

### **Water released for irrigation**



Amidst the showering of flower petals, the sluices of the Kalingarayanpalayam check dam were opened at 8.30 a.m. on Sunday to discharge a massive sheet of water into the Kalingarayan Canal for irrigation.

Collector R. Sudalaikannan, accompanied by senior officials, opened the sluices to release water into the channel for the irrigation of over 17,000 acres of lands in different parts of the district.

### **Repair**

The district administration was not able to release water into the channel on the customary opening date of June 16 this year as the Public Works Department had taken up repair and maintenance works in the 56-and-a-half mile long irrigation channel connecting River Bhavani with River Noyyal.

Repairs were carried out to a large number of shutters in the channel and a few bridges were also constructed across the channel.

The National Bank for Agriculture and Rural Development had sanctioned Rs. 11.64 crore for carrying out the maintenance works and to construct a parapet wall along the channel in order to prevent the flow of untreated effluents from the textile and leather processing units.

Collector R. Sudalaikannan, after opening the sluices, told reporters that it was decided to maintain the discharge of 600 cusecs of water a day for irrigation. The discharge of water would be maintained till November 15.

The Collector appealed to the farmers to utilise water judiciously.

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### **Rain improves sowing of kharif crops**

The revival of monsoon has resulted in a marked improvement in the sowing of kharif crops, according to the Union Agriculture Ministry.

But for some pulses, particularly moong and maize, the coverage of all crops is almost at par with last year's in the corresponding period.

Paddy has been sown so far in 72.3-lakh hectares as against 68.67-lakh hectares same time last year. Punjab has sown the highest (15.23-lakh hectares) followed by Orissa where the coverage is 10.43-lakh hectares.

At 58.27-lakh hectares, sowing of coarse cereals has exceeded last year's level of 53.28-lakh hectares, but the sowing of maize is still short at 27.96-lakh hectares compared to 30.04-lakh hectares sown the previous year, due to delayed monsoon in Uttar Pradesh and parts of Madhya Pradesh.

The sowing of oilseeds is very encouraging at 58.39-lakh hectares compared to 56.64-lakh hectares last year. The area under sugarcane has also improved to 47.37-lakh hectares as against 41.79-lakh hectares same time last year.

Cotton coverage this year is 17.62 per cent higher at 66.06-lakh hectares as against 48.47-lakh hectares last year. Jute coverage has also increased to 7.59-lakh hectares from the last year's 6.89-lakh hectares.

The total storage in 81 important reservoirs, monitored by the Central Water Commission, is 6.883 billion cubic metres higher than last year. Twenty-six reservoirs have storage level of more than 80 per cent, while 26 others have storage of between 51 and 80 per cent.

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### **Mexico creates pest resistant wheat**



THE HINDU A file photo of wheat crop ready for harvesting. Mexican scientists from the National Forestry, Agriculture and Livestock Research Institute (INIFAP) have developed a new variety of wheat which is more resistant to disease. Photo:

Mexican scientists have developed a new variety of wheat that is more resistant to disease.

It is expected to reduce the use of fungicides and boost grain production, the Agriculture Secretariat said on Sunday. It is resistant to leaf rust (a fungus that attacks the plant).

Scientists from the National Forestry, Agriculture and Livestock Research Institute (INIFAP) developed the wheat.

The study was conducted from 2006-2009 in Yaqui Valley in northern Sonora State. The output from the new variety was similar to that of common wheat strains. Mexico annually produces about 4.5 million tonnes of wheat, cultivated in 20 of the country's 32 States.

**hindustantimes**



**Reuters**

New Delhi, July 12, 2010

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### **Monsoon's revival spurs crop sowing in India**

Revived monsoon rains in India accelerated the planting of rice, oilseeds and cotton last week, increasing the prospects of a strong harvest that should help calm soaring food prices. The area under rice cultivation jumped 56 per cent to 7.2 million hectares on July 9 while cotton planting rose by half, during the week, compared with the previous week, as monsoon rains were 2 per cent above normal, ending a two-week dry spell since June 18, agriculture ministry data showed on Monday. Monsoon rains have been slightly below normal in the past two to three days but traders said heavy rainfall in the previous week had softened the soil, helping farmers plant crops. Rainfall was 16 percent below average in June, then the shortfall narrowed to 10 per cent last week.

