THE HINDU

THIRUVANANTHAPURAM, July 27, 2012

Scanty rain: steps to study impact on farm sector

Government likely to announce remedial measures

The Department of Agriculture and the Kerala State Horticulture Mission (KSHM) have initiated steps to assess the crop situation following the deficit rainfall especially in the southern parts of the State during the South West monsoon.

Director of Agriculture R. Ajithkumar said district agricultural officers had been asked to take stock of the situation at the earliest and submit a report. He said the rainfall deficit did not seem to have affected vegetable production though the delay in sowing paddy could have an impact.

“The monsoon rain seems to have picked up in the northern districts after a hesitant start. About 10,000 hectares of paddy fields has been prepared for planting by August 5. Our initial survey shows that the horticulture sector has benefited from the poor rains. Vegetable production, especially in Palakkad, has been pretty good.”

Mr. Ajithkumar said the government was expected to announce a remedial package after a review meeting scheduled to be held next week.

Team to visit Vattavada

The KSHM Director, K. Prathapan, said a team comprising officials from the Kerala Agricultural University and meteorology experts had been constituted to assess the impact of the poor monsoon on vegetable farming in Idukki. The team, he said, would visit Vattavada and Kanthalloor, the main horticulture centres, and advise farmers on how to tide over the change in the rainfall pattern.

“Our initial assessment reveals that only late-sown crops have been affected, with 40 per cent of the seeds lost. The affected farmers will be given assistance for replacement of seeds.”

Dr. Prathapan said the crop situation was not expected to affect the procurement of vegetables for the Onam festival season.

The KSHM had tied up with the Vegetable and Fruit Promotion Council, Keralam (VFPCK), to implement a Rs.14.5-crore project to promote horticulture in Idukki. The farmers had been grouped into 140 clusters registered as societies. In a move aimed at freeing the farmers from the clutches of moneylenders, each cluster had been provided with Rs.5 lakh as seed money and 30 per cent of the cultivation cost as advance.

A team of farmers had been sent to Ootty for horticulture training and KSHM had published a handbook in Tamil to familiarise them with scientific cropping practices. “A study carried out recently revealed indiscriminate use of nitrogen fertilizer for carrot farming,” Dr. Prathapan said.

KSHM has initiated steps to procure a carrot cleaning machine to be installed at Vattavada.

“The farmers now use their feet to clean the carrots in running streams. This damages the crop, leading to avoidable loss for the farmers,” he said.

- *Project to promote horticulture in Idukki*
- *Delay in paddy sowing a concern*

PALAKKAD, July 27, 2012

Farmland to be protected

Agriculture Minister K.P. Mohanan has said conversion of farmland will not be allowed as the area under paddy and other food crops has been shrinking alarmingly in the State.

He was addressing presspersons after a visit to the Dhoni farm here on Thursday.

Asked about the recent Cabinet decision to legalise conversion of paddy land made till 2005, the Minister said only those land where cultivation could not be restarted would be legalised. He cited as an example land having buildings or other permanent structures.

The Minister said the State was going for high-tech farming to make farming a remunerative vocation and bring youngsters into it.

ERODE, July 27, 2012

Turmeric price on the upward move again

Upcoming festivals, high demand cited as reasons

Expected to touch Rs. 8,000 soonAcreage under turmeric comes down

The increased buying by the stockists and the steady rise in the demand in the domestic market fuelled the turmeric prices, which are now hovering around Rs. 7,500 a quintal.

The spice has gained around Rs. 3,000 in the last few weeks as commodity stockists are buying heavily and the demand is expected to rise because of the upcoming festivals in the country.

The spice has fetched only Rs. 4,500 a quintal a month ago, points out V.K. Rajamanickam, a turmeric trader.

The decline in the arrival of turmeric has also contributed to the increase in the prices.

Many farmers have decided to keep the turmeric in stock as the demand has gone up.

We expect that the prices will touch Rs. 8,000 a quintal within a few weeks time, if the trend continues, traders here say.

Traders however ruled out the possibility of a sharp increase in the prices of the spice. It would take a long time before the prices touch the Rs. 10,000 mark, they said. The rise in the prices had made the turmeric farmers in Erode and neighbouring districts happy again. “Most of the farmers are waiting for the prices to cross Rs. 10,000 mark.

Since the acreage under turmeric has come down in the country, the demand for the spice will remain high and the prices may cross even Rs. 20,000 a quintal next year," points out Turmeric Farmers Association of India president P.K. Deivasigamani.

The prices of yellow spice touched Rs. 17,000 a quintal two years ago, making the turmeric farmers in the district richer.

We expect that the same trend will repeat again in the next year, farmers here hope.

Erode is one of the major turmeric producing regions in the country and the market here is the second largest one in the country next to Sangli in Maharashtra.

BANGALORE, July 27, 2012

50 p.c. subsidy sought on farm inputs

Floor leader of the Janata Dal (Secular) in the Legislative Assembly H.D. Revanna on Thursday urged the Government to provide 50 per cent subsidy for all farm inputs, in the light of drought in the State.

Speaking on the demands for grants of the various departments, the former Minister said that nearly 75 per cent of farmland in the State, in 140 taluks, were facing drought. The Government has to provide relief, he said. While a waiver of farm loans deserves appreciation, providing a subsidy for farm inputs such as seeds and fertilizers will enable farmers to take up sowing as and when rainfall resumes, he said.

Mr. Revanna said that the Government should merge or suspend several of the agricultural schemes which are directly not beneficial to farmers and instead focus on schemes which provide for immediate assistance, be it supply of seeds and fertilizers or in marketing farm produce.

Of the 24 agricultural schemes in operation, nearly a half of them can be merged with the others as most of the schemes were only "money spinners" working to the benefit of those implementing them. The focus now should be on strengthening market intervention schemes and ensuring that farmers receive remunerative price as their produce as such will be limited during the kharif season.

He said that it is unfortunate that most of the posts in the departments of Agriculture and Horticulture and in the Universities of Agricultural Sciences in Bangalore and Dharwad have remained vacant for years.There are 17 agricultural colleges in the jurisdiction of the University of Agricultural Sciences, Bangalore, and of the 1,900 posts, nearly 850 have been vacant. Similarly, in the UAS Dharwad, of the 1,750 posts, there are 700 vacancies.The Janata Dal (S) leader said that 95 per cent of students pursuing studies in agriculture, horticulture and allied subjects hailed from farming families and with such a big number of vacant positions in the universities, the quality of education that is imparted will obviously stand to suffer.

