THE HINDU

Online edition of India's National Newspaper

Friday, August 20, 2010

Date:20/08/2010 URL:
http://www.thehindu.com/2010/08/20/stories/2010082053440500.htm

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NABARD's scheme for farmers

R Vimal Kumar

Tirupur: To help farmers strengthen market linkages and get access to improved technologies, the National Bank for Agriculture and Rural Development (NABARD) plans to introduce a scheme for promotion of technology transfer, credit counselling and market advocacy in the district shortly.

“The project will make the farmers become conversant in the all the three aspects of technology, credit and marketing, which are the key growth engines to attain the envisaged four percent agriculture growth by the end of the current Five Year plan period,” NABARD Assistant General Manager G. Santhanam told The Hindu.

Farmer's club

The scheme was planned to be implemented through the farmer's clubs functioning in the district, with three farmers from every club to be identified as master trainers.

Among the three master trainers, one would be trained on technology-related aspects, the second one on formation of market linkages and the third farmer on credit related issues.

“These master trainers will in turn disseminate the lessons imbibed through special training sessions to other farmers in the respective localities so as to spread the technologies faster to the entire district,” Mr. Santhanam said.

Technocrats

The services of technocrats and market experts from Tamil Nadu Agricultural University, Krishi Vigyan Kendras, commodity boards and from government bodies such as TEA Board, Spices Board and Coconut Development Board would be engaged to train the farmers in the respective areas of specialisation.

Date:20/08/2010 URL:
http://www.thehindu.com/2010/08/20/stories/2010082056070300.htm

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Time to take up samba cultivation, farmers told

TIRUVARUR: With the increase in release of water from the Mettur dam to 10,007 cusecs from August 16, farmers in Tiruvarur district could take up samba cultivation said M.Chandrasekaran, Tiruvarur Collector on Wednesday.

He appealed to farmers to sow long-term variety - CR1009 samba paddy crop before August 31, medium term varieties - ADT38, CO43, ADT 46 before September 15 and ADT 39 and Ambai 19 before the end of September. He also advised farmers to prepare seeds by mixing pseudomonas 10 grams per kilo, bio fertilisers like Azospirillum and Phosphobacteria one packet or 200 grams per kilo before sowing. He asked the farmers to use water efficiently and follow the instructions of the agricultural department to get a higher yield.

Date:20/08/2010 URL:
http://www.thehindu.com/2010/08/20/stories/2010082054361800.htm

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Food inflation edges down

NEW DELHI: Though easing a tad from 11.40 per cent in the last week of July, food inflation remained in double digits at 10.35 per cent for the week ended August 7, mainly because the fall in the prices of vegetables such as potatoes and onions was largely offset by the rise in prices of cereals.

As per the WPI (wholesale price index) data released here on Thursday, the 1.05

percentage point decline in the price spiral can also be attributed to the high base effect as food inflation during the like week a year ago was at 14.18 per cent. However, despite the downtrend, the Reserve Bank of India (RBI) is expected to continue with its tight money policy stance as the prime objective is to bring down the headline WPI inflation to tolerable levels as it remained way above at 9.97 per cent in July. The apex bank is scheduled to unveil its first mid-quarterly review on September 16.

Published: August 19, 2010 11:34 IST | Updated: August 19, 2010 11:46 IST August 19, 2010

New technique for casuarina rooted stem cuttings

Casuarina equisetifolia, (Chavukku in Tamil) have been planted worldwide for serving fuel wood, land reclamation, dune stabilization and as shelter belts.

This tree is planted in about 0.5 million hectares in the states of Andhra Pradesh, Tamil Nadu, Puducherry and Orissa.

Economic value

Due to its high economic value farmers are interested in planting this tree as an agro forestry crop in Tamil Nadu and Pondicehrry. C. equisetifolia fixes atmospheric nitrogen through bacteria called Frankia in root nodules.

This bacteria fixes atmospheric nitrogen up to 362 kg/ha/year which is an essential nutrient for plant growth. Generally farmers used to collect the root nodules from mature trees of C. equisetifolia and then crush and add at the time of planting in new sites.

Often unsuccessful

This practice is often unsuccessful if the crushed root nodule contains dead or inactive Frankia. Further, for pulp and paper production high yielding genetically superior trees of C. equisetifolia are selected and multiplied by rooted stem cuttings.

But the rooted stem cuttings are being propagated in an inert material (vermiculite) so that there is no chance for Frankia association.

Therefore after planting of these stocks 150 Kg of Di Ammonium Phosphate (DAP) per acre at the age of 6-12 and 18-24 months is required.

Instead of using crushed root nodules for nitrogen fixation in seedlings and rooted stem cuttings of C. equisetifolia an alternate method was developed with funding support of Department of Bio Technology, New Delhi as follows.

The bacteria Frankia was isolated and cultured in an artificial media 5 ml of culture in liquid form was applied in the rooted stem cuttings of C. equisetifolia under nursery conditions.

Lower fertilizer need

After 30 days of application the root nodules (nitrogen fixing sites) were observed in the stem cuttings.

This technique fixes the Nitrogen in C. equisetifolia at very low cost level which also reduces the use of chemical fertilizer.

The farmers may approach Institute of Forest Genetics and Tree Breeding, Coimbatore ? 641002 to obtain this Frankia culture for application in seedlings and rooted stem cuttings of C. equisetifolia.

hindustantimes

Indo-Asian News Service

New Delhi, August 19, 2010

First Published: 13:14 IST(19/8/2010)

Last Updated: 13:17 IST(19/8/2010)

Food inflation eases to 10.35 per cent

Food inflation eased to 10.35 percent for the week ended Aug 7 from 11.4 per cent a week earlier, official data released on Thursday showed.The easing in prices of some pulses, and a sharp drop in prices of vegetables, potatoes, and onions helped temper the overall food index.

