THE HINDU

MUMBAI, June 20, 2012

Inflation at current level is not acceptable: Subbarao

Reserve Bank of India Governor D. Subbarao (right) and Niranjan Hiranandani, President-elect, IMC, at the IMC AGM held in Mumbai on Tuesday. —PHOTO: SHASHI ASHIWAL

Under attack for not reducing interest rates, Reserve Bank of India Governor D. Subbarao, on Tuesday, said inflation at current levels was unacceptable and monetary tightening was required to ensure sustainable growth.

“We want to support growth in the medium-term with low and stable inflation, which is possible only with tightening, but inflation at the current level is not acceptable,” he said at a function organised by the Indian Merchants’ Chamber here.

He went on to say that “we would like to believe that the policy rate hikes have helped in moderating inflation...we look at all indices, be it WPI or CPI, in policy-making. Those wanting to gauge our responses should look at them; don’t criticise us for confusing...”

On Monday, the RBI had stunned markets and industry by leaving all key rates and cash reserve requirements for banks unchanged despite widespread expectations of rate cut. Irked by the policy decision, Commerce and Industry Minister Anand Sharma had said he would take up the matter with the Finance Minister and the RBI Governor.

The wholesale price index-based inflation rose to 7.55 per cent in May, while GDP growth last fiscal plunged to a nine-year low of 6.5 percent.

Discounting fears that the country was heading to a 1991-like condition, when the government had to pawn the sovereign in offshore banks, the Governor said, “we are not at a 1991-like implosion situation in 2012 (and that) our growth story is still credible but not inevitable. We need to work hard.”

On the sharp fall in crude and other commodity prices, he said this had been undone by the sharper decline of the rupee.

The sharp depreciation of the rupee over the last few months was driven by a combination of global as well as domestic factors and the future exchange rate movement would depend on fixing these issues, Dr. Subbarao said.

While the high current account deficit and the higher trade deficit, driven by rising imports led by gold and oil, were the domestic factors, the ongoing eurozone crisis was one of the crucial international issues responsible for the rupee depreciation, he said.

“While the rupee depreciated in the August-December period of last year due to global factors, the depreciation from March till date was due to both global as well as domestic factors,” Dr. Subbarao said.

Drawing a comparison between the currencies in the BRIC bloc, he said the Brazilian real had witnessed the largest depreciation followed by the rupee during this period. Dr. Subbarao said that the growing current account deficit, the relative inelasticity of imports and high inflation had negatively impacted the rupee.

In 2011-12, while exports sniffed at $304 billion, imports crossed $486 billion, out of which $155.6 billion were crude and $66.1 billion were gold imports.

JAIPUR, June 20, 2012

More farmers to get cooperative loans in Rajasthan

Nearly five lakh farmers in Rajasthan stand to benefit from cooperative loan facility this year following the State Government’s decision to revise the target for disbursement of loans from Rs.5,800 crore to Rs.7,000 crore. State Cooperative Minister Parsadilal Meena also said on Tuesday that special camps for disbursement of loans to farmers for kharif crops would be organised in all village cooperative societies across the State on June 25 and 26. These camps would register thousands of new loan beneficiaries.

Addressing a conference of managing directors of central cooperative banks, Mr. Meena said the targets for kharif crops would be achieved by June 30, while about 26 lakh farmers would be given loans this year against 21 lakh during the previous year.

The State Government has also sanctioned Rs.200 crore to the cooperative banks towards interest component of loans for farmers making repayment on time. According to Mr. Meena, 50 per cent of the crop loans would be disbursed to small and marginal farmers, 16 per cent to Scheduled Castes and 12 per cent to Scheduled Tribes.

The Apex Bank will send the loan amount directly to the village cooperative societies in Tonk district. The Minister assured farmers that chemical fertilizers, including diammonium phosphate, are available in sufficient quantity in the State and the State Cooperative Marketing Federation would ensure supplies to meet the demand.

Principal Cooperative Secretary Vipin Chandra Sharma said farmers' expectations from cooperative banks have significantly increased following the decision for disbursement of interest-free loans. An "anywhere banking" software being tested at Hathoj village will soon be introduced in other cooperative societies.

Mr. Sharma said computerisation of cooperative banks would be speeded up and village cooperative societies will introduce more facilities for their members and the public at large.

Registrar of Cooperative Societies Niranjan Arya said disbursement of loans through mini-banks would enable the farmers to get the facility at their nearest place. He called upon the cooperative banks to enhance their guarantee money and launch innovative ventures for the benefit of their customers.

Apex Bank Managing Director R. C. S. Jodha provided details of action taken by the 29 cooperative banks to achieve targets.

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Waiting for monsoon

Feasting time soon:Cattle Egrets arrive at Keoladeo Bird Sanctuary ahead of the monsoon season in Bharatpur on Tuesday

BANGALORE, June 20, 2012

International Sericultural Commission to be shifted to Bangalore

Central Silk Board Member-Secretary Ishita Roy has beenelected Secretary-General of the international body

Ishita Roy

Bangalore will now be a place where global policies on silk would be decided as it is set to house the headquarters of the International Sericultural Commission (ISC), an apex inter-governmental body of 13 silk producing countries.

The ISC headquarters, which is presently located in Lyon, France, is being shifted to India for the first time as the Central Silk Board Member-Secretary and bureaucrat Ishita Roy has been elected the Secretary-General of the ISC.

Announcing this at a press conference in Bangalore, Ms. Roy, a 1991-batch Kerala cadre IAS officer, said the ISC headquarters would be located on the campus of the Central Silk Board in Bangalore.

The headquarters of the ISC would be shifted on January 1, 2013 when she would take charge of her new responsibility.

She said that India heading the influential ISC would help the country's sericulture sector in a big way as it could play a major role in framing policies on global development of sericulture in such a manner as to bring about stability and sustainability in its own domestic sericulture sector. This, she said, would help improve the financial condition of all the stakeholders in silk industry right from farmers.

The country was also looking forward to getting cutting edge technologies from other member countries with respect to various segments of sericulture sector so that it could become a global leader. As Karnataka was the country's sericulture leader, the State was bound to benefit substantially, she noted.

Plan for best silk

To begin with, India was planning to go for production of the best silk of international grade by getting the best genetic material of mulberry plants and silkworms from Japan and Thailand. This would not only increase the production of quality silk, but would also push up exports and improve economic conditions of all the stakeholders, she said.