“I cannot understand the reason for such a high number of vacancies. The government should immediately intervene and provide the requisite funds,” he added. The agriculture policy announced by the Janata Dal(S)-BJP coalition Government in 2006 (by then Minister for Agriculture Bandeppa Kashempur), which was the only one of its kind in the country and which drew the appreciation of the Prime Minister, has remained on paper. It is unfortunate that there is no focus on agriculture and allied activities, he said.On the sericulture sector, Mr. Revanna said that the Union government is yet to provide assistance to sericulture farmers in the State. He said that members, cutting across party lines, should extend support to sericulture farmers.

- *‘75 per cent of farmland affected by drought’*
- *‘Loan waiver deserves appreciation’*

GULBARGA, July 27, 2012

Farmers want strings on loan waiver to go

The Gulbarga raitha horata samiti has demanded that the State government offer its loan waiver scheme for farmers, without any preconditions.

President of the samiti Kedarlingaiah Hiremath told presspersons here on Thursday that the State government had waived farm loans of up to Rs. 25,000 taken from cooperative institutions, which were obtained before August 2011 and remained unpaid till June 30.

But, he said, this would not help most farmers, especially in the districts of Gulbarga, Shimoga and Tumkur, where there was a pilot crop insurance scheme being implemented. Farmers who wished to benefit from the insurance scheme had to repay all loans before June 30, for taking up cultivation during the kharif season.

So, of the 80,000 farmers who had got crop loans from cooperative institutions, only around 5,000 would benefit.

He also demanded that the Centre waive crop loans of up to Rs. 25,000 taken from nationalised banks.

In Raichur too, the Karnataka Rajya Raitha Sangha demanded that loans taken from 2009 and those taken from nationalised banks be waived unconditionally.

GULBARGA, July 27, 2012

‘Insurance sanctioned doesn’t match crop loss’

The crop insurance amount sanctioned to farmers for crop loss suffered last financial year does not match the government’s estimate of the loss, district raitha horata samiti president Kedarlingaiah Hiremath has said.

Speaking to presspersons here on Thursday, he said that the State government, in its memorandum to the Centre, had put the crop loss at Rs. 6,000 crore. However, crop insurance sanctioned by insurance companies was just Rs. 60 crore.

Either the government had exaggerated figures or the insurance companies were playing a dirty trick on farmers, he charged.

He said the samiti proposed to file a public interest litigation petition against the insurance companies for not doing a “realistic” survey of crop loss before fixing compensation for farmers.

According to him, Gulbarga, which is one of the districts worst affected by drought, has been sanctioned crop insurance of just Rs. 1 crore, although farmers paid premium of Rs. 5 crore.

Mr. Hiremath said estimates by the district administration and the Agriculture Department put the crop loss at Rs. 82 crore for the last kharif season.

Jewargi taluk, which suffered heavy crop loss last year, was not sanctioned any crop insurance, he added.

- *State government has estimated loss at Rs. 6,000 crore*
- *‘Only Rs. 60 crore insurance sanctioned’*

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hindustantimes
Thursday, July 26, 2012
Reuters
New Delhi, July 26, 2012
First Published: 17:12 IST(26/7/2012)
Last Updated: 17:14 IST(26/7/2012)

Monsoon rains 20% below average in past wk

Monsoon rains continued below average in the past week, the weather office said today, keeping much of India's rain-fed areas still thirsty halfway through the June to September season.

Monsoon rains were 20% below average in the week to July 25 after a 22% shortfall the previous week.

But the rains improved over rice and soybean growing areas of eastern and central India, data published on the weather office's website showed.

A GoM on drought will meet next week, agriculture minister Sharad Pawar said, and the government has launched contingency plans to cope with the lack of crucial rains.

Monsoon rains so far are 22% below average for the four-month long rainy season that began in June, but the chief of the weather office still expects the rains will improve in coming days, narrowing the shortfall.

As much of India continues to wait for this year's elusive monsoon, plans are afoot from both the government and farmers to keep crop loss to a minimum and save one of the world's biggest food consumers from having to buy heavily on global markets.

http://www.hindustantimes.com/StoryPage/Print/900228.aspx

Last Updated: 21:36 IST(26/7/2012)

PM anxious over drought-like situation, says food minister

Prime Minister Manmohan Singh on Thursday reviewed the drought-like situation in some parts of the country and its impact on prices with food minister K V Thomas who suggested stepping up imports of pulses and edible oils. "The Prime Minister is anxious about drought-like situation...I informed him that there is no problem about availability of rice, wheat and sugar. The only concern is about pulses and edible oils," Thomas told PTI.

The steps being considered to deal with the situation include supply of up to two lakh tonnes of imported pulses through ration shops, he said.

On edible oils, he said, the supply has to be increased through larger imports. The imports will be undertaken by the state-owned trading agencies like MMTC, STC and PEC.

These initiatives would also be discussed in the meeting of empowered group of ministers (EGoM) on drought expected on July 31, he added. It will be chaired by agriculture minister Sharad Pawar.

After taking a briefing from India Meteorological Department (IMD) chief L S Rathore, Thomas today met Pawar and later the Prime Minister.

Thomas said there is no panic as there is enough stock of rice and wheat. However, the government has alerted commodities futures regulator Forward Market Commission (FMC) to curb speculation and price manipulation in farm items.

Monsoon is deficient by 22% so far, but the shortfall is expected to narrow down in the coming days with expected revival in rains, according to IMD chief.

The situation in Karnataka, Maharashtra, Gujarat and Rajasthan is, however, a matter of concern.

Sowing of kharif (summer) crops, particularly coarse cereals, has been affected.

http://www.hindustantimes.com/StoryPage/Print/900398.aspx

weather

Chennai - INDIA

Today's Weather

Friday, Jul 27

Cloudy

Max	Min
37.6°	25.6°

Rain: 2 mm in 24hrs	**Sunrise:** 5:45
Humidity: 62%	**Sunset:** 18:39
Wind: Normal	**Barometer:** 993

Tomorrow's Forecast

Saturday, Jul 28

Rainy

Max	Min
34°	28°

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Jul 29	Jul 30	Jul 31	Aug 1	Aug 2
35° | 28°	34° | 28°	34° | 28°	33° | 27°	33° | 28°
Rainy	Rainy	Rainy	Rainy	Rainy

THE ECONOMIC TIMES

27 JUN, 2012, 05.06PM IST, PTI

Cashew declines on subdued demand

NEW DELHI: Cashew prices fell by Rs 5 per kg in the national capital today owing to fall in demand from retailers and stockists.

Adequate stocks position following increased arrivals from producing belts also weighed on the cashew prices.

Cashew kernel (No 180, 210, 240 and 320) prices fell by Rs 5 each to settle at Rs 700-730, Rs 670-675, Rs 600-615 and Rs 540-580 per kg, respectively.

Marketmen said subdued demand from retailers and stockists against adequate stocks mainly led to decline in cashew kernel prices.

