THE HINDU

Central rice allotment for State all set to go up

The Central government's rice allotment for the State is set to go up once its fresh norms on the public distribution system take effect.

As per the proposed norms, each cardholder coming under BPL (Below Poverty Line) category will be given 35 kg of rice at Rs.5.65 per kg and those under APL (Above Poverty Line), 15 kg at Rs.8.30 per kg.

The issue prices are determined by the Food Corporation of India (FCI). However, the State governments are free to fix the retail selling price. This is why rice is being distributed in Tamil Nadu at Re.1 per kg, irrespective of economic status of cardholders. The State has 1.97 crore cardholders.

At present, the monthly allotment is about 2.96 lakh tonnes, of which around 65,000 tonnes are meant for those coming under the Antyodaya Anna Yojana (AAY) scheme; 1.05 lakh tonnes for BPL category and 1.26 lakh tonnes for APL category. [The FCI's price for AAY is Rs.3 per kg].

But, as the allotment falls short of the State's requirement by 20,000 tonnes, the State government procures the balance portion under the Open Market Sales Scheme of the Food Corporation of India (FCI) and from other States, including Andhra Pradesh.

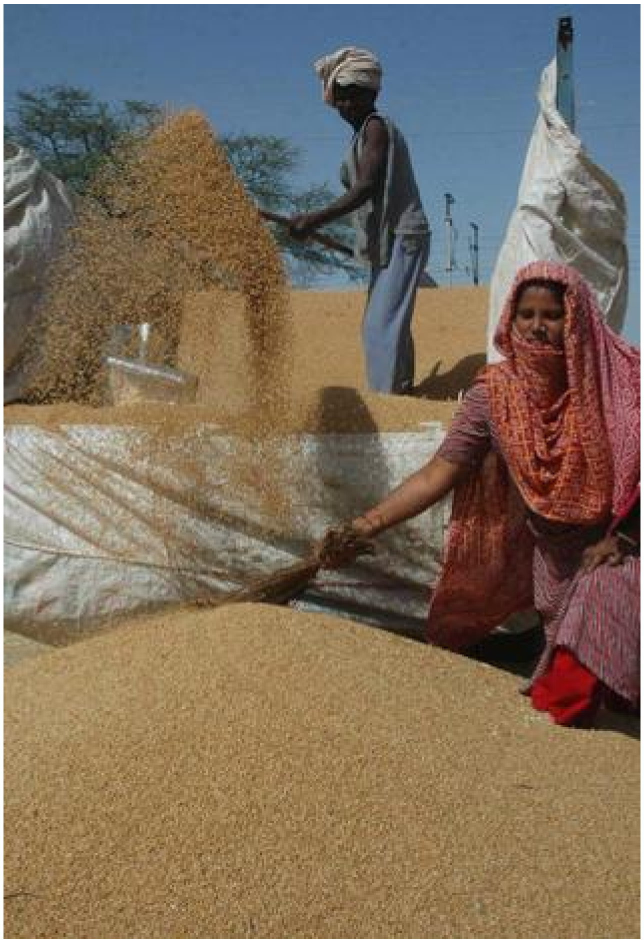
During April 2009-March 2010, the total quantity of rice distributed through PDS was 37.95 lakh tonnes. The figures were 32.2 lakh tonnes in 2005-2006; 33.63 lakh tonnes in 2006-2007; 33.84 lakh tonnes in 2007-2008 and 36.3 lakh tonnes in 2008-2009.

State government officials are pondering over the other implications of the Centre's move, including those on food subsidy burden. The officials admit that they have no concrete database with regard to BPL cardholders. The Central government allots BPL quota of rice to the State on the basis of BPL data it has.

If the distribution of 35 kg of rice to BPL becomes mandatory, the State government has to take a call on changing its PDS policy. As of now, Tamil Nadu adopts universal PDS, not targeted PDS. Under its universal PDS policy, each cardholder is entitled to 20 kg of rice a month. As of now for AAY category 35 kg of rice is to be given per month per card and for others it is in the range of 12 to 20 kg.

Even in the event of supplying the revised quantity to all BPL cardholders, the subsidy burden will go up.

India may bring in Argentinian technology to develop silos



PTI Farmers chaff fresh wheat grain in Punjab. Argentinian technology will be used to build state of the art grain silos, the government announced recently. File photo

Amidst reports of millions of tonnes of grain rotting away due to lack of storage facilities, the government is now considering upgrading silo technology with help from Argentina. India will also work with Argentina in agricultural research

India may bring in Argentinian technology for developing economical warehouses to overcome the storage problem for food grains, Food and Agriculture Minister Sharad Pawar said today.

