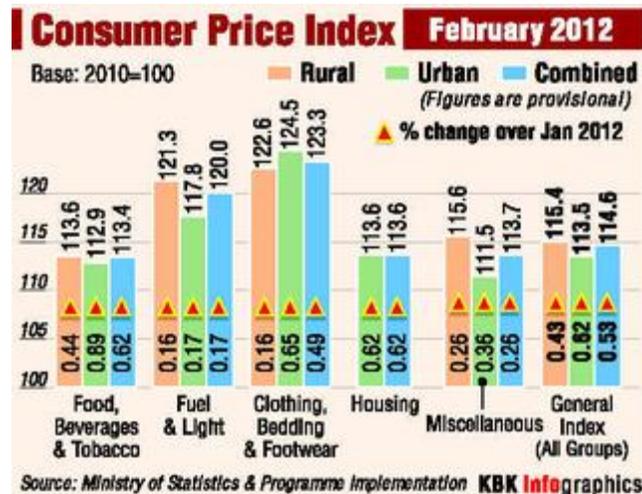


NEW DELHI, March 20, 2012

## Retail inflation shoots up in Feb

*Steep rise in prices of manufactured goods and protein-based items*



High prices of manufactured goods and protein-based items such as milk, eggs, meat and fish kept the retail inflation at an elevated level of 8.83 per cent in February giving no respite to common man.

In January, the retail inflation was 7.56 per cent.

The Consumer Price Index (CPI), measured by changes in retail prices, was much higher than the rate of price rise in the wholesale market during the month.

Finance Minister Pranab Mukherjee said inflation would fluctuate for a couple of months before it stabilised.

“Couple of months there will be fluctuations (in inflation) ... So I do hope that after couple of months it will stabilise,” he said.

During February, retail prices of egg, meat and fish rose by 10.62 per cent, while milk and its products turned costlier by 15.76 per cent, year-on-year.

While 'cereals and products' reported a moderate rate of price rise at 2.40 per cent in February, pulses and products saw a rise of 4.17 per cent. Among other items, only vegetable prices saw a decline of 4.73 per cent over the February 2011 level.

"Higher CPI inflation suggests that retail prices have not fallen as much as wholesale prices. However, the pickup in February CPI inflation is largely due to food related base effects and should not be interpreted as reaccelerating price pressures," Nomura said in a research note.

Inflation in the 'oil and fat' category shot up by 12.76 per cent and condiment spices became costly by 8.68 per cent on an annual basis.

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NEW DELHI, March 20, 2012

### **Inflation will stabilise: FM**

Finance Minister Pranab Mukherjee on Monday expressed cautious optimism that, after fluctuating for a couple of months, headline inflation would tend to stabilise in the weeks ahead.

Interacting with the media after chairing the central board meeting of the Reserve Bank of India (RBI) here, Mr. Mukherjee said: "Couple of months, there will be fluctuations [in inflation] ... So I do hope that after couple of months it will stabilise"

The Finance Minister, however, was quick to add that one should not expect a drastic fall in inflation to 4.0-4.5 per cent. "It would be around 6.5-7.0 per cent for the year as a whole," he said, while noting that steps should be taken to address the supply constraints of major farm products as far as food inflation was concerned.

India Inc. has been awaiting a cut in interest rates for quite some months now for investor confidence to recover and spur growth along with revival in demand. However, high inflation has been holding the apex bank from reducing its repo rate although it has taken care to infuse liquidity by easing the cash reserve ratio.

## General expectation

The general expectation has been that the RBI would ease its key policy rates next fiscal during its annual credit and monetary policy review on April 17.

However, while the budget impost of excise and service tax — from 10 per cent to 12 per cent across the board — is expected to 'officially' stoke about another percentage point in the inflationary spiral, the data on the retail inflation level for February does not augur well for a relaxation.

Asked about the chances of easing interest rates to make available cheaper credit, Mr. Mukherjee said: "From the monetary side as and when Governor RBI [D. Subbarao] will find appropriate, taking into account all factors prevailing at that point of time, he will take appropriate measures."

Just a day before, the Finance Minister had said that he was expecting a lowering of interest rates by the RBI in the months ahead in the wake of moderation in inflation.

Evidently, the available data on prices has not been found comfortable. While WPI (wholesale price index) based inflation — having remained high during most of last year — had started showing signs of moderation, it inched up again to 6.95 per cent in February. Moreover, retail inflation, based on the Consumer Price Index (CPI), stands pegged at 8.83 per cent in February on account of higher prices of protein-based items such as eggs, meat and fish and edible oil products.

Meanwhile, in an official statement on the customary post-Budget meeting of the central board, the RBI said that various aspects of the budget and the background of constraints arising out of the international financial as also the difficult domestic situation came up for discussion.

Stressing on the government's 'earnest commitment' to fiscal consolidation, the Finance Minister said "he had tried to focus on agriculture and infrastructure" and "endeavoured to push the economy on high growth path keeping in view the growth-inflation trade-off".

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Published: March 20, 2012 00:00 IST | Updated: March 20, 2012 04:33 IST

### **Copra unit to be revived in Pudukottai**

Special Correspondent

The copra procurement unit started through the cooperative marketing society, Aranthangi, would be revived from March 28. The decision to reopen the unit was taken in the wake of the oft-repeated demand of coconut growers to restart the unit for ensuring attractive price for their produce. The procurement unit was set up in 2010 by the agriculture cooperative producers' society. Identity cards were issued to the coconut cultivators.