The fuel prices index, continued with its declining trend, dropping to 12.57 per cent in the week under review as against 12.66 per cent recorded in the previous week, data released by the commerce ministry showed. The primary articles index also rose at a slower rate at 14.85 per cent, compared to the previous week's increase of 15.66 per cent. Following are the rise and fall in prices of some of the main commodities that form the sub-index for food articles over the past 52 weeks:

Cereals: 7.4 per cent

Rice: 8.27 per cent

Wheat: 7.63 per cent

Pulses: 18.32 per cent

Vegetables: (-) 22.12 per cent

Fruits: 16.74 per cent

Milk: 19.03 per cent

Potatoes: (-) 49.81 per cent

Onions: (-) 6.91 per cent

According to recently released figures, wholesale price inflation, the measure for overall increase in prices, was at 9.97 per cent in July. The rise in inflation has forced the Reserve Bank of India grow increasingly hawkish in its monetary policy action. It had raised key interest rates by 25 basis points in its quarterly review in June. The still high inflation could force another hike, something that the central bank has said it would not shy away from.

http://www.hindustantimes.com/StoryPage/Print/588867.aspx

Weather

Chennai - INDIA

Today's Weather

Cloudy	**Friday, Aug 20** Max Min 35.3° | 25.0°
Rain: 00 mm in 24hrs	Sunrise: 5:57
Humidity: 75%	Sunset: 18:28
Wind: Normal	Barometer: 1006.0

Tomorrow's Forecast

Rainy

Saturday, Aug 21

Max Min

33° | 25°

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Aug 22	**Aug 23**	**Aug 24**	**Aug 25**	**Aug 26**
30° | 26°	29° | 26°	28° | 25°	29° | 25°	29° | 26°
Rainy	Rainy	Rainy	Rainy	Rainy

DECCAN Chronicle On The Web
Published on Deccan Chronicle (http://www.deccanchronicle.com)

Food inflation dips by 1%

Aug 20 2010

Aug. 19: Food inflation, which measures the pace of rise in food prices, declined by around one per cent to 10.35 per cent for the first week of August due to cheaper vegetables. The index has been in single-digit till the second half of July.

Despite a good monsoon, economists do not expect food inflation to fall to a comfortable level of 4-5 per cent due to structural changes in the country.

The Congress president, Mrs Sonia Gandhi, on Thursday expressed concern over high prices. “While we are proud of our economic growth, as indeed we should be, controlling price rises remains our top priority,” said Mrs Gandhi.

High prices have now become a major political issue with the opposition parties protesting over it in and out of Parliament.

“The marginal decline in the index of primary articles is insignificant for two reasons firstly this can be a blip and secondly the higher base effect will bring this figure down,” said Mr Siddharth Shankar, the director of KASSA.

Source URL:
http://www.deccanchronicle.com/business/food-inflation-dips-1-644

expressbuzz

By PTI

19 Aug 2010 04:00:07 PM IST

Potatoes, onions pull down food prices

NEW DELHI: Food inflation declined by over a percentage point to 10.35 percent during the week ended August 7 on cheaper vegetables, especially potato and onion, but the fall may not prompt the Reserve Bank to reverse its tight money policy stance at the next review on September 16. Inflation in food items declined by 1.05 percentage points compared to 11.40 percent in the previous week.

It was 14.18 percent a year ago and had crossed 20 percent in December 2009.

"We will continue to see weekly fluctuations, ups and downs. Although the monsoon has been good, in certain agricultural areas like Satara in Maharashtra there have been supply disruptions due to floods," Axis Bank Chief Economist Saugata Bhattacharya said.

"However, we do not think the RBI is likely to go for any major policy change just due to the food inflation figure for a week. Factors like manufacturing output and WPI inflation will also factor in it," he added.

The Reserve Bank of India, which has been tightening the monetary policy to tame the rising prices, is scheduled to come out with its first mid-quarterly review on September 16.

Commenting on decline in food inflation, Crisil Chief Economist D K Joshi said, "while vegetable prices are down, wheat prices are up. This is part of the trend and the reason for fluctuation.

However, we think the long term underlying trend is one of decline and it will get reflected well after the kharif harvest."

Food inflation data showed that vegetables become cheaper by 22.12 percent, while the prices of potato and onion in the wholesale market declined by 49.81 percent and 6.91 percent respectively on yearly basis.

Having remained in single digit for two weeks, the food inflation climbed by again to 11.4 percent during the week ended July 31. It has remained in the double digit for most of the time since late last year when the government started bringing out separate figures for food inflation, which had shot up above 21 percent in December 2010.

Analysts expect that food inflation will continue to fluctuate for some more time before showing declining trend on arrival of new crops. The overall inflation, which include prices of manufactured goods besides food items, fell to single digit at 9.97 percent in July, after a gap of five months.

THE ECONOMIC TIMES

Fri, Aug 20, 2010 | Updated 09.31AM IST

In decontrol move, sugar futures ban may be lifted in September

20 Aug, 2010, 04.10AM IST,ET Bureau

NEW DELHI: The government could lift the ban on sugar futures early next month, by when there will be clarity on the sugar production. The move is expected to further help the crisis-ridden industry and facilitate decontrol of the sugar economy.

“I will get to know the sugar production situation in September. I will take a view on it (lifting ban on sugar futures) in the first week of September,” farm minister Sharad Pawar said on the sidelines of a National Cooperative Consumers’ Federation (NCCF) function on Thursday.

The ban on sugar futures was imposed in May 2009 in the thick of high and rising retail prices and is set to expire in September 2010.

Sugar futures trade was banned upon demand by the Left parties who contended that manipulation in the futures trade in the commodities market played a key role in increase in prices of essential commodity. In 2010-11, sugar output is expected at 25.5 million tonnes, higher than the annual demand of 23 million tonnes. The high output estimates, although questionable at this juncture, will ensure adequate domestic supply and lower consumer prices, allowing the government to free sugar trade without worrying about prices.