“We are in search of good technology in areas of silos and warehouses, which is less expensive. Argentina has the technology and it has offered support,” Mr. Pawar told reporters after a meeting with his Argentinian counterpart Julian Andres

Dominguez here today.

The government is facing a shortfall of 15 million tonnes of storage capacity on the back of bumper procurement of wheat and rice in last two years.

“We have conveyed the Minister that we have produced more food grains in India for the last two years and just to strengthen our public distribution system, we have procured more. We are facing a gap in storage capacity. To fill this gap, we are in search of good technology,” he said.

Stating that Argentina has developed less expensive silos which can curtail 15 per cent losses, Mr. Pawar hinted that a decision on bringing in the silos technology may be taken during his visits to Argentina following a request from Mr. Dominguez.

The minister said the two countries have also agreed on working together in the area of research as the Latin American country “has some strength”, particularly in areas of pulses and oilseeds.

V.S. envisages major role for veterinary varsity

Chief Minister V.S. Achuthanandan laying the foundation stone for the head quarters of the proposed Kerala Veterinary and Animal Sciences University at Pookode in Wayanad district on Monday. Photo: E.M. Manoj

Chief Minister V.S. Achuthanandan has said the proposed Kerala Veterinary and Animal Sciences University at Pookode in Wayanad will have a major role in determining the food security, economy and employment sectors of the State.

Addressing the public after laying the foundation stone for the headquarters of the university at the Veterinary College Auditorium here on Monday, Mr. Achuthanandan said the four veterinary colleges and the 18 research institutes in the State would function under the university.

By setting up a veterinary university, the government was planning to boost cattle wealth, curb various diseases afflicting cattle and attain self-sufficiency in the production of egg, milk and meat.

The studies relating to animal science should be developed and reformed according to the changing world scenario, Mr. Achuthanandan said.

“The university will be a centre of knowledge not only for teachers, researchers and veterinary students but also a refuge for dairy farmers,” he said.

The research scholars, teachers and students of the university should be obliged to the farming community as the varsity was established for the wellbeing of farmers.

The Chief Minister said the Left Democratic Front government was setting up the university after implementing many development schemes in the dairy and farming sectors.

Mr. Achuthanandan said the government had adopted various measures to increase the production of milk and meat as well, which had started to yield results.

The Chief Minister said the government had set up a medical university a few weeks ago in Thrissur and the government was planning to set up a fisheries university aimed at comprehensive development of the fisheries sector.

He said the government had implemented various measures to improve the academic sector. Mr. Achuthanandan said 178 high schools in north Kerala had been upgraded as higher secondary schools so that more students could pursue higher education.

Minister for Animal Husbandry C. Divakaran presided over the function. Minister for Agriculture Mullakkara Ratnakaran was the chief guest.

National symposium on algal biotechnology

The Mar Athanasios College For Advanced Studies Thiruvalla (Macfast) will host a three-day national symposium on algal biotechnology from Tuesday.

In a statement here on Monday, Maya Subramoni, scientist and head of the Centre for Algal Biotechnology at Macfast, said the symposium would discuss the recent trends in algal biotechnology. It would bring together academics, scientists, scholars and researchers and provide them an opportunity to check out directions for future work in the field, Dr. Subramoni said.

The symposium would discuss algal biofuel, algal nanotechnology, algae as source of food, feed and nutraceutical, value-added products from algae, algae in ethnopharmacology, bio-prospecting of marine algae, algae as source of pigments, seaweed farming, recent trends in algal taxonomy, algae in industry and agriculture and see weed tissue culture.

Dr. P. Pushpangadan, director of the Krishnamurthy Institute of Algology, Chennai, will inaugurate the symposium on Tuesday forenoon. Cherian Ramanalil Corepiscopa of Malankara Orthodox Church will preside over the inaugural function.

Fr. Abraham Mulamoottil, Macfast Principal, and C. Balagopalan, Resident Dean of Macfast Bio-Science Campus, will also address the meeting.

Prof. V. Krishnamurthy from Chennai, Dr. C.S.P. Iyer, IITMK, Technopark, Thiruvananthapuram; Dr. S. Shanmughasundaram of Madurai Kamaraj University, Prof. R. Rangasamy, director of the Centre for Advanced Studies in Botany in Chennai, Dr. N. Jeeji Bai, scientist from Chennai; Dr. G. Abraham from New Delhi and Dr. N. Anand, Vice-Chancellor of Vels University, would be among the invited speakers at the symposium.

