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Distribute foodgrains at very low or no cost, Supreme Court tells Centre

J. Venkatesan

“Consider increasing quantum of food supply to BPL population”

‘Consider opening fair price shops for all the 30 days in a month' A Bench passed the order, taking on record affidavit filed by Centre

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New Delhi: To deal with the problem of foodgrains rotting in godowns, the Supreme Court on Thursday asked the Centre to consider distributing them at “very low cost” or “no cost” as a short term measure.

A Bench of Justices Dalveer Bhandari and Deepak Verma passed this order, taking on record the affidavit filed by the Centre in response to the suggestions made by the court on July 27.

The Bench, after hearing Additional Solicitor General Mohan Parasaran, for the government, and senior counsel Colin Gonsalves, for petitioner People's Union for Civil Liberties, in its order said to deal with the problem of foodgrains, “which is rotting,” the government could consider increasing the quantum of food supply to the population Below Poverty Line (BPL), opening the fair price shops for all the 30 days in a month and distribute foodgrains to the deserving population at a very low cost or no cost.

The Bench referred to the affidavit filed by Union Food Secretary Alka Sirohi and said “a serious endeavour has been made to give a clear answer to all the queries raised by us in our last order. On why the facilities of the Public Distribution System [PDS] be not discontinued for people who are Above Poverty Line [APL], the Centre said that after meeting the total allocation of the population in the Antyodaya Anna Yojana and the BPL categories, the remaining foodgrains are allocated to the States and Union Territories for distribution to APL population."

The Bench said: "That is precisely what the Court had in mind when the previous order was passed."

On computerisation of PDS across the country, the Bench said: "The Union of India, in principle, has agreed to the complete computerisation of the entire PDS, which means computerisation from the godown of the Food Corporation of India to the ultimate beneficiary to ensure greater transparency of the entire PDS. Looking to the urgency of this matter, we request the Union of India to expedite the whole process and submit a comprehensive report to this Court as early as possible and in any event within six weeks from today [Thursday]."

In its order, the Bench pointed out that the Centre had stated that there had been record procurement of wheat and rice in the last three years as a result of which the central pool stocks reached the level of 604.28 lakh tonnes on June 1, 2010. "Due to high procurement of wheat and rice during the last three years and insufficient covered storage space available in the country to store the procured stock, 178 lakh tonnes of wheat was stored in Covered and Plinth [CAP] storage, as on June 1, 2010. CAP storage involves storage on elevated plinths with polythene covers specially made for this purpose."

The court made it clear that the Centre must ensure food security of the country. In view of record procurement which the Centre was not able to properly store and preserve, it would be appropriate that the Centre might take some long term and short term measures to solve the problem. It said: "Permanent solution lies in constructing adequate storage facilities. The Union of India may consider constructing at least one large Food Corporation of India godown in every State and consider the possibility of construction of one godown in every division if not in every district of the State."

It wanted the PDS to be strengthened particularly, in tribal and drought-prone areas of the country. On the petitioner's submission that though the Centre was allocating 35-kg of wheat/rice per family, the State governments were not distributing it in the same proportion, the Bench asked the States to file affidavits in that respect within one week. The Bench directed the matter to be listed for further hearing on August 31 after filing of replies and rejoinders.

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45 farmers' clubs to be formed: Collector

Staff Reporter

Watershed programmes to be taken up

Amalgamation:Collector P. Muthuveeran addressing at the inauguration of federation of farmers' clubs at Chinnamanur.

THENI: A total 45 farmers' clubs would be established in the district this year under National Bank for Agriculture and Rural Development (NABARD) to improve production of agriculture produces and to propagate latest technologies among farming communities, said Collector P. Muthuveeran. He was inaugurating federation of farmers' clubs at Chinnamanur near here on Wednesday.

The NABARD had formed 10 clubs so far and the rest would be set up in the months to come.

A total of 90 clubs have been functioning in the district till date. Chinnamanur alone has 35 clubs. Now, best performing 15 clubs in Chinnamanur have joined together and formed a federation to expand their activities.

Training programmes

The Collector said that farmers clubs, comprising 10 to 15 members could be formed in each village and they should act as a bridge between banks and farmers. The NABARD would organise training programmes to farmers.

The club would be linked to a nearest bank at the village.

Three best performing farmers' clubs in the district had been selected for awards this year, he announced.

Briefing various development activities of the NABARD, Mr. Muthuveeran said that the NABARD had sanctioned Rs.4.65 crore for taking up various development works in the district.

Additional buildings would be constructed for higher secondary schools in Cumbum, Murukodai and Highwavys at an estimated cost of Rs.2.23 crore, a bridge at Devadhanapatti at a cost of Rs.1.12 crore and three rural roads at Rs.1.29 crore.

Watershed programmes would be taken up at an estimated cost of Rs.1.50 crore, he added.Later, he distributed welfare aid to farmers and financial assistance to self-help groups.

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FCI to sell surplus wheat to traders

CHENNAI: Food Corporation of India will sell wheat to traders to stabilise foodgrain prices in the market. Apart from price stabilisation, the move to distribute marketable surplus to traders will also create additional storage space to accommodate paddy/rice produce of the forthcoming Khariff season (September/October 2010). According to Shiny Wilson, General Manager (PR), FCI, the sale will be from ready stocks available in four southern States – Tamil Nadu, Kerala, Karnataka and Andhra Pradesh.

Under the scheme, any trader can tender application (available at the FCI website). Rates per quintal are fixed at Rs.1389.78 (for Tamil Nadu), Rs.1398.27 (Puducherry), Rs.1369.99 (Andhra Pradesh), Rs.1422.50 (Kerala) and Rs.1395.10 (Karnataka).

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How ‘rural' is India's agricultural credit? Pallavi Chavan

Data show that what is termed agricultural credit may have very little to do with agriculture, the way we know it.

Share of agricultural credit from bank branches classified by population groups, India and Maharashtra, 1990-2008, in per cent

Year	Share of total agricultural credit (in %) supplied through				
	Rural plus semi-urban branches	Only rural branches	Urban plus metropolitan branches	Only metropolitan branches	All branches
India					
1990	85.1	55.5	14.9	4.0	100.0
1994	83.4	54.6	16.6	5.6	100.0
1995	83.7	52.7	16.3	7.3	100.0
2005	69.3	43.0	30.7	19.0	100.0
2006	62.4	37.1	37.6	23.8	100.0
2008	66.0	38.4	34.0	20.0	100.0
Maharashtra					
1990	82.4	59.7	17.6	-	100.0
1994	76.8	52.9	23.2	-	100.0
1995	70.5	46.5	29.5	-	100.0
2005	41.8	26.1	58.2	48.5	100.0
2006	31.6	18.4	68.4	61.3	100.0
2008	42.4	25.7	57.6	48.3	100.0

Source: Calculated from Basic Statistical Returns of Scheduled Commercial Banks in India.
Note: Due to changes in the classification of rural, semi-urban, urban and metropolitan centres, only the following comparisons across years are possible: between 1990 and 1994; between 1995 and 2005; and between 2006 and 2008.