Lifting sugar futures trade ban would be the third key move taken of late to relax high-inflation era strictures on trade in the essential commodity, and also to boost sagging profit of sugar mills.

The Centre on Thursday also increased stock holding limits for sugar for bulk consumers from 15 days to 90 days for a further period of 180 days. The government earlier allowed export of white sugar stuck in Kandla and Mundra ports.

Through a notification on May 18 this year, the Centre had barred bulk consumers of sugar such as beverage, ice cream, cold drink, biscuit and bakery product makers from holding more than 15 days requirement of domestic sugar. Bulk consumers were importing most of their needs following the imposition of the sugar stock holding limits.

Both moves are seen as a prelude to decontrol of the sector. The removal of the ban on sugar futures trade completes the key three issues seen as capable of boosting sugar mill profits, besides paving the way to de-regulation.

A government statement said the decision has been taken in view of the availability and prices of sugar in the domestic and international markets. It will ensure availability of sugar in the ensuing festival season.

Sugar production in India, the world's second largest producer and the biggest consumer, is estimated to touch 18.8 million tonnes in the ongoing 2009-10 season, nearly 3 million tonnes more than the earlier projection. The country has imported about 6 million tonnes of sugar since early last year as sugar output in 2008-09 and 2009-10 crop-year was lower than the domestic demand.

Guar acreage set to go up on good rains

20 Aug, 2010, 01.42AM IST, Rituraj Tiwari,ET Bureau

JAIPUR: Good rains in Rajasthan have raised the hopes of a better guar crop this season after last year's dismal output due to a weak monsoon. The rain effect is quite visible in the spot and futures market. Prices of guar seed have dropped by Rs 40 in the Jodhpur spot market to Rs 2,110 per quintal while guar gum prices have dropped by Rs 60 to Rs 4,800 per quintal.

However, the August contract for guar seed saw an upside of 0.9% on NCDEX to touch Rs 2,143 per quintal on Thursday while the guar gum November contract went down by 1.9% to settle at Rs 4,914 per quintal. "The region has received good rains this year. Farmers are excited. Sowing has been extended for the next 20 days. But if it rains heavily during this time, it may damage the crop," cautions Ashok Burad, a leading guar gum manufacturer.

According to the agriculture department, the estimated guar acreage is likely to go up by 20%. "The state government had set a target of 26.90 lakh ha this year. But the sowing may cross 30 lakh ha if sentiments remain firm. The production too, then, is likely to be in excess of 12 lakh tonnes putting pressure on prices," says Panna Lal, chief statistics officer.

Cotton prices likely to drop

20 Aug, 2010, 01.37AM IST,Bloomberg

MUMBAI: Cotton prices may decline as India prepares to resume exports from October and the US, the top shipper, harvests the biggest crop in three years, an Indian traders' group said.

"The bumper US crop will help build up global inventory in the next two to three months, and with India set to harvest a record crop and exports resuming, prices will soften," Dhiren Sheth, president of the Cotton Association of India, said in a phone interview on Thursday. "It's difficult to speculate the extent to which they'll decline."

India, the second-biggest grower and exporter, may harvest a record crop next season and pressure prices that have risen 41% in the past year as textile mills in Asia rebuild stockpiles. Cotton fell the most in almost a month on Wednesday in New York as rain eased dry conditions in West Texas, the most-productive region in the US. Cotton for December delivery shed 0.7% to close at 83.27 cents a pound Wednesday on ICE Futures US, the biggest drop since July 20.

India will allow exports from October 1, the commerce ministry has said. Shipments were halted in April to cool domestic prices and bolster supplies. A month later, the government introduced a new licensing system. "Marketing of Indian cotton will be easier now that there is a clarity on exports," Sheth said, whose Galiakotwala group is among the nation's oldest cotton trader.

Business Standard

Friday, Aug 20, 2010

Area under cane may rise 38% in Karnataka

Mahesh Kulkarni / Bangalore August 20, 2010, 0:14 IST

Karnataka, the third-largest producer of sugar in the country, is likely to reap bumper sugarcane crop for 2010-11, going by the current indications. The area under cane planting for the current kharif season has gone up by 38 per cent to 394,000 hectares compared to 285,000 hectares last year. The state had set a target of 366,000 hectares for 2010-11.

The rise in acreage is attributed to higher yield and productivity of cane last year due to excess rain in major growing areas. Better prices by millers also encouraged farmers to plant more cane this year. The yield per hectare and cane weight increased in the state last year due to excess rain in major growing areas in north Karnataka. Mills in the state achieved a sugar recovery rate of 10.79 per cent as against 10.43 per cent in the previous year.

According to data available with the state agriculture department, the area under cane has gone up by 125 per cent as against the normal planting of 315,000 hectares as on August 9. As a result, the sugar production for the year 2010-11 is likely to go up by 16-20 per cent to 2.9 million to 3 million tonnes.

The South Indian Sugar Mills Association (Sisma) has estimated that for the ongoing sugar season (October 2009-September 2010) production from Karnataka would touch 2.5 million tonnes as against 1.6 million tonnes, showing a growth of 53.3 per cent over the previous year.

The total cane crushed would touch 22.8 million tonnes by September as against 15.4 million tonnes crushed last year, a growth of 48 per cent. Already six sugar mills in southern Karnataka have recommenced crushing.

For the next sugar season commencing in October 2010, mills in southern Karnataka have already announced advance payment of Rs 1,800 a tonne, which is 28 per cent more than the fair and remunerative price (FRP) announced by the Centre. This is likely to put pressure on the margins of millers, as they don’t expect higher prices for the sugar during next season due to excess production in the country. Last week, mills in north Karnataka have sold their stock at Rs 26-27.5 a kg, while mills in south have sold at Rs 27-27.50 a kg.