Referring to the reduction in duty on silk imports from 20 to 5 per cent, she said the CSB was requesting the Centre to increase it to 20 per cent. At the same time, she sought to allay fears that reduction in import duty would impact the domestic producers by pointing out that domestic rates of silk had gone up. Similarly, the fear of China dumping its cheap silk in Indian market had become a thing of the past at least for now as the Chinese silk prices had increased to Rs. 2,700 a kg as against the Indian silk rate of Rs. 2,400 a kg, she said.

Increase in production

Despite the area under sericulture cultivation reducing in the country of late due to urbanisation, silk production had increased due to the improvement in productivity, she said. The country's annual silk production had increased from 18,300 tonnes in the 10th Five-Year Plan to 23,000 tonnes by the end of the 12th Five-Year Plan and was expected to touch 32,000 tonnes by the end of 12th Plan, she said.

The Centre had increased the allocation from Rs. 1,100 crore in 11th Plan to 2,799 crore in the 12th Plan to create awareness among farmers about best practices to be adopted.

She said Indian scientists would provide training and consultancy in various aspects of sericulture in about 30 countries from January.

- *The ISC, which is at present in Lyon in France, will be shifted to Central Silk Board campus*
- *'India heading the influential commission will help the country's sericulture sector in a big way'*

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hindustantimes

Wed,20 Jun 2012

weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Wednesday, Jun 20

Max Min

38.1° | 26.9°

Tomorrow's Forecast

Rainy

Thursday, Jun 21

Max Min

36° | 28°

Rain: Trace	**Sunrise:** 6:35
Humidity: 83%	**Sunset:** 18:03
Wind: Normal	**Barometer:** 1005

Extended Forecast for a week

Friday	Saturday	Sunday	Monday	Tuesday
Jun 22	**Jun 23**	**Jun 24**	**Jun 25**	**Jun 26**
32° | 28°	35° | 27°	34° | 28°	33° | 27°	32° | 27°
Rainy	Rainy	Rainy	Rainy	Rainy

THE ECONOMIC TIMES

20 JUN, 2012, 03.56AM IST, PK KRISHNAKUMAR,ET BUREAU

Coconut oil prices slip on supply surge

KOCHI: Branded players have cut coconut oil prices following a surge in supply from Kerala and Tamil Nadu.

A few months ago, wholesale prices had crossed 100 per litre due to a supply shortage. Currently, the prices are hovering around Rs 62.50 per litre.

After crossing 100-mark in May last year, the prices declined gradually and were ruling around Rs 75 at the beginning of 2012. But with supply increasing, the prices slid to Rs 57 per kg in June.

"The coconut production in Tamil Nadu has shot up by 40%. The supply has also gone up in north Kerala," said Talat Mehmood, president, Cochin Oil Merchants' Association. The Shalimar brand has cut the prices by 10% to 12% in the last couple of months.

20 JUN, 2012, 03.51AM IST, MADHVI SALLY,ET BUREAU

Availability of milk powder likely to keep milk prices stable for now

AHMEDABAD: Milk prices are expected to remain stable for the next couple of months despite a lower output as summer reduces calving. But the respite for consumers is temporary because prices may rise August onwards after exports of casein and skimmed milk powder (SMP) pick up.

Daily milk production fell to 110 lakh litre this month from the peak of 140 lakh litre in January at Amul, the country's largest dairy group. "Milk prices will remain stable owing to the availability of SMP," said Gujarat Cooperative Milk Marketing Federation MD RS Sodhi. The federation markets its dairy products under the Amul brand.

This season, the cooperative sector has seen an increase in milk procurement by 15-20% compared to the previous year. The higher availability is owing to an increase in procurement prices by over 50% in the past three years. Milk prices were increased by up to Rs 2 per litre by Amul in April.

Mother Dairy, which is procuring 36 lakh litre milk daily compared to 58 lakh litre in January, is not expected to increase prices. "We are currently selling full-cream milk at Rs 37 a litre, which is Rs 3 cheaper than what our competitors sell. In other milk categories too, there is a Rs 1 difference," said a Mother Dairy official. Analysts expect an upward movement in milk prices in the coming months when casein and SMP exports begin.

India, the world's biggest milk producer, allowed the import of skimmed milk powder and casein in the past two months after the removal of a ban imposed in February 2011. "The monsoon and exports will play a decisive role in the movement of prices," said Sterling Agro MD Kuldeep Saluja. The company is a milk powder manufacturer and exporter. Casein exports have begun and contracts signed while SMP shipments are yet to begin because domestic prices are higher than global prices.

Saluja said export orders have been signed at $7,500 per tonne. Major casein buyers include US companies such as Erie Foods International, Socius Ingredients, American Casein and Schreiber Foods.

An extended flush season and better procurement prices this year saw an increase in milk production. According to industry estimates, co-operatives and private manufacturers have an inventory of close to 90,000 tonne to 1.5 lakh tonne SMP. With the annual milk production pegged at 125 million tonne, which roughly matches demand, prices have become prone to fluctuations.

Liquid milk prices are expected to remain stable in Karnataka, the country's second biggest milk producer. Daily procurement by the Karnataka Milk Federation has gone up to 52 lakh tonne. "We increased liquid milk prices by Rs 3 a litre across all categories in January and don't foresee any hike this year," said Karnataka Milk Federation MD MN Venkataramu.

"In the past two months, we sold 2,000 tonne SMP to co-operatives in Kerala, Odisha and Bihar. We have over 6,500 tonne left with us for which tenders have been issued," said Venkataramu.

Private dairies across Maharashtra, Karnataka and Andhra Pradesh are anticipating a stable season. "In the past 4-5 months, dairies have not increased prices as they have stocked SMP. We expect a change in price in the next 3-4 months," said Pune-based cheese exporter Parag Milk Foods MD Devendra Shah. The company is procuring 12.5 lakh litre milk daily.

19 JUN, 2012, 06.54PM IST, REUTERS

Forward Markets Commission to re-list guar gum futures

MUMBAI: Indian commodity markets regulator wants to re-list the banned guar futures, and will decide the timing by the end of July, after getting a clear picture on planting of the summer sown crop, a move seen helping battered investor confidence.

Future contracts of guar, the gum of which is used in food manufacturing and increasingly in the oil and gas industry, were banned in March after prices soared more than tenfold last year, caused by excessive speculation, denting the reliability of the commodity markets to provide a safe hedging and price discovery mechanism.

"We will allow guar contracts after sowing is done... we will wait for sowing at least there will be supply related information for the market. We will take a call by end of July," Ramesh Abhishek, chairman of the Forward Markets Commission told Reuters in an interview.

The early sowing indications point towards higher acreage than last year, though progress of monsoon rains in northern India will determine the extent of the rise. The futures trading ban will continue on rice, tur or pigeon peas and urad or black gram, which were banned in 2007, he said.

