of which will likely cause a number of adverse secondary effects taking place alongside existing development challenges and institutional failures.

For instance, the blackouts that recently disrupted power supply for hundreds of millions of people across North India have been blamed on the coalescence of a surge in demand due to warm weather, shortages in hydroelectric power, failure of the monsoon and the absence of grid discipline. Some people were able to use generators to survive the worst effects, a reminder that the poor will suffer the most in any disaster. Many scientists now fear that we will routinely encounter such “perfect storms” in the future, where climate change conjoins with deep social and economic inequalities and failing institutions to deter our ability to cope with problems.

In India

Average global temperature has risen by about 0.5° from the accumulation of anthropogenic greenhouse gases in the atmosphere during the past century or so. The effect of recent emissions will be manifested over several decades and given current trends, the temperature rise will likely exceed 2°. The 2011 drought in Texas cost more than $7 billion. In India, climate variability is expected to lead to crop loss of 10 to 40 per cent and hundreds of billions of rupees in loss of revenue from agriculture with a 2° rise in average global temperatures. Much higher losses are likely if one takes into account other effects, including damage to land and livelihoods due to sea level rise and coastal erosion, morbidity and mortality with increased incidence of disease, forced displacement and property loss from flooding and landslides. Given the scale of the expected impacts in South Asia on livelihoods, human well-being and ecosystems, it is essential that climate change policies be central to India’s strategic thinking on long-term economic development.

A guiding national climate policy was provided in the 2008 National Action Plan on Climate Change (NAPCC), of the Prime Minister’s Council on Climate Change, which led to the development of eight climate missions. The approach as described is expected to lead to a directional shift in India's development pathway.

Suggestions

In a recently completed evaluation of the eight missions by the authors, a concern that arose was that if sustainable development is indeed a central guiding principle in India's climate policy, it has not been prioritised in the approaches and outcomes of individual missions. One starting point for the nation's climate policy might have been to paint a big picture from which medium-term goals, plans and the missions could have been derived. The fact that these missions were placed in eight separate bins has led to viewing the problems and solutions with sector-specific lenses. However, the multi-dimensionality of climate impacts makes it vital that India adopts an approach that is interdisciplinary in its character, breaks traditional ministerial boundaries, and learns rapidly from the effects of warming that are ongoing and our successes and failures in dealing with them.

Experts are still learning about sub-regional impacts of climate change, but we know for sure that reducing emissions is urgent as is reducing vulnerability. We suggest the following processes: first, through a collaborative and systematic method, identify development decisions in different sectors that could lock in structures, technological systems and institutions leading to high emissions pathways, which as it turns out are also generally inequitable, and find plausible alternatives. Second, incorporate increasing climate resilience into decision-making. Climate resilience generally refers to the capacity to respond effectively to climate change. This would safeguard the economy from climate shocks and also protect the poorest and most vulnerable. How can we do this? A few examples.

Plan cities so that the largest amount of space is devoted to bus users, pedestrians and bicyclists, who already constitute the majority of travellers and whose emissions and oil use are minuscule. By promoting cars, the government promotes the use of oil and locks in unsustainable, low resilience modes. Thus, private vehicles are likely to clog highways or come to a standstill during periods of disaster or when petroleum products become scarce.

Agriculture

Phase out producer subsidies for fertilizers, which reduce sustainability and increase emissions; provide incentives for low-input farming practices that grow hardy local varieties and for successful models such as the system of rice intensification. Similarly, current systems of tube well agriculture promote institutional as well as technological lock-in across multiple domains by forcing crises in the electricity sector, reducing availability of fossil water for emergencies, increasing emissions and reducing incentives for farm-level innovation.

In the power sector, reduce technical losses through grid rationalisation and improving distribution infrastructure (e.g., upgrade transformers and distribution lines) and expand options for community-scale micro-grids using decentralised generation sources, such as biomass, solar and small hydro. A diversified portfolio will reduce supply risks and build resilience while reducing emissions.

Similarly, building conventional coal-fired plants and providing leases for open pit mining in forest areas raise emissions and worsen social inequality. Coal plants last 30-50 years and forests that could store water, bio resources, diversity and support livelihoods are destroyed.

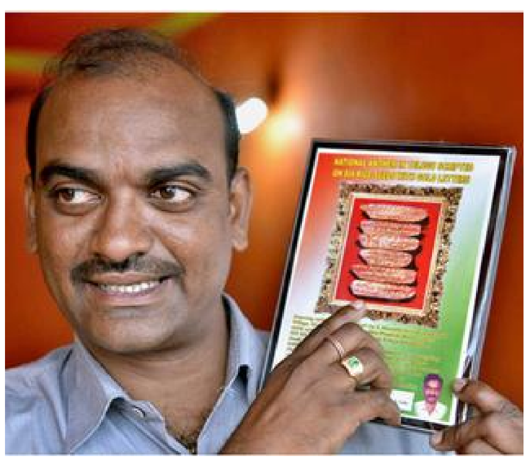
One could go on, but the point is that while the PM’s Council on Climate Change provides broad oversight, what is needed is an interdisciplinary body devoted full time to overseeing decisions being made and ensuring that they follow the two principles of avoiding high emissions lock in and increasing resilience and equity. These principles, tacitly assumed in the framework document, need to be made explicit and employed as a screening tool for future economic policy.

(Sujatha Byravan and Sudhir Chella Rajan recently evaluated India’s National Action Plan on Climate Change, which can be found at www.indiaclimatemissions.org*)*

NIZAMABAD, August 22, 2012

Micro artist writes national anthem on rice grains

P. RAM MOHAN



Micro artist:Sriramoji Maruthi.

The 33-year-old Sriramoji Maruthi, a micro-artist, who engraved the national anthem on six rice grains is certainly going to make his way into the Guinness Book of World Records.

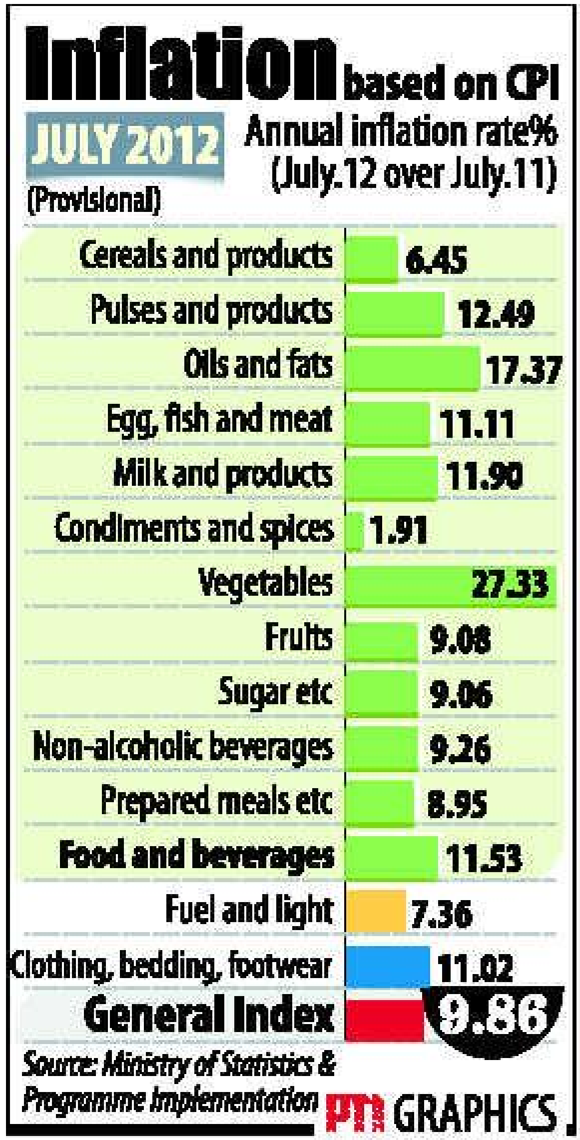
He expects to receive a key number which is given to the applicant before his achievement is acknowledged by the Guinness institution in a week.

Maruthi belongs to Gummiryal village of Morthad mandal and has also won laurels from the Governor of Andhra Pradesh E.S.L. Narsimhan .

The artist, a jewellery maker by profession, established a record earlier also by manufacturing a micro replica of the World Cup of Cricket with 90 milligrams of gold. For writing the national anthem on six pieces of rice, he worked six hours every day for 91 days.Maruthi made all the 133 Telugu letters the national anthem runs into with just 30 milligrams (which means 30/1000 gram) of gold and dexterously placed them on rice grains with the help of microscope.To make the smallest letters, he spent an amount of Rs.1.25 lakh to import special tools from the US. “This can certainly be a world record and I am very happy about my work,” said Maruthi.It was put in a specially made small glass box and could be seen only with the help of microscope, he said.