One of the most intriguing features of India's agrarian economy in recent years is the persistence of agrarian distress in many regions, even while agricultural credit flow has risen sharply. Rising flow of credit to agriculture is normally associated with buoyancy in the farm sector. A closer look at the data on agricultural credit reveals that what is termed agricultural credit may have very little to do with agriculture, the way we know it.

It is well known that the 1990s were a period of sharp fall in the growth of agricultural credit flow in India. Numerous studies and reports have argued that one of the major factors associated with the agrarian distress in the late-1990s and 2000s was an increase in rural indebtedness, especially to moneylenders. According to the All India Debt and Investment Survey (AIDIS), the share of total debt of cultivator-households taken from formal sources fell from 64 per cent in 1992 to 57 per cent in 2003. In the same period, the share of total debt taken from moneylenders almost doubled from 10.5 per cent to 19.6 per cent.

In the 2000s, however, there was a reversal of the slide in agricultural credit flow. From the early-2000s, growth of credit to agriculture began to pick up. Commercial banks and Regional Rural Banks (RRBs) played a major role in the revival of agricultural credit.

The revival story

The growth of agricultural credit from commercial banks and RRBs, which was 1.8 per cent between 1990 and 2000, increased to 19.1 per cent between 2000 and 2007. The share of credit supplied by commercial banks and RRBs in total agricultural credit increased from 30.1 per cent in 2000 to 52 per cent in 2007.

In part, the revival of agricultural credit was inspired by the announcement by the central government in 2004 that the flow of agricultural credit would be doubled between 2004-05 and 2007-08. Three distinct features of the revival story are worth noting (see R. Ramakumar and Pallavi Chavan, "Revival in Agricultural Credit in the 2000s: An Explanation," Economic and Political Weekly, December 29, 2007).

First, a significant proportion of the increase in agricultural credit from commercial banks was accounted for by indirect finance to agriculture. Indirect finance refers to loans given to institutions that support agricultural production, such as input dealers, irrigation equipment suppliers and Non-Banking Financial Companies (NBFCs) that on-lend to agriculture.

Second, a number of changes were made in the definition of agricultural credit under the priority sector. The definitional changes broadly involved (a) the addition of new forms of financing commercial, export-oriented and capital-intensive agriculture; and (b) raising the credit limit of many existing forms of agricultural financing. To cite an instance, loans given to corporates and partnership firms for agriculture and allied activities in excess of Rs 1 crore in aggregate per borrower was considered as priority sector lending under agriculture, from 2007 onwards.

These definitional changes were initiated from around the mid-1990s, during the period of financial sector reforms. According to Y.V. Reddy, former Governor of the Reserve Bank of India (RBI), "… coverage of definition of priority sector lending has been broadened significantly in the recent years, thus overestimating credit flows to actual agricultural operations in recent years" ("Indian Agriculture and Reform: Concerns, Issues and Agenda," RBI Bulletin, May 2001, p. 5).

Third, much of the increase in the total advances to agriculture in the 2000s was on account of a sharp increase in the number of loans with a credit limit of Rs.10 crore and above, and especially Rs.25 crore and above.

Even within direct agricultural finance, which goes directly to farmers, there was a sharp rise in the number of loans with a credit limit above Rs.1 crore. It seems likely that these large loans were advanced towards financing the new activities added to the definition of agricultural credit.

Recent data on banking has brought out a fourth disturbing feature of the revival in agricultural credit. There has been a sharp growth of agricultural finance that is urban in nature. Between 1995 and 2005, the share of agricultural credit supplied by urban and metropolitan bank branches in India increased from 16.3 per cent to 30.7 per cent (Table). The share of agricultural credit supplied by metropolitan branches alone increased from 7.3 per cent in 1995 to 19 per cent in 2005. While there was a moderate decrease in these shares between 2006 and 2008, urban and metropolitan branches continued to supply about one-third of the total agricultural credit in 2008. Concurrently, there was a sharp fall in the share of agricultural credit supplied by rural and semi-urban branches from 83.7 per cent in 1995 to 69.3 per cent in 2005. In 2008, the share of rural and semi-urban branches in total agricultural credit was 66 per cent.

Inside Maharashtra

Let us now take Maharashtra, which boasts of strong banking development and yet is the State with the largest number of suicides by farmers. In Maharashtra, almost half of the total agricultural credit from commercial banks in 2008 was provided by metropolitan branches. Mumbai alone had a share of 42.6 per cent in the total agricultural credit supplied in Maharashtra as a whole in 2008. As a result, there has been a widening of the gap between the rural and metropolitan areas of Maharashtra in the provision of agricultural credit. Rural branches provided only 25.7 per cent of the total agricultural credit in Maharashtra in 2008.

It may be argued that credit taken, whether in metropolitan or rural areas, would ultimately benefit the agricultural sector. What is missed in this argument is that an urban and metro-centric supply of agricultural credit would only benefit large corporations with their headquarters in cities and engaged in agricultural production.

The actual farmer in the villages, particularly the small and marginal ones, would benefit the least from the non-rural nature of growth of agricultural credit. Regionally speaking, farmers from Vidarbha in Maharashtra, the region from where a large number of farmers' suicides have been reported, are likely to be the section that has the least benefit.The increasing concentration of agricultural credit in the urban and metropolitan areas offers a missing link in the discussion on the persistence of agrarian distress despite the revival in agricultural credit in the 2000s.

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Food security

The article “Oliver Twist seeks food security” (Aug. 12) by P. Sainath portrays a gloomy picture of the food security legislation in its present form. Socialist India has failed to keep its tryst with destiny. It has failed to fulfil its constitutional mandate by taking cover behind the shield of unavailability of funds.

Limiting food security benefits to a few districts will only create new avenues for hoarding and black-marketing, not to mention the eventual diversion of foodgrains from targeted districts to those where they sell at a higher price. It is worth emulating Tamil Nadu where PDS is universal.

Siddhartha Fuller,New Delhi

The government seems happier feeding rodents. No other reason can be attributed to its utter disregard for the storage facilities in FCI godowns when the nation is facing inconsistent monsoon and double-digit inflation. The foodgrains stored in ill-maintained godowns will become inedible soon. Giving such foodgrains through PDS will render food security ridiculous.