In a release issued here on Monday, B. Maheswari, Collector, said a large number of coconut growers in the coastal belts of Aranthangi, Avudaiyarkovil and Manalmelkudi would benefit through the procurement.

Those possessing the identity cards should renew the same by obtaining the certificate from the revenue officials. New members would be enrolled for which applications were available at the society in Aranthangi till April 10. The applications would be scrutinised by a team of officials belonging to the revenue, agriculture, and cooperation department before enrolling new members.

The Collector said steps were also being taken to set up a similar procurement unit at Alangudi to facilitate the coconut growers of Alangudi, Karambakudi, Gandarvakottai and Pudukottai.

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Published: March 20, 2012 00:00 IST | Updated: March 20, 2012 04:31 IST

### **Farming community urged to protect tree cover**

Special Correspondent

Replacing trees in the Nilgiris district with 'concrete trees' will place the farming community in great jeopardy, cautioned E. Kulandaivelu, Director, Regional Meteorological Station, Chennai, here on Monday. He was inaugurating an awareness programme on "Weather Based Agro

Advisory Services in the Country” organised by the Horticulture Research Station (HRS) of the Tamil Nadu Agriculture University.

Underscoring the role of trees in creating weather conditions conducive for farming, he said that in hill areas like the Nilgiris if one tree was felled 10 should be planted.

Pointing out that the Nilgiris was highly vulnerable to soil erosion since the soil binding was not strong, he said that the only way to conserve soil here was by protecting the trees and planting more. Such measures will ensure the economic well-being of the farmers.

Stating that the station provided vital weather-related information district-wise for five days, Mr. Kulandaivelu said that in the Nilgiris it was based on its tree cover. Water was of considerable importance in places like Ooty, Kodaikanal and Yercaud.

Development was necessary, but it should not be at the cost of green cover.

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Published: March 20, 2012 00:00 IST | Updated: March 20, 2012 04:29 IST

## 100 per cent subsidy for drip irrigation facility

Special Correspondent

The State government is giving 100 per cent subsidy to the small and marginal farmers for going in for drip irrigation facility, according to V.Sampath, District Collector.

In a statement released here on Monday, the Collector stated that to give a thrust to cultivation and to improve the lot of the small and marginal farmers the government was extending 100 per cent subsidy for the purchase of drip irrigation equipment that would cost Rs 43,816.

Generally the farmers who had obtained the certificates (declaring that they are small or marginal farmers) from the respective tahsildars would be eligible to get the benefit.

However, to enable them to get the certificates without any hassles special camps would be organized on March 20 (Tuesday) in the offices of the Sub-Collector at Thirukkcoilur, and the Revenue Divisional Officers at Villupuram, Tindivanam and Kallakurichi on March 20 (Tuesday).

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**hindustantimes**

**water**

**Delhi - INDIA**

### Today's Weather



Sunny

Tuesday, Mar 20

Max Min

37° | 21°

Rain: 00 mm in 24hrs

Humidity: 45%

Wind: Normal

Sunrise: 7:14

Sunset: 17:48

Barometer: 1010

### Tomorrow's Forecast



Sunny

Wednesday, Mar 21

Max Min

34° | 15°

### Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Mar 22	Mar 23	Mar 24	Mar 25	Mar 26
34°   15°	31°   11°	32°   10°	35°   13°	36°   15°
Sunny	Sunny	Partly Cloudy	Sunny	Sunny



6.1K tonnes foodgrains reported to be damaged in 2010-11: Govt

Agencies Posted online: Mon Mar 19 2012, 14:52 hrs

**New Delhi :** The government today said out of the 60 million tonnes of foodgrains distributed in the country in 2010-11 through the Public Distribution System (PDS), only 0.061 lakh tonnes were reported to be damaged.

The total damage reported during 2010-11 was 0.061 lakh tonnes, out of the total 60 million tonnes distributed in the country in 2010-11, Minister of State for Foods and Public Distribution K V Thomas said in Rajya Sabha.

He was replying to questions relating to the poor quality of foodgrains being distributed to the states under the PDS and other food-based welfare schemes.

Thomas said the government has laid down procedures to ensure only good quality foodgrains, free from insect infestation, are issued for PDS and other food-based welfare schemes.

"Ample opportunities are given to the state governments to check the quality of foodgrains prior to lifting the stock from FCI godowns," he said.

He, however, admitted that the HRD Ministry, which operates the mid-day meal scheme, had reported instances of poor quality of foodgrains being received in various schools of Bihar, West Bengal, Uttar Pradesh, Assam and Andhra Pradesh in the last two years.

"It was reiterated to the concerned state government officials as well as district mid-day meal authorities and FCI officials that joint inspection should be conducted as per as the laid down procedure to ensure that foodgrains being lifted are of fair average quality," he said.

To a question on rotten wheat and rice supply to the hill areas of Darjeeling through PDS, Thomas said state representatives were happy with the quality and had signed a "consignee's report as satisfied with the quality and quantity of stocks issued".