The following are today's quotations (per 40 kg): Almond (California) Rs 12,000 Almond (Gurbandi-new) Rs 6,500-7,200; Almond (Girdhi) Rs 2,800-3,000; Abjosh Afghani Rs 6,000-20,000.

Almond Kernel (California) Rs 425-430 per kg, Almond Kernel (Gurbandi-new) Rs 320-440 per kg.

26 JUL, 2012, 02.41PM IST, PTI

Crude palm oil futures fall 0.98 pc on global cues

NEW DELHI: Tracking a weak global trend, crude palm oil prices fell by Rs 5.60 to Rs 567.90 per 10 kg in futures trading today as speculators trimmed their positions.

At the Multi Commodity Exchange, crude palm oil for delivery in August fell by Rs 5.60, or 0.98 per cent, to Rs 567.90 per 10 kg, with a business turnover of 480 lots.

Similarly, the oil for delivery in July contract shed Rs 4.80, or 0.84 per cent, to Rs 565.40 per 10 kg, with a business turnover of 88 lots.

Marketmen said speculators offloaded their positions on the back of weak global trend which led to a fall in crude palm oil futures.

Meanwhile, palm oil for the October-delivery fell by one per cent to USD 922 a tonne on the Malaysia Derivatives Exchange.

The Indian EXPRESS
JOURNALISM OF COURAGE

Inflation woes to dampen rate cut pitch

ENS Economic Bureau Posted online: Fri Jul 27 2012, 01:00 hrs

New Delhi : Expectations of a rebound in inflationary pressures, along with fears of an impending drought across the country, could queer the pitch for an easing of the RBI's monetary policy stance in the first quarter review on July 31.

According to the reports released by research firms on Thursday, in the last few quarters, companies in India have raised concerns over the high borrowing costs denting their margins, coming in the wake of the RBI having hiked key policy rates 13 times since March, 2010.

"Food inflation, which is already high, will face further pressure due to poor rainfall. The prices of pulses and coarse cereals, which are rain-fed crops and for which no buffer stocks exist, could flare up as a result. In addition, prices of oil seeds are expected to rise further because of lack of adequate sowing due to lower acreage. This will push up the WPI based inflation beyond the 7.0 per cent that we have forecast in our base case scenario," says Crisil in its research report titled, 'Monsoons-2009 situation yet again'

In its 'banking and finance report and monetary policy expectations' issued today, ICRA said it maintain its forecast that average inflation of 7.0-7.5 per cent in the current fiscal would limit the space available for further monetary easing to around 50-75 bps over the remainder of 2012-13.

ICRA expects the RBI to retain the policy rate in the near term until monsoon-related concerns are assuaged.

"In the absence of an improvement in the monsoon performance in the coming 2-3 weeks, inflationary pressures are likely to intensify for pulses and oilseeds. A hardening of inflationary expectations as a result of a weaker-than-normal monsoon performance has emerged as a significant risk."

HSBC chief economist for India and the Asean, Leif Eskesen, in a report titled 'India Central bank Watch', said, "We believe RBI will remain 'on hold' to further monitor global developments and the summer monsoons, not following the lead of some of its Asian peers. It will closely watch decisions out of Delhi, with efforts to bring fiscal consolidation and structural reforms back on track also key determinants of any future monetary policy action.”According to ICRA, the RBI might prefer taking the open market operations (OMO) route rather than the cut in cash reserve ratio (CRR) in the upcoming review. “The RBI is likely to address frictional liquidity pressures over the short term through further OMOs rather than a reduction in the CRR, thereby retaining headroom for CRR reduction to address any liquidity stress arising as a fallout of global events,” the agency noted.In its mid-quarter review in June, the RBI had said that the evolving growth-inflation dynamic will continue to influence its stance on interest rates.“Future actions will depend on a continuing assessment of external and domestic developments that contribute to lowering inflation risks,” the central bank had observed.

EGoM on drought to meet next week

An Empowered Group of Ministers (EGoM) on drought will meet on Tuesday to review the monsoon situation, as 22 per cent deficit rains so far have affected sowing of Kharif crops, particularly coarse cereals. “I have planned EGoM on drought on coming Tuesday,” Agriculture Minister Sharad Pawar, who was recently made head of EGoM on drought, said.

Scant rains to escalate inflation: Crisil

Agencies Posted online: Thu Jul 26 2012, 21:52 hrs

Mumbai : Stating the deficient rainfall situation is similar to that of the 2009 drought, ratings agency Crisil today said the shortfall will have an adverse impact on headline inflation and push it beyond estimates.

The agency's research wing said wholesale price index-based inflation, one of the key factors used by the Reserve Bank in its policy making, will go beyond its estimate of 7 percent due to scarcity of rains and the resultant price escalation on food items.

"The rainfall pattern so far this year is similar to that seen in 2009 which was an all-India drought year. This has raised the spectrum of drought in the country this year," the research note said.

The report further said, as a result, "food inflation, which is already high, will face further pressure due to the poor rainfall. The prices of pulses and coarse cereals, which are rain-fed crops and for which no buffer stocks exist, could flare up as a result".

However, the agency did not offer a revised inflation estimate.

Additionally, prices of oil seeds are also expected to rise because of lack of adequate sowing due to lower acreage, it said.

Ever since the start of the current monsoon season, and the weakness in precipitation thereof, it is being widely feared that this may have an impact on inflation, RBI's guiding factor in determining monetary policy.

An uptick in inflation will only end up compounding the economic woes as the RBI may not relent to the demands from the industry to lower its elevated policy rates, citing inflation.

The RBI is expected to come out with the first quarter review of the monetary policy on July 31.

As per the latest revised data of July 18, overall monsoon has been 21.9 percent below the long period average. Though the Met department today said monsoons will pick up from next week.

Agricultural production in Gujarat, Rajasthan, Maharashtra, Karnataka and Madhya Pradesh is likely to be hit the most by poor rainfall, it said, adding the deficient rainfall impact parameter (DRIP) system developed in 2002 was used to arrive at this conclusion.

Of the lot, Rajasthan and MP have high rural poverty and higher dependence on agriculture, the Crisil report said, noting providing relief to these states will translate into a higher burden on the exchequer.

On the crops front, coarse cereals (jowar, bajra) oilseeds (groundnuts, soyabean) and pulses (tur) have been impacted the most by deficient rains, the report said.

For most of these crops, the DRIP score is higher than that in 2009, it added.

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the pioneer

Food Ministry to increase pulses subsidy to Rs 20 per kg

WEDNESDAY, 25 JULY 2012 22:51

PNS | NEW DELHI

The Food and Consumer Affairs Ministry has proposed to double subsidy for pulses under Public Distribution System (PDS) at Rs 20 per kg for insulating poor from high prices and a proposal regarding this would soon be placed before the Cabinet Committee on Economic Affairs.

