

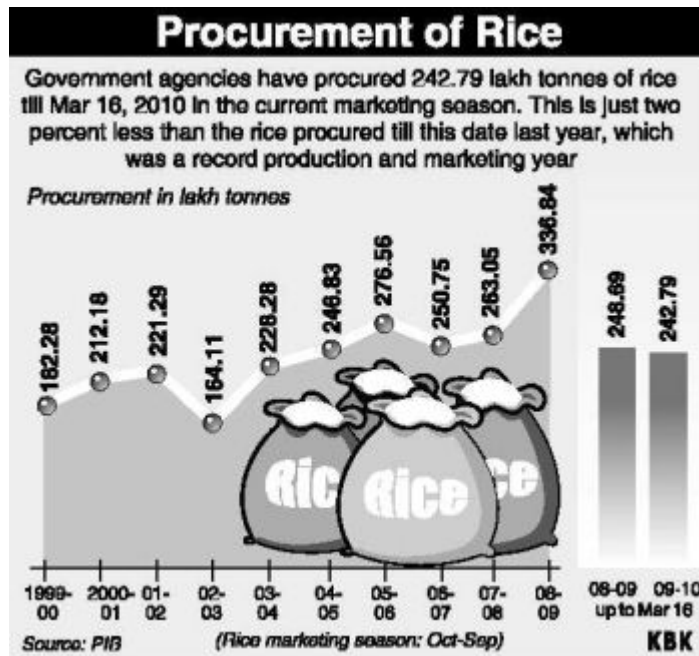
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Record wheat crop revives hopes on the food front

The trends in world commodity markets have also been favourable for importing countries

With the prospect of improved supplies of fine cereals and reduced constraints on availability of pulses and edible oil, food inflation has tended to decline latterly.



The statistical position in respect of the availability of fine cereals, despite a shortfall

of about 12 million tonnes in rice crop in the 2009-10 season, is reassuring. Even with a shorter crop, rice procurement up to February was satisfactory at 23.18 million tonnes against 24.13 million tonnes a year ago and the total for the current marketing season may be around 28 million tonnes against 33.6 million tonnes (2008-09). Since the offtake through fair price shops and under various welfare programmes was not more than 25 million tonnes, there may not be a net decline in stocks at the end of the season.

On the other hand, there will be plentiful supplies of wheat as the rabi crop will constitute a new record at 82 million tonnes against 80.2 million tonnes and buffer stocks stood at 18.4 million tonnes on March 1 against the minimum norm of four million tonnes. With procurement in April- July placed at 25 million tonnes, buffer stocks of wheat alone may be around 40 million tonnes after allowing for liberal offtake through fair price shops and under other heads.

Large buffer stocks

As rice stocks in January were 24.3 million tonnes, it is reasonable to expect aggregate buffer stocks to be as high as 60 million tonnes. However, a likely shortage of storage space may slow down procurement creating hardship for farmers. As a normal southwest monsoon is expected kharif output of food and cash crops may well equal the record of the 2008-09 season. With the prospect of improved supplies of fine cereals and reduced constraints on availability of pulses and edible oil, food inflation has tended to decline latterly. Even with a marginal rise in the inflation rate to 16.35 per cent in the week ended March 13, a fall of 18 per cent has been recorded from the peak of 19.95 per cent in December 2009. Since wheat arrivals will increase in volume henceforth and difficulties relating to rice supplies have been overcome, there may be a distinct abatement of food inflation in the coming weeks. The trends in world commodity markets have also been favourable for importing countries, particularly in pulses.

Sea-change in sugar

World sugar prices have actually slumped from their peak levels and imports of raw sugar on a duty free basis will be considerably cheaper with a hardening rupee. In the whole of 2009-10 the rupee has gained against the U S dollar to the extent of 11.70 per cent. This year's (October-September) domestic sugar output also is estimated at 18 million tonnes, an improvement of three million tonnes over the earlier estimate.

Along with refined sugar from imported raw sugar of four million tonnes, internal offtake of 22.5 million tonnes can be met without difficulty and opening stocks may be utilised only for 5-10 lakh tonnes.

On present indications, the prospects for the 2010-11 crushing season are encouraging and sugar output can be even 26 million tonnes. Abundant cane is available thanks to increased acreage spurred by the sharp rise in statutory minimum price. Ex-factory sugar prices have dropped to Rs. 2,900 a quintal from around Rs. 4,000 a few months ago.

Industrial output

With a less alarming drop in agricultural production in 2009-10 and exemplary performance of industry, exports and services the growth in GDP in the financial year which has just ended is estimated at 7.25 - 7.5 per cent. Industrial output has been rising consistently since April last year and the composite index has increased by 9.6 per cent in April-January against 3 per cent comparably. With further rise in output likely in February - March the composite index for the whole year may show a growth of over 11 per cent as compared to 3.4 per cent and 8.5 per cent in the two previous years.

Favourable exports

The developments on the foreign trade front too have been favourable since November 2009. The growth in exports in February was flattering at 34.8 per cent

to \$16.09 billion. Anand Sharma, the Minister of Industry and Commerce, has thought it desirable to provide the requisite incentives for the industrial groups affected by the recession and has even visualised that the growth in exports in 2010-11 may exceed 15 per cent despite a dearer rupee and total forex earnings may be more than \$200 billion.