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## THE ECONOMIC TIMES

19 MAR, 2012, 04.34PM IST, PTI

### **Edible oils strengthen on millers buying**

NEW DELHI: Select edible oils strengthened up to Rs 50 per quintal in the wholesale oils and oilseeds market today on the back of sustained buying by vanaspati millers for the marriage season amid a firming global trend.

In the non-edible segment, a few oils also showed some strength on increased offtake by industrial units.

Buying activity in edible oils picked up as palm oil advanced in global markets on signs of increasing demand from China, the world's biggest cooking oil user.

Meanwhile, palm oil for June-delivery palm oil climbed 0.4 per cent to USD 1,117 a tonne on the Malaysia Derivatives Exchange.

In the national capital, groundnut mill delivery oil (Gujarat) advanced by Rs 20 to Rs 10,600 and mustard expeller (Dadri) gained Rs 30 to Rs 7,850 per quintal, respectively on increased local demand.

Taking a positive cues from global markets, palmolein (rbd) and palmolein (Kandla) oils rose by Rs 50 each to Rs 7,650 and Rs 7,300, while crude palm oil (ex-kandla) traded higher by the same margin to Rs 7,100 per quintal, respectively.

Soyabean refined mill delivery (Indore) and soyabean degum (Kandla) oils too traded higher by Rs 30 each to Rs 7,580 and Rs 7,130 per quintal, respectively.

In the non-edible section, linseed oil rose by Rs 50 to Rs 4,950 per quintal on fresh enquiries from paint's units.

Neem oil also moved up by Rs 50 to Rs 4,200-4,300 per quintal on increased demand from soap industries.

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19 MAR, 2012, 04.16PM IST, PTI

### **Potato futures up 1.18% on high spot demand**

NEW DELHI: Potato prices rose by Rs 12.40 to Rs 1,055 per quintal in futures trade today, largely supported by a pick-up in spot market demand.

Sentiment improved further as a result of the restricted arrivals from producing regions.

At the Multi Commodity Exchange, potato for May month contract rose by Rs 12.40, or 1.18 per cent to Rs 1,055 per quintal, with a trading volume of 451 lots.

The delivery for delivery in June month contract also traded higher by Rs 14.60, or 1.11 per cent to Rs 1,324.90 per quintal with a business volume of 98 lots, while May month delivery up by Rs

13, or 1.08 per cent, to Rs 1,215.90 per quintal in 498 lots.

Marketmen said the rise in potato prices at futures trade was attributed to the rising spot demand.

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19 MAR, 2012, 04.14PM IST, REUTERS

**Oilseeds, soyoil erase gains on global cues**

MUMBAI:Indian oilseed and soyaoil futures erased early gains on Monday afternoon as a fall in the world market prompted profit-taking, although analysts said the medium-term outlook was firm due to an estimated drop in the domestic rapeseed crop's production.

\* Malaysian palm oil futures fell 0.56 per cent to 3,379 ringgit per tonne by 0844 GMT, while U.S. soybean eased 0.42 per cent to \$13.68-1/4 per bushel.

\* "Weak palm oil and U.S. soybean dragged down local market," said Sudha Acharya, an analyst at Kotak Commodities.

\* "But weakness is temporary. Yesterday COOIT estimated a sharp drop in rapeseed production. That should support market in medium term," she said.

\* The country's rapeseed output is estimated to drop by 12.6 per cent to 6.03 million tonnes in the year to June 2012, said the Central Organisation for Oil Industry and Trade (COOIT) on Sunday.

\* Soybean for April delivery on India's National Commodity and Derivatives Exchange was unchanged at 2,907 rupees per 100 kg, after hitting a record high of 2,944 rupees last week.

\* Rapeseed for April delivery edged up 0.16 per cent to 3,800 rupees per 100 kg, while April soyoil eased 0.36 per cent to 735.5 rupees per 10 kg.

\* India has crushed more than half of its 2011/12 soybean crop to meet aggressive export demand for soymeal and is likely to start the new marketing year in October with meagre carry

forward stocks of beans, a senior industry official said on March 9.

\* In the Indore spot market in Madhya Pradesh, soyoil edged up 1.25 rupees to 735 rupees per 10 kg, while soybean edged up a rupee to 2,836 rupees per 100 kg. At Sri Ganganagar in Rajasthan, rapeseed climbed 19 rupees to 3,671 per 100 kg.

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19 MAR, 2012, 02.47PM IST, REUTERS

**Chana edges down on arrivals; guar gains**

MUMBAI: Chana futures eased on Monday following higher arrivals from the new season crop in the domestic market, analysts said.

\* At 2 p.m, the most-active chana for April delivery on the National Commodity and Derivatives Exchange (NCDEX) was 0.73 per cent lower at 3,800 rupees per 100 kg.

\* In the Delhi spot market, chana fell 118.50 rupees to 3,610.65 rupees per 100 kg.

\* "Chana is down as arrivals are increasing in the market," said Shikha Mittal, an analyst with Karvy Comtrade.

\* Selling could be done around 3,820-3,830 rupees, for a target of 3,710 rupees, maintaining a stop loss of 3,890 rupees, said Mittal.

\* The new season arrivals in Madhya Pradesh and Rajasthan states, the top two growers, are rising and could drag down prices, trader said.

GUAR Guar futures rose 4 per cent, the maximum permitted daily limit, to hit a record high with reduced volumes as traders struggled to buy commodity amid negligible arrivals and low carry-forward stocks, analysts said.