"We are planning to provide pulses through the PDS shops to BPL families with an increased subsidy," Food Minister K V Thomas said, adding that his ministry has proposed to increase the subsidy amount to Rs 20 per kg from Rs 10 per kg.

The ministry is discussing it with the ministries of agriculture and finance to re-launch the distribution of imported pulses through PDS shops. The government had started this scheme in November 2008. However, the scheme was stopped last year as the offtake by the states was poor.

Poor monsoon this year is expected to jack up pulses prices drastically in the coming months. Monsoon rains have been deficient by about 22 per cent so far this year affecting sowing of paddy, pulses, coarse cereals and oilseeds. As of July 21, pulses area declined by 32 per cent to 4.01 million hectares from 5.85 million hectares in the corresponding period last year. Pulses production fell to 17.21 million tonnes in 2011-12 crop year (July-June) from record 18.24 million tonnes in the previous year.

Business Standard

Friday, Jul 27, 2012

The costly stretch from farm to table

With a multi-tier supply chain, consumers pay up to 300% more than wholesale prices for agricultural commodities

BS Reporters / Bangalore/chennai/kolkata July 27, 2012, 0:41 IST

The prices of agricultural commodities have jumped by up to 300 per cent from the wholesale market to consumers' tables due to short supply.

Normally, the difference goes up to 300 per cent only in abnormal circumstances. Apart from the delayed monsoon, massive wastage in transit and involvement of a series of middlemen, obviously for making profit at every layer, are resulting in such prices.

Our team's physical checks in wholesale and retail markets reveal that among larger metropolitan cities, the price difference in Mumbai is the highest, followed by New Delhi. These are as high as 200-300 per cent in most vegetables and grains and pulses. In other metros, prices are higher by 50-100 per cent from wholesale to retail. Organised retail chains are no different. In most organised stores, prices have been found near those prevailing in retail markets. In Mumbai, most commodities come from outside, it being an island city.

Why

Rapidly perishable essential commodities like vegetables involve high risk in handling and transportation. Hence, their cost of carry remains always higher. Also, handling of such commodities, especially in transit and wastage, thereupon, is abnormally high. Consequently, inflation in these is felt only in retail outlets, despite a very normal price in wholesale mandis. Farmers get around 50 per cent of the wholesale price.

Since it is impossible to visit mandis for common consumers and pick commodities in bulk (vegetables are not sold in a quantity below five kg and grains in less than a quintal in Navi Mumbai's Vashi mandi, for instance), due to the threat of spoilage, they collect vegetables in relatively small quantities (0.25 - 0.5 kg average sales) from grocery-retailers in the vicinity.

According to Avinash Patil, deputy secretary, Agricultural Produce Marketing Committee (APMC), Vashi, the price for retail consumers works out higher due to factors other than the wholesale price. He says retailers suffer a loss of nearly 30 per cent in the weight of rapidly perishable vegetables like cabbage, cauliflower and tomatoes, due to poor handling and spoilage. To keep these looking fresh, retailers generally polish each piece of tomato and chop the outer leaves of cabbages and cauliflowers.

Also, prices of every commodity for retailers are determined by the quantity of procurement and the area of sales. For example, in posh areas, the retail price of every commodity is quoted higher compared to a middle class locality.

PINCHING POCKETS (Price in Rs per Kg)

Agri Commodity	Mumbai		New Delhi		Chennai		Bangalore		Kolkata	
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail
Cabbage	10-Aug	30-40	12	30	10	25	15-Oct	20		
Capsicum	14-Oct	40-50	28	50	15	40	25-30	40	40	60
Cauliflowe	12-Aug	35	19	50	5	25	12-Oct	15	18	30

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French beans	30-36	60	20	50	25	40	40	50-55		
Onion	6-May	15-Dec	7	16	8	15	12	20	11	16
Potato	11.5-14	20-25	14	21	18	25	18	27	12	16
Tomato	20-24	35	18	40	18	25	22	28	26-28	40-45
Moong dal	32-40	84-95	—	—	—	80	70	82-85	—	—
Rice Kolam	20-30	30-40	21	25	—	38-46	41	45-46	—	—
Tur dal	26-36	80	65	74	—	82	70	78-82	—	—
Urad dal	24-32	50-80	61	68	—	70	68	77-85	—	—
Wheat	16-18	25-30	13	15	—	90	20	24-26	—	—
Sugar	35.50	38.00	33	38	—	39	35	37	—	—
Prices as on Wednesday Source: Various retail & wholesale markets of the respective cities										

Other factors

Usmanbhai Syed, president, Wholesale Vegetable Marchants' Association, Vashi, however, feels retailers generally factor in unavoidable additional expenses, including mandi tax, transportation charges from the wholesale to the retail market and labour cost, for arriving at the retail price. Roadside hawkers of vegetables have to factor in unofficial expenses as well.

For coarse cereals and other bulk consumables, transportation and labour cost hardly matter, due to the large quantity of purchase.

For consumers, however, the price of coarse cereals, sugar and pulses rises at least 50 per cent.

Future Group buys onions from Nashik and potatoes from Agra mandis for its stores. If onion costs Rs 2 in Nashik, by the time it reaches stores in Mumbai, the price becomes Rs 14.

"There are all kinds of people involved.

There are farmers, intermediaries, mandi, next mandi, APMC, through whom the commodities pass. Then, there is transportation and wastage," says a Future group executive.

According to a Boston Consulting Group study in 2011, the supply chain of vegetables such as tomatoes has five levels between farmers in Narayangaon in Maharashtra (known for tomato cultivation), the APMC yard in Vashi in Navi Mumbai and the end-consumers in Mumbai.

The chain involves a farmer, aggregator, market trader, wholesaler, sub-wholesaler and retailer, before the vegetable reaches the end-consumer.

In the process, 30 per cent is farmer realisation, 24 per cent is value addition such as sorting and grading, 23 per cent is leakages and another 23 per cent is gross profit.

"Brokers buy at cheap rates and sell at a high price. They do not allow demand and supply factors to determine prices," the Future Group executive said.

Explaining the rationale for high pricing, another retail executive of a hypermarket chain says a farmer sells a cabbage for Rs 1 or Rs 1.50 to a local broker, who sells it at Rs 7-8 to a mandi broker, who sells it at Rs 16-17 to the retailer, who sells it to the final consumer at Rs 20. "We buy tomatoes from Vashi APMC.

Per cart we pay about Rs 28 for transportation, we also keep a margin of almost 50 per cent, in addition to the prevalent mandi tax.

These levies make commodities costlier for retail consumers," said Sajid Ansari, a Mumbai-based retailer.