NEW DELHI, August 22, 2012

Retail inflation eases to 9.86 %



Retail inflation eased a tad to 9.86 per cent in July year-on-year from 9.93 per cent in June but the downtrend for the second straight month afforded no relief to consumers as vegetable prices continued to rule at higher levels.

Even as the consumer price spiral has been on a declining path from 10.36 per cent in May to 9.93 per cent in June — from the provisional 10.02 per cent following final revision — the CPI (consumer price index) data released here on Tuesday by the Central Statistical Organisation (CSO) show that prices of vegetables in July this year continued to spike, and remained 27.33 per cent higher than that in the same month of 2011.

Edible oils followed next with their prices higher by 17.37 per cent while pulses and their products also ruled 12.49 per cent dearer during the month as compared to their prices in July last year. Keeping the price spiral up were the protein-rich edibles such as eggs, fish and meat which were costlier by 11.11 per cent.

Alongside, while non-alcoholic beverages turned dearer by 9.26 per cent, cereals and their derivatives, among other items, also witnessed a 6.45 per cent spurt in prices as compared to July last year.

With this, although WPI (wholesale price index)-based headline inflation also has been on a decline and stood pegged lower at 6.87 per cent in July against 7.25 per cent in the previous month, a fall in food prices is not expected any time soon and both CPI and WPI inflation levels are likely to inch up from hereon.

In fact, with a deficient monsoon in play and prospects of a drought-like situation in a large number of States — Haryana, Punjab, Rajasthan, Gujarat, Maharashtra and Karnataka — the chances of a fresh spurt in food inflation is all the more real.

Moreover, the fact remains that with fuel prices kept suppressed at fiscally unsustainable levels, a pass-through in fuel prices, whenever effected, will add to inflationary pressures.

In the event, it is unlikely that the Reserve Bank of India (RBI) will make any attempt to tinker with its key policy rates during the next credit policy review on September 17 as the headline inflation level remains much above the comfort zone of 5-6 per cent.

According to HDFC Bank economist Jyotinder Kaur, prices of food commodities are likely to go up further as the drought impact has to be factored in.

“The RBI will keep its key interest rates on hold in its coming policy action, unless there is some credible action from the government,” she said.

Meanwhile, CPI-based inflation for rural and urban areas was 9.76 per cent and 10.10 per cent, respectively, in July as compared to the revised levels of 9.65 per cent and 10.44 per cent in the previous month.

ERODE, August 22, 2012

Contract poultry farm scam

Over 300 persons who had invested in a private firm here that promoted contract poultry farming submitted petitions to the district authorities on Tuesday claiming that the firm had cheated them of their money.

The petitioners claimed that they had invested several lakhs of rupees in the contract poultry farming that followed the business model of emu farm promoters. The firm advertised heavily in the Tamil media and offered lucrative income, the investors said.

Investors said the monthly payments stopped recently and the owner of the firm could not be contacted.

SALEM, August 22, 2012

Farmers' grievances meeting

The monthly farmers' grievances meeting would be held at the District Collectorate on August 24 at 10.30 a.m. Farmers can represent their grievances, a release from the district administration said.

TIRUCHI, August 22, 2012

Solar power energises farm house

Go GREEN:These solar panels fulfil the entire energy requirements of the farm house at Theneerpatti village in Tiruchi district. — Photo:M.Moorthy

Absence of power connection hardly matters for a farm house coming up in Theneerpatti village on the outskirts of the city.

Motors are operated in the walled farm house at regular intervals for construction of buildings and nourishing the vegetation.

And there are lamps atop posts enough to illuminate the premises during night hours; the entire campus spread over about five acres is being powered by solar energy.

Of course, the investment is high, but there are no hassles involved. For, obtaining a power connection from the Tamil Nadu Electricity Board is a time-consuming process.

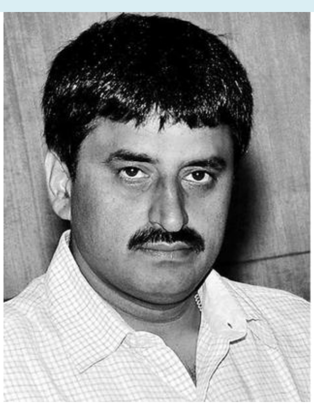
At present, the solar panels installed at an expenditure of a few lakhs of rupees are able to generate power that is sufficient to run a 2 hp motor and illuminate five to six lamps. Additional panels will be installed so as to generate 5 hp, says the farm owner Ramachandran, who intends to raise poultry and livestock in the farm house in an eco-friendly way, with the expertise he had gained in Australia from his ancestors.

There is also an entrepreneurial dimension to the farm house.

Ramachandran has set sights on processing and exporting meat produced at the farm house.

MANDYA, August 22, 2012

New sugarcane price will favour farmers: Yogeshwar



C.P. Yogeshwar

Forest Minister and Mandya district in-charge Minister C.P. Yogeshwar said on Tuesday that the State government would declare a new sugarcane procurement price for farmers by the first week of September.

Addressing presspersons in Maddur on Tuesday, Mr. Yogeshwar said the new sugarcane procurement price would favour the farmers.

‘No bowing down’

“The government will not bow down to the ‘sugar factory lobby’. We will safeguard the interests of the sugarcane growers. The sugarcane growers were getting Rs. 2,000 per tonne of sugarcane for the season 2011-12 and the sugarcane factories are willing to pay the same price this season too,” he said. He stated that a meeting was held in Bangalore on Monday to discuss the issue. Representatives from farmers’ associations and sugar factories attended the meeting.

“As the sugarcane production cost is increasing, farmers are expecting better procurement price. At the same time, sugar factory managements put forth their challenges to the State government at the meeting and stated that they would continue with last year’s price,” the Minister said.

Intervention sought

Mr. Yogeshwar said he would request Chief Minister Jagadish Shettar to intervene in fixing the sugarcane procurement price.“A meeting with sugarcane growers will be held in Mandya within a week and I will request the Chief Minister to visit Mandya so that the sugarcane growers can put forth their grievances to him,” he said.The government’s priority is to protect the interests of sugarcane growers, he said.

KATTAPPANA, August 22, 2012

Production of high value vegetables to be increased

The Agriculture Department plans to increase the production of high value vegetables in Idukki district by using the polyhouse method of planting.The method will help tap the export potential of high value vegetables like cauliflower, cabbage, salad cucumber and tomato and ensure they are produced throughout the year.

An official of the agriculture department said the government aims to launch three units in each grama panchayat.

To make sure the vegetables grown are of high quality, officials who have been trained at Jaipur will provide basic information to farmers on setting up polyhouse units. They will also instruct farmers on how to take additional care while growing the vegetables.

Government subsidy

The government will provide 75 per cent of the subsidy for a period of three years, he said.

The department has conducted a study on the climatic and topographical factors in the district, which will help in maintaining the production level even in erratic rain conditions.

The study will also ensure water is utilised to the optimum and pest control is achieved.

The project is aimed at facilitating remunerative prices for high value vegetables. The vegetables are grown using natural pest control measures that avoid the usage of chemical fertilisers.

High quality seeds will be made available to farmers from the seed processing unit of Vegetable and Fruit Promotion Council Keralam (VFPCK) at Alathur. The applications for setting up polyhouse units will be received at Krishi Bhavans till August 31.

KOCHI, August 22, 2012

Farmers slip in coconut oil crash

K.A. MARTIN

Collective loss of Rs. 20,000 crore

The loss is Rs. 20,000 crore and the commodity is oil, bare facts that can simmer fears about under-recoveries by downstream oil companies and fuel prices going up as a result.

But the oil in question here is edible — Kerala's very own coconut oil — and the more than four million coconut farmers in the State will not be compensated for the humongous loss unlike the petroleum companies.

The current bout of crash in prices of coconut oil is largely blamed on the coconut industry's inability to switch to value-addition and diversification.

The Coconut Development Board has estimated the loss on the basis of the fall in the price of raw coconut from Rs. 10 in 2011 to Rs. 3 now. The State produces 600 crore nuts a year from 18 crore palms.

In districts such as Palakkad, farmers sell raw coconuts at less than Rs. 3 apiece. In urban centres such as Kochi, coconuts fetch more than Rs. 10 apiece for retailers, Board sources said on Monday.

The farmers in Kerala have particularly been at the receiving end of the vagaries of the market, considering the four million tones of palm oil waiting to invade the festival market in Kerala.

Three million tonnes of it is duty-free crude palm oil and one million tonnes of RBD palm oil, which invites just seven per cent import duty.

Add to this the inaction on the part of the State government, in contrast to the Karnataka government, which has come forward to help farmers in that State by raising the support price by Rs. 7 a kg.

Coconut oil price continues to slide as demand for the commodity has not been sparked even by the festival season.