Business Line

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Parag Milk Foods plans to launch own stores

Mumbai, Aug 2

The Rs 500-crore Parag Milk Foods is planning to enhance its distribution by launching its own stores to sell its range of dairy products.

It has decided to float a separate company for its retail operations, which will be through a franchise network much along the lines of what dairy major Amul has done in the past. “We have decided to launch 150 stores in the next three years beginning with Mumbai, Ahmedabad and Bangalore. There is already a retail model in place and we intend floating a separate company for the same,” said Mr Devendra Shah, Chairman, Parag Milk Foods. Currently, Parag has 60 distributors across the country as against Amul (3,200 distributors) and Britannia (around 700 distributors).

With two dairy-based brands of Gowardhan (for ghee and buttermilk) and Go (cheeses), the Pune-based company is also looking at extending its franchise to include new brands in the area of organic foods and whey protein.

The company has decided to tap the capital markets for capacity expansion and entry into retail and organic foods. “We intend floating an IPO in the next one-and-a-half years and raise up to Rs 700 crore to increase the number of manufacturing units and make investments in the cold chain and supply chain infrastructure," Mr Shah, said. Brokerage firm Motilal Oswal has invested Rs 60 crore as private equity investors in the company and is likely to exit once the company floats its IPO. For its entry into organic foods, it is negotiating with companies based in the US and Australia for accreditation.

It plans to name its organic brand 'Farm to Fork' and believes this is a niche and premium category, poised for growth.

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Profiteering in pulses

While complaints of high profit margins may be incongruent with trade liberalisation, where the poor are hurt by unaffordable prices the government has to step in.

Rising domestic demand, population pressure, shortfall in domestic production, hike in minimum support prices, speculation and high international prices have all been mentioned at various times as reasons for sharp rise in prices of pulses. The large difference between farm-gate and retail prices has been recognised and attributed to supply chain inefficiencies. Yet, when one looks at the pulses value chain, it is clear that the price consumers pay at the retail level bears little connection with wholesale rates. Margins at the retail level are as high as 20- 30 percent; and on occasions, profits are more than the price growers get at the farm-gate. While complaints of high profit margins may be incongruent with our professed stance of trade liberalisation, in situations where the poor and the needy are truly hurt by unaffordable prices artificially maintained by greedy retailers, it is time for the government to step in.

Even the ballpark numbers are mind-boggling. Last two years, the country consumed an aggregate quantity of about 350 lakh tonnes of various pulses, domestic and imported, the total value of which was an estimated Rs 1.4 lakh crore, assuming an average wholesale rate of Rs 40,000 a tonne. At the retail level, however, consumers paid a staggering Rs 2.1 lakh crore for the same quantity assuming a conservative average price of Rs 60 a kilogram — easily a profit margin of 50 per cent. Allowing for 25 per cent to cover distribution expenses, overheads and decent margins, additional profits made at the retail level amount to Rs 35,000 crore. While this has surely burnt a hole in the consumers' pocket, there is nothing to suggest that the benefit of high retail price has flowed to the grower in any measure. This situation is unsustainable. The tragedy is that the government has been a mute witness to the goings in the marketplace; or perhaps, it had no clue. Under the circumstances, it may be tempting to impose storage and similar restrictions on the retail trade; but in practice, nothing is likely to come out of it.

Our pathetic agriculture track record suggests that the shortage in pulses is unlikely to disappear anytime soon; and if anything, the supply shortfall would widen in the coming years. A time-tested way to insulate the poor from the ruthlessness of the market is to ensure supply of pulses through the public distribution system. Despite all its limitations of leakages and so on, PDS still reaches a large number of poor people. It should be relatively easy to include pulses with the existing supplies of rice, wheat and sugar. New Delhi has been rather lethargic in addressing food inflation and PDS-related issues. The sooner it demonstrates political will the better.

“We should be ready with our organic brand in the next two months and are in the process of getting it certified by international companies,” Mr Shah said. In the past the company had been in talks with French dairy major Bel for distributing its Laughing Cow brand of cheeses. “Today we are looking at more technology than equity-based tie-ups and are ready to launch our brands,” he added.

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Cardamom seen above Rs 1,000/kg

Kerala varsity body cites low arrivals, steady demand.

G.K. Nair

Kochi, Aug 2

The Agriculture Market Intelligence Centre of the Kerala Agriculture University (AMIC) has projected that cardamom prices in the current season (August 2010-July 2011) is likely to stay above Rs 1,000 a kg in the short-term due to low arrivals and steady demand.