E.A. Ibrahim,Ernakulam

In a country which swears by social justice and welfare, the wastage of foodgrains due to poor storage and post-harvest management show the real face of governance.

Ankit Kumar,Ghaziabad

Mr. Sainath rightly says that in India, only exploitation is universal. He has also pointed out that the food security legislation in the present form will weaken the Directive Principles of State Policy. But many laws weaken even the Fundamental Rights guaranteed by the Constitution. Unfortunately, people's cries are never heard amid the noise made by our politicians in Parliament.

V. Ramaa,Chennai

A government that claims to be the saviour of the aam aadmi is complaining about lack of funds while splurging crores in the preparations for the Commonwealth Games. It is deplorable to categorise citizens as APL, BPL and poorest of the poor on the basis of a seasonally shifting margin. Confining universal PDS to 150 districts is against the policy of inclusive development. The objective of power politics seems to be to keep a good chunk of people poor in order to convert hunger into votes.

Anil Ambujakshan,Thiruvananthapuram

Mr. Sainath has exposed the government's half-hearted attempt to usher in food security. His article is a moving account of the state's callous approach to a serious problem. Its utter lack of understanding of the magnitude of the problem and the tokenism being proposed to address it make us wonder what kind of bureaucrats and governments we have.

S. Rajappa,Bangalore

The government itself has acknowledged that food worth Rs.60,000 crore is destroyed every year and that it spends Rs.2.6 crore of the taxpayers' money to get rid of the foodgrain that rots during storage. In this country, where being healthy is a luxury for many, the government's dream of nine per cent economic growth should begin with feeding the hungry.

The proposed Food Security Act, with geographical targeting of PDS and the limitation of NREGS, will do nothing other than adding insult to injury.

Manu Zafar Abdulla,Kozhikode

The hard-hitting words in the article continue to linger in my mind. When calm, well-reasoned call for justice fails, a scream become necessary. I sincerely hope this scream for a more just and equal India will find an echo in our largely insulated corridors of power.

Mir Mohammed Ali,Chennai

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http://www.thehindu.com/2010/08/13/stories/2010081356591700.htm

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Food inflation surges to 11.4 %

NEW DELHI: After roosting at single digit for a fortnight earlier during the month, food inflation surged yet again to 11.40 per cent for the week ended July 31 from 9.53 per cent in the previous week, mainly on account of higher prices of cereals, fruits and milk. The spurt in food inflation, despite a marginal fall in the food articles index, has not come as a surprise. For, apart from the impact of higher prices of certain edibles, the cross-over to double digits is largely explained as the effect of a low base wherein even a slight rise is projected bigger owing to the low inflation during the like period in the previous year.

Published: August 12, 2010 12:29 IST | Updated: August 12, 2010 12:29 IST New Delhi, August 12, 2010

Food inflation shoots back to double digit at 11.4 per cent

The Hindu A scene at a vegetable market.

After being in single-digit for two weeks, food inflation shot up again to double digit at 11.40 per cent for the week ended July 31 as prices of cereals, milk and fruit went up.

Food inflation, which was 9.53 per cent for the week ended July 24, had remained in single-digit for only a fortnight before bouncing back.

On a yearly basis, cereals registered a growth of 6.97 per cent, driven mainly by higher prices of pulses, rice and wheat.

While pulses became dearer by 20.74 per cent, prices of rice and wheat rose by 6.89 per cent and 7.93 per cent, respectively, during the week under review over the same period last year.

Among other food items, milk prices went up by 19.03 per cent during the week, compared to the same period last year.

Fruits became expensive by 7.42 per cent during the week under review.

After sliding for some months, onion prices also went up during the week, showing a marginal rise of 0.32 per cent.

However, on a yearly basis, potatoes became cheaper by 42.18 per cent, while vegetables overall saw a decline of 6.09 per cent.

Food inflation, which was over 20 per cent in December 2009, slipped to single digits in the third week of July.

The overall inflation, which includes change in prices of manufactured goods, was 10.55 per cent during June.

Published: August 12, 2010 15:30 IST | Updated: August 12, 2010 15:30 IST New Delhi, August 12, 2010

Economy to grow by 8.5 per cent despite slowdown in IIP: Plan panel

PTI Planning Commission Deputy Chairman Montek Singh Ahluwalia.

The Planning Commission on Thursday expressed confidence that the economy would grow by 8.5 per cent despite the industrial growth rate slipping to a 13-month low of 7.1 per cent in June.

“For a year as a whole it (Index of Industrial Production) does not necessarily have to be in double digit... to achieve 8.5 per cent GDP growth. But we do want double digit industrial growth”, Planning Commission Deputy Chairman Montek Singh Ahluwalia told reporters.

IIP during June slipped to 7.1 per cent, from 8.3 per cent in the corresponding period last fiscal, mainly on account of deceleration in growth rates of manufacturing sector.

Both the Reserve Bank (RBI) and the Prime Minister’s Economic Advisory Council (PMEAC) have projected the economic growth rate of 8.5 per cent for the current fiscal, up from 7.4 per cent a year ago.

Mr. Ahluwalia said, “The industrial growth in June is little bit lower...we did expect deceleration in industrial growth. I will not conclude from the June figure that this is going to be the trend for the rest of the year. A lot of individual components seem to be showing reasonably good growth.”

Among the industrial segments, capital goods recorded a growth of 9.7 per cent in June, intermediate goods 8.7 per cent and consumer goods 8.3 per cent. The growth in the year ago period for the three segments was 13.4 per cent, 7.9 per cent and 8.3 per cent respectively.

hindustantimes

Reuters

New Delhi, August 12, 2010

First Published: 12:06 IST(12/8/2010)

Last Updated: 12:08 IST(12/8/2010)

Food inflation at 11.40 pc y/y as at July 31

India's food price index rose 11.40 per cent in the year to July 31, while the fuel price index climbed 12.66 per cent, government data released on Thursday showed.

Food inflation accelerated from the previous week's annual rise of 9.53 per cent, while fuel inflation eased from the week-ago reading of 14.26 per cent.

The primary articles index rose 15.66 per cent, compared with the previous week's reading of 14.36 per cent.

Wholesale prices, the most closely watched inflation gauge in India, rose 10.55 per cent in June from a year earlier, remaining above 10 per cent for the fifth straight month.

http://www.hindustantimes.com/StoryPage/Print/585588.aspx

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Friday, Aug 13

Max	Min
35.1°	27.0°

Rain: 00 mm in 24hrs

Humidity: 79%

Wind: Normal

Sunrise: 05:49

Sunset: 18:35

Barometer: 1003.0

Tomorrow's Forecast

Rainy

Saturday, Aug 14

Max	Min
36°	27°

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Aug 15	**Aug 16**	**Aug 17**	**Aug 18**	**Aug 19**
33° | 28°	31° | 27°	29° | 26°	29° | 26°	31° | 26°
Rainy	Rainy	Rainy	Rainy	Rainy

By PTI

13 Aug 2010 09:59:22 AM IST

Economy to grow by 8.5% despite slowdown in IIP

NEW DELHI: Planning Commission today expressed confidence that the economy would grow by 8.5 per cent despite the industrial growth rate slipping to a 13-month low of 7.1 per cent in June.