Sources in the Cochin Oil Merchants' Association say that a fall in the price of palm kernel oil has further depressed the market for Kerala's favourite cooking medium, which sold at Rs. 60 a kg (wholesale) on Tuesday against the previous closing of Rs. 61 a kg.

The business of coconut production and processing in India has long been throttled by lack of value addition. The traditional practice of turning raw coconut into copra and extracting oil from it results in the price of raw nuts falling in tandem with a crash in oil price.

T.K. Jose, Chairman of Coconut Development Board, says that Kerala farmers have been concentrating only on turning copra into coconut oil. This mindset must change for a better future.

Sri Lanka, which has a coconut-growing area totalling the size of the coconut area in Kasaragod, Kozhikode, Palakkad and Thrissur, earns four times more than India from export of coconut and coconut-based products.

Indian exports of coconut and coconut-based products were estimated at a little more than Rs. 1,000 crore in the past financial year, 40 per cent over the 2010-11 level. Activated carbon from coconut shells accounted for more than Rs. 250 crore of that sum.

- *Farmers in Kerala worst-hit*
- *Lack of value-addition cited as reason*

KAKINADA, August 22, 2012

Make better use of subsidies, farmers told

Stressing the need for speeding up the process of farm mechanisation in the district, Collector Neetu Prasad on Tuesday called upon the farmers to make better use of the subsidies being offered by the State government on agricultural implants.

Inaugurating the two-day zonal research and extension advisory council meeting organised by Acharya NG Ranga Agricultural University here, Ms. Neetu said that the State government allocated Rs. 2,500 crore towards subsidies to encourage farm mechanisation. “I wish, our farmers must be ahead of their counterparts in the State in availing the subsidy. Since, our district is considered to be the rice bowl of the State, we need more and more implants,” she said.

Referring to the agriculture scenario in the district, she said that except in five upland mandals, the rainfall was normal in the remaining parts of the district. The Collector said that a decision on alternative crop in the five mandals where there was a shortage of rainfall would be taken by this month-end. Plans were afoot to encourage those farmers to go for greengram or black gram, she said.

Ms. Neetu said that the district administration would allocate land for the agriculture college near Rajahmundry. “The oil palm research station has already moved to West Godavari district. Henceforth, the district administration will allocate land to the institutions of agriculture without fail,” she said.

Research director of the ANGRAU R. Sudhakara Rao, who presided over the programme, advised the farmers to take suggestions from agricultural scientists to get better yield. He said that change in management practices would help farmers to reduce the expenditure and get good returns.

SANGAREDDY, August 22, 2012

Are Medak farmers hoarding fertilizers?

Serpentine queues to procure urea puzzle authorities

Are farmers in Medak district stockpiling fertilizers fearing its non-availability when required? Though officials are not ready to openly admit to the possibility, they suspect that this has been happening. If not, then farmers might have been using more urea than required for the crop, creating a crisis in fertilizer distribution.

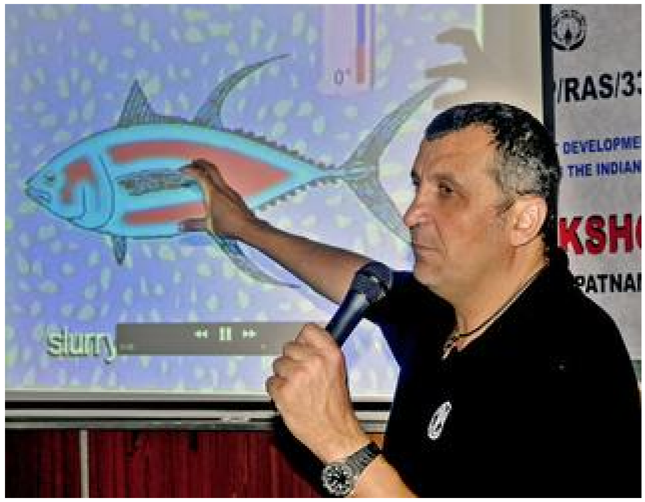
According to U. Umamaheswaramma, Joint Director, Agriculture, during the last Kharif season, 43,350 tonnes of urea was supplied to farmers till October. In the current year, till August 18, urea to the tune of 50,535 tonnes was supplied to farmers. Even then, serpentine queues were seen at police stations for want of urea, which puzzled authorities. Ms. Umamaheswaramma said that farmers were using more urea than DAP as the cost was more. She said high quantities of urea attracts pests thereby causing losses to farmers in addition to reducing the yield. "Excess use of urea will result in poor quality of the crop , maize candle losing its size and cotton-flower not growing to its original size. Hence, the farmers are suggested not to use additional urea," she said, adding that stockpile urea would lose its power and would not be effective.

- *‘Excess use of urea will result in poor quality of the crop’*
- *‘Stockpiled urea can lose its power and will not be effective in use’*

VISAKHAPATNAM, August 22, 2012

Fishermen given tips on sustainable tuna production

MPEDA conducts workshop in association with FAO



FAO expert Francisco Blaha speaking at a workshop on post-harvest practices and marketing for tuna in Visakhapatnam on Tuesday.

Mechanised boat operators and crew have been explained about the techniques on exploiting sustainable production of tuna and the global demand for sashimi grade.

At a workshop conducted by Marine Products Export Development Authority (MPEDA) here on Tuesday in association with Food and Agriculture Organisation (FAO) near the fishing harbour, a demonstration was conducted on how to improve the post-harvest practices and sustainable market development for long-line fisheries for tuna and other pelagic fish species. This was preceded by a separate workshop for exporters on August 18.

Similar programmes are also being organised at Tuticorin, Nagapattinam, and Kochi to train small and medium fishing vessel owners about the importance of better handling of catch, sensitise people concerned about the processing and marketing for ensuring more income to stakeholders.

Demonstration

A demonstration was conducted onboard on hygienic handling of tuna by making use of the tuna processing facility at National Institute of Fisheries Post-Harvest and Technology Transfer (NIFPHATT).

FAO expert on sashimi grade tuna Francisco Blaha spoke on regulatory framework for tuna marketing and catch documentation, traceability and quality issues. Another expert Karunasagar Iddya gave a presentation on histamine issues in Codex Standards.

MPEDA Deputy Director Raju K. Joseph said there was wide scope for tuna export from Visakhapatnam if it was processed properly by following internationally-acceptable practices.

The workshop deliberated on quality requirements of sashimi grade tuna, how to avoid poor fish handling and storage, need to upgrade know-how, quality/safety assurance and assessment, traceability and chain of custody and improved utilisation of by-catch and waste for food and feed purpose.

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hindustantimes

Wednesday, August 22, 2012

HT Correspondent, Hindustan Times

New Delhi, August 21, 2012

First Published: 21:21 IST(21/8/2012)

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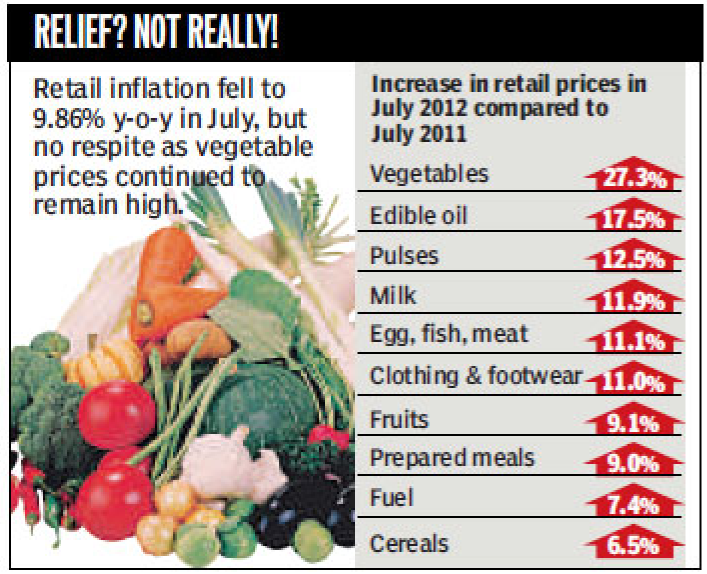
Retail inflation down, vegetable prices still pinching

India’s overall consumer price inflation may have grown at a marginally slower 9.86% in July, down from 9.93% in June, but soaring food prices continue to knock up the cost-of-living sharply. With rains playing truant, it could get even worse. On a year-on-year basis, vegetable prices clocked the sharpest rise at 27.3%, while that of milk and allied products shot up 11.9%. Oil and fats rose 17.4%. Non-alcoholic beverages — like your can of soft drink — rose 9.3%

Prepared meals' prices — a proxy for restaurant rates — rose 9%, partly because of soaring vegetable prices.