The AMIC, based on the econometric analysis and considering the ruling market sentiments, has forecast prices for the best grade AGEB and non-graded lot (bulk) for the first three months of the current season, Dr K. Satheesh Babu, Professor and CCPI, AMIC of KAU told Business Line.

The farmers, he said, are thus advised “to take short position by selling the early harvests before October to take initial price advantages”.

The Centre, he said, has conducted a new analysis at the beginning of the current season, and a trade survey to capture the new market sentiments.

The factors, which may influence the market, include a limited supply from Guatemala and the ever-increasing domestic demand following change in food habits consequent to improved standard of living of the people in the country.

The domestic output of cardamom does not seem to be growing consistently corresponding to the demand growth, market sources said.

The cardamom output in Guatemala has dropped sharply, of late, due to climate change, natural calamities and labour problems.

Guatemala scene

This, in turn, led to a shift in demand in favour of the Indian produce in the international market even at high prices last season, Dr Satheesh Babu pointed out. Consequently, carryover stocks are also reportedly not available.

In addition, the extended El Nino in Guatemala may result in a poor harvest this time due to irregular rainfall coupled with delayed harvest.

On the other hand, largescale cardamom replanting in Guatemala is in the second year now and it may take at least another year for a stable and uninterrupted flow of produce in to the international market.

This provides ample flexibility for the Indian growers. Good demand for small cardamom is expected from the West Asian countries such as Saudi Arabia, Kuwait for the Ramzan season in September, the AMIC said. The monsoon is progressing well in the major growing regions. Besides, the farmers enthused by the high prices have been following good farm management practices this year.

Monsoon impact

With the new harvest season is due to start later this month, initial arrivals will be thin. The market arrivals may pick up by mid-September, AMIC said.

Domestic demand is also good, and likely to become stronger with the winter season firming up in northern India, and the increased demand on account of different festivals in November.

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Lack of demand flattens sugar

Our Correspondent

Mumbai, Aug 2

Sugar pricesruled flat on Monday due to heavy arrivals and lack of upcountry demand. Prices had dropped Rs 300-350 a quintal last week.

Local demand picked up marginally and supported the sentiment to some extent. But traders' buying was not as expected, as they had good inventories built at lower price.

Prices were range-bound, with Rs 510 gain in the spot rate and Rs 5-10 fall in naka rate. Mills rates were steady.

Most stockists concentrated on unloading of their old contracts and purchases. Bulk consumers' buying is expected to start in a day or two. Market price may stabilise at current level and with the support of demand, prices may show firm trend. There was a talk of removal of stock limits for bulk consumers. Traders and industry are waiting for developments on this front, said Mr Talakshi Dedhia of Surya Traders.

Mills have sold good amount of sugar from the unsold July quotas in the range of Rs 2,440-Rs 2,460 a quintal for S-grade and Rs 2,490-Rs 2,525 for M-grade (excise paid) during the week-end. Mills on Monday offered S-grade at Rs 2,438 and M-grade at Rs 2,488. But the response was poor.

There were no enquiries from Gujarat due to heavy rain there. Traders in Madhya Pradesh and Rajasthan kept quiet.

Prices may recover once the market settles and retail demand increases with upcountry buying, Mr Dedhia added.

Arrivals at Vashi market increased to 45-50 truckloads (10 tonnes each) and lifting was little less at 40-45 truckloads.

Governments declared higher August free sale quota at 17 lakh tonnes against 14.50 lakh tonnes for July. Agriculture Ministry's data show that sugarcane sowing increased by 6 lakh hectares as on July 30. The area under cultivation was 47.43 lakh hectares against 41.79 lakh hectares in the same period last year.

The Sugar Merchants Association said on Monday spot market rate for S-grade was Rs 2,540-Rs 2,650 a quintal, (against Saturday's Rs 2,650-Rs 2,625) and M-grade at Rs 2,590-Rs 2,670 (Rs 2,590-Rs 2,675). Naka delivery of S-grade was quoted at Rs 2,500-Rs 2,530 against Rs 2,500-Rs 2,530. M-grade ruled at Rs 2535-Rs 2,580 from Rs 2,530-Rs 2,580.

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Rubber imports fall 40%

Tyre makers want inverted duty structure.

C.J Punnathara

Kochi, Aug 2

Natural rubber imports in to the country dropped close to 40 per cent during first quarter of the current fiscal, even as the gap between Indian and international prices widened.

With the sharp fall in imports, rubber availability has been lagging behind off-take by 33,000 tonnes as on June 30, tyre manufacturers said.