To broaden the market participation, the regulator has recommended the entry of banks in the futures markets to the federal government, which is pending approval from the finance ministry. "When there will be more institutional participation in the futures market, then the real impact will be felt in terms of liquidity... that will be more of clinching kind of change," Abhishek said.

The markets regulator has also asked for 51 percent foreign investment in commodity brokerages. Currently, foreign brokers and investors are not allowed in commodity markets in India, the largest buyer of bullion and second biggest producer of wheat, rice, cotton and sugar.

Foreigners are allowed to take exposure to these markets via commodity exchanges. NYSE Euronext, Merrill Lynch Holdings and Fidelity International have about 5 percent each in the Multi Commodity Exchange, the country's biggest in terms of turnover.

CONFIDENCE MEASURES

The regulator plans to take a series of measures to boost confidence of participants and prospective clients, who were on the sidelines, waiting for clarity. The regulator has asked exchanges to make information public on top positions in every contract, highest open interest, deliveries among others. The exchanges will have to settle accounts with clients once every quarter from July onwards.

The regulator also plans to set up an investor protection fund, with a corpus of 600 million rupees collected from penalties and other levies, to compensate clients, who have suffered due to member defaults.

"Our focus is to improve transparency of the market and to have better alignment with the physical market... many of the steps have been undertaken to bring this alignment," Abhishek said. The exchanges have undertaken the role facilitating aggregators to encourage the participation of hedgers and farmers, who due to marginal land holding fail to gain from futures market.

"The farmers need aggregators to participate in the market... small and marginal farmers, who constitute 85 percent, can't participate directly," said Abhishek, adding he hoped to see each exchange facilitating at least a couple of aggregators in the next few months.

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the pioneer

Debate triggers on credibility of Bt Cotton again

TUESDAY, 19 JUNE 2012 22:49

NITINDRA BANDYOPADHYAY | CHANDIGARH

Bt Cotton, billed as the miracle of bio-technology and a crop which was expected to change the life of farmers, has again triggered a debate on its credibility.

Ajay Jakhar, chairman Bharat Krishak Samaj hailed the crop for the socio economic development of the cotton belt in Punjab and Haryana by presenting a report here on Tuesday.

The report has been prepared by the Council for Social Development, India. Among the key findings of the report it has been mentioned that overall cotton production in India went up by 9.25 per cent and the yield up by 4.95 per cent with Bt. cotton seeds.

However Umendra Dutt of Kheti Virasat Mission refuted the claims saying, "Even before Bt. Cotton was introduced in this region the yields went up due to the use of hybrid seeds of cotton."

As per the official data provided by Kavitha Kuruganti, Alliance for Sustainable & Holistic Agriculture, the cotton yield in Punjab was 533 kgs per hectare in 1991-93. In 2005-06 Bt.cotton was introduced and the yield increased to around 610 kgs per hectare.

In 2011-12 however the yield was 591 kgs per hectare raising questions on the continued use of this technology.

Ajay Jakhar distanced himself from the promotion of Bt. Cotton as such and said "I am myself a cotton farmer and I work for the benefit of the farmers. This study is not for promoting a particular technology but just for propagating the fact that the choice of using a particular seed should lie with the farmer not with some NGO."

Jakhar pointed out the fact that the daily wages of landless laborers has increased by more than 80 percent from the pre Bt cotton to the post Bt cotton period which is mentioned in the report.

In the report released on Tuesday, it has been mentioned that though fertiliser and water usage has gone up in the cotton belt of Punjab and Haryana, the use of pesticides have declined.

But a report by K Jayram, Centre for Sustainable Agriculture on 31 August 2007 clearly states that there is a huge economic drain from Punjab due to cultivation of Bt cotton. One reason the use of Profenofos a pesticide used for controlling the Mealy Bug infestation.

The same year an epidemiological study, known as the PPCB-PGIMER Report, found that Bathinda surface waters are contaminated with arsenic, cadmium, chromium, selenium and mercury due to high use of pesticide and fertiliser in the reason.

Jakhar maintained that the lack of Government participation in educating the farmer and regulating various farm policies is the main reason behind this negative social and environmental impact.

He said "Bt cotton is just a spoke of the wheel in the agrarian problems of India. It is the minimum support price that makes the farmers choose between crops. This year Bt cotton will see a 15 to 20 per cent decline and farmers will grow guar gram because cotton price has declined."

He further added that India cannot resist the biotechnological revolution because after Bt cotton came into the markets 90 percent cotton farmers adopted it. So the Government should invest on more research and development and produce indigenous genetically modified crop rather than investing on buying foreign technology.

Kavitha Kuruganti on the other hand said "Adaptability is not a solid argument to adopt technology. Farmers have adapted to pesticide and fertilizers too with all their adverse environmental effects. We should focus on sustainable and holistic agriculture rather than depending on scientific ills."

Business Standard

Wednesday, Jun 20, 2012

Groundnut sowing seen up 10%: Study

Vimukt Dave / Mumbai/ Rajkot June 20, 2012, 0:26 IST

Junagadh Agriculture University (JAU) has estimated 10 per cent higher groundnut sowing in current kharif season as compared to last year. According to university research report farmers possibly divert from cotton crop to groundnut as they received good return in groundnut last year. "During last year farmers had received good return for groundnut and it will encourage farmers to switch over to groundnut crop from cotton crop. As per our estimates groundnut sowing in this kharif season will increase by 10 per cent to around 1.6 million hectares," said MG Dhandhalya Assistant Research Scientist, JAU.

The research team of Department of Agricultural Economics, Junagadh Agricultural University has analysed that due to groundnut production in Gujarat lower than expected in 2011-12 and increase in export demand owing to decrease in value of rupees against American dollar, the groundnut price raised from Rs 800 per 20 kg in January 2012 to Rs 1,000 per 20 kg in May 2012. The area under groundnut is expected to increase about 10 per cent over last year in Gujarat and in the country.

At presently groundnut price is stood at Rs 750-950 per 20 kg. According to Indian Oilseed and Produce Export Promotion Council (IOPEPC) during 20011-12, India had exported around 600,000 tonnes groundnut. Previous year it was about 450,000 tonnes.

During 2011-12 in Gujarat, the area under groundnut crop was estimated to be about 1.43 million hectares and production about 1.9 million tonnes. Also, the area under summer season is estimated to be about 187,000 hectares in Gujarat.

The econometric analysis of groundnut price and in consultation with DEMIC, TNAU, Coimbatore, it is revealed that the prices of groundnut bold (pods) during October to December, 2012 may hover between Rs 800 to 900 per 20 kg and the groundnut small (pods) in the range of Rs 750 to 850 per 20 kg.