Lower food output, a possibility if rains don't pick up in the next fortnight — the crucial sowing period — could fan prices further, adding to the woes of a worried government, already battling sliding growth, a heavy debt burden and growing criticism of policy paralysis.

In cities, retail inflation — a more realistic index because it captures shop-end prices — was even higher at 10.44%, compared to 9.74% in rural India.Food inflation inched higher to 11.5% in July from 10.8% in June due to rising prices of cereals and pulses. This contrasts with the fall in food inflation in the wholesale price index (WPI) and suggests that lower wholesale prices may not be translating into lower consumer prices.Economists believe that the moderation in July CPI inflation — like the fall in July WPI inflation — may not be sustainable with high food prices, which account for 43% of the CPI basket."Food prices will likely continue to rise because of poor rainfall during the monsoon season," said Sonal Varma, economist at research firm Nomura. "Besides, fuel inflation remains suppressed due to an incomplete pass-through of fuel prices to end users, and any hike in administered prices in the coming months will increase inflation."

http://www.hindustantimes.com/StoryPage/Print/917229.aspx

weather

Chennai - INDIA

Today's Weather		Tomorrow's Forecast	
Sunny	Wednesday, Aug 22 Max Min 34.9° | 26.4°	Rainy	Thursday, Aug 23 Max Min 34° | 27°

Rain: 2.1	**Sunrise:** 05:57
Humidity: 70	**Sunset:** 06:25
Wind: normal	**Barometer:** 1008

Extended Forecast for a week

Friday	Saturday	Sunday	Monday	Tuesday
Aug 24	Aug 25	Aug 26	Aug 27	Aug 28
32° | 27°	32° | 26°	33° | 26°	33° | 27°	32° | 27°
Rainy	Rainy	Rainy	Rainy	Rainy

THE ECONOMIC TIMES

22 AUG, 2012, 06.00AM IST, REUTERS

Sugar futures at 2-month low, market remains under pressure

LONDON: Raw sugar futures on ICE slid to a fresh two-month low on Tuesday on investor and producer selling, as the market remained under pressure from harvesting in top grower Brazil.

A softer dollar pushed up cocoa and arabica coffee on ICE slightly, although arabica prices were still at low levels due to the Brazil harvest. Dealers said favourable weather in Brazil had enabled harvesting to pick up and that producer selling weighed on prices. Brazil cane crush data is expected from industry group Unica later this week.

There were some potentially supportive factors, however, including a slow start to the monsoon in number-two producer India. "The backdrop to sugar is becoming a little more constructive," said Nick Penney of brokerage Sucden Financial.

"In the background is still the possibility of an El Nino event in the fourth quarter of 2012 affecting the Brazil crop, and the continuing doubts that India will export as much as expected given an erratic monsoon."

An emerging El Nino weather pattern is likely to have only a modest impact on crops and mining in Australia and could benefit sugar cane growers in Queensland, a senior forecaster said. White sugar October futures on Liffe fell $12.90, or 2.3%, to $553.30 per tonne in moderate volume of 2,775 lots.

"Today there's been a lot of selling in the whites, knocking the white sugar premium to below $110 per tonne. Then the selling began on the raws," one London-based sugar futures broker said.

"It's forcing producer selling."

December arabicas on ICE were up 0.6 cent or 0.4 percent at $1.6515 a lb at 1332 GMT. The second-month had slid to $1.6025 per lb on Friday, the lowest level for the second month since June 26. "The volume is not there, and the market lacks teeth," one London-based coffee futures broker said.

22 AUG, 2012, 06.00AM IST, REUTERS

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the pioneer

Retail inflation declines marginally to 9.86% in July

TUESDAY, 21 AUGUST 2012 21:50

PNS | NEW DELHI

Declining for the second month in a row, retail inflation fell marginally to 9.86 per cent in July year-on-year but provided no relief to consumers as prices of vegetables continued to remain high.

The Consumer Price Index (CPI) data released today revealed that vegetable prices recorded the maximum spurt, up 27.33 per cent, followed by edible oils (17.37 per cent) and pulses and its products (12.49 per cent) in July against the same month last year

The retail inflation for June too has been revised downwards to 9.93 per cent from the earlier 10.02 per cent. Retail inflation in May was 10.36 per cent.

Prices of egg, fish and meat shot up 11.11 per cent, while non-alcoholic beverages became costlier by 9.26 per cent in July. Among other items, prices of cereal and its products saw a rise of 6.45 per cent over the July 2011 level.

While sugar saw an increase of 9.06 per cent in July, price rise in food and beverages, clothing, bedding and footwear segments remained in the double-digit.

Nomura Financial Advisory and Securities (India) opined the moderation in July CPI inflation, like the fall in July WPI inflation, may not be sustainable.

This is because food prices will likely continue to rise because of poor rainfall and fuel inflation remaining suppressed due to an incomplete pass-through of fuel prices to end users, besides other factors.

The inflation measured by WPI had also declined to 6.87 per cent in July from 7.25 per cent in the previous month.

Marginal decline in retail inflation, however, is unlikely to prompt Reserve Bank to cut interest rate at its next credit policy review on September 17.

Economist with HDFC Bank Jyotinder Kaur said food prices are expected to go up further as the impact of drought has to be factored in with the harvest of summer crop in September.

Capital gets season's highest rainfall

WEDNESDAY, 22 AUGUST 2012 01:17

The State capital and its suburbs witnessed a record rainfall of 13 cm on Monday, while Narshingpur, Hoshangabad, Khandwa and Udaipur received 9cm each. Ashta and Ichhwar recorded 7 cm rainfall and Budhni, Begumganj, Nepanagar and Sonkuch recorded 4 cm rainfall.

The intermittent rains on Tuesday provided a relief from the harsh weather conditions a day earlier which made life miserable for the residents with waterlogging and frequent and prolonged power cuts.

The Met said that Jabalpur, Hoshangabad, Indore, Gwalior and Ujjain regions were likely to receive heavy rainfall on Tuesday. The minimum temperatures in major cities were recorded as follows: Bhopal 22.8 degrees, Indore 21.5 degrees, Gwalior 26.6 degree Celsius and Jabalpur 23.2 degree Celsius.

The maximum temperatures were: Bhopal 25.6 degree Celsius, Indore 25.8 degree Celsius, Gwalior 32.2 degree Celsius and Jabalpur 24.2 degrees.

Business Standard

Wednesday, Aug 22, 2012

Aquaculture product exports rise 54% in FY12

George Joseph / Kochi August 22, 2012, 0:32 IST

The production–consumption mismatch is continuing in the natural rubber (NR) market and this in turn is increasing the country's import. According to the latest provisional estimates of the Rubber Board, production dropped 0.5 per cent in the April–July period, while consumption edged up 1.8 per cent. In the said period, 238,700 tonnes were produced as against 240,000 tonnes in the same period of the last financial year. The cumulative figure of consumption is 330,250 tonnes as against 324,425 tonnes.

Production of NR for the month of July increased by 2.6 per cent to 66,000 tonnes, compared to 64,300 tonnes during July last year. Consumption in July increased marginally by 0.6 per cent to 83,000 tonnes compared to 82,500 tonnes in the same month last year. It is significant to note that the demand-supply gap is widening in the domestic trade of rubber as in April-July period there was an overall shortage of 91,550 tonnes. In July alone the shortage was 17,000 tonnes. So, the market is desperately in need of more rubber and now this shortage is being met by imports from southeast Asian countries.

Data from the Board showed that 76,666 tonnes of NR was imported during the April–July period as against 60,461 tonnes, that clearly indicates the shortage of rubber in the Indian market.

Onkar Kanwar, chairman, Apollo Tyres, said there is a serious shortage of natural rubber due to the slow pace of re-plantation and adding acreage in the rubber sector. Re-plantation is the urgent need of the day, otherwise the industry will have to depend more on imports. Companies like Apollo are now looking at taking over plantations in countries like Indonesia and Thailand to meet their needs, Kanwar added.

According to experts, there has been a marked increase in the demand for rubber during the last decade, thanks to capacity expansion and greenfield plants of major tyre companies. But the production of NR is almost static, providing opportunity only for incremental increase. It is likely that India would have serious problems on the rubber front as the country would require 1.5 million tonnes by 2015-16, while production is likely to increase to a range of 1.1– 1.2 million tonnes, they added.

Sources in the Rubber Board said India was having a comfortable stock and there will not be a serious shortage in the near future. The Board now estimates a stock of 216,000 tonnes.

So, they discard the possibility of a crisis on the supply front. But industry sources said the market does not have such a huge stock and the saleable stock would not be over 100,000 tonnes, which is sufficient just for a month. So the market will be in deep crisis unless there is a serious effort to increase production.