Sugar futures may resume from Oct

Newswire18 / New Delhi August 20, 2010, 0:12 IST

The government would review the ban on futures trade in sugar in the first week of September after assessing the status of the sugarcane crop, Agriculture Minister Sharad Pawar said today.

“In order to allow futures trade in sugar, I will have to first assess the plantings of sugarcane...We will be able to take an informed view in the first week of September,” Pawar told reporters.

The government had banned futures trading in sugar in May 2009 amid concerns of a shortfall in output and a rise in prices. The ban was initially clamped for seven months and later extended until September 30 this year.

Commodity market regulator Forward Markets Commission has said it may lift the suspension on futures trade in the commodity from the next season that starts October 1 if production is good.

The industry expects sugar production at around 24-25 million tonnes in the new season, higher than the estimated demand of 23 mt and much higher than this year’s production estimate of 18.8 mt.

The sugar industry has been seeking easing of controls on the sector since output is expected to be good and prices of the sweetener are ruling low. It has also been asking for imposition of customs duty on both raw and white sugar to check cheaper imports. Pawar today said re-export of sugar, imported by mills under the advance licensing scheme, is proceeding smoothly.

“Sugar re-export under advance licensing scheme is progressing smoothly, I don’t think there are any concerns,” Pawar said. The government, faced with a shortage, had four years ago allowed duty-free import of raw sugar under the obligation to re-export a similar quantity after refining. More than 700,000 tonnes of sugar is still to be re-exported under the scheme, according to industry officials.

Officials said this week, after a gap of two years, the sugar directorate has decided to issue export licences to some mills as well as trading firms whose imported consignments are stuck at western and southern ports. Licences were being issued on the condition that exporters import an equivalent quantity of raw sugar within four months.

The government had last week permitted domestic sugar companies to export around 200,000 tonnes imported sugar that was stuck at ports due to paucity of railway wagons for transportation.

Taking advantage of duty-free imports allowed by the government, Indian sugar mills imported considerable amount of raw and white sugar last year when domestic prices were ruling much higher than global rates. Domestic prices have since slumped to Rs 25 a kg from record highs of around Rs 46 a kg in January. Asked about the prospects of kharif paddy output, Pawar said he did not see any drop in production because of poor rains in eastern and northeastern India, which predominantly grow paddy.

“Situation is not so good in Bihar, Jharkhand and five districts of West Bengal, but so far our view is that there will not be any drop in paddy output. Paddy sowing is possible up to end of August,” Pawar said.

He said this year paddy has been sown over 27.4 million hectares compared with 25.1 million hectares at the same time last year.

Global coffee production may go up 12.5% in 2010-11

Press Trust of India / New Delhi August 19, 2010, 15:25 IST

Global coffee production in 2010-11 crop year is likely to go up by 12.5 per cent to 135 million bags due to higher yield in Brazil, International Coffee Organisation (ISO) has said.

The global production of coffee is estimated to be around 120 million bags in 2009-10 crop year, a 6.3 per cent dip over that in 2008-09. Coffee year runs from October to September.

A bag contains 60 kg of coffee.

"As the crop year (2010-11) is a high production year in the biennial cycle that characterises Arabica production in Brazil, it is envisaged that the Brazilian crop will rise to around 47 million bags," ISO said in a report.

Production in Columbia is also expected to recover after the two consecutive years of low output, it said, however, adding the high level of production originally anticipated in Vietnam could be affected due to climatic problems.

Meanwhile, coffee exports, in the first nine months of the current crop year, fell 6.8 per cent to 69.8 million bags from 74.9 million bags a year ago.

Global coffee consumption in calendar year 2009 stood at 128.8 million bags compared to 130.7 million bags in 2008, a fall of 1.5 per cent.

Spices rule steady in thin trade

Press Trust of India / Mumbai August 19, 2010, 16:07 IST

Spices ruled steady at the spices market here today in the absence of any worth while buying activity.

Following are today's closing rates in rupees, with the previous rates in brackets:

Black Pepper (per kilo) 215/225 (215/225), ginger bleached (per kilo) 240 (240), ginger unbleached (per kilo) 255 (255), copra office Alapuzha (per quintal) 4,000 (4,000)

copra office Kozhikode (per quintal) 3,900 (3,900), copra Rajapur Mumbai (per quintal) 6,200 (6,200) and copra edible Mumbai (per quintal) 5,050 (5,050)

Chilli, turmeric declines on fall in demand

Press Trust of India / New Delhi August 19, 2010, 16:37 IST

Red chilli and turmeric prices fell up to Rs 200 per quintal in the national capital today owing to fall in demand at existing higher levels.

Adequate stocks following increased arrivals from producing belts also weighed on the prices. Red chilli and turmeric prices fell up to Rs 200 to settle at Rs 4,700-8,700 and Rs 15,800-19,100 per quintal, respectively.

Marketmen said fall in demand at higher levels mainly led to a fall in chilli and turmeric prices. Weakening trend in futures market also put pressure in the prices, they added.

Following are today's quotations (per quintal):

Ajwain 14,000-19,000, black pepper common 20,300-20,500, betelnut (kg) 85-105, cardamom brown-Jhundiwali (kg) 750-760 and cardamom brown-Kanchicut (kg) 840-930

Cardamom small (kg): Chitridar 1,225-1,370, cardamom (colour robin) 1,370-1,380, cardamom bold 1,400-1,475, cardamom extra (bold) 1,580-1,600 and cloves (kg) 325-400

Chirounji (new) (kg) Rs 410-450 Dry mango(raipur) Rs 6,000-8,500 Dhania Rs 3,400-8,500 Dry ginger Rs 22,000-25,500 Kalaunji Rs 10,000-11,800

Mace-Red (kg) Rs 1150-1300 Mace-Yellow (kg) Rs 1550-1650 Methiseed Rs 3,200-4,200 Makhana (per kg) Rs 120-160 Nutmeg Rs 530-570 Poppyseed (KG Turkey) Rs 195