While total rainfall since June 1 is now 13 per cent below normal, key crop areas such as rice-growing Punjab and Haryana in the north and soybean-growing Madhya Pradesh in central India have received adequate rains. "What's encouraging is that rainfall is uniformly distributed across the country rather than concentrated in specific areas, which bodes well for crop sowing," Citigroup said in a report on Monday.

Good rainfall leading to higher farm output should help Prime Minister Manmohan Singh's government tame high inflation that has triggered widespread street protests including a nationwide general strike. Weather officials expect adequate rain in the coming days.

"There will be good rainfall in the next 2-3 days over the cane-growing areas of north India. Rice sowing is at its peak," LS Rathore, head of the agricultural meteorology division at the weather

office, told *Reuters*. Rainfall in soybean-growing central regions may decline this week, weather officials said. Traders said soybean sowing would continue as widespread rain last week had softened the soil. On Friday, Agriculture Minister Sharad Pawar said the revival in monsoon rains would result in strong farm output, which was badly hit by last year's driest season in 37 years. The government is also considering levying an import tax on sugar, but is waiting to see how the June-September monsoon rains pan out. Last year's drought helped turn India into a large sugar importer and this was a key factor that drove New York raw sugar futures to the highest in nearly three decades.

<http://www.hindustantimes.com/StoryPage/Print/571298.aspx>

### Weather- Chennai - INDIA

#### Today's Weather



Cloudy

**Tuesday, Jul 13**

Max Min

35.7° | 26.5°

Rain: 00 mm in 24hrs

Sunrise: 05:49

Humidity: 94%

Sunset: 18:39

Wind: Normal

Barometer: 1008.0

#### Tomorrow's Forecast



Rainy

**Wednesday, Jul 14**

Max Min

36° | 25°

#### Extended Forecast for a week

Thursday

Friday

Saturday

Sunday

Monday

**Jul 15**

**Jul 16**

**Jul 17**

**Jul 18**

**Jul 19**



35° | 28°

35° | 28°

33° | 28°

32° | 27°

32° | 27°

Rainy

Rainy

Rainy

Rainy

Rainy

# Business Standard

Tuesday, Jul 13, 2010

**Govt may not allow sugar exports till Diwali**

**Press Trust Of India / New Delhi July 13, 2010, 0:56 IST**

With the food ministry hesitant to permit shipments fearing price rise during the festive season, sugar mills may not be allowed to fulfill their export obligation of nearly one million tonnes till Diwali in November.

“Some millers have approached us demanding an export release order. At the moment, we cannot allow this as sugarcane availability and production estimate for the next season was yet to be firmed up,” a senior food ministry official said.

The government might consider the millers’ demand to export after major festivals like Diwali, the official said, adding that sugar consumption was generally higher during the festive season.

Mills had imported 2.08 million tonnes of sugar in the 2004-05 crop year (October-September) under the Advance Licence Scheme (ALS) as there was a shortfall in production then. Mills are required to export an equal quantity by March 2011.

Of the sugar imported, export obligation of 967,000 tonnes is yet to be fulfilled. Mills cannot export the sweetener without a release order from the ministry.

Mills situated in southern India are demanding they be allowed to fulfill their export obligation as there was a good demand from Southeast Asia.

The official said that the government did not want to take any chance by allowing sugar export as prices of the sweetener had moderated only recently, owing to an improved domestic output of 18.5 million tonnes for 2009-10 against an earlier estimate of 16 million tonnes.

Retail sugar prices — which touched nearly Rs 50 a kg in Delhi in mid-January, have come down to Rs 30 a kg now. In December last year, the Cabinet Committee on Economic Affairs had decided to extend the deadline to meet the export obligation till March 2011, considering the low production of sweetener during the current season ending September. It also gave an



option to the millers to pay customs duty as applicable during the relevant period and get exempted from the export obligation.

### **Maharashtra co-op mills expect financial freedom**

**Sanjay Jog / Mumbai July 13, 2010, 0:54 IST**



Say it would benefit both mills and sugarcane growers.

Cooperative sugar mills in Maharashtra, which contribute nearly a third of the country's output, have welcomed the reported move of the Union government to remove the many controls on the sector.

It would mean professional functioning and not having to keep approaching the government for loan guarantees, sources said.