Pepper extends losses on weak export demand

Prices down 0,4% from previous clsoe

Press Trust of India / New Delhi June 19, 2012, 13:41 IST

Pepper extended losses for the second straight day with prices falling by another Rs 170 to Rs 39,700 per quintal in futures trade today due to weak export demand at prevailing higher levels.

At the National Commodity and Derivatives Exchange, pepper for delivery in June fell by Rs 170, or 0.43%, to Rs 39,700 per quintal with an open interest of 598 lots.

Analysts said weak export demand mainly kept pressure on pepper prices at futures

CACP reiterates case for big minimum support price rise

Input cost rises far ahead of prices suggests bringing farm labour under NREGS

Sanjeeb Mukherjee / New Delhi June 20, 2012, 0:26 IST

The Commission for Agricultural Costs and Prices (CACP), the government's nodal agency to recommend the minimum price for farm commodities, has explained its justification for recommending a sharp increase in the Minimum Support Price (MSP) for cereals, pulses and oilseeds.

The criticism was that this would stoke food inflation. However, the CACP is confident of its stand. In a report to the government, it has said the cost of production of many crops has risen sharply since 2008-09, but the MSPs have not compensated for even half of this. In the case of paddy, for instance, it says cost of production was 53 per cent higher in 2011-12 over 2008-09, but the MSP rise over the period was only 20 per cent.

India's wholesale price-based inflation rose to 7.55 per cent in May, compared with 7.23 per cent in April, because of high food and fuel prices.

CUSHION FOR FARMERS

- CACP says steep MSP rise needed due to rising cost of production
- Wants involvement of private agencies in buying grain from govt agencies
- Wants no ban on export of rice or cotton anytime soon; if done, wants 10% bonus as compensation
- Wants farm labour payment under the National Rural Employment Guarantee Scheme

The Union cabinet last week accepted the CACP recommendations and announced a 15.7 per cent increase in the MSP for common-grade paddy to Rs 1,250 per quintal and 15.3 per cent more for grade 'A" paddy to 1,280 per qtl. Similarly, it went by the recommendations for raising the MSP of other kharif crops such as jowar, soybean, cotton, sunflower and urad.

"Labour cost jumped 74 per cent during the second half of 2011 over the second half of 2008, while fertiliser prices have risen 30 per cent between January 2008 and January 2012, diesel oil went up by 44 per cent and fodder prices increased 60 per cent over the same period," the Commission report said.

The MSP, said CACP, would lose much of its credibility if government agencies failed to procure farm products when prices dropped below market rates, as was the case last year in eastern India .

It also said the Centre should, given the confusion on whether central agencies or state governments had the primary role for procurement, issue a notification clarifying their respective roles. The report also recommended that procurement of grains and cereals be outsourced to private parties if they met minimum levels of working capital, grain management expertise and commitment to invest in upgrading of marketing infrastructure.

Also, said CACP, export of common rice and cotton should not be stopped under any circumstance in the near future. If done, the government should immediately announce a 10 per cent bonus over the declared MSP to compensate growers.

To address the issue of labour shortage due to the government's landmark rural jobs guarantee scheme, NREGS, mainly during the peak season, the Commission suggested farm labour be brought under the project's ambit. Half the wage could be paid by the farmer and the rest through NREGS.

Jeera shed 0.50% on sluggish demand

Falling supplies limited the decline

Press Trust of India / New Delhi June 19, 2012, 14:26 IST

Jeera prices declined by Rs 50 to Rs 13,000 per quintal in futures trade today owing to slackened demand in the spot market.

At the National Commodity and Derivatives Exchange, jeera for delivery in June declined by Rs 50, or 0.38%, to Rs 13,000 per quintal with an open interest of 420 lots.

The July contract lost Rs 35, or 0.26%, to Rs 13,185 per quintal in 14,946 lots.

Analysts attributed to the decline in jeera futures to sluggish demand in the spot market, but fall in domestic supplies limited the losses.

Meanwhile, daily arrivals at Unjha dropped to about 5,000 to 6,000 bags of 60 kg each from 7,000 to 9,000 bags in the previous week.

Agri futures surge on monsoon worry

With rains behind schedule, near-term and further delivery contracts for kharif crops trading are at higher levels

Dilip Kumar Jha / Mumbai June 20, 2012, 0:18 IST

A number of agri contracts hit the upper circuit on the National Commodity & Derivatives Exchange (NCDEX) on Tuesday, amid concern over a possible hit in kharif sowing due to deficient monsoon rainfall.

Kapas (raw or seed cotton) contracts for delivery in February and April rose four per cent to trade at Rs 1,016 and Rs 1,020 per 20 kg. Soybean contracts followed, with the commodity for delivery in October and November jumped to trade at Rs 3,270 and Rs 3,182 a quintal. Coriander for June delivery rose to settle at Rs 3,678 a quintal.

Chana, jeera and mustard seed also rose for near-month delivery by 2.2 per cent, 2.7 per cent and 2.8 per cent, respectively, to trade at Rs 4,160 a quintal, Rs 13,400 a quintal and Rs 3,816 a quintal.

The monsoon rainfall has been 36 per cent and 50 per cent below average in the first and second week of the current season, posing a threat for kharif sowing. Timely advent of the monsoon is imperative, as a majority earn their livelihood from agriculture and are largely dependent on these rains for farming, in the absence of other irrigation facilities. A delay in rain would result in loss of moisture in the soil, leading to lower yields and delay in planting of kharif crops.

A report by SMC forecasts kapas futures for delivery in April 2013 to trade range-bound at Rs 965-990 due to slow mill buying in the domestic market. The fact that is supporting the counter is the decreasing sowing progress. Government data showed cotton sowing was completed as on June 15 in Maharashtra in around 131,100 hectares against 270,200 hectares last year in the same period.

The report further estimates soybean futures for delivery in July to trade higher, testing Rs 3,510-levels. With demand from plant operators improving, deliveries ruled higher at Rs 3,470-3,510 a quintal. Soymeal quoted at Rs 30,200 a quintal on improved export demand. In the domestic market, it ruled at Rs 28,500-29,000. In mandis across Madhya Pradesh, soyabean ruled at Rs 3,330-3,420 a quintal.

Malaysian palm oil futures closed higher yesterday, after Greece's pro-bailout parties won closely-watched elections over the weekend, preventing the Euro zone debt crisis from escalating and reviving risk appetite.