\* Some traders still held positions expecting a further rise in prices.

\* The guar April contract was locked in the 4 per cent upper circuit and a record high of 27,640

rupees per 100 kg.

\* Traders have predicted a deficit of around 25 per cent in guar seed supply in the market, which is supporting the prices at higher levels.

\* "Guar prices are likely to remain firm in the short term but may come down once fresh arrivals start coming in the market by October," said Badruddin Khan, associate vice-president, research, Angel Commodities.

\* The export of guar gum, a byproduct of guar seed, used as sealant in oil and natural gas drilling, nearly tripled to 670,949 tonnes in April-November from 228,113 tonnes a year earlier, the government data showed.

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## Business Standard

Tuesday, Mar 20, 2012

### Sugar production up 14% till March 15

Press Trust Of India / March 20, 2012, 0:56 IST

The country's sugar production has increased by 14 per cent to 21.2 million tonnes till March 15 in the current marketing year that started October last year, according to industry data. Sugar production in India, the world's second-largest producer and biggest consumer, stood at 18.6 million tonnes in the year-ago period, the Indian Sugar Mills Association (Isma) said in a statement on Monday.

"Isma still maintains that the production will be 26 million tonnes in the current season," it added. The food ministry has pegged output at about 25.2 million tonnes for the 2011-12 marketing year. Maharashtra, the country's largest producing state, had 7.3 million tonnes till March 15, which is 13 per cent higher than last year. Sugar production of Uttar Pradesh is also up by about 13 per cent to 6 million tonnes. The southern states of Karnataka and Tamil Nadu have also reported higher output of 3.2 million tonnes and 1.08 million tonnes, respectively.

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## Crude palm oil up 0.43% on rising demand

Press Trust of India / New Delhi March 19, 2012, 13:20 IST

Crude palm oil futures rose by Rs 2.50 to Rs 583.80 per 10 kg today as speculators created fresh positions on the back of rising spot demand.

A firming trend in the overseas markets also influenced crude palm oil prices at futures trade.

On the Multi Commodity Exchange, the May delivery was up by Rs 2.50, or 0.43%, to Rs 578.40 per kg, with a trading volume of 437 lots.

The April crude palm oil moved up by Rs 1.60, or 0.27%, to Rs 578.40 per 10 kg, with a business turnover of 437 lots, while delivery in March inched up by Rs 1.30, or 0.22%, to Rs 572.40 per 10 kg, with a trade volume of 77 lots.

Meanwhile, in Malaysia, June-delivery prices climbed 0.4% to 3,412 ringgit (USD 1,117) a tonne on the Malaysia Derivatives Exchange.

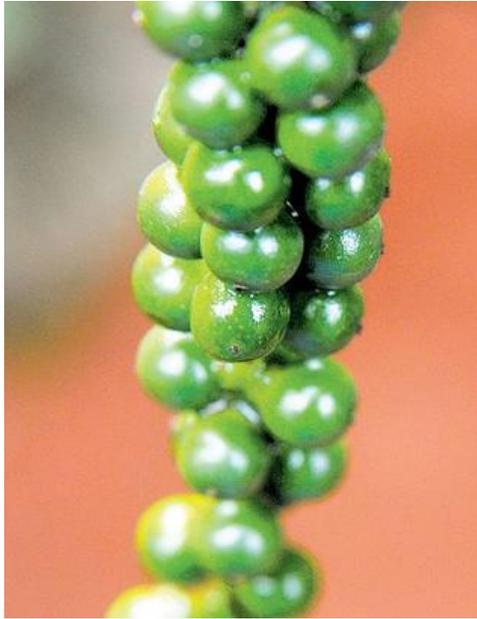
Analysts said the rise in crude palm oil prices was mostly supported by rising demand at spot markets, apart from a firming trend overseas.

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# THE HINDU Business Line

## Pepper slips on liquidation

G. K. Nair



Kochi, March 19:

Pepper prices on Monday slipped on liquidation and reports of some selling pressure and also because the March contract is maturing on Tuesday.

Validity of some 587 tonnes of pepper is expiring on April 4 and the people won't be able to carry forward further, the trade claimed saying that the reprocessing will cost them Rs 15-17/kg and, hence, they liquidated.

Fearing delay in getting refund, investors also kept out of the market despite the good premium for next delivery April. "In fact, there was competitive and attractive badla", market sources told *Business Line*.

They said that there was some selling pressure in Wayanad where pepper from Coorg was slipping in. However, the crop in Karnataka is also claimed to be lower by 20 per cent.

The trade sources alleged that the raising of VAT from 4 per cent to 5 per cent on spices was not needed. Since the prices of pepper, cardamom etc., are ruling high, the revenue levied at 4 per cent now is at higher levels.

And the increase will only lead to increased tax evasion as there is no tax levied on pepper in neighbouring Tamil Nadu, they pointed out.

Internationally Indian pepper is out priced and the only possibility at present is only the domestic market, they said.

March contract on NCDEX dropped Rs 660 to the last traded price of Rs 41,325 a quintal. April and May declined Rs 235 and Rs 70 respectively to the LTP of Rs 43,875 and Rs 44,750.

Total turnover increased 683 tonnes to 8,943 tonnes. Total open interest dropped 154 tonnes to 9,974 tonnes indicating liquidation.