The Federation of Cooperative Sugar Mills in Maharashtra, representing 170-odd units, has been pushing for decontrol for quite a while. Federation sources told Business Standard, "The time to decontrol is right, with the country expected to have a bumper sugar crop for the next three years. In Maharashtra, which is expected to have sugar production of eight million tonnes next year, mills are selling the 20 per cent levy sugar (the government-imposed quota for its ration shops) at Rs 1,700 a quintal against the market price of Rs 2,500 a quintal. The government should implement decontrol after taking the industry into confidence."

The decontrol regime would stabilise after one crushing season, the sources said.

Having the market determine the price would benefit both mills and sugarcane growers, they added.

As reported earlier, there are indications that the central government may remove the levy obligation and withdraw the release mechanism (specifying when mills may sell the non-levy sugar).

However, while decontrolling, the Centre is also keen to keep powers to decide the price to be paid by the mills to farmers. The reported plan is also supposed to do away with decisions on export and import and specifying the distance between two mills.

Shankarrao Kolhe, former cooperation minister of Maharashtra, said: "Sugar decontrol is a must for the survival of the cooperative sugar industry. After decontrol, mills would not need government guarantees or various packages."

Madhukar Pichad, founder of the Agasthi cooperative mill and state president of the Nationalist Congress Party (Union food minister Sharad Pawar is its head) also welcomed the Centre's reported move.

"Currently, cooperative mills function under several government restrictions. Why should these only apply to the sugar industry?," he asked. A market-determined price, he said, would benefit mills and also enable cane growers to plan better.

### **Labour shortage hits Himachal's apple harvest**

**Baldev S Chauhan / New Delhi/ Shimla July 13, 2010, 0:47 IST**

Despite an expected record crop this season, apple farmers in Himachal Pradesh are spending sleepless nights. Reason: acute shortage of labour from Nepal.

Less number of working hands is delaying harvesting of the crop. The over three-month period has begun, but has failed to pick up pace, the farmers here said.

The apple belt in the state falls largely under the Shimla, Kullu, Kinnaur and Solan districts. Being a labour intensive process, Nepalese men (Gorkhas) are involved in huge numbers to



help out in harvesting the crop. Exclusive to carrying out the activity for decades, Gorkhas are known to be adept with working on rough terrain like the ones in the apple belt.

“We are worried, as the number of working hands this season is meager. The crisis has already shot up the wages,” said Lekh Raj Chauhan, president of the Fruit and Vegetables Growers’ Association, Himachal Pradesh.

“If more number of Gorkhas don’t arrive soon, it will be difficult for the standing crop to reach markets across the country in time,” Chauhan told Business Standard.

Construction sites across the country are giving apple growers tough competition, as Gorkhas prefer working at the former for the high wages offered, he explained.

Apple harvest in the belt starts in July with the lower altitudes and ends mid-October when the fruit is picked from higher altitude, where it ripens the last.

Farmers, however, are hopeful that there could soon be an increase in Gorkha numbers, as many are currently busy sowing paddy and other crops in their hometown.

“Once the sowing season ends in Nepal, many could still head this way and provide relief from the labour shortage,” said Giri Bahadur, a Nepali labourer currently working on the harvest.

Himachal Pradesh, along with Jammu & Kashmir, accounts for almost the entire apple production of India.

### **Rice mills raided; rice, paddy seized**

**BS Reporter / Chennai/ Mysore July 13, 2010, 0:33 IST**

Rice mills were raided in Mysore district and Rs 67.84 lakh worth rice and paddy were seized for not complying with the state’s levy order. Cases have been booked against the rice mill owners under the Essential Commodities Act.

According to a release, Mysore deputy commissioner Harsh Gupta raided two rice mills in Nanjangud, three in T Narasipur, one each in K R Nagar and Mysore taluk last week.

The seizure included 5,210.30 quintals of paddy, 665.25 quintals rice and 35 quintals broken rice. Their total worth was Rs 67.84 lakh.

The deputy commissioner has warned rice mill owners that if they failed to comply with the levy order and surrender the levy rice to the government at least now, raids would continue and they could be booked and criminal cases filed against them.

While the levy target set for the district was 17,000 quintals, the collection was only 7,500 quintals. Against this background, a meeting of rice mill owners was convened and they were told to comply with the order.

The mill owners complained that they were being harassed at checkposts and wanted this stopped.