“Turmeric prices are expected to trade upwards on account of rise in demand from stockists and lower output expectations. Prospects of a rise in daily arrivals may limit any sharp gains ,” said an analyst with YES Bank. Turmeric arrivals were steady at 3,000-4,000 bags (a bag is 75 kg) at Nizamabad but declined to 4,000-6,000 bags at Sangli. At Erode, arrivals were steady at 7,000 bags early last week, increasing to 11,000 bags on Friday. Spot rates were steady and quoted at Rs 32-35 per kg across major trading centres.

Going forward, turmeric futures (July) are expected to trade within a narrow range, facing resistance near Rs 3,940 a quintal levels. There were announcements for procurement of turmeric at Rs 4,000 a quintal, but none has been made so far; growers expect far more.

The upside moves in cardamom futures might remain restricted, owing to weakness in spot markets as arrival of quality materials dropped sharply at auctions held in Kerala and Tamil Nadu.

Meanwhile, pepper futures for delivery in July are expected to trade with a bearish bias and remain below Rs 40,500 levels, as stockists who do not have processing facilities are liquidating because of the rains.

Arrivals from the primary markets on Tuesday were 12 tonnes and the entire quantity was traded at Rs 379-383 a kg.

THE HINDU Business Line

Pepper moves up on limited availability

G. K. Nair

Kochi, June 19:

The pepper market on Tuesday moved up on tight availability amid buying support despite drop in open interest.

Under the staggered delivery, already 560 tonnes of June contract have been reportedly delivered while another 480 tonnes are expected to be delivered.

Arrival from the primary markets continued to remain very thin as the farmers and the dealers are not keen to sell. Thus, the market is claimed to be experiencing a tight supply scenario, market sources told *Business Line*.

Meanwhile, in the consuming centres and major trading centres in North India, the inventories are said to be empty, they said. As the prices were ruling high they were buying hand to mouth.

The spices consumption in North India during the Monsoon season which likely to set in about a week, is high and hence the domestic demand is destined to pick up in the coming days, they claimed.

The buying interest shown at Rs 400 a kg gives the impression that there is a shortage of the material everywhere and that has aided the prices to move up, they said.

June contract o the NCDEX moved up by Rs260 a quintal to the last traded price (LTP) of Rs 40,130 a quintal. July and August increased by Rs 535 and Rs 525 a quintal respectively to the LTP of Rs 40,430 and Rs 40,665 a quintal.

Turnover

Total turnover moved up by 531 tonnes to 1,813 tonnes. Total open interest dropped by 130 tonnes to 5,164 tonnes showing liquidation.

June open interest decreased by 125 tonnes to 485 tonnes while that of July moved up by 16 tonnes to 3,365 tonnes. August declined by 31 tonnes to 1,279 tonnes.

Spot prices increased by Rs200 a quintal in tandem with the futures market trend and the tight supply scenario to close at Rs 38,300 (Ungarbled) and Rs39,800 (MG 1) a quintal.

Indian parity in the international market was at $7,300 a tonne (c&f) for Europe and $7,600 a tonne (c&f) for the US.

Farmers, stockists curb chana sale

Indore, June 19:

Restricted release of chana stocks by farmers and stockists pushed up chana prices further on Tuesday.The restricted sales despite ample inventories are since they are hoping for further rise in prices, according to Mr Sanjay Bansal, a wholesale trader.Chana (kanta) prices rose to Rs 4,350 a quintal in private trading on Tuesday as buying support improved. The local *mandis*here were closed on account of '*Amavasya*'.On Monday, chana (kanta) – with decline in buying support and rise in selling pressure – had slipped to Rs 4,250-75 a quintal. Compared with prices on the NCDEX, chana (kanta) has been ruling high in the physical market. Chana prices in the physical market are almost double compared with last year. During the same time last year, chana had ruled at Rs 2,200-2,300. A couple of days ago, prices have touched a high of Rs 4,500 a quintal. This is primarily because of the speculators' grip on the physical market.

Chana prices could rise by Rs 100-150 a quintal in the near future. Chana dal ruled stable with the average quality being quoted at Rs 5,125-50, the medium one at Rs 5,250 and the bold one at Rs 5,425-50.Dollar chana in private trading ruled steady at Rs 6,000-7,400 a quintalOn Monday, dollar chana had declined by Rs 150 a quintal on slack buying support.In container trade, dollar chana ruled stable with 42/44 count being quoted at Rs 8,050, 44/46 count at Rs 7,950, 46/48 count ruled at Rs 7,850, while dollar chana (58/60) count ruled at Rs 6,400 a quintal.With closure of mandis, arrival of dollar chana remained negligible.

Palm, soya oil gains on Malaysian cues

Mumbai, June 19:

Imported palmolein and soya oil extended gain on Tuesday tracking firm futures markets abroad.

Malaysian palm oil futures rose on third consecutive day on expectation of higher export demand for festivals starting from next month.

Palmolein and soya refined oil rose by Rs 3 and Rs 7 for 10 kg respectively as refiners hiked rates, tracking foreign markets.

Sunflower refined oil and cotton oil increased by Rs 5 each. Groundnut oil ruled unchanged despite bearish reports from Saurashtra.

Rapeseed oil ruled steady.

. Mr Shailesh Kataria, a leading broker, said that the market improved on higher demand as the local pipeline is empty. About 2,500-3,000 tonnes of edible oils were traded during the day. Most of the volume was in palmolein. Price gap between palmolein and soya oil increased.

Ruchi sold about 2,000 -2,500 tonnes of palmolein at Rs 585-588, soya refined oil 250 tonnes at Rs 702-705 and sunflower refined oil 150 – 200 tonnes at Rs 715. Resellers offloaded about 100-150 tonnes of palmolein at Rs 586 on CAD basis.

Liberty quoted Palmolein at Rs 595-596, super palm Rs 635, soya oil Rs 706 and sunflower refined oil Rs 720.

Ruchi quoted palmolein at Rs 585-586 for June and Rs 588-593 for July-August. Soya refined oil was quoted at Rs 702 for July 1-10 and Rs 705 for July 11-31. Sunflower refined oil traded at Rs 715.

Allana’s rate for palmolein was Rs 595 for July 15-31. Bunge quoted palmolein at Rs 595. In Saurashtra - Rajkot market, groundnut oil declined by Rs 25 to Rs 1,920 (Rs 1,945) for *Telia* tin and by Rs 20 to Rs 1,250 (Rs 1,270) for loose - 10kg.

Malaysia's crude palm oil July contracts settled at MYR 2,930 (MYR 2,871), August at MYR 2,942 (MRY 2,890) and September at MYR 2,948 (MYR 2,899) a tonne.