Because of the lower price tags in the global market, the rubber-based industries, especially the tyre sector, opt for imports. Better quality of imported rubber also adds value for imports. Imported rubber is more suitable for the manufacture of radial tyres, said Satish Sharma, chief, India operations, Apollo Tyres. During 2011-12, India imported 205,050 tonnes as against 188,387 tonens in 2010-11.

According to the current pace, import is likely to cross 250,000 tonnes at the end of March, 2013.

Karnataka weeds out transport hurdles

Initiates steps to resolve teething problems and procedural delays

Mahesh Kulkarni / Bangalore August 22, 2012, 0:29 IST

The Karnataka government has initiated steps to resolve some of the teething problems and procedural delays coming in the way of smooth transportation of iron ore sold through e-auction by the monitoring committee.

It has decided to issue round-the-clock transit permits to NMDC's mines in Bellary district's Donimalai. Besides, the government will continue to issue transit permits between 6 am and 10 pm for NMDC's Kumaraswami mining lease in Bellary district.

To ensure the availability of iron ore for the steel and allied industries, the Supreme Court had, in its order dated August 5 last year, permitted NMDC to produce one million tonnes per month in Donimalai and Kumaraswami mining leases and sell it through the e-auction route. The state's forest department has said a system has been put in place to streamline the process. It has also decided to deploy additional foresters for this purpose. The principal chief conservator of forests is regularly reviewing this matter and additional manpower would be deployed, wherever required.

In its latest report submitted to the apex court on August 16 this year, the Central Empowered Committee (CEC) said: "It is expected the production, sale and dispatch of iron ore from the two mining leases of NMDC will take place smoothly, following certain steps taken by the Karnataka government."

At a meeting convened by CEC on August 13, the Karnataka government clarified it had taken a slew of measures to streamline the issue of transit permits by the forest department (Form 27 and 29) for the iron ore sold through e-auction from the mining leases of NMDC and other lessees, and to expedite the preparation of reclamation and rehabilitation (R&R) plans.

The deputy conservator of forests (DCF), Bellary, on the basis of the bulk permits issued by the mines department, would authorise the issue of Form 27 and 29, without insisting on applications by the buyers concerned. The foresters would issue forest permits on the basis of authorisations from the DCFs. The system of endorsement of these by the range forest officers had been dispensed with, the forest officials told CEC.

In the absence of the DCFs, the assistant conservators of forests concerned would authorise the issue of forest permits. The forest permit fee for the mineral sold through e-auction would be accepted from the monitoring committee (out of the contingency funds recovered from buyers), and not from individual buyers.

As regards the implementation of R&R plans, the government said the principal secretary for forests and the principal chief conservator of forests had taken steps to ensure no further problems were faced in the transportation of iron ore sold through e-auctions.

The officers concerned have been asked to ensure the R&R plans approved by the lessees are implemented immediately. CEC has also clarified that the respective lessees are responsible for the implementation of the approved R&R plans, even if the lease period has expired.

CEC also impressed upon the Karnataka government to speed up the process of the preparation of R&R plans, as the current pace of progress was disappointing. “The Karnataka state has agreed to take urgent remedial measures in this regard, including, if found necessary, identification of an alternative agency,” it said.

It has decided that the system of advance or long-term e-auction will be made operational without delay.

Widening production-supply gap sees rubber imports increase

George Joseph / Chennai/ Kochi August 22, 2012, 0:05 IST

Production - Consumption mismatch is continuing in the natural rubber (NR) market and this in turn increases import to the country. According to the latest provisional estimates of the Rubber Board, production dropped 0.5 per cent in April - July period while consumption edged up 1.8 per cent.

During the period 238,700 tones were produced as against 240,000 tones in the same period of last financial year. While the cumulative figure of consumption is 330,250 tones as against

324,425 tones. Production of NR for the month of July, increased 2.6 per cent to 66,000 tones compared to 64,300 tones during July 2011. Consumption in July increased marginally at 0.6 per cent to 83,000 tones compared to 82,500 tones in the same month of last year.

It is significant to note that the supply - demand gap is widening in the domestic trade of rubber as in April- July period there was an overall shortage of 91,550 tones. In July alone the shortage was 17,000 tones. So the market is desperately in need of more rubber and now this being made up with import from South East Asian region.

The Board data said that 76,666 tones were imported during April -July period as against 60,461 tones that clearly indicates the shortage of rubber in the Indian market.

Onkar Kanwar, chairman, Apollo Tyres said: “There is serious shortage for natural rubber due to the slow pace in re-plantation and due to slow pace in the increase in acerage in fresh rubber plantations. Re-plantation is the urgent need of the day, otherwise industry has to depend more on imports.”

Companies like Apollo is now looking at taking over plantations in countries like Indonesia and Thailand on lease basis in order to carry on with their production, he added.

According to experts there was a marked increase in the demand for rubber during last decade thanks to capacity expansion and Greenfield plants of major tyre companies. But NR production is almost static, giving chance only for incremental increase. It is likely that India would have serious problems on the rubber front as the country require 1.5 million tones by 2015-16, while the production is likely to increase to a range of 1.1 million - 1.2 million tones, they added.

According to rubber board sources, India is having a comfortable stock and there will not be a serious shortage in the near future. The board now estimates a stock of 216,000 tones. So they discard the possibility of a crisis on the supply front. But industry sources said that the market is not having such a huge stock and the salable stock would not be over 100,000 tones which is sufficient just for one month. So the market will be on a deep crisis unless, there is serious effort to increase production.

Because of the lower price tags in the global market, the rubber based industries, especially the tyre sector, opts for imports.

The better quality of imported rubber also adds value to the imports, imported rubber is more suitable for the manufacture of radial tyres, said Satish Sharma, Chief, India Operations, Apollo Tyres. During the year 2011-12 India imported 205,050 tones as against 188,387 tones in 2010-11. As per the current pace, import is likely to cross 250,000 tones at the end of March, 2013.

Nearly 25 mt cane diverted for fodder in Maharashtra

Sanjay Jog / Mumbai August 22, 2012, 0:33 IST

The Maharashtra sugar industry is shocked over rapid diversion of sugarcane for fodder, especially in the drought-hit districts. According to the industry's calculation, so far, 25 million tonnes (mt) of sugarcane have been diverted as fodder and it fears more diversion would take place if there isn't any rainfall in the coming days, especially in the 64 talukas where rainfall has been below 25 per cent. However, cane growers are happy to make a fortune as they are getting Rs 2,500- Rs 3,000 a tonne.

Industry sources believe the diversion of 25 mt of sugarcane translates into a three mt loss of sugar production in Maharashtra at the average recovery rate of 11.7 per cent. Maharashtra contributed 8.99 mt of sugar to India's 26 mt of overall output last year. With the ongoing cane diversion, sugar production in Maharashtra is set to decline to 6.2 mt. Consequently, India's total sugar output may not surpass 23 mt this year.

An official of the Federation of Cooperative Sugar Factories in Maharashtra told Business Standard, "Our calculation of diversion of 25 mt of sugarcane as fodder is based on daily use of 500,000 tonnes for this purpose for the last 50 days. The situation is really grim, especially when the cane availability for the crushing season 2012-13 in the state will be lower compared to 2011-12, mainly on account of low crop following scanty rainfall. The diversion of standing sugarcane for fodder is adding more problems for the industry."

The Federation of Cooperative Sugar Factories in Maharashtra is a representative body of over 170 cooperative units in the state.

The official informed that government intervention would be sought to curb the diversion of sugarcane for fodder by requesting the animal husbandry department to opt for green fodder. Besides, the government would be requested to make available alternate animal feed on a priority basis, especially in the drought-hit districts.

"The Federation's executive committee at its meeting slated for August 23 will also consider financial assistance to tackle this situation," the official said. According to present estimates only 55 mt of sugarcane would be available for crushing to produce a mere 6.2 mt of sugar in the 2012-13 crushing season. These estimates may further change if the cane growing districts continue to get scanty rainfall.

"In all, 162 sugar units had participated during the 2011-12 season while the number will be reduced by 20 units in the coming season due to inadequate cane," the official said. The issue would come up for discussion at the meeting of the executive committee of the Federation, slated for August 23. Further, the committee chaired by the chief minister during its meeting on August 29 would also discuss the issue. The committee would take up granting of license to sugar units based on the 50 per cent availability of cane in their respective jurisdiction.

Sugar falls 0.78% on govt measures, subdued demand

Adequate stocks due to the release of 4.2 lakh tonne of sugar in the open market contribute to downtrend

Press Trust of India / New Delhi August 21, 2012, 14:26 IST

Sugar futures today fell by Rs 27 to Rs 3,447 per quintal as speculators trimmed positions on increased supplies in the physical market, following the government's measures to check the sweetener's price.

At the National Commodity and Derivatives Exchange, sugar for delivery in September traded lower by Rs 27, or 0.78%, to Rs 3,447 per quintal, with an open interest of 41,770 lots.