According to an analysis undertaken by the Automotive Tyre Manufacturers Association (ATMA) based on Rubber Board data, the availability, that is, domestic production plus imports, lagged far behind off-take, which is domestic consumption plus export, during the time period.

The deficit widened from 10,000 tonnes to 33,000 tonnes this year.

“Natural rubber consumption is rising at a faster pace than production.

Rubber import is, therefore, the only way to meet the shortfall.

However, with a hefty 20 per cent import duty that amounts to around Rs 36 a kg at current prices, imports are not a viable option.

Natural rubber imports, therefore, are down by almost 40 per cent in the first quarter,” Mr Rajiv Budhraja, Director-General of ATMA, said.

Imports

As against an import of 50,000 tonnes of natural rubber in April-June quarter last year, the imports have dwindled to around 35,000 tonnes during the current year, with import plunging to less than 10,000 in .

“With the onset of monsoon, rubber arrivals have trickled down and no stock is emerging into the market despite the high prevalent prices,” Mr John M. John, General Manager, Materials, Ceat Tyres, said.

From 1.2 lakh tonnes of last year, the rubber deficit this year is poised to grow to two lakh tonnes and imports would be the only way out for Indian tyre companies.

China Govt

Also, tyre companies have put in large capacities to meet the rising demand from auto original equipment and replacement markets.

However, the continued shortfall in rubber is likely to slacken the process of manufacturing of tyres.

Mr Budhraja pointed out that the Chinese Government has moved in swiftly to help its tyre industry and Chinese tyre manufacturers are able to procure natural rubber by paying less than seven per cent import duty giving them advantage in terms of lower production costs compared to Indian manufacturers.

ATMA pointed to the inverted duty structure of rubber in China where sheet rubber attracts 20 per cent customs duty or yuan 1.6 a kg — whichever is less.

Thus, as the international price of natural rubber has soared, Chinese customs duty now works to around seven per cent.

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Global uptrend holds edible oil steady

Our Correspondent

Mumbai, Aug. 2

The edible oil market witnessed a firm trend on Monday on uptrend in global markets and shortage of ready material at the local level, especially in palmolein.

Malaysia's crude palm oil (CPO) futures closed higher tracking broad-based rally in the commodity markets. The rise in Malaysia's July palm oil exports may mean slight drawdown in inventory levels amid crop uncertainty. Indore NBOT soya futures also rose on the back of global cues.

Supply may ease

In the Mumbai market, soya oil refined rose by Rs 4 for 10 kg, sunflower oil Rs 5, cotton refined Rs 2 and palmolein Re 1. Groundnut oil ruled steady on good monsoon progress and higher sowing. Rapeseed refined was also steady.

Supply position in imported palm oils may ease within 2-3 days, as market players are expecting the supply of crude oil to refineries from ports to increase. In groundnut oil and rapeseed oil, there was no volume or big demand.

Palmolein was traded between Rs 439 and Rs 443 on increase demand. Volume in palmolein was about 1,200 to 1,250 tonnes, including direct sale from refineries and resale. Liberty, Ruchi and Mewa were active sellers and recorded good volume. Allana quoted palmolein for September. Ruchi sold about 250 tonnes of soya refined oil as ready delivery, said Mr Kantibhai, a wholesale trader.

In the global market, Malaysia, China and Chicago markets witnessed a firm trend. Worries that erratic weather in East Malaysia may affect crop have boosted prices, say market players.

Malaysian and NBOT rate

Malaysia's August crude palm oil futures ended higher by 59 Malaysian ringgits (MYR) at 2,648 MYR against 2589 MYR. September was higher by 62 MYR at 2,600 MYR (2,538 MYR) and October closed up by 53 MYR at 2,570 MYR (2,517 MYR) per tonne.

Indore NBOT soya oil August futures closed higher at Rs 490.10 (Rs 489.00), and September futures at Rs 496.40 (Rs 495).

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Cashew kernel prices move up on demand

G.K. Nair

Kochi, Aug 2

Cashew kernel prices moved up slightly on good activity during the past couple of weeks

“There was a fair amount of activity in the cashew market and the prices moved up a few cents on all grades,” trade sources said

Business was done for W240 from $3.25 to $3.30, W320 from $3.10 to $3.15, W450 around $2.95 (f.o.b.). Some processors sold a few cents lower and some processors were able to sell a few cents higher, they said

“Range of prices on the same day is quite wide. In the last few days, activity in Indian domestic market has also picked up and prices for some grades moved up smartly,” Mr Pankaj N. Sampat, a Mumbai-based dealer told Business Line

US, EU Demand

According to him in the next few weeks, “we can expect sustained spot Asian demand for the peak consumption period. Many buyers in the US and the EU will continue to buy at regular intervals for couple of months ahead. This trend of regular nearby buying by one market or the other will provide continuous support to the current range.”