The Bombay Commodity Exchange spot rates (Rs/10 kg): groundnut oil 1,190 (1,190), soya refined oil 702 (695), sunflower exp. ref. 650 (650), sunflower ref. 720 (715), rapeseed ref. oil 800 (800), rapeseed expeller ref. 770 (770) cotton ref. oil 675 (670) and palmolein 587 (584).

Mills’ sale put pressure on sugar

Mumbai, June 19:

Sugar prices on the Vashi wholesale market ruled steady on Tuesday as demand eased and supply was ample. Millers continued selling at the market rate due to higher production and less than expected demand.

Active buying by neighbouring States is absent in Maharashtra, forcing producers to concentrate on local markets.

Spot, naka and mill tender rates were unchanged. Prices were range-bound in the domestic futures market nt.

A Vashi-based wholesaler said that the local retail demand has eased. Routine need-based buying sentiment kept activities normal.

The supply from mills and ample stocks with stockists kept buyers away from building fresh inventories.

Local retail demand will be lower or ease till month end. Monsoon is expected to play a lead role in the coming days.

In the Vashi market arrivals were 50-52 truckloads and local dispatches were 48-50 loads. On Monday 12-13 mills offered tenders and sold 38,000- 40,000 bags to local traders in the range of Rs 2,820-2,870 (Rs 2,820-2,870) for S-grade and Rs 2,900-2,980 (Rs 2,900-2,980) for M-grade.

The Bombay Sugar Merchants Association's spot rates were (Rs/quintal): S-grade Rs 2,932-2,991 (Rs 2,932-2,991) and M-grade Rs 3,000- 3,181 (Rs 3,032-3,181).

Naka delivery rates: S-grade Rs 2,900-2,940 (Rs 2,900-2,940) and M-grade Rs 2,950-3,050 (Rs 2,950-3,050).

Groundnut oil flat on lack of demand

Rajkot, June 19:

Groundnut oil remained unchanged on Tuesday with demand in the retail market being almost nil. Cotton oil, however, traded higher on increasing demand.

A Rajkot-based edible oil retailer said: “Demand in groundnut is almost nil as prices are too high. Most of the people have shifted to cotton oil and other edible oils. Compared with groundnut oil, cotton oil is cheaper and easily available. So people prefer to use it.”

According to a miller, the available stock of groundnut for crushing is lower than their requirement and that’s why groundnut oil prices have shot up in the past few days.”

Groundnut oil loose quoted at Rs 1,240-1,250 for 10 kg in Rajkot, while it quoted at Rs 1,240-1,250 at Gondal and Jamnagar and at Rs 1,190 in Mumbai. Groundnut oil 15-kg new tin stood at Rs 2,095-2,100 and *telia* tin ruled on Rs 1,892-1,893.

Cotton oil was up by Rs 10 and traded at Rs 1,110-1,120 for 15-kg tin and cotton oil wash was up by Rs 10 to Rs 642-645 for10 kg.

Groundnut HPS prices were down and 50-60 count prices were ruling at Rs 77,500 a tonne. About 75,000 bags of groundnut arrived and were traded at Rs 830-1,005 for 20 kg in APMCs.

Mixed trend in rubber

Kottayam, June 19:

Spot rubber was mixed on Tuesday. Sentiments were almost neutral though declines in the domestic and international futures kept the market under pressure during late trades.

Sheet rubber dropped to Rs 187 a kg from Rs 187.50 and Rs 188 a kg at Kottayam and Kochi respectively, according to traders and the Rubber Board. Transactions were low.

In the futures market, the July series dropped to Rs 187.20 (188.31), August to Rs 186.11 (187.71) and September to Rs 185 (186.45) a kg for RSS 4 on the National Multi Commodity Exchange.

The most actively traded TOCOM rubber futures fell after touching a two-week high on Monday as the initial enthusiasm over the victory of pro-bailout parties in Greece gave way to renewed worries over Spain and its banks. RSS 3 (spot) slipped to Rs 192.95 (193.13) a kg at Bangkok. June futures weakened to ¥254.5 (Rs 180.44) from ¥257.5 during the day session and then to ¥ 252 (Rs 178.68) a kg in the night session on the Tokyo Commodity Exchange.

Spot rubber rates (Rs/kg): RSS-4: 187 (187.50); RSS-5: 182.50 (182.50); Ungraded: 177 (177); ISNR 20: 182.50 (182.50) and Latex 60 per cent: 131 (130).

Ample stocks, weak demand pound wheat

Karnal, June 19:

Dara and desi wheat prices eased by Rs 5-15 a quintal on Tuesday due to ample stocks and reduced offtake.

Mr Satish Kumar, a wheat trader, said that surplus stock and sluggish demand are keeping wheat prices down. Bulk buyers and flour mills have ample stock, and fresh arrivals from Uttar Pradesh have led to muted purchases, he said.

Wheat prices have been range-bound in the past week and traders expect dara prices to stay at current levels for the next few days, said Mr Kumar .

The dara variety was down by Rs 5, settling at Rs 1,190-1,195 a quintal.

Around 55 tonnes of the dara variety arrived from Uttar Pradesh and the stocks were directly offloaded at the mills. Mill delivery was at Rs 1,190 a quintal, while delivery at chakki was at Rs 1,195 a quintal.

Similarly, prices of Desi wheat varieties eased marginally due to tepid buying. The tohfa variety was down Rs 15 and ruled at Rs 2,235 a quintal; Bhojan King was quoted at Rs 2,120 while the Nokia variety traded at Rs 2,070 a quintal, Rs 10 down from its previous level.

On the National Commodity and Derivatives Exchange, wheat futures continued to slide. Wheat for June delivery decreased by Re 1 to Rs 1,152 a quintal. July contracts on the exchange decreased by Rs 5 to Rs 1,164 a quintal.

Flour Prices

Despite a fall in wheat prices, flour prices ruled firm and quoted at Rs 1,200 for a 90-kg bag. Though there hasn't been much buying , flour mill operators are reluctant to sell their stocks below Rs 1,200, said sources. Similarly, Chokar prices ruled flat, selling at Rs 650-660 for a 49-kg bag.

Turmeric perks up on quality offerings

Our Correspondent

Erode, June 19:

Spot turmeric prices increased marginally on Tuesday due to lower arrivals and the quality of offerings.

"Only 9,200 bags arrived for sales. But sales did not improve with only 60 per cent being sold.

"Stockists procured over 70 per cent of the offerings. Prices improved on quality. We are expecting further decrease in arrivals in the next couple of days," said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said that some 50 bags of fine quality turmeric that arrived at the Gobichettipalayam Agricultural Cooperative Marketing Society were sold at Rs 4,049 a quintal . The lowest rate was Rs 3,161 a quintal. Similarly, the hybrid Salem crop increased by Rs 100 a quintal. Prices of turmeric in Nizamabad and Sangli were stable at Rs 3,800. At the Erode Turmeric Merchants Association Sales yard, the finger variety was sold at Rs 2,217-3,781 a quintal and the root variety at Rs 2,209-3,511.