The October contract shed Rs 20, or 0.57%, to Rs 3,507 per quintal, with an open interest of 21,790 lots.

Marketmen said the fall in sugar futures was due to adequate stocks in the spot market following government's decision to release 4.2 lakh tonne (LT) sugar in the open market to control prices.

Fall in demand in the spot markets at prevailing levels contributed to the downtrend.

No proposal to ban sugar exports: govt

The Food Ministry was earlier considering options to restrict sugar exports to keep a check on the rising retail prices

Press Trust of India / New Delhi August 21, 2012, 15:31 IST

There is no proposal to ban sugar exports despite a likely drop in production in the marketing year starting October 2012 due to poor rains, the government said today.

"No such proposal is under consideration at present," Food Minister K V Thomas said in a written reply to the Lok Sabha.

In May, sugar exports were freed and put under the Open General License (OGL). Before that, the government had allowed 2 million tonne exports for the ongoing 2011-12 marketing year (October-September).

About 1.35 million tonne sugar has been exported so far this year, the minister said in a separate reply.

The Food Ministry was earlier considering various options to restrict sugar exports to keep a check on the rising retail prices, which have touched Rs 37-45 a kg in metros.

"Sugar prices have started showing an upward trend from July onwards. This increase in sugar prices is possibly on account of deficient monsoon leading to market's expectation of lower production in the 2012-13, fluctuation in global prices," the minister said in a separate reply.

Sugar production is expected to be 26 million tonne in the ongoing 2011-12 marketing year.

However, sugar production in the next marketing year starting October 2012 is seen to be lower at 25 million tonne due to poor rains in sugarcane growing states, especially Maharashtra and Karnataka.

THE HINDU Business Line

Turmeric futures may gain marginally

Suresh P. Iyengar

In Nizamabad spot market, it gained 0.33 per cent to Rs 5,465 a quintal on fresh export demand from Pakistan.

Mumbai, Aug 22:

Turmeric futures on the National Commodity and Derivatives Exchange Ltd (NCDEX) fell three per cent to Rs 5,840 a quintal due to lower demand from stockiest.However, in Nizamabad spot market, it gained 0.33 per cent to Rs 5,465 a quintal on fresh export demand from Pakistan.Rainfall in Nizamabad was reported to lower by 29 per cent as on August 14. Turmeric has been sown in 0.47 lakh hectares in Andhra Pradesh.Arrivals in Erode and Nizamabad mandis stood at 6,000 bags (of 70 kgs each) and 2,000 bags, respectively on Tuesday.Turmeric production for 2011-12 is projected at a historical high of 90 lakh bags compared with 69 lakh bags achieved last year. Erode is expected to produce 55 lakh bags, a rise of 29 per cent compared to the previous year.Turmeric futures may gain marginally on expectations of fresh export orders and progress of sowing in various states.

Spot rubber slips on buyer resistance

Kottayam, Aug. 21:

Rubber market showed a mixed trendon Tuesday. In spot, prices slipped on buyer resistance and the overall sentiments were still bearish. Leading grades failed to sustain at higher levels as there was no follow up buying from major consuming industries.Sheet rubber weakened to Rs 170 (171) a kg both at Kottayam and Kochi, according to traders and the Rubber Board. In futures, the September series closed at Rs 168.70 (169.57), October at Rs 167.50 (168.16), November at Rs 167 (166.99) and December at Rs 167.50 (167.62) a kg on the National Multi Commodity Exchange.

RSS 3 (spot) dropped to Rs 154.77 (155.05) a kg at Bangkok. The August futures improved to ¥213.5 (Rs 149.15) from ¥212 a kg during the day session and then to ¥215 (Rs 150.19) in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 170 (171); RSS-5: 160 (163); ungraded: 153 (155); ISNR 20: 150 (150) and latex 60 per cent: 113 (113).

Chana slides on weak futures

Indore, Aug. 21:

Chana (kanta), which rose to Rs 5,150 a quintal yesterday on weak arrival and improved buying support, tumbled on Tuesday to Rs 4,950-5,000 on crash in chana futures. Similarly chana (desi) also declined to Rs 4,850-4,900. However, notwithstanding decline in its prices, any major fall in chana appears unlikely given declining inventories and delay in next crop which is 5-6 months away. Added to this, less number of export deals by the traders will also fuel the bullish sentiment in chana in the coming days, said a trader.Chana dal remained unchanged barring chana dal (bold) which declined by Rs 25 to Rs 6,400-6,425 a quintal. Chana dal (average) and chana dal (medium) ruled stable with chana dal (average) being quoted at Rs 6,100-25, while chana dal (medium) at Rs 6,200-25.According to the latest Assocham report, chana dal prices in the past one year from June 2011 to June 2012 has risen by 90 per cent and it would further reach a new high by Diwali this year, said the association's General Secretary, D.S. Rawat, here on Tuesday adding that import of lentils will be as expensive a proposal as there is a shortage of supply throughout all pulse grower countries this year.Dollar chana continued to rule sluggish on slack demand both in the domestic and export market. In local mandis, dollar chana ruled at Rs 7,000-7,500 a quintal amid an arrival of around 1,000 bags. As compared to its prices last week, dollar chana in local mandis is ruling Rs 300 a quintal lower.In container also, dollar chana continues to slide with 42/44 count being quoted at Rs 8,500; 44/46 count at Rs 8,400; 46/48 count at Rs 8,300, while dollar chana 58/60 count ruled at Rs 7,500 a quintal. However, notwithstanding sluggish demand, future of dollar chana appears to be bullish with rise in demand in the coming days, said Ankur Pandya, a trader.

Low arrivals may keep groundnut oil firm

Rajkot, Aug. 21:

Groundnut oil remained unchanged on Tuesday on limited buying while cotton oil gained due to shortage of cottonseeds for crushing. According to millers, in the near term groundnut oil will not come down as arrivals are low.

Loose groundnut oil loose was traded at Rs 1,295-1,300 for 10 kg, a 15-kg new tin at Rs 2,105-2,110 while a 15-kg *telia*tin was quoted at Rs 1,984-1,985. About 40-50 tonnes of groundnut oil were traded in Saurashtra mills.

A repacker from Ahmedabad bought 40 tonnes of groundnut oil at the highest price of Rs 1,300 for 10 kg. Last week, 10 tonnes were sold at Rs 1,311 for 10 kg, but it cannot be considered as a benchmark due to late repayment condition.

About 8,000-9,000 bags of groundnut arrive every day in Gujarat quoting at Rs 965-1,152 for 20 kg.

Cotton oil gained Rs 10 due to shortage of cottonseeds. Cotton oil (wash) traded at Rs 745-748 for 20 kg, and a 15-kg new tin was Rs 1,250-1,260. About 600-700 tonnes of cotton oil were traded in Saurashtra mills.

Lack of orders grinds turmeric

Erode, Aug. 21:

Lack of orders from North India and inferior quality of arrivals pulled down spot turmeric on Tuesday despite lower arrivals.

“We expected that the exporters will get adequate orders from North India, but were disappointed as only one or two orders were received. So the bulk buyers quoted lower prices. Some traders and stockists quoted last week’s price,Traders fulfilled orders received from local spices firms” said R.K.V. Ravishankar, President, Erode Turmeric Merchants Association.He said 6,000 bags arrived , of which 60 per cent were sold. He added that they expect to get fresh orders within a week, when the prices may increase. He said due to low quality arrivals, the minimum price decreased to Rs 3,700 a quintal, as against Rs 4,500 last week. The Salem hybrid variety rose by Rs 200 a quintal on quality arrivals.Many farmers expecting a hike in price brought limited stocks. At the Erode Turmeric Merchants Association Sales yard, the finger variety fetched Rs 3,709 to Rs 6,334 a quintal, the root variety Rs 3,009 to Rs 6,177 a quintal.

Salem hybrid crop: The finger variety was sold at Rs 6,211 to Rs 6,919 a quintal, the root variety at Rs 6,080 to Rs 6,395 a quintal. Of the 798 bags that arrived, 427 were sold.At the Regulated Marketing Committee, the finger variety was sold at Rs 6,139 to Rs 6,611 a quintal, the root variety at Rs 5,900 to Rs 6,272 a quintal. Of the 956 bags that arrived, 814 were sold.At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 5,369 to Rs 6,489 a quintal, the root variety at Rs 4,696 to Rs 6,300 a quintal. At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 5,858 to Rs 6,449 a quintal, the root variety at Rs 5,169 to Rs 6,229 a quintal. All the 1,000 bags kept for sale were sold.

Low stocks, high demand lift wheat

Karnal, Aug. 21:

Dara wheat and flour prices witnessed a rally on account of good domestic demand coupled with low stocks available on Tuesday, while desi wheat remained unchanged on slack trading.