As the services sector also has been faring well even with a dearer rupee the GDP may rise by over 8.5 per cent in the current financial year. With the rebound in exports and fairly satisfactory forex inflows, foreign exchange assets have risen by \$37 billion up to March 19 after wiping out the current account deficit of \$ 30.33 billion in April-December.

The gap for October-December alone was higher at \$12.03 billion against \$ 11.67 billion comparably in spite of a lower trade deficit. On the other hand, net invisible receipts were lower at \$ 18.7 billion (\$ 20 billion in the previous quarter). The increase in foreign exchange assets is of course exaggerated to a significant extent by revaluation following the weakening of the greenback.

Infrastructure outlays

The investment in infrastructure projects has to be stepped up in a big way to meet the ambitious 11th Plan targets.

The incentives provided in the budget for 2010-11 should also be attracting support from retail as well as financial institutions. Montek Singh Ahluwalia, Vice Chairman of the Planning Commission has emphasized that huge resources of \$ 500 billion will have to be mobilised for raising the tempo of investments in various directions as stated above. This level of investment will have to be doubled in the next Plan period.

There will thus have to be substantial augmentation of the pool of resources with foreign exchange assets rising by more than \$100 billion in the current and next

financial years.

The savings of the community also have to be at a higher rate. Developments in the latter half of the current Plan period have therefore far reaching significance.

It remains to be seen how the monetary authorities will finalise the new policies and avoid a tightening of money conditions which may get reflected in dearer interest rates.

However the recent upward adjustments in the repo and reverse repo rates by 25 basis points have not so far been reflected in a hike in lending rates of banks.

There is still ample liquidity in the banking system and with continuing forex inflows the monetary authorities may be obliged to acquire excess dollars that may result in increased money supply.

A definite decision about a further rise in interest rates and even an increase in CRR can be taken in the light of new trends in the money market.

The growth process in any event should not get dampened as internal inflation may not pose undue worries for the authorities concerned.

P. A. SESHAN

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Training in fast food preparation

To be held at TNAU on April 7, 8

COIMBATORE: A training in fast food preparation will be held at the Tamil Nadu

Agricultural University on April 7 and 8.

According to a university release, participants will be trained in the preparation of pizza, burger bun, pav bajji, cutlet, samosa, gobi manchurian, chilli mushroom, fried rice, vegetable noodles, pani poori, peas masala poori, bhel poori, and channa masala.

Fee

Those interested can send in a fee of Rs. 1,000 by demand draft drawn in favour of Dean (Agricultural Engineering), and address it to Head, Post Harvest Technology Centre, TNAU, Coimbatore – 641003. Registration should be done before April 7.

For details, contact 0422-6611340 / 6611268.

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Farmers to stage demonstration

Coimbatore: The Tamilaga Vivasayigal Sangham is organising a demonstration on Huzur Road here on April 7 in protest against the proposed move to go ahead with the Mettupalayam bypass road. The proposed bypass road was being opposed for the last three years. It would only lead to disturbance to agriculture in over 5,000 acres.

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Farmers in Theni cautioned against beetle attack

MADURAI: Scientists at the Agricultural College and Research Institute (ACRI) here have cautioned the farmers of Theni district against beetle attack.

Emergence of reddish brown beetles has been noticed in Kodangipatti, Duraisampuram and Kuchanoor villages of Theni district following summer showers.

In a release, K. Vairavan, Dean, ACRI, said that beetles were attracted to neem trees mostly late in the evening. After feeding on the foliage, they go back to the soil to lay eggs at the root of sugarcane, banana and maize crops.

A team of scientists, led by S. Manisegarani, which inspected the crops, has advised the farmers to take up immediate steps to control beetle attack. They should collect and destroy adult beetles found in trees and near crops.

Cut branches of neem trees can be spread out along the periphery of the cropped area for quick attraction and easy collection of beetles. Light traps can be set up at the rate of one per five acres to kill adult beetles. Bonfire is also recommended for the purpose.

Farmers have been advised to take up summer ploughing immediately in non-cropped areas.

If necessary, Endosulfan 4 per cent D or Quinalphos 1.5 per cent D can be applied at the rate of 120 kg per hectare in April and August to contain the spread of beetles in standing crop.

Chennai - INDIA

Today's Weather



Clear

Monday, Apr 5

Max Min

36.1° | 26.0°

Rain: 00mm in 24hrs Sunrise: 06:05

Humidity: 45% Sunset: 18:21

Wind: Normal Barometer: 1008.1mb

Tomorrow's Forecast



Partly Cloudy

Tuesday, Apr 6

Max Min

37° | 25°

Extended Forecast for a week

Wednesday

Apr 7



36° | 25°

Partly Cloudy

Thursday

Apr 8



36° | 27°

Partly Cloudy

Friday

Apr 9



36° | 26°

Tstorm

Saturday

Apr 10



37° | 26°

Partly Cloudy

Sunday

Apr 11



37° | 26°

Sunny