"For year as whole it (Index of Industrial Production) does not necessarily have be in double digit... to achieve 8.5 per cent GDP growth. But we do want double digit industrial growth", Planning Commission Deputy Chairman Montek Singh Ahluwalia told reporters.

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By PTI

12 Aug 2010 12:47:24 PM IST

Food inflation shoots back to double digit

NEW DELHI: After showing signs of moderation, food inflation returned to pinch household budgets at 11.40 percent in the last week of July as prices of cereals, fruits and milk rose. With the exception of two weeks in July 2010 when it was in single digit, food inflation has been in double digits ever since the government started bringing out separate data for the segment from late last year.

Inflation in food items was 9.53 percent in the previous week. Analysts and experts, however, believe that the return to double-digits was expected and that the rate is likely to go down in the next few months as a good monsoon brings bountiful kharif harvest.

"Food inflation is not a surprise at all. Last year in this week it fell sharply and then increased again so increase in the food price inflation is pure (low) base effect," Planning Commission Deputy Chairman Montek Singh Ahluwalia said.

A low base effect is when low numbers of last year make even a small rise now seem large.

Ahluwalia said the food prices are likely to move on a downward spiral in a month.

"A number of measures have been taken (to manage inflation). In a month or so, we would definitely see that (food) inflation rate would come down," Ahluwalia said.

Experts said that RBI, which has already raised policy rates thrice this year, will continue to follow a tight monetary stance in its review next month. The central bank will not be guided by just a weekly figure for food inflation, they said.

On an annual basis, cereals turned expensive by 6.97 percent. Within this group, prices of pulses soared by over 20 percent, while rice and wheat increased by 6.89 percent 7.93 percent, respectively.

However, vegetables, marine fish and barley turned cheaper by one percent. Compared to last year, vegetables were less expensive by 6.09 percent.

Within vegetables, potatoes were cheaper by 42.18 percent. After showing decline for many months, onion prices climbed up marginally by 0.32 percent on an annual basis.

"The fact that food inflation has again went to double- digit is worrying. However, we believe it will eventually fall once the full effect as a good monsoon will lead to increased supply of food products from the kharif crop," Crisil Chief Economist D K Joshi said.

He, however, said that the RBI is unlikely to make any changes in its policies based on upswing in the food inflation during just one week.

THE ECONOMIC TIMES

'UP sold govt sugar mills at cheap rates'

13 Aug 2010, 0103 hrs IST,PTI

LUCKNOW: Uttar Pradesh sold the sugar mills it owned at throwaway prices in June, the Congress has said.

Congress leader VM Singh said on Thursday the four mills which were sold a few weeks ago for `168 crore were valued at more than `1,000-1,500 crore. He claimed that the Chandpur sugar mill was sold to PBS Foods of Mr Ponty Chadha for `90 crore while the value of the 84 acre of land on which the mill stood in Bijnore was much more than that.

Similarly, the Amroha sugar mill was sold at `17 crore to Waves Ltd of Mr Ponty Chadha while the value of the 30-hectare mill land was higher. He said the Jarwal Road and Siswa Bazar mills, which went to Indian Potash, had huge tracts of land and other assets but were undersold.

Singh said the mills were not unviable and it was only because of the deliberate mismanagement by government agencies that they started posting losses.
The Mayawati government has initiated the privatisation of state-owned mills which had been in the red or not performing to their optimum capacity over the years.

Wheat, corn stockpiles dip on Russia drought

13 Aug 2010, 0058 hrs IST,Bloomberg

CHICAGO: The world's appetite for meat, flour and ethanol is expanding faster than the supply of the crops needed to produce them, eroding
inventories and increasing the chance of accelerating food prices.

Wheat stockpiles may slip to a two-year low as demand rises and a drought damages Russia's crop, according to 17 analysts in a Bloomberg survey. Inventories of corn, used to feed livestock and make fuel, probably will drop to the lowest level since 2008, even as output tops a record, the survey shows.

Russia's worst dry spell in 50 years sent Chicago wheat futures to a 23-month high on August 6. Corn prices are up 24% in the past year, as ethanol mills use 35% of the grain produced in the US, the world's largest exporter, and rising global incomes lead to more beef and pork consumption. "The world doesn't have enough exportable supplies to meet demand," for wheat and feed grains, said John Macintosh, 61, a vice president at Rand Financial Services in Chicago who has been trading agricultural commodities since he was with Continental Grain in 1973.

Russia, the world's third-largest wheat exporter, plans to ban shipments starting August 15 after concluding that its grain harvest may plunge 38% this year to 60 million metric tons. Dmitry Rylko, a director at the Moscow-based Institute for Agricultural Market Studies, said the estimate may be cut further because of the worsening drought. Ukraine, the world's biggest barley exporter, may impose export quotas on 5 million tonnes of wheat and barley, effective September 15, Volodymyr Klymenko, the head of the country's grain association, said on Thursday.

While wheat prices dropped 11% in the past four sessions to $7.25 a bushel on the Chicago Board of Trade, they're still up 58 percent since the end of May. The December contract on Thursday was 1.6% higher at $7.3675 a bushel at 12:52 pm London time. In 2008, record crop prices led to food riots and export bans from Haiti to Egypt. World food prices rose for the first time in three months in July on higher costs for cereals and sugar, the UN Food and Agriculture Organisation said on July 29. The USDA said July 23 meat prices will rise faster than expected this year at 2-3%.

Premier Foods, the St Albans, England-based maker of the Hovis brand, said August 5 that higher wheat costs mean an "inevitable increase" in bread prices. Another food crisis is possible if wheat drives the prices higher for other staples, according to Franciscus Welirang, chairman of the Flour Mills Association in Indonesia, the nation's largest buyer of the grain. "There will be a domino reaction, and we expect corn demand will rise, pushing prices higher, and feed industries will buy more corn and soybeans," Welirang said on August 6. "It's the end of cheap wheat."

The wheat rally will need to last longer to boost costs for consumers, according to Bill Lapp, the president of Advanced Economic Solutions in Omaha, Nebraska, and the former chief economist for ConAgra Foods Inc.