Open interest in March, which is maturing tomorrow, declined 73 tonnes to 446 tonnes while that of April dropped 189 tonnes to 7,086 tonnes. May moved up 71 tonnes to 2,001 tonnes.

Spot prices in tandem with the futures market trend dropped Rs 600 to close at Rs 40,300 (ungarbled) and Rs 41,800 (MG 1) a quintal.

Indian parity in the international market was at \$8,750 a tonne (c&f) for Europe and \$9,050 a tonne (c&f) for the US and remained outpriced.

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### Turmeric seen falling on new crop arrivals

Our Correspondent



Erode, March 19:

Spot turmeric dropped by Rs 200 a quintal as more than 19,000 bags arrived on Monday. Demand was limited even as futures was stable at Rs 4,300 a quintal, said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association.

Prices in Nizamabad and Sangli were similar, following which buyers quoted lower and bought hand-to-mouth, he said. Prices may go down further when in the first week of April more new crop arrives from Erode, Gobichettipalayam and Kodumudi, he added.

The hybrid Salem crop also decreased by Rs 200 a quintal due to poor quality. Stockists bought 40 per cent of the arrivals. Local traders purchased limited stocks to fulfill orders received from spices firms. Exporters and other traders are expecting bulk orders from north India.

In the Erode turmeric merchants Association sales yard, the finger variety fetched Rs 2,469-3,869 a quintal and the root variety Rs 2,411-3,286.

**Salem Crop:** The finger variety was sold at Rs 3,300-4,217 a quintal and the root variety at Rs 3,011-3,369. Totally, 5,712 bags arrived, of which 2,019 were sold.

At the Regulated Marketing Committee, the finger variety was sold at Rs 3,279-3,856 and the root variety at Rs 2,977-3369. Out of the 1,223 bags that arrived, 1,100 bags were sold.

At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 2,810-3,851 a quintal and the root variety at Rs 2,569-3,600. All the 498 bags that arrived were sold.

At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 2,979-3,979 a quintal and the root variety at Rs 2,901-3,489. Out of the 1,027 bags that arrived, 1,025 were sold.

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## Low inflows keep soyabean bullish

Our Bureau



Indore, Mar 19:

Soyabean in mandis here continued to be bullish on Monday lower arrivals. Improved demand for soya de-oiled cake or soyameal in the export market has strengthened soya seeds.

Soyabean ruled at Rs 2,700-2,760 a quintal as arrival declined to 35,000 bags. In Ujjain and Dewas, 3,500 bags and 4,000 bags arrived. Overall, 75,000 bags arrived in Madhya Pradesh. Arrivals in the State have declined from 1 lakh bags 15 days ago as farmers are busy harvesting wheat and chana.

Plant deliveries of soyabean rose to Rs 2,835-2,850 a quintal.

Since January soyabean prices here have gone up by Rs 300-340 a quintal, discouraging stockists from buying.

On the futures market, despite low demand, speculation

has pushed up soyabean's March and April contracts on the National Commodity and Derivatives Exchange (NCDEX) to Rs 2,796.50 a quintal (up Rs 16.50) and Rs 2,927 a quintal (up Rs 25).

According to Soybean Processors Association of India, about 75-80 lakh tonnes have already been offloaded in mandis across the country, while the remaining stock of about 35 lakh tonnes will likely come after the rabi season ends.

Soya refined declined to Rs 695-698 for 10 kg on decline in buying support at the higher rate. Soya solvent ruled unchanged at Rs 665-670 for 10 kg. Soya refined's April contract was Rs 1.50 down at Rs 737.50 for 10 kg on the National Board of Trade on poor buying.

On the other hand, soya oil's March contract on the NCDEX closed Rs 2 higher at Rs 734.50 for 10 kg. Soyameal in the port declined by Rs 200 to Rs 22,000 a quintal, while in the domestic market, it ruled at Rs 21,000 a quintal.

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## Spot rubber improves on covering buys

Our Correspondent



Kottayam, March 19:

Spot rubber continued to post moderate gains on Monday. According to observers, the prices firmed up mainly on covering purchases and the market seemed to be moving under the control of speculators. Sheet rubber improved to Rs 195 from Rs 194 and Rs 193.50 a kg respectively according to traders and the Rubber Board. The trend was partially mixed.

In futures, the April series improved to Rs 199.45 (198.68), May to Rs 204.25 (203.22), June to Rs 207.26 (206.10) and July to Rs 207.98 (206.10) a kg for RSS 4 on the National Multi Commodity Exchange.

Meanwhile the Tokyo rubber futures edged higher on tight supplies and firm oil prices. The Japanese markets will remain closed on Tuesday owing to Vernal Equinox Day.

RSS 3 (spot) finished marginally higher at Rs 201.19 (201) a kg at Bangkok. The March futures for the grade inched up to ₹315.4 (Rs 190.49) from ₹314.8 a kg during the day session but then remained inactive in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 195 (194); RSS-5: 193 (191); ungraded: 187 (187); ISNR 20: 192 (191) and latex 60 per cent: 131 (130.50).

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## Cotton may drop to Rs 33,000 a candy

Our Correspondent



Rajkot, March 19:

Higher arrivals, after ginneries called off a strike against ban on exports, pulled down cotton on Monday. Sources said prices may fall below Rs 33,000 a candy of 356 kg this month on low demand.