In August-October, “we normally see good activity in Europe and reasonable activity in the US for next year deliveries. Considering all this, it certainly seems there is some room (may be not much) for higher prices in the coming weeks,” he said

Uncertainty of demand and concern about external factors is making everyone in the chain cautious, traders said.

This is causing the periodic dips and spikes (each move so far has seen market settling at a higher level). Until this trend is broken, significant or sustained decline seems unlikely.

For sure, the downside for 2010 is limited, they claimed.

Price trend

At the same time Mr Sampat said there is some doubt whether these high prices can be sustained in 2011. “Trade's feeling is that if the 2011 Northern crops are good, prices may come down from the 2010 peak (yet to be reached, in our opinion). But the decline may not be sharp because (a) RCN prices will not decline too much from 2010 levels (b) processing and transport costs have gone up and (c) price range for all nuts is higher than historical average,” he said

Raw Cashew Nut (RCN) market firmed up a bit – Ivory Coast (IVC) traded from $950 to $1,000, Guinea Bissau (GB) above $1,150 c&f.

All eyes are now on Southern crops – about 25 to 30 per cent of world production – which will be collected between September-January. Traditionally, India and Vietnam processors are forced to pay higher prices for Southern crops

Small quantities of Indonesian RCN have already been traded at very high prices (arrivals may be delayed a bit). No news about East Africa crop prospects but there is pressure in Tanzania to increase export duty. Brazil reports are mixed, the trade said

Overall, Mr Sampat said, “we can reasonably expect a firm market for the next few months with a possibility of some decline in second quarter of 2011 if Northern crops are good, resulting in RCN prices falling below 2010 levels”

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Fresh arrivals, low offtake pound wheat

Our Correspondent

Karnal, Aug.2

Wheat prices dropped marginally to Rs 1,185 a quintal on Monday with the Dara variety ruling between Rs 1,185 and Rs 1,195 a quintal and fine variety at Rs 1,205 a quintal.

Some pressure was also witnessed in the desi wheat varieties that led the market to a downtrend. Tohfa variety of Madhya Pradesh ruled at Rs 2,190, Lokwan was quoted at Rs 1,800, kitchen queen new marka at Rs 2,100, Angoor variety between Rs 2,110 and Rs 2,125 a quintal, Nano variety was quoted at Rs 2,050 while the Kangan and Parle-G variety ruled at around Rs 2,160.

Around 30 tonnes of the Dara variety arrived on Monday. Small millers and locak traders picked up the available stocks at Rs 1,190 a quintal, down Rs 20 against last year's Rs 1,210. Mr Subhash Chand, a wheat trader, told Business Line that the fall in the prices was anticipated as the fresh arrival continues and there is not much buying in the market.

Big flour millers are still out of the market following reports that the Food Corporation of India is likely to call for tenders for the open market sale scheme to offload its stocks, he said. Millers are adopting a “wait-and-watch policy” and looking for cues from FCI on the pricing for the open sale, said Mr Chand.

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Export enquiries keep cotton steady

Our Correspondent

Rajkot, Aug. 2

Cotton prices ruled steady on higher levels as domestic demand was strong and export inquires increased.

The price in Gujarat for Shankar-6 was quoted at Rs 29,700-30,000 for a candy of 356 kg. The price in Maharashtra for the same variety was stable at Rs 29,000-29,500.

Arrivals were about 1,700-2,000 bales of 170 kg in Gujarat. Raw cotton price was Rs 730-735 for 20 kg.

Cotton traders said that an increase of Rs 500 a bale in the price was on cards as domestic demand was strong. Moreover, export enquiries were put pressure on the market.

The ban on cotton exports has not affected the prices, as there was constant demand from domestic spinning mills.

Over 100 new textile firms have come up in Andhra Pradesh, resulting in increased demand for cotton.

The Gujarat government, on the other hand, has levied a cess on cotton that is sold out of State, owing to which cotton prices have surged by around 2 per cent. Tamil Nadu, which accounts for nearly 45 per cent of the overall spinning capacity in the country, is the largest purchaser of Gujarat cotton.

NET LONG POSITIONS UP

Bloomberg reports: Cotton for December delivery rose 0.78 cent, or 1 per cent, to 79.54 cents a pound on ICE Futures US in New York. Earlier, the price touched 79.57 cents, the highest level for a most–active contract since June 23.