Poppyseed (KG MP-RAJ) Rs 195-245 Poppyseed (KG Kashmiri) Rs 175 Red chillies Rs 4,700-8,700 Soya bari pariwar (20 kg) Rs 350-400 Saffron (kg) Irani Rs 1,20,000-1,30,000 Saffron (kg) Kashmiri Rs 1,55,000-1,70,000 Soanf-bold Rs 9,500-15,000

Turmeric Rs 15,800-19,100 Tamarind Rs 2,250-2,600 Tamarind without seed Rs 3,800-5,500 Tea (kg) Rs 65-175 Watermelon kernel (Kg) Rs 230 Jeera common Rs 13,800-14,100 Jeera best Rs 14,900-15,400

THE HINDU Business Line

Business Daily from THE HINDU group of publications

Friday, August 20, 2010

Date:20/08/2010 URL: http://www.thehindubusinessline.com/2010/08/20/stories/2010082051271600.htm

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Food inflation dips on cheaper vegetables

Fuel inflation too eases on lower naphtha prices.

The Primary Articles group index declined by 0.1 per cent

Our Bureau

New Delhi, Aug 19

Food and fuel inflation, based on the annual Wholesale Price Index, eased in early August.

Food inflation stood at 10.35 per cent on a year-on-year basis during the week to August 7, lower than the 11.4 per cent annual rise reported in the previous week, as prices of vegetables dipped.

Annual fuel prices in the same week rose 12.57 per cent, slower than an annual rise of 12.66 per cent a week ago, data released by the Ministry of Commerce and Industry on Thursday showed.

According to the data, the Primary Articles group index declined by 0.1 per cent on a sequential basis even as the index for ‘Food Articles' group rose by 0.2 per cent due to higher prices of maize (2 per cent) and tea, rice, fish-marine and condiments and spices (1 per cent each). Prices of moong and masur (2 per cent each) and urad and bajra (1 per cent each) declined.

The index for ‘Non-Food Articles' group declined by 0.6 per cent due to lower prices of soyabean (14 per cent), raw silk (4 per cent) and fodder and gingelly seed (1 per cent each). However, the prices of groundnut seed (2 per cent) and copra and raw rubber (1 per cent each) moved up.

On a sequential basis, the fuel index declined by 0.1 per cent due to lower prices of naphtha (3 per cent).

However, the prices of aviation turbine fuel (3 per cent) and furnace oil (2 per cent) moved up.

Date:20/08/2010 URL:
http://www.thehindubusinessline.com/2010/08/20/stories/2010082053211000.htm

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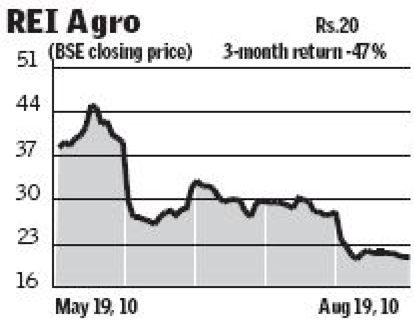
Basmati set to gain as floods destroy Pakistan crop

Pressure on the price of cereals likely.



M.R. Subramani

Chennai, Aug. 19

Like politics, a gap of three months is large in any market.

Three months ago, dealing with stocks of rice exporting firms, we had projected the weak trend that had been witnessed since the beginning of the year to continue.

The trend continues till this day.

The prospects of these companies have definitely improved. The reasons are mainly weather-related.

What has really made things look up for these companies is the havoc caused by flood in neighbouring Pakistan.

Though, according to reports, the floods has caused more damage to non-basmati rice, it has also affected basmati to an extent.

The All-India Rice Exporters Association President, Mr Vijay Setia, has in an interview said that basmati exports are likely to be around 32 lakh tonnes, though he has not ruled out any rise in shipments.

More enquiries

Exporters do confide in private that they are getting enquiries for basmati, particularly after report of the flood in Pakistan.

In the global basmati market, it is always a play between India and Pakistan. If the latter's crop is affected then India stands to gain. It is due to such circumstances that the companies could see gains from October.

In India, floods had wreaked havoc in the rice-growing areas in Punjab and Haryana. This particularly hit non-basmati seedlings and since the time left for recovery was short, farmers switched over to basmati which can be sown until the early second week of August.

Rise in production?

Therefore, basmati could witness a rise in production. In turn, it is likely that exporting firms could get stocks at prices lower than last year.

On the other hand, production of non-basmati is seen as affected in the eastern parts due to drought.

Bihar has declared all its districts drought-hit, while Jharkhand and West Bengal have also been partially affected.

Globally, wheat production has been affected in Russia due to the worst drought there in decades, while Canadian crop has been literally washed away by rains.

What this means is that there could be tremendous pressure on the price of cereals in the months to come. Those who are unable to afford wheat could turn to rice.

Again, the pressure of higher prices could turn people to other alternatives such as coarse cereals or even to barley or oilmeal in case of feed. This could result in prices of all cereals ruling firm globally for three to six months.

It is true that basmati stocks could increase 15 lakh tonnes by October. But if India were to fill in the gap that is likely to be left by Pakistan, then the stocks could be over in no time.

Though Pakistan's basmati exports are around 10 lakh tonnes, they are done at a price lower than India's. But if Pakistan has only a little to offer, prices will witness an uptrend and, in turn, help Indian exports.

With a ban on non-basmati rice export still continuing, prices for premium varieties could rule around the minimum export price of $900 a tonne fixed by the Government for aromatic rice.

That could help these firms to really reap some profit. Time to hedge your bets on these exporting companies.