Contingency plan to cover 16% of normal kharif sowing area

Dilip Kumar Jha / Mumbai July 27, 2012, 0:43 IST

The contingency plan drafted by the ministry of agriculture to counter possible lower farm output due to the deficient rainfall is set to cover only 16 per cent of the sowing area under the normal kharif season.

The draft proposes to cover 17.55 million hectares (ha) of sowing area in case the rainfall deficiency continues. During the last kharif sowing season, a total of 109.7 million ha covered various rainfed agri crops, including paddy, guar seed, soybean, bajra, jowar, urad, cowpea, moth and pea, to name a few.

While Maharashtra led the total area proposed to be covered under the plan with 4.46 million ha, Rajasthan and Madhya Pradesh stand at second and third places in terms of coverage area with 3.66 million ha and 3.18 million ha, respectively. Karnataka will cover 1.85 million ha, followed by Gujarat and Tamil Nadu with 872,000 ha and 838,000 ha, respectively.

The proposed coverage area assumes significance, as the India Meteorological Department (IMD) has estimated 22 per cent deficiency of monsoon rains so far this season. As a consequence, the sowing of a majority of early sown crop has been affected badly.

D S Pai, head of the long-range forecasting division of the weather bureau, has forecast this year’s rainfall to remain at the lowest in three years. IMD has apparently revised its rainfall forecast downwards to 92 per cent from 96 per cent earlier.

“The contingency plan of the government, though laudable, may not be able to reverse the years of neglect of Indian agriculture,” said Madan Sabnavis, chief economist at market research firm Care Research.

“The plan can probably take care of the interests of farmers who are affected but cannot substitute the shortfall of rainfall or water that is needed to augment production. We need to have a strong medium-term strategy to build up our irrigation potential and have better means of harnessing rain water. When the monsoon has been deficient, and the reservoir levels low, the impact on production cannot be eschewed,” Sabnavis added.

Despite Prime Minister Manmohan Singh betting big on the production of kharif crops, the agriculture ministry has cast a shadow on the harvest this season, saying: “We would miss last year’s record agri output this season.”

“The solution is in having this medium-term strategy of creating more water resources and channeling these to the farmlands. The MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) funds/labour should be better utilised for the same. Presently, I see the contingency plan only providing alternative income sources or credit waivers to affected farmers, but will not be able to make up for the loss of rainfall,” Sabnavis said.

Mentha oil prices rise on spot demand

Tight stock availability help mentha oil surge 0.41% for July contract

Press Trust of India / New Delhi July 26, 2012, 15:52 IST

Mentha oil futures rose by Rs 5.50 to Rs 1,338 per kg in futures market today as speculators enlarged their positions, driven by the pick up in spot market demand.

Tight stocks availability in the physical market following less arrivals from Chandousi in Uttar Pradesh also influenced the prices.

At the Multi Commodity Exchange, mentha oil for delivery in July added Rs 5.50, or 0.41%, to Rs 1,338 per kg, with a business turnover of 821 lots.

The August contract gained Rs 5, or 0.37%, to Rs 1,362.90 per kg in 1,188 lots.

Market analysts said increased buying by speculators, driven by the pick up in demand from pharmaceutical industries in the spot market kept mentha oil futures firm.

THE HINDU Business Line

Spot jeera gains on export enquiries

Our Correspondent

Rajkot, July 26:

After Wednesday’s rally, jeera futures declined by 3.08 per cent on the back of profit booking by market participants on Thursday. Spot prices continued to rule firm on export demand.

A report from Kedia Commodity said: “Fresh export enquiries and improved domestic buying aided sentiment while slack stocks with other leading producers also supported the uptrend.

Limited stocks and less exportable surplus with Syria and Turkey after lower production are boosting overseas sales from India. Stockists buying is very strong in the market.”

At Unjha, prices increased by Rs 45-50 to Rs 2,525-2,625 for 20 kg, NCDEX quality raw quoted at Rs 2,875-3,025.

Arrivals were at 12,000-13,000 bags and traded around 16,000-17,000 bags.

On the National Commodity and Derivatives Exchange (NCDEX), jeera for August delivery eclined Rs 515 to Rs 16,225 a quintal . NCDEX September contract decreased Rs 505 to Rs 16,687.50 .

THE HINDU Business Line

Egg support price fixed at Rs 2.72 a piece

Chennai, July 26:

Poultry farmers can now be assured of a minimum Rs 2.72 for an egg they sell to buyers. This follows the National Egg Coordination Committee (NECC) decision to fix the minimum guarantee of Rs 2.72 for an egg.

An NECC spokesperson said that the decision was taken after studying the market conditions; and discussion with poultry farmers, other NECC zones and egg traders. The move will offset losses incurred by farmers during the lean season when piling stocks force them to cut costs.

However, farmers are of the view that Rs 2.72 is not a profitable price as the existing production costs of an egg is around Rs 2.95 due to soaring feed rates; and the final amount that farmers can get will be in the range of Rs 2.42-2.52.

Meanwhile, egg has increased by 10 paise over last week owing to a rise in consumption. This, despite the austere *Shravan*/*Aadi* month, observed in major consuming markets such as Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra.

The NECC, Namakkal Zone, has increased the price to Rs 2.80 a piece and says prices may go up steadily from next week as *Shravan* comes to an end in a week's time.

Meanwhile, the broiler price slid by Rs 5 a kg to Rs 55 in a week, owing to consumer resistance and less demand. The price of layer birds too decreased by Rs 3 a kg to Rs 35.

Rice rules flat in listless market

Karnal, July 26:

After witnessing a rally over the last one week, aromatic varieties ruled firm, while non basmati varieties continued to rule flat at previous levels on Thursday.

The market witnessed an uptrend in the last few days and trade inquiries are supporting the market at current levels, said Mr Amit Kumar, a rice trader. The rice market is unlikely to witness any major changes in the upcoming days, said Mr Kumar.

In the physical market, Pusa-1121 (steam) quoted at Rs 6,600-6,650 , while Pusa-1121 (sela) sold at Rs 5,600.

Pure Basmati (raw) quoted at Rs 6,680, while pure basmati (sela) ruled around at Rs 5,450 . Duplicate basmati quoted at Rs 4,900-5,100 .

For the brokens of Pusa-1121, Tibar sold at Rs 3,550; Dubar was at Rs 2,800-3,000 and Mongra at Rs 2,100-2,325 a quintal.

Non-basmati varieties rule stable. PR-11 (sela) went for Rs 2,850 a quintal, while PR-11 (Raw) was at Rs 2,700-2,850. Permal (raw) sold at Rs 2,000-2,250 while Permal (sela) went for Rs 1,900-2,200. PR-14 (steam) went for Rs 2,650-2,800 .

Mustard, its oil slide on weak offtake

Indore, July 26:

Weak foreign markets and slack buying dragged down mustard and its oil in Madhya Pradesh mandis.