“I don’t think it’s going to immediately pass through,” Lapp said August 5. “It’s been a dramatic increase, but you have end users who have at least some inventory, and probably more coverage than they had two years ago,” he said. In February 2008, Chicago wheat futures jumped to a record $13.495 a bushel.

“We’re going from an incredibly burdensome supply down to just above normal, so this is not a shortage,” said Rich Nelson, the director of research at commodity broker Allendale in McHenry, Illinois. “Russia is going to cut back on exporting,” which will boost demand for supplies from the US, Canada and the European Union, said Alan Brugler, the president of Brugler Marketing & Management LLC in Omaha, Nebraska.
“The trade is guessing that the Russian wheat crop is anywhere from 20-40% devastated,” Allendale’s Nelson said.

Business Standard

Friday, Aug 13, 2010

Pak floods may buoy demand for Indian cotton

Bloomberg / Mumbai August 13, 2010, 0:26 IST

Demand for cotton from India, the world’s second-largest producer and exporter, may climb after floods damaged crops in Pakistan, FCStone Group Inc said. “In light of the floods in neighbouring Pakistan, the demand outlook for Indian cotton is increasingly bright,” FCStone, a commodities risk intelligence firm, said in a report dated yesterday.

Floods have destroyed 30 per cent of the crop in Pakistan, the fourth-largest producer, the Kissan Board of Pakistan, a trade group, said this week. Cotton has risen 27 per cent in the past year in New York and the price may trade around current “historically high” levels until at least the US harvest at the end of the year, Olam International Ltd said yesterday.

“According to local sources, the flooding in cotton-producing regions in Pakistan is prompting heavy inquiries from panic-stricken Pakistani traders,” FCStone said. “Indian spot markets are reported to be firm and active, owing to increasing demand from local and international buyers, especially from neighbouring Pakistan.”

Sugar closes on little doings

Press Trust of India / New Delhi August 12, 2010, 17:33 IST

Sugar prices remained unchanged in the wholesale sugar market here today, as prices moved in a limited range on alternate bouts of trading.

Market experts said, market have enough stocks to meet the ongoing demand, therefore prices held around overnight levels.

Following are today's rates in Rs per quintal:

Sugar ready M-30 2,700-2,850 and S-30 2,690-2,840
Mill delivery M-30 2,580-2,700 and S-30 2,570-2690

Sugar mill gate prices (excluding duty): Kinonni 2,700, Asmoli 2,690, Mawana 2,630, Titabi 2,640, Thanabhavan 2,620, Budhana 2,620 and Dorala 2,625

Edible oils up on festive demand, global cues

Press Trust of India / New Delhi August 12, 2010, 17:31 IST

Edible oil prices rose upto Rs 150 per quintal in the wholesale oils and oilseed market today on rising demand in view of festive season amid firming global trend. A few oils in the non-edible section, also showed some strength on increased demand from consuming industries.

Marketmen said rising demand from vanaspati millers and retailers in view of festive season amid firming global trend mainly pushed up wholesale edible oil prices.

Trading sentiment turned better after palm oil climbed in Malaysia on concern that supplies of the world's cheapest edible oil may lag behind demand as heavy rains in Asia connected with the La Nina weather event could disrupt production.

Meanwhile, palm oil futures for October delivery rose one per cent to $848 a metric tonne on the Malaysia Derivatives Exchange.

In the edible section, mustard expeller oil (Dadri) rose by Rs 50 to Rs 5,350 per quintal while mustard pakki and kachi ghani oils traded higher by Rs 5 each to Rs 715-870 and Rs 870-970 per tin.

Cottonseed mill delivery oil (Haryana) moved up by Rs 100 to Rs 4,600 per quintal.

Soyabean refined mill delivery (Indore) and soyabean degum (Delhi) oils moved up by Rs 150 and Rs 20 to Rs 5,100 and Rs 4,680, while crude palm oil (ex-kandla)and palmolein (rbd) gained Rs 120 each to Rs 4,100 and Rs 4,800 per quintal on firming global trend.

In the non-edible section, linseed oil gained Rs 50 to Rs 4,200 per quintal on fresh enquiries from paint industries.

Castor oil also traded higher by Rs 50 to Rs 7,750-7,850 per quintal.

Following are today's quotations in Rs per quintal:

Oilseeds: mustard seed 2,500-2,600 and groundnut seed 2,100-2,850
Vanaspati ghee (15 litres tin) 750-860

Edible oils: Groundnut mill delivery (Gujarat) 8,500, groundnut Solvent refined (per tin) 1,450-1,460, Mustard Expeller (Dadri) 5,350, Mustard Pakki ghani (per tin) 715-870, Mustard kachi ghani (per tin) 870-970, Sunflower 6,300

Sesame mill delivery 5,900, soybean Refined mill delivery (Indore) 5,100 Soyabean degum (Delhi) 4,680, Crude Palm Oil (Ex-kandla) 4,100, Cottonseed mill delivery (Haryana) 4,600, Palmolein (RBD) 4,800, Rice bran (phy) 3,750 and Coconut (per tin) 1,050-1,080

Non-edible oils: Linseed 4,200, Mahuwa 4,000, Castor 7,750-7,850, Neem 3,750-3,850, Rice bran 3,300-3,400 and palm fatty 3,225-3,300

Oilcakes: groundnut de-husk 800-850, sesame 950-1,150, Mustard (new) 1,025-1,050, Mustard 1,200-1,210 and Cottonseed 1,075-1,175

Small sugar moves up on fresh buying

Press Trust of India / Mumbai August 12, 2010, 17:04 IST

Small sugar variety moved up marginally at the Vashi wholesale market here today on fresh buying from retailers.

Meanwhile, medium sugar traded in a narrow range in the absence of worthwhile buying activity and settled around its previous levels.

Small sugar quality (S-30) gained by Rs 10 per quintal to Rs 2,510/2,565 from yesterday's closing level of Rs 2,500/ 2,565.

However, medium sugar quality (M-30) closed unchanged at Rs 2,520/2,620 per quintal.

Following are today's closing rates per quintal, with previous rates in brackets:
Small sugar (S-30) quality Rs 2,510/2,565 (Rs 2,500/ 2,565) and Medium sugar (M-30) quality Rs 2,520/2,620 (Rs 2,520/2,620)

Crude palm oil weak on profit-booking

Press Trust of India / New Delhi August 12, 2010, 17:00 IST

Crude palm oil prices declined by Rs two, or 0.48 per cent, to Rs 414.20 per 10 kg in futures trade today on emergence of profit-booking by speculators, driven by sluggish demand in the physical market.

Crude palm oil for August contract fell by Rs two, or 0.48 per cent, to Rs 414.20 per 10 kg, with a business turnover of 94 lots.