Paying heed to their request, the check posts were closed as they were serving no purpose.

### **Retail chains push up coffee consumption**

**Debasis Mohapatra / Bangalore July 13, 2010, 0:03 IST**



Coffee consumption in India is witnessing an upward trend with better branding of coffee among the youth by various domestic and international coffee chains in recent years. According to estimates of Coffee Board of India, domestic coffee consumption is expected to be above 100,000 tonne in 2010-11 season, up by close to 6 per cent from 94,400 tonnes in 2008-09. In 2009-10, the consumption touched around 100,000 tonnes.

“Domestic coffee consumption has witnessed a steady growth of five to six per cent in last five years with major growth coming from unconventional areas like north, west and eastern parts of the country,” Babu Reddy, agricultural economist of Coffee Board of India said.

Barring conventional areas like south India where coffee consumption is traditionally higher, the growth is also seen in other parts of the country, he added.

He also said that branding of coffee by retail chains and the commodity’s popularity among youth would be the major growth driver of domestic consumption in near future. India produces close to 300,000 tonnes of coffee per annum from which two-third of the produce is exported to other nations.

However, experts feel that this dependence can be reduced as coffee is receiving encouraging response from youth as a popular drink with opening of coffee retail outlets in the country.

Homegrown Cafe Coffee Day (CCD), Italian Barista Lavazza and Costa are some of the coffee retail chains with close to 1,250 outlets across India.

Industry estimates say there is a scope for another 5,000 outlets in the country which will provide significant boost towards domestic consumption.

Meanwhile, coffee retail chain like Cafe Coffee Day are planning to expand their footprint in Tier-II and Tier-III cities as part of their expansion plan.

“The coffee chain with 970 stores as of now will invest Rs 150 crore to increase its retail presence in tier-II and tier-III cities,” a top company official said.

The chain also plans to increase the number of outlets to 1150 stores by the end of this fiscal, he added.

Similarly, Barista Lavazza, the second largest coffee chain of India, is also planning to expand its outlet number to 500 from present 200 in next four years.

The company had also tied-up with oil marketing companies like HPCL, BPCL and IOC to open high way outlets.

Another international coffee brands like Costa Coffee and Coffee Bean with presence in India are also planning to expand their operation.

Referring to this expansion of coffee chain in India, Ramesh Srinivas, partner, KPMG said, "Coffee retail chains act as a trigger to consume coffee as a beverage in unconventional areas like north, west and eastern region of the country and will help increasing the consumption level in the country."

Coffee retail in unconventional region like northern, western part is one of the fastest growing segments of the companies, he added.

He, however, said that organised coffee retail still accounted for a very small portion of the total coffee consumption and would not be able to contribute significantly in near future, he added.

### **Cotton acreage up, output may touch 35 million bales**

**B Krishna Mohan / Mumbai/ Hyderabad July 13, 2010, 0:16 IST**

The steady monsoon so far this season is expected to raise the cotton production in the country to 35 million bales, the highest ever. The average production is around 30 million bales, having touched 32 million two years ago.

Cotton acreage this year increased three per cent, particularly in Andhra Pradesh and southern states. A few tradesmen believe the increase could even be seven percent. Last year, cotton was sown in 10.2 million hectare and this year it is likely to touch 11 million hectare. This increased acreage would result in additional cotton production of about 2 million bales.

The production of Bt cotton seeds dropped 25 to 30 per cent last year due to unfavourable agroclimatic conditions. Each acre gives about 300 packets of 450 gram each. The yield last year was around 250 packets per acre.

"There is no shortage this year. We can say the situation is just enough," said N Prabhakar Rao, chairman of NSL Group, owners of Nuziveedu Seeds Private Limited. The company claims a 30 per cent marketshare in Bt cotton seeds.

However, the increase in acreage and the fall in productivity is reducing the demand-supply ratio, he said.

Cotton during 2009-10 fetched an average of Rs 29,000 to Rs 30,000 per candy (355 kg). This prompted more farmers to take to cotton farming. The price during the year did not go below Rs 27,000 per candy.

Cotton pricing is based on international trade. Also, the international demand for cotton from India is likely to sustain this year too mainly for two reasons - the crop failure in Pakistan and the increase in demand from China, which accounts for 70 to 80 per cent of cotton exports. The exports this year is likely to be around 10 million bales.