Increased offtake by the flour mills to meet the ongoing domestic demand mainly pushed the dara wheat and flour prices upwards, said Sewa Ram, a wheat trader. Low stocks and increased demand pushed flour and dara prices up by Rs 80-90 for a 90-kg bag and a quintal, respectively, in the last two days, said the trader.

In the physical market, dara prices increased by Rs 90 and quoted between Rs 1,390 and Rs 1,400 a quintal. Around 40 tonnes of dara variety arrived from Uttar Pradesh and the stocks were directly offloaded at the mills. Mill delivery was at Rs 1,390-1,395 while delivery at the chakki was at Rs 1,400 .

On the other hand, desi wheat managed to maintain their prices on account of low stocks. Tohfa sold at Rs 1,980 a quintal, Bhojan King quoted at Rs 2,070,while the Nokia variety was at 2,000 .

On the National Commodity and Derivatives Exchange, wheat for September delivery increased by Rs 50 to Rs 1,496 a quintal.. October contracts went up by Rs 49 to Rs 1,516. Spot prices on the exchange increased by Rs 30 to Rs 1,400.

Wheat futures and spot prices are expected to rise further this week on buying by exporters, said market sources. Exporters are getting good orders from South-east Asian countries and are buying in good quantity from spot markets, said sources.

Flour Prices

An increase in domestic demand lifted flour prices up by Rs 80 and quoted at Rs 1,390 for a 90-kg bag. Similarly, low stocks lifted Chokar prices up by Rs 50 and at Rs 670 for a 49-kg bag.

Pepper falls on limited activity

G. K. Nair

Kochi, Aug. 21:

The pepper market fell on bearish sentiments and limited activity on Tuesday. All active contracts closed much below the previous closing.

There was no liquidation while the open interest has shown an increase and yet the contracts fell and it was, in fact, against the market fundamentals, market sources told *Business Line*.

Easier trend in overseas markets with a decline of $300-400 a tonne from last week is also said to have influenced the market and the bear operators who are now guided by the astrological predictions, trade sources said.

Circular trading

There was circular trading to bring the market down, they alleged. Domestic demand was being fully met by direct purchases from the growers as it would not make it mandatory for the buyers doing inter-State business to pay any tax here and “they only need to do a branch transfer.”

On the spot, nine tonnes of farm grade pepper arrived. Of this, six tonnes were traded at Rs 390, 394 and 396 a kg depending on quality, grade and area of production.

September contract on the NCDEX decreased by Rs 430 a quintal to the last traded price (LTP) of Rs 41,900 a quintal. October and November dropped by Rs 445 and 460 respectively to the LTP of Rs 42,325 and 42,750 a quintal.

Turnover

Total turnover increased by 1,063 tonnes to 1,954 tonnes.

Total open interest was up by 78 tonnes to end at 7,029 tonnes showing some additional purchases.

The September and November open interest remained unchanged while October went up by 77tonnes to close at 1,748 tonnes.

Spot prices dropped in tandem with the futures market trend by Rs 200 to close at Rs 39,000 (ungarbled) and Rs 40,500 (MG 1) a quintal.

Indian parity in the international market is at somewhere between $7,700 and $7,800 a tonne (c&f) for Europe and $8,000 - $8,100 a tonne (c&f) for the US.

Jeera futures end lower on profit-booking

Chennai, Aug. 21:

Jeera futures that traded on a positive note last week on re-emerging export demand, are on a downside today due to profit-booking.

On the NCDEX, jeera for delivery in September fell by Rs 310 a quintal to close at Rs 15,900. The October and November series too moved down by Rs 290 and Rs 262.5 respectively to end at Rs 16,312 and Rs 16,700.

Profit-booking by speculators at higher levels and sluggish demand in the spot market pulled down the spice.

However, prices are likely to bounce back in the coming days as farmers are retaining their produce resulting in lower arrivals. Improving overseas sales will also lend support to prices. Supply concerns from Syria and Turkey still exist. Expectations are that large export orders may be diverted to India from the international markets.

Jeera of Indian origin is being offered at $3,000-3,025/tonne (c&f) in the international market, while Syria and Turkey are not offering their produce.

In the Unjha spot market at Gujarat, jeera was traded at Rs 16,271.45; arrivals stood at 6,000 bags (of 55 kg each), while offtake stood at 6,000 bags on Saturday. Although analysts expect prices to rise on export demand and lower arrivals, the recent bout of rains in the top producer, Gujarat, may cap any sharp upside.

Edible oils flare up on higher demand hopes

Mumbai/Indore, Aug. 20:

Edible oils market ruled firm on Monday in line with price rise by refiners. Undercurrent remained positive on expectation of higher festival demand and tracking extended gains in Malaysian palm oil futures.

Shailesh Kataria of Riddhi Brokers said due to Ramzan, participation of brokers and traders were very thin. There were no cues from futures markets as they were also closed. Under current of the market will remain firm on expectation of higher festival demands coming days. Deficit monsoon across the country, slow progress of standing crops in the field due to lack of rain water, concern about lower yield and fear of possible delay in arrivals of new crops by a month will support the overall sentiments. Shortage of ready stocks and higher price in Gujarat has increased their buying of palmolein in Mumbai last week.

Liberty was quoting palmolein at Rs 615, super palmolein Rs 655, soya oil Rs 748 and sunflower refined oil Rs 770. Ruchi quoted palmolein at Rs 615, soya refined oil at Rs 748, sunflower refined oil Rs 770. Vaibhavi quoted palmolein at Rs 614-615 for September. Resellers were quoting palmolein at Rs 612-613. In Saurashtra, groundnut oil extended gains on tight supply of nuts for crushing. In Rajkot, price for *Telia* tin was higher at Rs 1975 (Rs 1,960) and loose 10 kg was Rs 1,300 (Rs 1,290).

In Mumbai nominal rates (Rs/10 kg) were groundnut oil Rs 1,250, soya refined oil Rs 746, sunflower exp. ref. Rs 705, sunflower ref. Rs 770, rapeseed ref. oil Rs 890, rapeseed expeller ref. Rs 860, cotton ref. oil Rs 748 and palmolein Rs 612.

Soya oil: In Indore mandis, soya refined ruled at Rs 740-45 for 10 kg as against Rs 735-40 last week. Similarly, soya solvent also ruled higher at Rs 710-15 (Rs 705-10). According to traders, uptrend will likely to continue in the soya oil on strong buying support ahead of the festival season in the coming days. Soya seeds ruled steady at Rs 4,450 a quintal. Plant deliveries in soyabean traded lower at Rs 4,450-4,500 a quintal on weak demand from the crushers. Soya DOC continued to trade low with its prices in the domestic market at Rs 39,800 a quintal (Rs 40,500-40,800).

FMC not to allow launch of Aug ’13 soyabean/ soyameal contract

New Delhi, Aug. 21:

In order to curb excessive price volatility in the lean months, the commodity markets regulator FMC has decided not to permit the launch of the August 2013 contract in soyabean and soyameal futures trade.

While soyabean is used for extraction of edible oil, soyameal is used as animal feed. The retail prices of edible oils have come under pressure in view of a possible drop in production of oilseeds following a poor monsoon. Deficit rain has also led to livestock feed and fodder shortages.

Against this background, the Forward Markets Commission (FMC) has “decided not to allow the launch of August 2013 in soyabean and soyameal contracts”.

The step has been taken to curb excessive volatility in prices of these two items during the lean months, the Commission said in a directive to the MCX, NCDEX, ACE and NBOT.

According to data with the Agriculture Ministry, oilseeds acreage had dipped to 16 million hectares till August 17 of the ongoing kharif season from 16.73 million hectares in the same period last year.

On NCDEX, the country's second biggest commodity bourse, soyabean prices were ruling firm at Rs 3,990 per quintal in the October 2012 contract.

FMC has been keeping a close watch on the price movement of agriculture commodities against the backdrop of deficit monsoon. It has also taken a slew of measures to check speculation.

NECC seeks ban on speculation in poultry feed

CHENNAI, AUG. 21:

Following an unprecedented rise in the prices of soyameal and maize — the key feed ingredients of the poultry industry — the National Egg Coordination Committee (NECC) has appealed to the Centre to initiate measures to curb speculation and hoarding of these two commodities and provide relief to farmers.

The Committee has pointed out in a press release that during the past two months, there has been a steep increase in the price of soyameal, mainly due to forward trading, speculation and hoarding by traders, exporters and certain multi-national companies, in anticipation of a substantial increase in the volume of export.

In the past three months, the price of soyameal has more than doubled from less than Rs 2,000 a quintal to Rs 4,200 and that of maize from Rs 950-1,000 to Rs 1,400.