The oil for September-month contract eased by Rs 1.30, or 0.31 per cent, to Rs 412.90 per 10 kg, with an open interest of 110 lots, while October contract moved down by Re one, or 0.24 per cent, to Rs 407.80 per 10 kg, with a business volume of 18 lots.

Traders said besides profit taking by speculators, fall in demand against adequate stocks in physical markets mainly led to a fall in crude palm oil prices at futures market.

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Food inflation at 11.40% on costlier pulses, milk

Inflation rate in fuel prices slows to 12.66%.

New Delhi, Aug. 12

Food inflation, based on the Wholesale Price Index (WPI), witnessed an upsurge during end-July, after having dipped for two straight weeks. The annual food inflation increased 11.40 per cent during the week ended July 31 from the previous week's year-on-year rise of 9.53 per cent, mainly on account of a surge in items such as milk and pulses, official data released on Thursday showed.

The increase in the fuel prices index, however, slowed to 12.66 per cent on an annual basis during the latest week as against 14.26 per cent recorded in the previous week.

The primary articles index gained 15.66 per cent compared with the previous week's 14.36 per cent.

On a sequential basis, the primary articles group index declined 0.1 per cent as the index for ‘food articles' group dipped by 0.2 per cent due to lower prices of fruits and vegetables, arhar, fish-marine, masur and bajra (one per cent each). However, the prices of coffee (three per cent), tea (two per cent) and condiments and spices (one per cent) moved up.

The index for ‘non-food articles' group was up 0.2 per cent due to higher prices of raw silk (four per cent), copra (two per cent) and raw rubber, gingelly seed, groundnut seed, cotton seed and tobacco (one per cent each). However, the prices of rape and mustard seed (one per cent) declined. The fuel index remained unchanged at its previous week's level, the data showed.

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Farm exports

“Global crisis and farm exports” (Business Line, August 11) highlighted the minuscule contribution of the farm sector to the country's total exports. Farm exports appear to have lost their sheen when compared to engineering goods and service sectors' exports. This is because of the lack of incentives for small producers offered by the Centre in terms of inputs required to augment yield per hectare and modernise agri-processing.

Cashew-growing used to be a lucrative business in Kollam district and so was the case with spices such as cinnamon, cloves, etc. However, with no ‘guaranteed' minimum realisation prices, small farmers moved away from this vocation to other gainful avenues.

It is time for the Centre to shift from the ‘skewed' export pattern to a more diversified approach that includes farm exports.

Ashok Jayaram Bangalore

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Oil spill could hit seafood exports

Fishing operations along western seabed affected.

C.J. Punnathara

Kochi, Aug 12

As the salvage and clean up operations on the oil leak along the Mumbai coast continues, apprehensions have been raised that it could affect the fishing operations along the fertile Western seabed and erode the country's seafood exports.

“The western coast not only contributes a significant portion of the Indian seafood exports but has some of the most active ports from where the export operations are undertaken. Both in volume and value, ports such as Pipavav, Kochi and JNP account for a huge share of Indian seafood exports,” Mr Anwar Hashim, President of the Seafood Exporters Association of India(SEAI), said.

FERTILE GROUND

The spill is likely to affect not only the livelihood of thousands of fishermen along the coast but also that of hundreds of fishing boat operators. The waters off Mumbai, Gujarat and Konkan coast offer some of the richest fishing grounds for ribbon fish, squid, cuttlefish, grouper, reef cod and Japanese threadfin bream. While bulk of squid and cuttlefish exports are targeted at the EU, low value fish such as ribbon fish are meant for exports to China and Korea.

Reflecting the significance of low value fish exports in the livelihood of the local fishermen, the Pipavav port handled the maximum volume of seafood exports at 1.82 lakh tonnes, while JNP handled a significant 1.29 lakh tonnes last year. With cargo movement from the JNP port likely to be affected for over 45 days, seafood exports from the port are likely to be impacted, Mr Hashim pointed out. The fallout could also impact the fishing and export operations from the Pipavav port as well.

RIBBON FISH

The low value ribbon fish caught by the fishermen along the West coast of Gujarat and Maharashtra is by and large not consumed by the domestic population, but is exported. Any reduction in the catch and export of the species implies that the means of livelihood of the poor fishermen would be affected, sources in SEAI said. India's import realisation could also be affected since of late, the price of ribbon which is exported in bulk has grown from $1 a kg to $2 in the markets of China and Korea, sources said.

The significance of the western ports is also reflected in the value of seafood exports carried out by them. Pipavav topped the ports having undertaken seafood exports worth Rs 1,673 crore, followed by Kochi port with Rs 1,576 crore and JNP with Rs 1,564 crore in 2009-10. East coast ports such as Chennai meanwhile handled Rs 1,314 crore of seafood exports last year.

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Rice exporters want guidelines on pesticide use

Chennai, Aug 12

The All-India Rice Exporters Association has asked the Centre to issue guidelines to pesticide manufacturers so that farmers, particularly those growing aromatic rice varieties, will use pesticides judiciously.

In a letter to the Agriculture Minister, the association President, Mr Vijay Kumar Setia, said that strict guidelines should be issued to pesticides' manufacturers to put out advisory in local languages, "giving correct and complete information to farmers about quantities, recommended crops, the method and the right time for using during the crop cycle." The advisory should also carry other relevant facts or information that farmers should know. "This will help in controlling pesticide residue issues to a large extent and also help the farmers in getting higher yields of better quality produce," he said. Mr Setia said that if proper care is not taken while using the chemicals, the country's export trade may suffer damage, and farmers' interests will also be harmed. "Pesticide manufacturers are not giving correct and complete advice to farmers about proper use of these chemicals," he said.

At least three million tonnes of rice are exported annually to Europe, the US and West Asia. Mr Setia's plea to the Centre comes on the heels of recent reports that pesticides had been found in Indian rice exports. The findings, by a private laboratory that does not have proper validation, have been challenged by exporters and so far, there has been no response from the EU end.

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Varieties galore

From across the country:A guava seller on Secretariat Road in Hyderabad on Monday has the red endospermed variety from Jammu and Kashmir cut to look as tulips. Guavas of all varieties have flooded the market selling at Rs 50 a kg. The other varieties in the basket are from Zaheerabad in Medak district of Andhra Pradesh.

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Mills' demand lifts chana prices

Indore, Aug 12

Chana (gram) prices increased Rs 35 a quintal on the spot market on Thursday to Rs 2,260 a quintal following increased demand from mills in Maharashtra and Rajasthan. The rise was supported from higher local demand too.

In the futures market, chana increased marginally with August futures closing on the NCEDX at Rs 2,270 and September at Rs 2,323.