The Sankar-6 variety declined by Rs 300 to Rs 33,500-33,800 a candy. *Kapas* or raw cotton decreased by Rs 10-12 to Rs 770-820 for a *maund* of 20 kg here and quoted at Rs 860-865 for delivery at Kadi. While about 20,000 bales of 170 kg arrived in Gujarat, 79,000 bales arrived in the rest of the country.

The fibre crop declined sharply in North India as arrivals increased to 40,000 bales even as demand is low. J-34 RG variety quoted at Rs 3,440-3,480 a quintal in Punjab, at Rs 3,400-3,410 in Haryana and at Rs 3,390-3,400 in Rajasthan.

The April contract of *kapas* fell by Rs 29.50 to Rs 826.50 a *maund* with an open interest of 8,622 lots.

According to market sources cotton price may go below Rs.33000 per candy in this month due to lower demand.

## Malaysian markets keep edible oils bullish

## Our Correspondent



Mumbai, March 19:

Imported palmolen and soya oil extended gains by Rs 4 for 10 kg each on Monday as Malaysian markets turned bullish and local refiners increased quotations on higher import costs. In the past four days, both oils have risen by Rs 16 and Rs 12.

Cottonseed refined oil, under pressure since the Centre banned exports, declined by Rs 5 for 10 kg. Malaysian crude palm oil futures retreated further as market participants sold on technical cues and on a decline in Chicago soya oil futures.

Groundnut oil, sunflower seed oil and rapeseed oil ruled unchanged. Groundnut oil rose by Rs 30 in Saurashtra on renewed export demand for nuts, said traders.

Resellers traded about 80-100 tonnes of palmolen at Rs 592-593. Wholesalers placed no new orders because of ample stocks.

Liberty quoted palmolein at Rs 600-601. Ruchi offered it at Rs 600, soya refined oil at Rs 695 and sunflower seed refined oil at Rs 700. Allana quoted it at Rs 600. In Saurashtra and Rajkot, export demand for nuts pushed up groundnut oil by Rs 30 to Rs 1,800 for a *telia* tin and by Rs 15 to Rs 1,175 for loose (10 kg).

**Malaysian crude palm oil's** April contract settled lower at 3,370 ringgit (3,394 ringgit), May at 3,368 (3,400 ringgit) and June at 3,373 ringgit (3,398 ringgit) a tonne. On the National Board of Trade in Indore, soya refined oil for April delivery closed at Rs 737.80 (Rs 741) while May was Rs 736.20 (Rs 735).

**Bombay Commodity Exchange spot rates (Rs/10 kg):** groundnut oil 1,170 (1,170), soya refined oil 694 (690), sunflower seed exp. ref. 645 (645), sunflower seed ref. 710 (705), rapeseed ref.

oil 810 (810), rapeseed expeller ref. 780 (780) cottonseed ref. oil 660 (665) and palmolein 594 (590).

## Sugar prices dip on lack of demand

Our Correspondent



Mumbai, March 19:

Sugar prices declined by Rs 8-10 in spot and naka delivery level and lost Rs 10-15 a quintal at the mill level on routine local demand on Monday.

Weak futures prices also weighed on sentiment in the absence of any supportive factors. The market trend will depend on how the demand supports this week. World sugar markets last week closed lower after witnessing four days of continuous rise, said traders.

A wholesaler said no major announcements for the sector were made by the Finance Minister in the Budget except a few steps – extension of tax holidays, reduction of withholding tax being extended to power projects, reduction in basic custom duty for sugarcane plant and harvesting machines – which may aid the industry indirectly.

Hence the sugar industry and market remained almost untouched by the Budget, at least for a now.

Speaking about the local market condition, he said routine retail and month-end demand kept volume arrested at upper and retail level. Higher production and absence of buying by

neighbouring States in Maharashtra kept producers under pressure. This led to an ample supply in markets. Bulk consumers were also quiet but they may start buying soon with the onset of summer.

In Vashi market, demand-supply remained stable despite being the first day of the week.

Stockists were not in a mood to bet for fresh inventory building. They are now eagerly waiting for announcement of new month free sale quota. For January, February and March, the Government has reduced the monthly free sale quota to stabilise prices.

Market trend will now depend on local demand till the month-end while free sale quota will lead the trend in March, he said.

In the world market, sugar prices closed slightly lower on last Friday. Sugar May-12 futures closed at \$666.60 (\$670.00) and August-12 futures at \$641.60 (\$643.00). Arrivals in Vashi market were about 52-53 truckloads and dispatches were about 49-50 loads.

On Saturday evening, about 15-16 mills sold about 38,000-40,000 bags sugar in the range of Rs 2,710-2,780 (Rs 2,710-2,785) for S-grade and Rs 2,800-2,890 (Rs 2,810-2,900) for M-grade.

Bombay Sugar Merchants Association's spot rates: S-grade Rs 2,862-2,946 (Rs 2,862-2,952) and M-grade Rs 2,981-3,042 (Rs 2,956-3,051). Naka delivery rates: S-grade Rs 2,800-2,850 (Rs 2,800-2,850) and M - grade Rs 2,930-3,000 (Rs 2,936-3,000).