Date:20/08/2010 URL: http://www.thehindubusinessline.com/2010/08/20/stories/2010082051511800.htm

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Drought in Bengal likely to hit jute production

Shobha Roy

Kolkata, Aug 19

Though the sowing of jute crops during the current year has surpassed expectation, the harvesting is likely to suffer due to the deficient rainfall in various key jute-producing districts of West Bengal. The production of jute, therefore, is likely to drop to some extent, according to senior officials in the industry.

Spurred by higher prices and favourable weather conditions, sowing of raw jute had witnessed a substantial rise and was estimated at about 115-120 lakh bales during the current year, against about 90 lakh bales in 2009-10.

However, the inadequate rainfall in various parts of the state would pose serious problems in harvesting of the crop as retting would not be possible in scanty water. Delayed harvesting would damage a sizeable amount of crop and the production could drop to some extent at about 100-105 lakh bales.

Rain Deficit

The West Bengal Government had on Monday declared 11 out of 18 districts as drought-hit and allocated Rs 50 crore to tackle the situation caused by a rain deficit of about 30 per cent. The 11 districts are Purulia, Bankura, Murshidabad, Birbhum, Burdwan, Hooghly, West Midnapore, South 24 Parganas, North 24 Parganas, Nadia and Malda.

Both Nadia and Murshidabad are key jute producing districts and account for almost 60-65 per cent of the total jute production in the country. “Though delayed harvesting is possible in some cases, however, there is a fear of crops getting damaged. Moreover, the quality of the fibre might also suffer,” said a senior official in the jute industry.

The process of retting usually begins by August 1 and gets completed by September 15. There has also been some damage of crops in Assam and parts of north Bengal due to the excessive rainfall.

Post harvesting the jute has to undergo retting process, which needs plenty of water. Insufficient monsoon will impact the quality of jute produced as the retting would have to be done in muddy water.

The dip in production might also jack up the price of the fibre to some extent, according to a senior official. “Typically jute prices at this time of the year range between Rs 2,300-2,400 per quintal. However, this year the prices have shot up to about Rs 2,700 per quintal due to sentimental reasons,” the official pointed out.

Date:20/08/2010 URL:
http://www.thehindubusinessline.com/2010/08/20/stories/2010082052321700.htm

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Incessant rain floors wheat

Karnal, Aug. 19

Incessant rain since Tuesday affected wheat market.

With low buying, prices ruled firm and maintained its levels of Rs 1,200 that it touched at the beginning of this week.

On Thursday, Dara variety ruled at between Rs 1,195 and Rs 1,200 a quintal.

With low arrivals and stagnant market, the market of desi wheat varieties also witnessed a steady trend.

Tohfa variety of Madhya Pradesh ruled between Rs 2,200 and Rs 2,210 a quintal; Lok-1 ruled around Rs 1,820 and kitchen queen new marka was at Rs 2,110.

Tax hassles

After the strictness imposed by the Haryana Agriculture Marketing Board (Market Committee) for the tax collection, wheat traders are out of the market. Because of low procurement arrivals from Uttar Pradesh declined.

Traders told Business Line that there is eight per cent tax in Haryana while Chandigarh and Delhi are the tax free zone markets.

Moreover, the agents reap two and a half per cent commission over the stock. According to the traders, it is hard to find customer and get good margin after expending 10.50 per cent.

Mr Subhash Chand, a wheat trader, said VAT should be removed from the total tax table, two per cent market fees, two per cent Haryana Rural Development Fund and four per cent VAT. There could be a drop of Rs 40 a quintal and wheat can be provided on economic prices to the public, he said.

The Bharatiya Kissan Union also demanded the elimination of VAT. Mr Sewa Singh Aarya, State Secretary, BKU, said since wheat comes under the Essential Commodity Act the VAT should be removed.Food Cooperation of India had declared prices at Rs 1,252 a quintal for the open market but mill owners and wheat traders did not show interest in procurement as they found the quality and prices of the stock of Uttar Pradesh better than the stock of FCI.Around 150 quintals arrived here on Thursday.

Date:20/08/2010 URL:

http://www.thehindubusinessline.com/2010/08/20/stories/2010082051521800.htm

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Guar crop seen higher but record output unlikely

Hopes rise on good monsoon; interest limited in major areas.

Since sowing has been delayed in most parts, arrivals are expected only from November onwards. The delay in arrivals would mean the stocks could be stretched.

M.R. Subramani

Chennai, Aug. 19

Last year, guar production fell by nearly 75 per cent to around 2.5 lakh tonnes compared with the previous year. The fall was mainly due to truant monsoon. This year, when monsoon has behaved normally across the country, barring the East, it is natural for hopes being raised on a far better crop this year.

A section of the traders is already projecting a record or near record crop of 10 lakh tonnes (lt). Are the hopes of such a huge crop justified?

“No, not just yet,” says Mr Jeevan Gandhi, an exporter and former President of Guargum Manufacturers' Association.

What, on the other hand, has raised hopes on the crop is how an Angel Commodities report said: “The area sown under guar in Rajasthan is projected at 24.79 lakh hectares compared with 14.40 lakh hectares last year. Good rains have been reported in Barmer, Nagur raising the hopes further.” According to Mr Gandhi, area under guar in Rajasthan is around 27 lakh hectares.

“May be, it could touch 30 lakh hectares. Even if we were to concede that the yield is good, it could at the most result in 6 lakh tonnes of guar,” he said.

Rajasthan is the largest contributor to guar production in the country.

Haryana, Gujarat and Punjab are others who make significant contribution to the crop's output. “In Haryana, we can expect some 2.5 lt, while in Punjab and Gujarat we can together expect 50,000 tonnes,” said Mr Gandhi. In all, guar production in the current situation is expected at 9 lt.

“There are reasons for us to not exaggerate the situation. In Rajasthan, only the traditional areas have been brought under guar. Like last year, the undecided growers, particularly in east Rajasthan, have gone in for pulses,” he said.