Keeping in view the ensuing festive season, purchase of chana at mill level in Mahdya Pradesh witnessed an increase, said a local pulse mill owner Mr Deepak Agrawal.

According to Mr Rahul Bohra, a wholesale chana trader, chana may rise to Rs 2,400 a quintal in the short term.

On the other hand following lower export demand and huge arrival, Dollar (Kabuli) chana or chickpea slumped by Rs 400 to Rs 4,800–5,000 a quintal. Arrivals at the local mandi were 13,000 bags.

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Poor demand pounds turmeric

Erode, Aug 12

Turmeric prices decreased further on Thursday. Sales also dropped heavily on poor demand as buyers have not received any up-country orders. After three days closure of the market, turmeric trade resumed on Thursday in all the four sales centres in Erode. The price of turmeric decreased by Rs 100 a quintal and it was sold at Rs 14,200-14,300 a quintal for the finger variety on Thursday. The root variety sold at the same price. Due to the fall in prices, farmers brought very limited stocks and on Thursday, only 4,500 bags of the commodity arrived at various markets in Erode. Sales were low with only 2,400 bags being sold, and of this, sales at the Private Turmeric Merchants market was 1,600 bags.

In the Regulated Market, prices went down by Rs 385 a quintal. The finger variety was sold at Rs 13,894-14,574 a quintal on Thursday against Rs 14,279 a quintal sold four days ago. But the root variety increased Rs 697 a quintal. The crop was sold at Rs 13,764 on Thursday against Rs 13,067 four days ago. Less than 50 bags of root variety were sold.

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Shortage in edible oil raw materials eases

Mumbai, Aug 12

Edible oil prices stabilised on weak overseas markets on Thursday.

Shortage of ready materials at local level eased with refineries quoting ready delivery rates and giving delivery of old contracts.

CPO futures on Malaysia's derivatives exchange fell on the likelihood of a rise in output and on spill over weakness from regional equities and commodity markets. Soya oil futures on the Chicago Board of Trade traded 12 points lower at 42.26 cents a pound.

Malaysia's September crude palm oil futures ended lower by 1 ringgit (MYR) to 2,730 (2,731) MYR, October ended 4 MYR lower at 2,673 (2,777) MYR and November closed 16 MYR down at 2,640 (2,656) MYR a tonne. Indore NBOT soya oil futures declined with August future ending at Rs 513 and September at Rs 509.70

Spot rates on the Mumbai commodity exchange were: groundnut oil Rs 870, soya refined oil Rs 500, sunflower expeller refined Rs 525, sunflower refined Rs 580, rapeseed refined oil Rs 583, rapeseed expeller Rs 553, cotton refined Rs 510 and palmolein Rs 494 for 10 kg.

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Poultry product prices rule flat on low offtake

Gayathri G Chennai, Aug 12

Prices of poultry products ruled almost flat this week in Tamil Nadu, the country's poultry hub, due to a slowdown in consumption.

Although the Namakkal-based National Egg Coordination Committee (NECC) increased egg prices by three paise to Rs 2.40 a piece this week, it has maintained the rates for layer birds at Rs 37/kg, unchanged for almost a week. The Broiler Coordination Committee also has pruned the prices of live chicken to Rs 45/kg on Thursday from last week's Rs 51.

The slowdown is caused by lower offtake on the domestic frontslack export demand and a dip in consumption in Kerala .

Dr P Selvaraj, Zonal Chairman, NECC, said: “Layer rates remain unchanged as our major markets for these products – Karnataka, Maharashtra and Andhra Pradesh – observe Shravan, the month of abstinence; we are expecting demand in Kerala to pick up after Onam. The saving grace to the industry now is the rise in consumption in Tamil Nadu after the month Aadi and the noon-meal scheme.”

He said that the industry usually experiences a temporary lull during August-October due to the austere months.

Mr R. Nallathambi, President, Tamil Nadu Poultry Farmers Association, told Business Line that the Gulf countries are still wary of importing eggs from India although the Union Government has declared the country avian-flu free. “ However, we expect the demand from West Asia to pick-up soon as the summer season is drawing to a close there.”

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Stockists' selling crushes castor

Rajkot, Aug 12

Castor spot and futures price slipped Rs 20-40 a quintal on heavy selling by stockists.

Good sowing in Gujarat and Andhra Pradesh supported the lower price trend.

At Disa mandi, castorseed prices quoted at Rs 3,530-3,550 a quintal, down Rs 40 a quintal .

Castor September futures on the Rajkot Commodity Exchange ruled steady at Rs 3,638 a quintal.

Spot castor was down by Rs 15 to Rs 3,525 from previous day's Rs 3,540. Similarly, the future prices benchmark August contracts were down Rs 39.50 and traded at Rs 3,660 a quintal .

Arrivals in Gujarat were 2,000-3,000 bags and price was Rs 700-710 for 20 kg. About 700 bags arrived in Saurashtra and the price was Rs 685-695.

A Rajkot-based trader said: “Castor sowing is good in Gujarat and the growing areas have received good rain. So, stockists are selling their stocks as the production is likely to be higher. Also during last 15 days prices gained so much that now traders are now booking profits. The price may decline further in the next few days .”

According to Solvent Extractors' Association of India, the area under castor during kharif country wide is 3,01,000 hectares against 2,18,000 hectares reported in the same period a year ago.

The acreage in Andhra Pradesh has increased to 1,61,000 hectares against 90,000 hectares last year, up 77 per cent.

Acreage in Gujarat is 90,000 hectares against 50,000 hectares last year. This is mainly on the account of steady rainfall in Gujarat and Andhra Pradesh along with remunerative prices for castorseed in the market.

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Cotton prices drop with quality

Erode, Aug 12

Prices of Surabi and MCU5 fine varieties cottondropped as the offers did not match the quality that buyers were looking for at the Bhoodapady regulated market on Wednesday.

Though arrivals of the fine variety of Surabi and MCU5 were heavy, traders paid a lower price for the fibre– Rs 7 less than last week's price.

Traders said that they want “best quality” to get “quality yarn” with 34.4 mm but the arrival of the fine varieties was of low quality. So, they quoted a low price.

Surabi was sold at Rs 43 a kg against Rs 50 last week. Similarly, MCU5 was sold at Rs 40 a kg against Rs 44.

LESS OUT-TURN

The buyers, mainly the spinners, said, the current arrivals had less out-turn and will result in lower yield. Mr D. Balusamy, a spinning mill-cum-ginning mill owner of Punjai Pulliampatty, said: “Of late, medium quality cotton is arriving in the market, so we are buying only a limited quantity at a reasonable price.”

But the farmers said that the current price for the fibre is low for them.