### **Cardamom zooms as demand outstrips supply**

G. K. Nair



Kochi, March 19:

Cardamom prices headed north last week with the prices shooting up by Rs 200-250 a kg in all the grades at the auctions held in Kerala and Tamil Nadu as demand outstripped supply.

As the harvest has ended, arrivals were showing a declining trend. The upward trend in prices, given the unfavourable weather conditions prevailing in the growing areas, has also said to have prompted the growers to release in a regulated manner their produce anticipating a further rise in the prices, trade sources said.

Exporters slowed down their buying as the average price crossed Rs 800 a kg. They are estimated to have bought about 30 tonnes last week.

### **Dry spell**

However, upcountry stockists were actively covering anticipating a tight supply scenario in the coming days. There has not been any rains in the cardamom growing belt for over two and a half months. In the dry spell plants in non-irrigated areas have started withering, they said.

According to growers, if the current dry spell persisted for till March-end it would seriously damage the plants. If the weather conditions indicate of a late and poor crop next season, some Idukki growers claimed.

Arrivals on Sunday at the KCPMC auction stood at 73 tonnes. The maximum price was at Rs 1,241.50 a kg. The auction average yesterday increased to Rs 896.25 a kg from Rs 755.41 the previous Sunday. The individual auction average crossed Rs 800 to Rs 840 and then to Rs 896

from Friday onwards last week. From Tuesday onwards it has been moving gradually up from Rs 750 a kg.

Total arrivals during the current season from Aug 1, 2011 up to March 18, 2012 was at 14,727 tonnes and the sales at 14,299 tonnes as against 7,938 tonnes of arrivals and 7,739 tonnes sales in the same period last year.

Weighted average price as on March 18, 2012 was at around Rs 586.02 a kg as against Rs 1,106.14 a kg on the same date last year, according to official sources.

Prices of graded varieties shot up on good demand. Their prices in Kumily (in Rs/kg): AGEB 1,190-1,200; AGB 950 - 960; AGS 940-950 and AGS 1: 920-930.

Open market prices of graded varieties in Bodinayakanur (in Rs/kg) were: AGEB Rs 1050-1,100; AGB Rs 900-925; AGS 880-890 and AGS 1: 800-850, trade sources in Bodi said.

Negligible quantity of 8mm bold was available and it was fetching over Rs 1,200-1,300 a kg while good bulk was being sold at Rs 1,000 a kg and medium bulk was at Rs 900 a kg, they added.

### **Sugar output up 14% till March 15**

New Delhi, March 19:

The country's sugar production has increased 14 per cent to 21.16 million tonnes till March 15 in the current marketing year that started October last year, according to industry data.

Sugar production of India, the world's second largest producer and biggest consumer, stood at 18.57 million tonnes in the year-ago period, the Indian Sugar Mills Association (ISMA) said in a statement today.

"ISMA still maintains that the sugar production will be 26 mt in the current season 2011-12," it added.

The Food Ministry has pegged sugar output at about 25.2 mt for 2011-12 marketing year (October—September).

Maharashtra, the country's largest sugar producing State, has produced 7.3 million tonnes till March 15, which is 13 per cent higher than the last year. Sugar production of Uttar Pradesh is also up by about 13 per cent to 6 million tonnes.

The southern states of Karnataka and Tamil Nadu have also reported higher output of 3.2 mt and 1.08 mt, respectively.

Against 419 sugar mills which were operational on March 15 last year, 476 mills are operational as on March 15, 2012.

Considering the opening balance of 6.8 mt and production of 26 mt, ISMA urged the Government to immediately allow further exports to reduce the surplus sugar which is estimated to be over 2-2.5 million tonnes.

“Since demand in international market is more for raw sugar, the permission should be given by end of March 2012 so that mills could produce raw sugar before they shut their operations expected by mid-April or so,” it said.

ISMA noted that further exports would help in paying cane price arrears, which have mounted to unprecedented levels.

The Government has so far allowed exports of 2 mt of sugar in two equal tranches. India had exported 2.6 million tonnes of sweetener in the 2010-11 marketing year.

### Cashew prices firm amid low volumes

G K Nair

Kochi, March 19:

The cashew market during the past couple of weeks showed reasonable activity with no change, more or less, in the prices.

However, slight softness was seen in some grades while others were slightly firmer. Last week prices were in the range of \$3.65 to \$3.80 per lb for W240, \$3.25 to \$3.40 for W240, \$3.00 to \$3.15 for W450, \$3.10 to \$3.20 for SW320, \$2.85 to \$3.00 for SW360, \$2.25 to \$2.35 for Splits, \$2.30 to \$2.40 for Butts and \$2.00 to \$2.10 for Pieces.

Meanwhile, in the Indian domestic market, prices showed an upward trend with a 15 per cent increase for wholes and 25 per cent for broken. But the volume traded was not large, Mr Pankaj Sampat a Mumbai-based dealer told *Business Line*.

Activity in the world cashew market has been slow and lacklustre for several months now. During this period prices have drifted significantly by about 30 per cent from \$4.65-\$4.70 to \$3.25-\$3.40 per lb. Now, there is reasonable buying interest from some markets at the lower end of the current range but volume traded is very small, he said.

Any offers at the lower levels are being picked up but since there is uncertainty about demand trends, buyers are not willing to pay 3-5 per cent more that reliable shellers are asking for large volume and spread shipments. Similarly, shellers are not willing to sell any big quantities at lower end of the range as there are no signs that RCN prices will come down significantly from current levels.