As a result of spiralling input costs, the cost of production for an egg — which was Rs 2.25 a piece two months ago — has now gone up to Rs 3. Similarly, the production cost for broiler meat has risen from Rs 40-45 a kg to Rs 64-65.

But the absence of a corresponding increase in farm-gate prices has led to poultry farmers incurring huge losses and unless the situation is remedied, half of the poultry industry would be wiped out, NECC said.

Simultaneously, the apex body also appealed to the Government for allocation of at least 10 lakh tonnes of wheat from the Food Corporation of India to minimise the pressure on the price of maize in the domestic market.

Campco seeks curbs on arecanut import thru Nepal, Bangladesh

THE HINDUSeeking restrictions: A file photo of arecanuts after being processed and coloured. Campco wants a national research institute to test the quality of imported arecanut.

MANGALORE, AUG. 21:

Campco has sought curbs on import of arecanut through Nepal and Bangladesh.The Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd has said that Nepal and Bangladesh are exporting huge quantities of arecanut to India.K. Padmanabha, President, Campco, said that Nepal is not an arecanut-growing nation. Nepal gets huge quantities of inferior quality arecanut from other nations. Since arecanut is not a produce of Nepal, it should not find place for free import to India under the India-Nepal treaty, he said.He said import from that country is more than the production there.Padmanabha said Nepal exported 14,604 tonnes of arecanut to India in 2010-11 at a total value of Rs 71.52 crore. However, the major arecanut cooperative, Campco, which buys from domestic farmers, purchased around 52,622 tonnes worth Rs 548.20 crore that year. He wondered how a non-producer could export so much.Bangladesh exported 33,238 tonnes of arecanut worth Rs 116 crore to India that year, according to official figures. Moreover, more is exported to India illegally through Nepal and Bangladesh, he said.Campco suggested two measures to restrict the import of arecanut from Nepal and Bangladesh. Padmanabha said that the Government should authorise a national research institute to test the quality of the imported arecanut. This will help curb the import of inferior quality arecanut.

Secondly, arecanut imports should be channelised through a recognised agency. This will help control imports directly, and arecanut imports can be decided based on the domestic production.Thanking the Directorate General of Foreign Trade (DGFT) for increasing the minimum price for import from Rs 35 a kg to Rs 75, he said importers would have to pay 108 per cent import duty on this price. With this, the imported arecanut would cost more than Rs 160 a kg.Stating that the higher import price would have positive impact on the domestic market, he said Campco has seen an increase in demand from northern India after the increase in the minimum price for import.

Iran emerges largest buyer of Indian soyameal

VISHWANATH KULKARNI

AIDING EXPORTS

- The bilateral payment mechanism that allows Iran to make payments in Indian rupees is aiding the trend
- Soyameal prices have more than doubled in the past 10-12 months from $280 a tonne to a high of $680
- India shipped 40 lakh tonnes of soyameal worth Rs 7,017 crore in 2011-12

NEW DELHI, AUG. 21:

After basmati and crude oil, it is soyameal that's getting India closer to Iran.

The West Asian country has emerged as the largest buyer of soyameal from India in recent months displacing Japan from the top slot. Until now, Iran has been largely sourcing soyameal from Latin American countries such as Brazil and Argentina.

Soyameal is used for live stock feed in sectors such as poultry, piggery and fisheries.

In the April-July period, Iran imported 4.4 lakh tonnes of soya meal accounting for over half of the India's exports of 8.25 lakh tonne for the period. This is according to the data collated by Soyabean Processors Association of India (SOPA).

"Iran's buying has provided a fillip to our exports," said Rajesh Agrawal, spokesperson for SOPA. "They (Iran) have come at a time when no other country is buying in such large quantities due to prevailing high prices".

BILATERAL PAYMENTS

The recent bilateral payment mechanism that allows importers in Iran to make payments in Indian rupees is aiding the soyameal exports. Iran's total requirement of soyameal is estimated to be between 1.2 and 1.5 million tonnes. "We are in a position to supply at least 40-50 per cent of their demand," Agarwal said.

PRICE RALLY

Soyameal prices have more than doubled in the past 10-12 months from the levels of around $280 a tonne to a high of $680. This price rally was triggered by the drought-reduced crop size in Brazil and Argentina last year.

Further, prices continue to rule high as the worst drought in 56 years faced by the US, the largest producer, has shrunk this year crop by 12 per cent.

The contracts for the new season starting October have been settled at $610 a tonne.

“We have a good window till January-February next year, when the South American crop comes into the market. Also the firm domestic demand is expected to keep prices firm,” Agarwal said.

EXPORTS

India exported 40 lakh tonnes of soyameal worth Rs 7,017 crore in 2011-12. Japan, which accounted for 30 per cent of the India’s exports last year, has been the largest buyer for the past five years.

Vietnam, China, Korea, Myanmar and the Philippines are the other large buyers of India soyameal.

AP pitches for changes in Seed Bill

HYDERABAD, AUG. 21:
Andhra Pradesh Agriculture Minister Kanna Lakshminarayana is a leading a delegation of farmers’ leaders, politicians and non-governmental organisations to New Delhi to bring pressure on the Union Government to make amendments to the Seed Bill.

The Bill, pending for several sessions, is likely to be put on the agenda this time.

The Andhra Pradesh delegation comprises Kodanda Reddy (Kisan Cell of Congress), S. Malla Reddy (All-India Kisan Sabha, farmers' wing of the Communist Party of India) and representatives of non-governmental organisations such as Rythu Swarajya Vedika.

“We are going to meet Agriculture Minister Sharad Pawar, Vice-President Hamid Ansari and members of Lok Sabha and Rajya Sabha,” Kodanda Reddy said over phone from New Delhi.

The State also wants an amendment in the Seed Bill to make the seed companies to pay higher compensation in the times of crop failure.

Besides, it also calls for increased punishments to the representatives of companies when the seeds fail to deliver, D Narasimha Reddy, an independent agriculture policy analyst, said.

The State had waged a legal battle with Monsanto over fixation of the price of the seed and royalty component.

As a result, the price of cottonseed, which ruled at about Rs 1,800 for a packet of 450 gm, came down to about Rs 1,000 now.

Cashew prices likely to inch up on demand

KOCHI, AUG 21:

Cashew market ruled steady last week with hardly any business reported even though there was a fair amount of buying interest seen from some traders in the US and Europe at lower end of the range.

Prices remained unchanged and they were for W240 from $3.75-3.90, W320 from $3.30-3.45, W450 and SW320 from $3.20-3.30, SW360 from $2.90-3.10, Butts from $2.30-2.45, Splits from $2.10-2.30, Pieces from $1.75-1.90 all for an lb (fob).

The domestic market moved up a bit, but the activity was slow. Chinese demand in Vietnam is also slow but expected to pick up, trade sources in Mumbai said.

Buyers in the main importing regions – the US and Europe – are picking up any offers they see at the lower end of the current range for nearbys. At the same time they do not seem to be willing to pay the 10-15 cents premium that shellers are asking for the forwards. This situation is likely to continue until there is some contracting with retailers, Pankaj N. Sampat, a major Mumbai-based dealer, told *Business Line.*

In normal times, "some people – on both sides – would be willing to take forward positions but the precarious global economic situation is making things difficult. Buyers do not want to pay premium for securing volume as they do not know what they will be able to sell", he said. Shellers do not want to sell forwards at lower end of the range because it is below cost and they do not know or see any prospect of decline in Raw Cashew Nut (RCN) prices since availability in next few months is limited.Prices for West African RCN came down for the lower quality parcels – to around $800 a tonne for Ivory Coast (IVC), around $900 a tonne for Benin and at around $1,100 a tonne for Bissau/Senegal/ Gambia.Traders who have stocks of good quality do not seem to be in a hurry to sell. There are reports of some trades for Indonesia RCN at around $1,300-1,350 a tonne (c&f).

Small shellers who were selling at lower levels in June/July have been quiet for the last few weeks. Most of the other shellers who have RCN to process till end of the year are waiting to see how kernel market behaves in coming weeks. As they have paid high prices for the RCN and there is not much replacement available, they are not keen to sell at lower levels, he said.

US, EU DEMAND FACTOR

In the medium term, demand will be the factor that will determine market movement. There is no big news expected on the supply side until the next Northern crops in 2013. Of course, the Brazil and East Africa 2012 crops, which will start in Sep/Oct, will have some impact but not too much as they only produce 25 per cent of the world crop.In the next 6-8 weeks, "we will know trend of Asian demand for the last quarter and we will probably get some idea of US/EU demand for the first half of next year. If activity picks up in this period, we could see prices inch up a bit to the levels seen at the end of last year", he said. Otherwise, prices will continue to move around the current level unless there is a big drop in demand followed by a decline in RCN prices.