Salem Crop: The finger variety was sold at Rs 3,375-4,274, the root variety Rs 3,211-3,691. Of 1,639 bags kept for sales, 1,010 were sold.At the Regulated Marketing Committee, the finger variety fetched Rs 3,169-3,520 and the root variety at Rs 3,039-3,488.About 1,036 bags of turmeric were sold against the arrival of 1,036.At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 3,161-4,049, and the root variety Rs 2,900-3,489. All the 394 bags of turmeric on offer were sold.At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 3,100-4,069 and the root variety Rs 2,669-3,697. All the 1,271 bags kept for sales were sold.

Marico's copra purchase heats up coconut oil

V. Sajeev Kumar

Kochi, June 19:

Coconut oil prices in Kerala surged this week following bulk buying of copra by Marico Industries from the Tamil Nadu market.

Coconut oil is now selling at Rs 65 a kg in Kerala against last week's Rs 59 . Rates in Tamil Nadu have also moved up to Rs 63 a kg against Rs 57 last week.

Mr Prakash B. Rao, Vice-President, Coconut Oil Merchants Association (COMA), attributed the increase to bulk buying of copra and coconut oil by Marico for use in production of hair oil and cosmetics.

The company has reportedly purchased around 1,500 tonnes from Tamil Nadu at Rs 44 a kg, resulting in prices increasing, he said.

State procurement hit

Farmers are now reluctant to supply copra to cooperative societies due to increased buying by corporates at reasonably good rates. This, he said, is likely to affect copra procurement by Government agencies.

Copra prices in Kerala were quoted at Rs 4,300 a quintal against Rs 4,000 last week. In Tamil Nadu, it was Rs 4,100 against Rs 3,800 reported last week.Prices of palm oil and palm kernel oil, the substitutes for coconut oil, are however down this week.Palm oil was quoted at Rs 60 a kg against Rs 64 and palm kernel oil was ruling at Rs 68 a kg against Rs 70.Increased supply from Malaysia will start in the next couple of months, and this might be the reason for the drop in prices, he said.Mr Bharat N. Khona, former Board Member, COMA, said that coconut oil prices had started stabilising compared with other edible oils, and this trend was likely to persist in the coming weeks. Mr Thalath Mahamood, President, COMA said that copra procurement by cooperatives, too, had helped prices firm up. He said that rates would rebound since the commodity market is cyclical in nature.

Early estimates indicate higher sugar output in TN

R. Balaji

Chennai, June 19:

Preliminary estimates for the 2012-13 sugar season in Tamil Nadu indicate that sugarcane availability could be slightly higher than that of the current year.

The official estimate is based on the ongoing registration of sugarcane crop by farmers with sugar mills and the performance in the current season.

According to the estimate, sugarcane crushing by the mills in the ongoing 2011-12 (October-September) season could touch about 230 lakh tonnes (lt).

Sugar production as of mid-June was 18.78 lt with the private sector sugar mills accounting for about 14.4 lt and the cooperative and public sector mills about 4.33 lt.

With over half a dozen mills still in operation and the special season expected to start in a month's time, sugar production could reach about 20 lt.

Production in the current season, as of now, has increased by about 15 per cent over that of the last season.

According to official statistics, for the coming season sugarcane area registered with sugar mills were 5.35 lakh acres as of May.

Of this, the private sector mills' registration is about 3.63 lakh acres and cooperative and public sector 1.72 lakh acres.

With the average output of 40 tonnes an acre, the expected sugarcane output would be about 215 lt at current levels.

Farmers will continue registering their crop with the mills over the coming months and by the start of the season the area is set to exceed the current season's registration which was 6.80 lakh acres.

However, industry representatives sound a note of caution.

With delay in rain early in the season and a crop that stretches over one year before harvest, the estimates are at best early indications.

As of now the coming season could match or be slightly bigger than that of the current season's output.

Egg prices rise to record as monsoon, fishing ban boost demand

Sources in the poultry industry expect the egg and chicken prices to rise further in coming days

Chennai, June 19:

The price of an egg has increased to a record Rs 3.22 with demand rising following the end of summer and onset of the South-West monsoon.

The National Egg Coordination Committee (NECC), Namakkal zone, has hiked the price of an egg by 18 paise from Rs 3.04 last week.

Demand factors

A host of factors such as rise in consumption, spiralling input costs, pricey vegetables, ban on fishing in Kerala and Karnataka have boosted egg prices.

Sources in the poultry industry expect the egg and chicken prices to rise further in coming days.

“Of our average production of 2.75 crore eggs, we used to send 30 lakh eggs to Kerala. Now, it has almost doubled owing to ban on fishing in that State,” said a poultry-unit owner in Namakkal.

The re-opening of schools, a major consumer of eggs under noon-meal scheme, has provided a shot in the arm to the industry.

Input costs

Mr P. Selvaraj, Chairman of the NECC's Namakkal zone, told *Business Line* that soaring cost of soyameal - a key ingredient in poultry feed is also one of the reasons.

Soyameal at Indore ruled at Rs 28,270-28,800 on Tuesday against Rs 16,100 - 16,300 during the same period a year ago.

Feed costs account for two-thirds of production cost in a poultry unit.

Exports

On the export front, the industry is pinning hopes on Bangladesh that has opened its gates to poultry imports to meet Ramadan demand.

Exports hit a 10-year low of 240.88 lakh eggs in May this year against 330.62 lakh eggs last May.

Prices of layer birds has been increased to Rs 54/kg (Rs 48) and is likely to go up further on demand hopes while the Broiler Coordination Committee has retained last week's Rs 76/kg. Broiler prices touched a record Rs 75 during March 2011.

Surging cultivation costs behind hike in support price

Vishwanath Kulkarni

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(in Rs/quintal)

MSPS FOR SOME KHARIF CROPS	MSP 2011-12	Projected Cost for 2012-13 (all India weighted average)		MSP suggested by States (weighted average)	MSP recommended and approved for 2012-13
		A2+FL	C2		
Paddy	1080	847	1185	1644	1250
Maize	980	845	1101	1485	1175
Urad	3300	3149	4381	4400	4300
Groundnut	2700	2923	3765	3723	3700
Sunflower	2800	3008	3751	4607	3700
Soyabean	1650	1773	2390	2529	2200
Cotton	2800 (Medium staple) 3300 (Long staple)	2093	2895	4141	3600 (Medium staple) 3900 (Long staple)

- A2+FL is paid out cost including family labour; C2 is projected cost of production

New Delhi, June 19:

The Commission for Agriculture Costs and Prices (CACP) has justified the hike in minimum support price (MSP) for kharif crops such as paddy and oilseeds on sharp rise in cultivation costs.