The year 2011 was difficult for all nuts except maybe almonds which had a good crop and reasonably steady prices for most of the year. This coupled with good marketing has meant increased visibility for almonds in the snack segment, in addition to its traditional ingredient strength. Since the end of 2011/beginning of 2012, prices for most nuts including cashews are back to reasonable levels. Supply position also seems to be comfortable unless something dramatic happens in the next 2-3 months such as adverse weather or reduced collection due to lower prices. "Unless financial/economic situation worsens, we can expect an improvement in usage in the coming months – definitely in Asia and maybe in Europe/US", Mr Pankaj predicted.

### **RCN market quiet**

Raw Cashew Nut (RCN) arrivals have started in all origins but still very slow. Prices for India and Vietnam RCN are very high at around \$1,200 to \$1,300 a tonne (dried). African RCN being quoted at around \$1,200 for Tanzania, around \$950 to \$1,000 for Benin and around \$850 to \$875 for Ivory Coast (IVC). Shipments from Benin/IVC expected to start in few weeks. By middle of April, we should have better idea of crop prospects and RCN price trend, he said

For the time being there is nothing on the horizon to change the expectation of market movement – moving sideways in a narrow range for next 2-3 months, with possibility of some upward movement later in the year. If kernel demand in second quarter is slow, "we could see prices drifting a little bit more but downside is limited unless RCN prices come down significantly below 750 dollars". If crop collection and kernel activity is normal, prices will remain in the current range during second quarter and should move up slowly from the third quarter as demand can be expected to pick up, he added.

## Conclave to focus on second agricultural revolution

Our Bureau

Mumbai, March 19:

The Food and Agri-business Conclave, jointly organised by YES Bank and *Business Line*, will be held on Wednesday in New Delhi. The theme for this event is 'Ushering in India's second agricultural revolution'.

The event will be inaugurated by Prof K.V. Thomas, Union Minister of State for Food, Public Distribution and Consumer Affairs.

### strategies

Mr Siraj Hussain, Chairman and Managing Director, Food Corporation of India, will deliver the keynote address.

Two high-level panel discussions that follow are set to feature expert panellists who will closely examine the strategies for ushering in a second green revolution (for major field crops) and a second white revolution (milk and dairy). Discussions are expected to engage policymakers, opinion leaders, corporate executives and service providers.

## Oil prices extend gains in Asian trade

PTI

Singapore, March 19:

Oil prices extended gains in Asia today, supported by concerns over West Asian supply and signs of stabilisation in the world economy, analysts said.

New York's main contract, West Texas Intermediate (WTI) crude for delivery in April, gained 24 cents to \$107.30 a barrel while Brent North Sea crude for May settlement was up 18 cents at \$125.99 in morning trade.

On Friday, WTI crude advanced \$1.95 at its close and Brent crude surged a hefty \$3.21.

“Middle Eastern tensions have pushed up prices,” said Justin Harper, market strategist for IG Markets Singapore.

A key Iranian lawmaker yesterday declared that Tehran would not offer any concessions on its nuclear programme, amid heightening friction between the West and the Islamic republic.

“Parliament will never allow the government to go back even one step in its nuclear policy,” Aladin Borujerdi, the head of Iran’s parliamentary foreign policy commission, told the official IRNA news agency.

His comments came ahead of expected talks agreed to by Iran and the P5+1 group of powers — the five permanent UN Security Council members plus Germany.

Tehran has been hit by a wave of sanctions on its oil and finance sectors, as the West looks to force the country to abandon its nuclear programme.

Iran has maintained that the programme is for peaceful purposes, while the West suspects its research is for designing nuclear weapons — a sentiment echoed in a November report by the International Atomic Energy Agency.

### **Allocations to agri sector inadequate, says NGO body**

Hyderabad, March 19:

Alliance for Sustainable and Holistic Agriculture (ASHA), a network of non-governmental organisations and intellectuals, termed poor allocations to agriculture sector in the Union Budget as unfortunate and inadequate to bail out ailing agriculture.

“We are deeply dismayed to see that the allocation to agriculture and allied sectors as a percentage of the total allocations in the Budget is decreasing in the country. While the share of spending was 1.55 per cent in 2010-11, it is now 1.38 per cent,” Ms Kavitha Kuruganti of ASHA, said here in a statement here on Monday.

Given that a majority of Indians live on farming and that Indian agriculture was in a deep crisis, it is deplorable that the proportion of the Budget to agriculture and allied sectors was coming down. “It should be at least 20 per cent of total allocations. This is the only way by which the rural economy can be revived,” she said.

The network felt that any increase in allocation for 'Bringing Green Revolution to Eastern India' (BGREI) will be counter-productive in the medium and long term especially, if such Green Revolution is not shaped to create debt-free, ecologically-friendly farming in Eastern India.

While welcoming Mahila Kisan Sashaktikaran Pariyojana under the Ministry of Rural Development's Aajeevika programme, ASHA felt that the Government should have earmarked funds to encourage ecological farming.

The National Mission on Seeds and Planting Materials should be geared towards making farming communities self-reliant. "We do not believe that increasing the budgets for agri-research will pay off by itself, unless such research is targeted at farmers' real needs on the ground," ASHA said.

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