The oil fell by Rs 10 each in Indore at Rs 827 a quintal, in Neemuch at Rs 820 and in Morena at Rs 830. Recent rainfalls have pushed down demand for mustard and its oil, pulling down prices.

In Rajasthan, the oil ruled stable at Rs 830 in Shree Ganga Nagar and at Rs 845 in Jaipur; it declined by Rs 5 in Kota to Rs 830 a quintal. It fell by Rs 5 to Rs 825 in Gujarat mandis.

However, compared with last week mustard oil is ruling Rs 12 a quintal higher in Indore and Rs 5 a quintal higher in Neemuch, though it is down Rs 5 a quintal in Morena.

Traders expect the oil to remain weak for some time before arrivals drop and demand picks up ahead of the festival season.

Mustard seeds declined by Rs 100 to Rs 4,600 a quintal here. Though, in Neemuch, the seeds continued to rule stable at Rs 4,300 a quintal on slack arrival and strong buying support. Plant deliveries of mustard also declined on slack buying support quoting at Rs 4,479 a quintal and Rs 4,325 a quintal for Jaipur and Ganga Nagar. For Alwar, it was quoted slightly higher at Rs 4,485 a quintal.

Mustard seeds futures traded lower on slack buying support. August and September contracts on the National Commodity and Derivatives Exchange closed at Rs 4,408 a quintal (down Rs 79) and at Rs 4,476 a quintal (down Rs 76).

Stock buying lifts spot turmeric

Erode, July 26:

Stock buying pushed up spot turmeric, which may rise to Rs 8,000 a quintal this week.

“Though arrival in the four markets was high, the finger variety has touched Rs 7,790 a quintal and it will touch Rs 8,000 a quintal on Friday. Out of the over 12,000 bags, 80 per cent was sold. Stockists quoted higher prices for the over 7,500 bags they bought.” a trader said.

The demand for the root variety (*gutta*), which rose to Rs 6,600 a quintal, has increased as many exporters have received new orders from Punjab and Delhi. The hybrid Salem crop was quoted at Rs 8,000 a quintal.

Traders said that they are buying only for the already obtained orders. At the Erode Turmeric Merchants Association Sales yard, the finger variety was sold at Rs 3,499-7,300 a quintal, the root variety at Rs 3,419-6,100.

Salem crop: The finger variety was sold at Rs 7,564-8,009 a quintal, the root variety at Rs 6,509-7,260. Of the 1,830 bags that arrived, 927 were sold.

At the Regulated Marketing Committee, the finger variety was sold at Rs 7,172-7,709 a quintal, the root variety at Rs 6,906-7,101. Of the 1,176 bags that arrived, 1,092 were sold.

At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 6,600-7,700 a quintal, the root variety at Rs 5,800-6,700. Of the 1,054 bags that arrived, 1,034 were sold.

At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 5,989-7,789 a quintal, the root variety at Rs 5,869-6,616. All the 152 bags which arrived were sold.

Tight supplies turn coriander spicy

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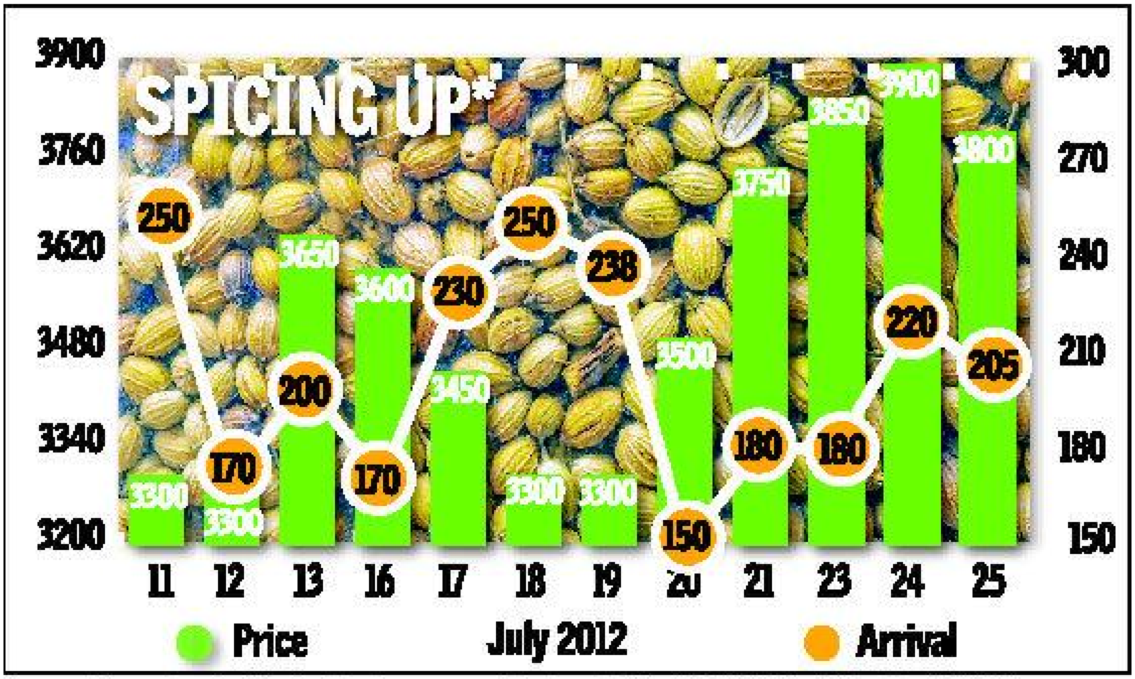

Source: Agmarkenet *Arrivals in tonnes; modal price in Rs/quintal at Kota (Rajasthan) APMC.

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Chennai, July 26:

Coriander prices have surged by over 10 per cent in the last few weeks on short supply.

This follows a prolonged dry period in growing areas of Rajasthan, Gujarat, Madhya Pradesh, Tamil Nadu and Uttar Pradesh.

Barring U.P., the rest of the regions have received deficient rainfall during monsoon this year, apart from a dry period that has prolonged from November.

Besides, the general uptrend in agricultural commodities has also aided the bullish trend. In the last few sessions, speculators have entered the complex tipping the scales further towards bullish movement.

On Thursday, coriander futures hit the upper circuit on the National Commodities and Derivatives Exchange with August delivery rising by Rs 20 to Rs 4,631 a quintal. On the NCDEX, September contracts rose by Rs 32 to Rs 4,780, while that for October delivery gained Rs 27 to Rs 4,900.

In the spot market at Kota, Rajasthan, coriander was traded at Rs 4,531.25 a quintal.

Total reported arrivals in Kota, Ramganj mandi and Baran (all in Rajasthan) were 6,000-7,000 bags (of 40 kg each) compared with 6,500-7,500 bags on July 24.