The Government last week approved the hike in MSP for crops such as paddy, oilseeds and pulses ranging from 16 per cent to 53 per cent, as recommended by CACP.

Defending the MSP for common paddy, which has been hiked by 16 per cent over last year's Rs 1,080 a quintal, the CACP said that the recommended MSP for 2012-13 just about covers the projected cost of cultivation (C2) for farmers. C2 includes the paid out costs, the imputed cost of family labour and the rentals of land foregone on account of cultivation.

The C2 works out to an average of Rs 1,185 a quintal for paddy this year. At the same time, the CACP has pegged the paid out costs (A2+FL) including the costs of inputs such as seeds, fertiliser, interest on capital and imputed family labour at Rs 847.

Cultivation costs

The CACP said cultivation costs for farmers have shot up in past three years on account of sharp rise in inputs such as labour wages, fertilisers, diesel, fodder and cattle feed.

The average labour wages shot up 74 per cent in the past three years and so also the price of fertilisers such as DAP, which have more than doubled in the past one year.

The C2 for paddy at Rs 1,185 for the current year is 53 per cent higher than the actual projected costs in 2008-09, it said.

But the paddy MSP has gone up by 20 per cent in the past three years, resulting in a substantial margin squeeze.

“Overall, the rationale of MSP pricing this year is to keep the paddy farmers incentivised by covering their weighted average costs, but work more on coarse cereals, pulses and oilseed whose production has fallen, and cotton where exports have been rising and domestic stocks have fallen,” the CACP said.

The maximum focus, however, is to encourage growers of oilseeds and pulses, which are the country’s largest agri-imports, at least to the extent that they remain internationally competitive.

Pricing crisis

The Commission has strongly recommended that exports of common rice and cotton should be kept open else there could be a pricing crisis for farmers.

“If the Government wants to regulate exports, it can use the tariff policy (export duty) rather than abruptly and absolutely banning export of any agri-product.

In case the Government puts an export ban on common rice or cotton, it should simultaneously announce a bonus of at least 10 per cent on those commodities in addition to their MSP,” the CACP said.

It also recommended that exports of pulses be opened in larger quantities so that farmers are incentivised to produce more of them.

Rasi Seeds partners Evogene for transgenic rice

Vishwanath Kulkarni

New Delhi, June 19:

Rasi Seeds Pvt Ltd has tied up with Israeli firm Evogene Ltd to introduce the latter’s yield-enhancing and drought-tolerant gene traits into its hybrid rice varieties.

As part of the deal, Rasi Seeds will be granted an exclusive licence to a portfolio of 24 genes – 12 each – with yield-enhancing and drought-resistant traits. These genes have been identified and prioritised through Evogene’s computational genomic technology and validated in model plants. They are identified from different cultivated species such as sorghum and corn among others.

“We will integrate the licensed genes into our research and development pipeline and evaluate them in rice field trials,” said Dr M. Ramasami, Chairman and Managing Director, Rasi Seeds. However, Mr Ramasami did not disclose the financial terms of the deal but said it may take about six to seven years for the company to commercialise the hybrid rice incorporated with these genes into the Indian market.

The yield-enhancing genes would help improve the yields by 15-20 per cent, while the drought-resistant rice could be grown with less water and even in rainfed areas, Dr Ramasami said.

Under the agreement, Rasi Seeds has been granted rights to take the hybrid rice to South East Asian countries such as Bangladesh, Sri Lanka, Vietnam, the Philippines and Malaysia.

The Rehovot, Israel-headquartered Evogene Ltd will be entitled to receive milestone payments and royalties based on the sales of the resulting product. The Tel Aviv Stock Exchange listed firm uses its proprietary computational genomics technologies to provide a complete solution for plant trait improvement. It has discovered and validated over 3,000 genes in plants linked to traits such as improved yield and drought tolerance.

Cashew market sluggish on slack demand

G. K. Nair

Kochi, June 18:

Cashew market last week witnessed sluggishness as both buyers and sellers adopted a wait and watch mode. Average prices were around $3.90 for W240; for W320, at around $3.50; W450 and SW320, at around $3.30; Splits at around $2.40; Pieces at around $2.00 all per lb (fob).

Even in the domestic market , things were very quiet. With uncertainty in the European economy and financial markets, there is concern about demand for non-essentials. Given the high prices, European buyers seem to be content buying in small tranches for shorter periods. US demand, however, seems to be steady, but no large buying has been seen , Mr Pankaj N Sampat, a Mumbai-based dealer told *Business Line*.

On the supply side, he said, “the lower processing in May/June and maybe even July means that there is no pressure on shellers to push for sales, except for those who do not have forward sales and have to sell on a month-to-month basis”.

The Raw Cashew Nut (RCN) market was also quiet. Except for Guinea Bissau, there is not much unsold left in the origins. Price levels were approximately at $1,350 a tonne for Guinea Bissau; $1,300 a tonne for Senegal/Gambia; $1,100 a tonne for Benin and $1,000 a tonne for Ivory Coast (IVC).

Given the high prices paid for bulk of the RCN, those shellers who are able to make forward sales are reluctant to sell at the current lower levels. Buyers do not seem to be willing to pay high prices because they are not confident about off take in coming months.

This trend of thin forward books makes the market vulnerable. Any sudden move by shellers or buyers could sway the market with sudden dips and spikes. This volatility makes long term planning more difficult, Mr Sampat said. The trend will likely remain hazy during the rest of the year, he said.

The supply side for 2012 is more or less known – in terms of volume (some shortages) and price (higher end of the range). So, the price movement for the rest of 2012 will depend on what happens on the demand side – and that continues to be very uncertain, he said.

If demand turns out to be bad as the buyers say it is, “we could see market settling at the lower end of the current range or maybe even drifting a little lower. On the other hand, if off take picks up and buyers need to buy larger than expected volumes in July/August, we might see a slight upward movement in prices – given the fact that there is no replacement RCN available till almost the end of the year”.

If prices dip too much, some might see a buying opportunity and take on some forward positions. And, if prices are up too much, shellers who have bought RCN at higher levels may see an opportunity to lock in sales at reasonable prices.

To sum up, it would be safe to assume that the market will settle in the $3.50 to $3.75 range for the foreseeable future unless something dramatic happens, he added.