Money managers increased their net long position in ICE cotton futures and options to 33,155 lots in the week ended July 27, up from 26,993 lots the week before.

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Pepper futures down

G.K. Nair

Kochi, Aug 2

The pepper futures market, after witnessing high volatility on Monday, ended below the previous day's close on bearish sentiment.

Rumours that Vietnam has exported around 12,000 tonnes of black pepper in July 2010 after shipping out 75,000 tonnes of the commodity earlier this year and hence there could be more pepper available with it has created a bearish sentiment in the market. This was strengthened further by sell calls based on the same theory from major technical analysts of brokers, market sources told Business Line.

India is said to be the third largest importer of pepper from Vietnam so far this year, they said. Surprisingly, there was good quantity of pepper available on the exchange platform. Graded MG1 is said to be available on the exchange platform at Rs 197 a kg. At the same time, pepper is not available in the “physical form” either in the terminal or in the primary markets, they said.

Bear operators were claiming that stockists in the north Indian markets were holding good quantity of pepper to cater to the domestic market demand, they said. “It is true that rich growers and dealers keep 10,000-15,000 tonnes of pepper as iron stock,” they claimed.

The total turnover on the exchange increased by 9,200 tonnes.

Spot prices decline

August contract dropped by Rs 115 to close at Rs 19,579 a quintal. September and October fell by Rs 122 and Rs 131, respectively, to close at Rs 19,800 and Rs 20,003 a quintal. Total turnover increased by 9,200 tonnes to 26,738 tonnes. Total open interest moved up by 26 tonnes to 19,489 tonnes.

August open interest dropped by 438 tonnes to 9,868 tonnes while that of September increased by 449 tonnes and 43 tonnes, respectively.

Spot prices, in tandem with the futures market trend, declined by Rs 100 to close at Rs 19,200 (un-garbled) and Rs 19,700 (MG 1) a quintal.

hindustantimes

Tue,03 Aug 2010

Chennai - INDIA

Today's Weather

Cloudy

Tuesday, Aug 3

Max Min

35.8° | 27.2°

Rain: 00 mm in 24hrs

Humidity: 79%

Wind: Normal

Sunrise: 05:54

Sunset: 18:35

Barometer: 1005.0

Tomorrow's Forecast

Rainy

Wednesday, Aug 4

Max Min

36° | 25°

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Aug 5	**Aug 6**	**Aug 7**	**Aug 8**	**Aug 9**

33o | 27o	33o | 27o	34o | 27o	34o | 27o	34o | 27o
Rainy	Rainy	Rainy	Rainy	Rainy

Airport Weather

Delhi Delhi

Rain: 9.0 mm in 24hrs Sunrise: 05:42

Humidity: 79% Sunset: 19:11

Wind: Normal Barometer: 1000

Business Standard Live Markets

Moderate fall in sugar prices

Press Trust of India / Mumbai August 2, 2010, 17:04 IST

Sugar prices moved down moderately in the Vashi wholesale market here today due to lack of demand from retailers amidst increased supplies from the mills.

Small sugar quality (S-30) eased by Rs 10 per quintal to Rs 2,540/2,625 from last weekend's level of Rs 2,550/2,625.

Medium sugar quality (M-30) also softened by Rs 5 per quintal to Rs 2,590/2,670, as against Rs 2,590/2,675 previously.

Following are today's closing rates per quintal, with previous rates in brackets:

Small sugar (S-30) quality Rs 2,540/2,625 (Rs 2,550/ 2,625) and Medium sugar (M-30) quality Rs 2,590/2,670 (Rs 2,590/2,675)

Benchmark onion export price increased by $20/tonne

Press Trust of India / New Delhi August 2, 2010, 18:15 IST

The government has decided to increase the benchmark price for exporting onions by $20 to $220 a tonne in August to discourage overseas shipments, as prices in the domestic market have gone up.

We have increased the minimum export price (MEP) of onion by $20 to an average price of $220, as the prices have gone up by Rs 100-150 per quintal in the wholesale market," a senior official at Nafed said.

Nafed, along with 12 other agencies, regulates the export of onions and fixes the MEP every month.

The official said that domestic rates are expected to rise further, as during the August-September period, fresh supply comes from only South India and most of the local demand is met through cold storage.

He also pointed out that the export demand has not been very good so far this fiscal, as Pakistan and China are exporting onions at cheaper rates than India. India exports onions to Bangladesh, West Asia, Singapore and Malaysia.

In the 2009-10 fiscal, the country's onion exports rose marginally to 18.14 lakh tonnes against 17.83 lakh tonnes in the previous year.