Analysts said that increased speculators' activity and rise in export demand may provide further support. According to the Spices Board data, coriander exports increased 66.6 per cent year-on-year to 2,600 tonnes in April.

FMC warns traders against price manipulation

New Delhi, Jul 26:

Commodity market regulator FMC has said it would not allow traders to manipulate the futures price of agriculture items and could ban its trading if required in the backdrop of poor monsoon rains affecting kharif crops.

The regulator has doubled the deposit money that a trader is required to keep with exchanges for trading in turmeric following unusual price movement.

"We are keeping a close watch on all agriculture commodities. We will take action as and when required.

"We are going to be very alert and not allow traders to manipulate prices. We will ban if need be. We are aware of deficient monsoon rains impacting crops," the Forward Markets Commission (FMC) Chairman, Mr Ramesh Abhishek, told reporters here today.

Mr Abhishek also briefed the Food Minister, Mr K.V. Thomas, about the price situation of agricultural items in the futures market in the backdrop of drought-like situation.

Stating the commission has been taking steps to check speculation and price volatility, the regulator said: "We saw price movement in turmeric and yesterday we have increased the margin on it from 20 to 40 per cent.''

Mr Thomas had yesterday said the regulator was keeping a close watch on all farm commodities and might ban if there is unusual fluctuation in prices.

Monsoon is deficient by 22 per cent so far and the worst-hit states are Karnataka, Maharashtra, Gujarat and Rajasthan. Poor monsoon has affected the sowing of kharif crops such as paddy, pulses and oilseeds.

FMC is closely monitoring the price movement of chana, soyabean, soya oil, potato, sugar and wheat, among other commodities.

At present, there are five national and 16 regional level commodity exchanges in the country.

Rain dampens cotton futures

Cotton futures have been hit by the rainfall in the cotton growing regions of Andhra Pradesh and Madhya Pradesh.

Chennai, July 26:

Rainfall in the cotton growing belts of Andhra Pradesh and Madhya Pradesh have resulted in a drop in kapas or raw cotton futures.

The drop in prices was aided by the mills contracting to import nearly 10 lakh bales of cotton. This is in addition to the 10 lakh bales already imported by the spinning mills.

The mills have also been slow in picking up domestic cotton, prices of which they feel are high.

The Union Minister of State for Food, Prof K.V. Thomas' statement that the Government is considering a ban on futures trading in commodities and the Government's resolve to tackle the price rise in agri-commodities has also dampened sentiment in the market.

On the NCDEX, kapas for delivery in February was down 1.35 per cent at Rs 1,100 for a maund of 20 kg, while the March contract was down 2.83 per cent at Rs 1,103.

Crude oil prices down in Asia

Singapore, July 26:

Oil prices were lower in Asia today as Euro zone fears and a sharp spike in US crude inventories weighed on markets, analysts said.

New York’s main contract, light sweet crude for delivery in September, dipped 35 cents to $88.62 a barrel in the afternoon while Brent North Sea crude for September delivery fell 39 cents to $103.99.“Events in Europe seem to be limiting the upside,” said Mr Nick Trevethan, senior commodities strategist for ANZ Research.Dark clouds were gathering again after Spain sought French support yesterday in the face of its soaring borrowing costs, while a slump in German confidence and a worsening British recession exacerbated the situation.Meanwhile, the Greek Prime Minister, Mr Antonis Samaras, warned on Tuesday that the recession in Athens was set to be much worse than expected with the economy shrinking by “more than seven per cent“.Energy demand in the US was also raising red flags for oil traders, with stockpiles in the world’s biggest oil consumer spiking, said Mr Trevethan.“US crude supply rose significantly overnight... the market had been looking for a fall,” he told AFP.US crude inventories jumped 2.7 million barrels last week, data released by the Energy Information Administration showed.

Chana falls 2%

Chana futures fell with investors booking profits following the recent run-up in prices. The fall was also aided by lower demand in the spot market.

Mumbai, July 26:

Chana futures on the NCDEX fell by 2 per cent to Rs 4,729 a quintal on Thursday. Investors preferred to book profits after the recent run-up in prices. Besides, the tapering demand at high prices in the spot market also aided the price fall on Thursday. Spot prices in Delhi were down by 0.81 per cent at Rs 4,910 a quintal.

The progress of pulses sowing has been slow due to the deficient rains. Although chana is a rabi crop, it also takes cues from the monsoon and the progress made in sowing of kharif crops.

Chana prices may witness a further drop amid lack of demand at higher levels. However, prices may bounce back in the next two to three seasons owing to the weak progress in sowing of kharif pulses.

In the medium- to long-term, the trend remains positive as supplies may not be sufficient to meet rising demand for the commodity.

According to the Ministry of Agriculture, sowing of kharif pulses was at 40.19 lakh hectares as of July 20 compared to 58.56 lakh hectare (ha) recorded in the same period last year, a decline of almost 31.37 per cent.

Mixed trend in spot rubber

Kottayam, July 26:

Physical rubber prices were mixed on Thursday.

There were no specific reasons to trigger a bullish mood but selected grades strengthened, tracking gains in the domestic futures market.Meanwhile, Tokyo rubber futures recovered marginally on bargain-hunting at lower levels after the initial losses during the week.The partial improvement in global sentiments seemed to be inspiring domestic players to cover their positions ahead of the weekend closing.Sheet rubber improved to Rs 180 from Rs 179 and Rs 179.50 a kg respectively, according to traders and the Rubber Board.The August series firmed up to Rs 179.42 (178.01), September to Rs 177.70 (177.43), October to Rs 177.48 (176.90) and November to Rs 177.30 (175.63) a kg for RSS 4 on the National Multi Commodity Exchange.RSS 3 (spot) closed at Rs 170.68 (169.65) a kg at Bangkok.The August series increased from ¥ 216.5 a kg during the day session and then to ¥ 219.9 (Rs 156.71) in the night session on the Tokyo Commodity Exchange.

Spot rubber rates (Rs/kg) were: RSS-4: 180 (179); RSS-5: 174 (173.50); ungraded: 167 (167); ISNR 20: 167.50 (169); and Latex 60 per cent: 129 (129).

Coonoor tea auction turnover down 8.60%

P.S. Sundar

Coonoor, July 26:

After several weeks of consistent increase, the turnover of Coonoor Tea Trade Association auctions has posted a decline of 8.60 per cent over the last week.

This has happened despite fetching a higher price because of a slide in volume, reveals an analysis of market reports.

This week, the average price rose to Rs 77.23 a kg (Rs 76.43). The higher price reduced the volume sold to 16.36 lakh kg (18.10 lakh kg).

Consequently, the overall turnover fell to Rs 12.64 crore from Rs 13.83 crore. This week, leaf grades fetched an average price of Rs 76.80 a kg (Rs 76.02). Dust grades got Rs 78.38 (Rs 77.48).