In Haryana and Gujarat, interest on guar has been limited. “Initially, there was no rainfall in some areas and farmers went in for moath and moong. There has been vigorous sowing of these,” Mr Gandhi said.

“Still, whatever has been planted depends upon further rain in September. But if we have heavy rainfall in October, then the crop could suffer damage. It happened in 1998, when rainfall in October turned the crop black, affecting quality,” he said.

However, since sowing has been delayed in most parts, arrivals are expected only from November onwards.

The delay in arrivals would mean the stocks currently in the country could be stretched. “Inventories can at the most last for two months. However, the carryover could still be 20,000-30,000 tonnes,” Mr Gandhi said.

Traders say the demand for new arrivals could be high in view of this.

Reflecting the tight supply situation, guarseed for September delivery is ruling at Rs 2,174 a quintal and October delivery at Rs 2,194.

Guargum prices are also ruling high with September delivery at Rs 4,963 a quintal and October at Rs 5, 010. According to Angel Commodities, lower arrivals are the main reason for the firm trend in prices.

Guar is a rain-fed crop and its sowing starts during the last week of June or first week of July.

Guar or cluster beans is a legume crop that grows best in semi-arid regions. In India, guar is grown primarily in Rajasthan.

It is also grown in Haryana, Punjab, Gujarat and Madhya Pradesh. It is a raw material to produce guar gum, which is used in various industrial applications such as paper and textile sectors, ore flotation and explosives manufacture.

In the oil and gas sector, it is used for fracturing of the formation. It is also used as a thickening agent and as additives in food products such as instant soups, sauces, processed meat products, baked goods, milk and cheese products, yoghurt and ice-creams.

Date:20/08/2010 URL:

http://www.thehindubusinessline.com/2010/08/20/stories/2010082050770900.htm

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Retail rip-off in pulses G.CHANDRASHEKHAR

Retailers are quick to raise prices when wholesale rates move up, but seldom reduce the price with the same alacrity when wholesale rates decline.

Retailers are often loathe to changing the price tags.

Pulses prices have remained stubbornly high. Higher minimum support price (MSP) has of course set a benchmark for the open market. In the last three years, MSP for urad was raised by Rs 12,000 a tonne and for arhar/ tur by Rs 14,500. Higher MSP has surely benefited growers by raising their incomes; but it has not benefited crop growth or consumers.

In recent years, rising demand unmatched by supplies has been a major reason for the rise in pulses prices. Additionally, last year's bad monsoon hurt domestic grains output and worsened the supply situation. Policymakers have no clue about what's going on in the marketplace. Their inaction has in fact precipitated the crisis. The failed role of public sector enterprises in pulses import is a case in point.

‘Risk premium'

With retail prices of various pulses at unaffordable levels, consumers are taking a beating. The domestic market is subject to global price dynamics as well. Overseas suppliers usually inflate their offer once Indian market conditions and import needs are known. Also, owing to uncertainties in dealing with India (counter-party risk, fumigation issue, phyto-sanitary clearance, and so on), exporters usually add a ‘risk-premium' of, say, $25-50 a tonne, for contracting with Indian importers.

But the market fundamentals do not justify three-digit retail prices for some of the pulses. There are serious flaws in the pulses supply chain that have to be addressed urgently. The price trend of different pulses has been mixed in the last one year.

In the last one month, international prices have fallen by about $100 a tonne because of the ongoing South-West monsoon and improving kharif crop conditions in India. We looked at the prices of three major pulses — arhar/ tur (pigeon pea), urad (black matpe) and moong — during June-July. From the peak of $1,100 a tonne in 2009, arhar/ tur prices have fallen to about $900 a tonne for whole tur Burmese origin, and for East African origin the current price is around $650 a tonne cif (cost insurance freight).

In the wholesale market, the pulse was trading at about Rs 36,000 a tonne early August. After adding milling cost (20-30 per cent processing loss, covering splitting, cleaning, and so on), transportation charges, brokerage, etc., the cost price of dal (milled pulse) works out to about Rs 55,000 a tonne.

In the case of urad, international prices have spurted from $650-750 a tonne this time last year to $1050-1200, depending on quality. Wholesale rates recently have been in the Rs 52,000-57,000 a tonne range. After processing, the cost price of urad dal comes to Rs 65,000 a tonne.

Like urad, moong too spurted from $800 a tonne to a peak of $1,400 in May, after which it has moved down to $975 a tonne. Given varietal differences, moong is trading at Rs 55,000-60,000 a tonne, with milled quality quoting at Rs 70,000 a tonne.

High margin

Far from ending, the story of elevated pulses prices actually begins here. Traders and intermediaries assert that there is currently a price disparity in pulses import and that the wholesale rates are occasionally lower than the import parity. Currently, the wholesale market is facing a slowdown in off-take, dealers complain. Why then should consumers pay Rs 100 a kg? There seems to be a big rip-off at the retail level. There are an estimated 10,000 dal mills in the country that process both domestic and imported whole pulses and convert them into ready-to-consume dals.

The goods travel from producing centres or ports to dal mills from where they move (after processing) to wholesalers and then on to the retailers. It is here that the price action kicks in.

There has always been a huge difference between the factory-gate price of dal and the retail rates; but the difference has accentuated in the last two years for a variety of reasons. Retail margins are as high as 20-30 per cent. While the wholesale market takes quick cognisance of changes in market conditions (say changes in international prices or the size of domestic output), retailers are often loathe to changing their price tags.

Traders this correspondent spoke to were categorical that retailers are quick to raise prices when wholesale rates move up; but seldom reduce the price with the same alacrity when wholesale rates decline. To test this, we went to a couple of kirana stores in downtown Mumbai where tur dal is sold at Rs 75-80 a kg and moong, at Rs 90 a kg (having fallen from Rs 100/kg a couple of months ago). Imported yellow peas are the cheapest, at Rs 45 a kg. A non-premium pulse in the global market, the import prices of yellow peas have remained largely steady or moved in the $300-340 a tonne range in the last one year. India imports large quantities of this low-priced pulse.