The country's onion production is expected to be a record 95 lakh tonnes in 2009-10, against 85 lakh tonnes last year.

Potato rises on high demand in spot market

Press Trust of India / New Delhi August 02, 2010, 16:30 IST

Potato prices rose by Rs 5.50 to Rs 359.90 per quintal in futures market today as traders enlarged their positions on pick up in spot market demand.

Restricted supply from producing regions also supported the uptrend.

At the Multi Commodity Exchange, potato for August month contract gained Rs 5.50, or 1.55 per cent, to Rs 359.90 per quintal with trading volume of 981 lots.

Potato for October month contract traded higher by Rs 3.60, or one per cent, to Rs 364 per quintal in 892 lots, while September delivery up by 3.30, or 0.92 per cent, to Rs 361.80 per quintal in business volume of 531 lots.

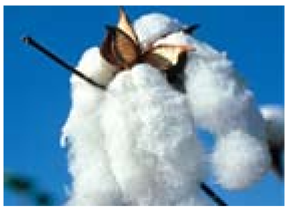
Marketmen said increased buying by speculators on pick up in demand in the spot market ahead of festive season mainly led to rise in potato prices at futures trade.

They said restricted arrivals from producing belts in Haldwani and Agra also influenced the trading sentiment to some extent.

Cotton use to outpace production first time in 5 years

BS Reporter / Mumbai August 3, 2010, 0:41 IST

India’s cotton consumption is likely to surpass production in the 2009-10 cotton season (October-September) first time in last five years due to a decline in productivity.



Cotton Advisory Board (CAB), an industry body controlled by the textiles ministry, estimated total output at 29.5 million bales (1 bale=170 kg) against overall consumption of 33.3 million bales.

The shortfall, however, is likely to be adjusted through carryover stocks of 7.01 million bales from the previous year.

Despite an 11 per cent rise in acreage, cotton output is estimated to rise a marginal 1.72 per cent due to pest attacks.

Data released by CAB showed total area under cotton at 10.33 million hectares this year as compared to 9.41 million hectares in the previous year.

Against that, total output is forecast to increase to 29.5 million bales (1 bale = 170 kg) as against 29 million bales in the last season. Total area could rise further, said tthe extile commissioner, also the head of CAB.

Madan Sabnavis, chief economist with CARE Ratings, attributed farmers intelligent decision in favour of cotton this year due to higher realisation last year.

The benchmark Shankar-6 variety of cotton hit the roof on July 29 at Rs 8,352 a quintal, an increase of 24.79 per cent, from Rs 6,693 a quintal a year ago. Higher area and almost stagnant output means productivity will fall, says Joshi.

Cotton yield is likely to decline 7.63 per cent this year due to problems of pest attacks. Total yield is estimated at 485 kg per hectares (ha) during the ongoing kharif sowing season as compared to 524 kg per ha in the previous season.

An industry veteran on condition of anonymity said, “We have controlled the bollworm attacks. But, other pests like fungus and herbs continued to attack cotton crops resulting into a stagnant yield over the last four years.”

“Between 2002-06, the increase in productivity was due to the revolution of Bt cotton seed. But, now there has been no further innovation in cotton seed technology resulting into stagnant output,” he added.

Cotton is a kharif crop sown with the onset of monsoon. But, the productivity depends upon many factors including evenly distribution of rainfall during the season.

Pepper, turmeric rises on fresh buying; tight supply

Press Trust of India / New Delhi August 02, 2010, 16:37 IST

Black pepper and turmeric prices rose up to Rs 200 per quintal in the national capital today on increased buying by stockists following pick up in exports demand.

Rising demand in domestic market amid restricted supply as stockists held back stocks on hopes of better prices also supported the upside in prices.

Black pepper prices rose by Rs 200 to settle at Rs 22,500-22,700 per quintal. Turmeric prices also traded higher at Rs 16,500-19,600 against previous closing of Rs 16,400-19,500 per quintal.

Traders said sentiments turned better following rising domestic and export demand and firming trend at futures market mainly pushed up pepper and turmeric prices on the wholesale kirana market here.

Following are today's quotations (per quintal):

Ajwain 14,000-19,000, black pepper common 22,500-22,700, betelnut (kg) 85-105, cardamom brown-Jhundiwali (kg) 830-840 and cardamom brown-Kanchicut (kg) 940-1050

Cardamom small (kg): Chitridar 1,200-1,300, cardamom (colour robin) 1,380-1,400, cardamom bold 1,430-1,440, cardamom extra (bold) 1,590-1,560 and cloves (kg) 320-400