Entire western half of country in rain deficit

Vinson Kurian

The rain deficit for the country as a whole stays at 22 per cent.

Thiruvananthapuram, July 26:

Only five more days are left for July to end, and the entire western half of the country is left wallowing in serious rain deficit.

Saurashtra and Kutch is the worst-hit meteorological subdivision with a deficit of 77 per cent. Chandigarh and Delhi follow with 70 per cent. Punjab at 66 per cent; Wes Rajasthan 63 per cent; and east Gujarat at 54 per cent rounds off the category.

OVERALL DEFICIT

West Madhya Pradesh and Tamil Nadu are the two subdivisions with the smallest deficit of 22 per cent each. East Madhya Pradesh is now in the ‘normal’ category.The deficit for the country as a whole stays at 22 per cent as on Wednesday. North-west India leads with 39 per cent after having improved its position from 42 per cent till the other day.Central India, which received most of the rain throughout the most active spells of the monsoon over the past week, is still left with a deficit of 22 per cent.

BAD IN SOUTH

The situation over south peninsula has deteriorated to 24 per cent and that of east and north-east India to nine per cent. Fresh rains have been forecast for central India over the next few days, but hardly any gains are indicated for either northwest India or central India.Meanwhile, India Meteorological Department (IMD) statistics showed that the monsoon rains were 20 per cent below average in the week to July 25. The shortfall was 22 per cent during the previous week.

Dry spell may lower cane yield, recovery in South

R. Balaji

Chennai, July 26:

Sugarcane yield and productivity are a concern in Tamil Nadu and Karnataka due to deficit monsoon. While sugarcane acreages have not dropped, the irrigation water shortage early in the season will take a toll, say industry sources.

Industry representatives are not committing themselves to figures on the drop in output — sugarcane is a year-long crop, quite hardy and late rain can help sustain recovery, they say. But if the dry spell continues, a 10-20 per cent drop in sugar output compared with the 2011-12 season cannot be ruled out, they say.

In Tamil Nadu, official estimates initially pegged a significant increase in sugarcane area during 2012-13 compared with the 6.8 lakh acres for the current season. Between December and March planting progressed fast, and the industry had estimated a 25 per cent growth in sugarcane acreages.

Crop coverage

Subsequently, with the dry spell, power shortage and depleting ground water, the planting momentum had dropped. Crop coverage will be on par or slightly higher than that of 2011-12, say industry sources. But yield and sugar recovery will be hit, the sources say.

Sugar production in 2011-12 is estimated to touch about 23 lakh tonnes (lt).

In Karnataka, the South Indian Sugar Mills Association cautioned that it is a bit early to comment on the outlook. But a sustained delay in irrigation water availability could have an impact.

In the current season, the Association estimates that as of May-end the sugar mills have harvested over 333 lt of sugarcane from about 4.3 lakh hectares. Sugar production was 37.57 lt. The industry estimates for the coming season peg sugarcane harvest area at about 4.2 lt. But the yield could drop by about 5-10 per cent.

In Andhra Pradesh, even if it is not the water shortage, labour shortage has made farmers move to alternative crops, say industry sources.

The Association estimates the 2011-12 sugarcane crushing at 115 lt to produce 11.35 lt of sugar. The acreage was about 1.75 lakh hectares. For the coming season the sugarcane acreage is estimated 1.72 lakh hectares.

Commerce Ministry arms differ on guar gum export data

M. R. Subramani

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- **Contrasting figures***

DGCIS statistics	Quantity (in tonnes)	Value (in Rs cr)
Guar meal	57,618.35	74.28
Guar refined split	79,498.21	1,010.10
Guargum treated and pulverised	3,46,227.20	7,991.70
Apeda data		
Guargum	5,03,754	8,161.93

*for April-December 2011

Chennai, July 26:

How much of guar gum was exported from the country during April-December 2011? Two arms of the Commerce Ministry have different figures on the shipments.

According to the Agricultural and Processed Food Products Export Development Authority (Apeda), guar gum exports during the first nine months of the last fiscal were 5.03 lakh tonnes (lt) valued at Rs 8,161.93 crore.

Data put out by the Directorate-General of Commercial Intelligence and Statistics (DGCIS) show that exports of guar meal, guar gum refined split and guar gum (treated and pulverised) put together were 4.83 lt valued at Rs 7,991.77 crore.

Of the total exports, guar meal made up 57,618.35 tonnes. Guar meal is derived during the process to manufacture split. This is mainly the husk and seed crushings from guar and is used as cattle feed as it is rich in protein.

Guar gum refined split made up 79,498.21 tonnes of the total exports and guar gum (treated and pulverised) the rest.

Guar gum refined split is obtained when the husk in guar is separated from the endosperm. This is then converted into guar gum (treated and pulverised) by grinding before being turned into powder form.

This is what is called guar gum in export circles.

India is the major producer of guarseed and gum, accounting for 80-85 per cent of the global supply. Production in 2011-12 ending June was estimated at around 12 lakh tonnes against a record 15 lakh tonnes the previous year. Asked about the disparity in DGCIS and Apeda data, a Shellac and Forest Products Export Promotion Council (Shefexil) official said that the DGCIS reflected the actual position.

“The DGCIS data are put out with the relevant eight-digit code, whereas Apeda does not. Apeda treats everything as a single entity,” said the official.

Apeda under lens

The problem with Apeda figures is that they are provisional and subject to revision.

This is because, according to officials, the authorities have to get the relevant documents to make entries.

However, Apeda’s figures had come under scrutiny since October last when guar gum exporters and Shefexil pointed out to lacunae in the data.

The issue got murkier in November when exports showed a jump of 3.23 lt to 6.60 lt during April-November from 3.47 lt in April-October.

Analysts and exporters said that it was impossible to export such a huge quantity within a month, particularly when the country did not have that much production capacity. The figures were subsequently revised to 4.29 lt by Apeda.

However, by the time the figures were revised, the damage was done.

Futures on fire

The higher export data led to guarseed and guar gum prices soaring in the spot and futures market.

Though the Forward Markets Commission (FMC), which supervises the functioning of commodity exchanges, came out with a slew of measures including raising the margin money for taking position in the guar complex, prices continued to surge.

On March 26, the Commission banned guar futures after guar gum prices topped Rs 1 lakh a quintal and that of guarseed hit a record Rs 27,000 a quintal.

Simultaneously, the FMC had launched a probe and submitted a report to the Union Consumer Affairs Ministry stating that 44 firms had gained undue advantage of the rise in the guar complex.

Though there has been a demand to revive guarseed and guar gum futures on the ground that farmers would stand to benefit and they are industrial commodities, the Centre is yet to take a stand.