According to traders, yellow peas can be consumed as whole or as dal (split form). The wholesale rates are currently Rs 16,700 a tonne (having gone up in the last few weeks from Rs 14,000 a tonne) and dal is offered at Rs 23,000-24,000 a tonne. It was a shocking revelation that retail price of yellow peas in Mumbai was Rs 40-45 a kg, far above what the usual costs would justify. “Considering all costs, there is absolutely no justification for yellow peas to retail at anything above Rs 30/kg,” lamented a trading house executive.

Strict monitoring?

While it is well-known that pulses supply chain is far from efficient — too many intermediaries adding too little value — at the retail end there is enormous profit to be made by simply ignoring changes in the wholesale market and sticking to the same (usually higher) price until stocks last or consumers stop buying.

Does this call for strict monitoring of retail trade? Should restrictions on storage and trade margins be imposed? Opinions differ. But it is clear, if retailers shed their greed and work on reasonable margins, pulses prices have the potential to decline by at least 20 per cent from the current levels. This will bring substantial relief to consumers. Are the policymakers listening?

Date:20/08/2010 URL:
http://www.thehindubusinessline.com/2010/08/20/stories/2010082052331700.htm

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Poultry prices take downturn

On the decline

Month	Rates*
January	253.77
February	240.93
March	237.87
April	223
May	258
June	272.57
July	252.10
August (till date)	236.16

*- Rs/100 eggs in Namakkal

Gayathri G

Chennai, Aug. 19

Seasonal uncertainties have forced the poultry producers in Tamil Nadu to slash the rates. Prices of poultry products ruled almost flat in Namakkal — the country's poultry hub — owing to decline in consumption. At the heart of seasonal downturn is the festival season.

The industry normally experiences a temporary lull during August-October, which is considered a period of abstinence. “Every year, the festival season brings jitters to us. Although the demand slumps, there is no slowdown in production, especially layer, and we are saddled with huge stocks,” a poultry farmer told Business Line.

Namakkal forms the centre of poultry trade in the State and caters to markets such as the neighbouring Kerala and as distant as West Bengal. Demand falls at least by 15 per cent with the beginning of the Shravan month in July, which is closely followed by Janmashtami, Ganesh Chaturthi and Navaratri. Only after Diwali does the offtake pick up.

The Namakkal-based National Egg Coordination Committee (NECC) fixed egg prices at Rs 2.30 a piece on Thursday, down 10 paise from last week's level. It has also pruned the rates for layer birds at Rs 35/kg from last week's Rs 37. However, the Palladam-based Broiler Coordination Committee has increased the prices of live chicken to Rs 56/kg on Thursday from last week's Rs 47 — due to pick-up in demand from Kerala.

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. “Only this week we have received orders from the West Asian market and we expect the demand to go up soon as the summer season is drawing to a close there.”

Date:20/08/2010 URL:
http://www.thehindubusinessline.com/2010/08/20/stories/2010082052361700.htm

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Cotton blooms on lower stocks

Our Correspondent

Rajkot, Aug. 19 Lower stocks of cotton coupled with export demand from China and Pakistan have increased the price almost Rs 1,000 a candy .

Cotton is traded in Gujarat at Rs 32,500-32,800 a candy for A-grade quality; price rose almost Rs 1,000 a candy in the last two days. Arrivals are about 2,000 bales a day in Gujarat and about 5,000 bales at the national-level.

Ahmedabad-based broker Mr Arun Kumar said, “Cotton carry-forward stock will be very poor this year as export is more than double. There is a rise in demand from mills and exporters. Till the next season price may not be come down.”

Last year, India exported 35 lakh bales and this year so far it has exported about 84 lakh bales. The industry expects 30-35 lakh bales carry-forward stocks of cotton for the new season. Local traders said, “Export demand from Pakistan is increasing as flood hurt the cotton crop over there. China is also buying cotton from India; it supports the price on upper level.”

World's largest cotton consumer, China, has seen demand for the commodity surge nearly 24 per cent.

Date:20/08/2010 URL:
http://www.thehindubusinessline.com/2010/08/20/stories/2010082052341700.htm

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Relaxed stockholding norms sweeten sugar

Mumbai, Aug. 19

As expected by traders, spot sugar prices at the Vashi market rose Rs 25-30 a quintal on Thursday.

Relaxation of stockholding norms for bulk consumers along with increased retail buying pushed the price up.

Mills were cautious in seeling expecting higher prices. Expecting higher demand, only four to five mills came forward with tenders. They sold a total of about 55-60 thousand bags (of 100 kg each) in the price range of Rs 2,500-2,530 for S-grade and Rs 2,540-2,570 for M- grade.

Secondly, there was a talk of the Union Government giving 10-15-day extension for the August 10 free sale quota.

Stockholding norms

On Wednesday, the Union Government relaxed the stockholding norms for bulk consumers from 15 days to 90 days. This announcement stabilised the price at a lower level.

Good quality white sugar was in demand. Mills were reluctant to sell , expecting good premium compared to the regular quality, said market players.

On Thursday, total arrival at the Vashi market was 32-35 truck loads (each of 10 tonnes) and lifting was the same at 35-38 truck loads. Mills were offering tenders at the rate of Rs 2,500-2,540 for S-grade and Rs 2,530-2,575 for M-grade (including excise) for 100 kg.

According to the Sugar Merchants Association on Thursday, spot rate for S-grade was Rs 2,580-2,620 (Rs 2,560-2,600); M-grade was at Rs 2,608-2,660 (Rs 2,580-2,640).

Naka delivery rate S- grade was at Rs 2,560-2,590 (Rs 2,530-2,560) and M-grade was at Rs 2,590-2,650 (Rs 2,560-2,625) a quintal.