BT COTTON

However, Bt cotton prices increased. The Bt cotton was sold at Rs 39 a kg Rs 4 higher.

All the 4,100 bags were sold. Of this, the fine varieties comprised 3,000 bags.

In the Anthiyur Regulated Market, Surabi cotton price decreased Rs 4.50 a kg and was sold at Rs 41.50 on Monday.

Bt cotton was sold at Rs 36, Rs 2 higher than last week. Totally 4,900 bags were sold.

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Pepper futures up on buying interest

G.K. Nair

Kochi, Aug. 12

Pepper futures on Thursday, after remaining highly volatile, ended marginally (0.5 per cent) above the previous closing on buying interest.

Investors were selling farm grade pepper held by them. The bull operators got activated and resorted to fresh buying and that in turn pushed up the futures market.

It is reflected in the September open interest. There was switching over and additional purchases.

Karnataka-based exporters were also buying from national level cooperatives to meet their immediate export commitment, market sources told Business Line.

Investors holding farm grade pepper were ready to sell Re 1 below the August delivery price but buyers were for Rs 2 below the August price.

Karnataka was said to be offering at Rs 195-197 a kg delivered anywhere in India. Meanwhile, some pepper consignments that arrived from Sri Lanka were allegedly of inferior quality, they said.

In the primary market, sellers were not interested to sell and hence no activity took place there, they said.

August contract on NCDEX moved up by Rs 94 to close at Rs 18,930 a quintal. September and October went up by Rs 70 and Rs 72 respectively to close at Rs 19,140 and Rs 19,371 a quintal.

Total turnover dropped by 4,697 tonnes to 17,753 tonnes. Total open interest increased by 378 tonnes to 18,007 tonnes.

August open interest dropped by 414 tonnes to 5,938 tonnes. September and October increased by 788 tonnes and 17 tonnes respectively to close at 9,730 tonnes and 1,542 tonnes. Spot prices ruled steady on matching demand and supply at Rs 18,800 (un-garbled) and Rs 19,300 (MG 1) a quintal.

Indian parity in the international market remained at $4,300 a tonne despite the decline in the futures market as the rupee was weak against the dollar.

According to an overseas report, buyers in the US were waiting for the pepper prices to drop to $3,900 a tonne for Asta grade pepper before they step in.

Prices quoted for black pepper of different origins in dollar per tonne c&f New York were: MG 1 asta – 4,425-4,525; Vietnam 500 GL – 3,825-3,850 (fob); Vietnam asta – prefer to work firm bids; Lampong 500 GL – 3,700 (fob); Lampong 550 GL – 3,800 (fob); Lampong asta – 3,925 (fob) - resellers will discount origin market; Sri Lanka 500 GL – 3,600-3,625 (fob); Sri Lanka 550 GL – 3,675-3,700 (fob); Brazil B2500 GL – 3,900 (fob) Aug/Sep; Brazil B1 560 GL – 4,025 (fob) Aug/Sep; Brazil asta – 4,150 (fob) Aug/Sep; and MLSV asta spot – 4,400 ex warehouse New York/New Jersey.

Vietnam white pepper – quoted at $5,900 a tonne and that of Muntok at $5,900 a tonne, both c&f.

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Export hopes sweeten sugar a tad for mills

Mumbai, Aug 12

Spot sugar prices witnessed a slight firm trend on Thursday at mill level on reports that the Government may allow export of sugar.

On the Vashi wholesale market, spot prices unchanged flat on lack of local demand. Naka delivery rates were up by Rs 5 for S-grade. The mill tender rate firmed up Rs 5-10. The market sentiment was bullish, said traders

The market is expecting good local and upcountry demand in the near future. On Thursday, total arrivals at Vashi market were at 40-42 truckloads (10 tonnes each) and lifting was less at 38-40 truckloads.

Meanwhile, there was talk that the Centre may allow export of about 5.90 lakh tonnes of the sugar stuck at ports for the last nine months. The imported sugar is lying at Kandla and Mundra ports in Gujarat due to shortage of rail wagons, said officials who didn't want to be identified.

The Union Agriculture and Food Minister Mr Sharad Pawar, told mediapersons in New Delhi on Wednesday that white sugar stuck at the ports will be sold abroad.

India may produce 25.5 million tonnes (mt) in the season starting October 1, up from 18.8 mt this year, because of increase of planting. Imports may total 5.3 mt this season after a drought in 2009 ravaged crops, according to the Indian Sugar Mills Association.

Mills were offered tenders at Rs 2,405-2,440 for S-grade and Rs 2,450-2,490 for M-grade (including excise) a quintal. According to the Sugar Merchants Association, the spot market rate for S–grade was Rs 2,510-2,565 (Rs 2,500/2,565) and M-grade quoted at Rs 2,520-2,620 (Rs 2,520-2,620). Naka delivery rate for S–grade was Rs 2,485-2,510 (Rs 2,480-2,500). M-grade price was Rs 2,515-2,550 (Rs 2,520/2,550).

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Wheat stays unchanged as FCI open market sale looms

Karnal, Aug 12

Wheat prices ruled steady on Thursday, around levels of Rs 1,190 a quintal witnessed since the beginning of this week. On Thursday, the Dara variety was quoted at Rs 1,180-1,190 a quintal, while the mill delivery was reported at Rs 1,190.

Last week, the prices had dropped to levels of Rs 1,170. As a result, Uttar Pradesh farmers, who had been coming to the Karnal grain market are now heading towards the Narela mandi in Delhi, where they are getting better price. In July, the prices had increased to Rs 1,210 before lack of demand led to drop in prices to around Rs 1,170 last week.

Following the uncertain weather, there was limited movement in desi wheat varieties. Tohfa variety of Madhya Pradesh ruled between Rs 2,210 and Rs 2,215 a quintal. Lokwan was quoted at Rs 1,825, kitchen queen new marka at Rs 2,110-2115, Angoor variety at Rs 2,130-2,150 a quintal, Nano variety at Rs 2,065-2070 and the Kangan and Parle-G variety at around Rs 2,180.

Mr Sewa Ram, a wheat trader, told Business Line that in the wake of reports that the Food Corporation of Indiais likely to offload its stocks under the open market sale scheme, there was not much buying in the market. Subsequently, the prices dropped and Uttar Pradesh farmers were unable to get a fair price for their produce in the Karnal market, he said. The offloading by the local stockists also did not help , he added.

He further said the traders are in a dilemma as the FCI has heavy stocks and it could offload its stock anytime in the market. Traders expect that in September and October, the Government would release some stock for the above poverty line cardholdersto be distributed through the public distribution scheme.

Around 400 quintals were offloaded by local stockists here on Thursday.