Moreover, the US is shifting from maize to cotton in view of the cotton prices. There is no scope for capacity addition in China. The product and yield in the US will command a better value, say industry experts.

The cotton sector is unorganised but is among the largest provider of employment. It is estimated that one bale of cotton needs 40 man-days.

According to a representative of a seeds company, sowing is nearing completion in most of the areas as the monsoon has been active.

The crop has a cycle of five to six months and the yield could be gauged in 90 days. "We are optimistic of a good crop this year in view of the good rains," he said.

### **East, north-east rain to improve over next 2 days**

**NewsWire18 / New Delhi July 13, 2010, 0:02 IST**

The paddy-cultivating eastern part of the country, which had witnessed depressed rainfall so far this season, is likely to receive good showers over the next two days, the India Meteorological Department (IMD) said today.

"Widespread rains and thundershowers would occur over northeastern states, sub-Himalayan West Bengal & Sikkim, Bihar and east Uttar Pradesh during the next 48 hours and decrease thereafter," the IMD said.

Met department data showed that monsoon rains were 22 per cent below normal over east and north-east India during June 1-July 11. East Uttar Pradesh, Bihar, Jharkhand and Gangetic West Bengal received 56-71 per cent below normal rains during July 1-July 7, though average rains across the country during the period were 2 per cent above normal.

#### POSITIVE SIGNS

Kharif crop acreage in million hectares, according to the latest government data:

Crop	2010-11	2009-10	y-o-y chg (%)
Rice	7.23	6.87	5.24
Pulses	0.82	0.84	(-) 2.38
Sugarcane	4.74	4.18	13.39
Oilseeds	5.84	5.66	3.18
Cotton	6.61	4.85	36.29

\*The total may not tally, as all crops are not included

Fairly widespread rains are also expected in the next 48 hours along the western coast, covering Konkan and Goa, coastal Karnataka, and Kerala, it said. North-west India, including the grain bowl states of Punjab, Haryana and Uttar Pradesh, are likely to receive fairly widespread rains over the next two days and it may decrease thereafter, the IMD said. Likelihood of scattered rains and thundershowers exist over the pulses and sugarcane growing state of Maharashtra, west Madhya Pradesh, Gujarat, Andhra Pradesh, interior Karnataka, Orissa and Tamil Nadu, it said.

Heavy rain is likely to occur over isolated places of Konkan and Goa, Uttar Pradesh, Haryana, Punjab and Uttarakhand during next 48 hours. Heavy to very heavy rains are likely over sub-Himalayan West Bengal and Sikkim and Bihar in the next 48 hours, the IMD warned. In its outlook till July 17, the department said fairly widespread rains with isolated heavy to very heavy falls are likely to occur over sub-Himalayan West Bengal and Sikkim, northeastern states and the west coast.

## Kharif sowing

India's crop sowing in the current kharif season is progressing well, with southwest monsoon covering the entire country last week, about 10 days ahead of the normal date. As on July 9, sowing of rice, oilseeds, sugarcane, cotton and coarse cereals was reported higher than last year, but pulses were lagging, farm ministry data showed today. India's kharif rice sowing was 5.2 per cent higher than a year ago at 7.23 million hectares, while oilseed was up 3.2 per cent at 5.84 million hectares, it said. Cotton sowing was way higher at 6.61 million hectares, as against 4.85 million hectares in the year ago period. Coarse cereals coverage was up at 5.83 million hectares, compared with 5.33 million hectares year ago, the data said. Pulses sowing was down 2.3 per cent at 822,000 hectares. Monsoon rains are vital for kharif sowing to progress. More than 70 per cent of India's annual food grain output comes from this summer-sown crop.

# THE HINDU Business Line

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## Kharif sowing picks up as monsoon intensifies

*Jump in area under oilseeds, coarse cereals, cotton.*

Progress Card			
	(in lakh hectares)		
	Normal*	2010	2009
Rice	395.170	72.300	68.670
Coarse cereals	2199.44	58.266	53.279
(a) Maize	68.654	279.67	30.044
(b) Bajra	91.523	18.197	12.833
(c) Jowar	35.984	9.772	7.372
Pulses	111.692	8.221	8.405
(a) Arhar	35.804	2.853	2.511
(b) Urad	24.611	1.444	1.325
(c) Moong	27.342	2.797	3.372
Oilseeds	173.100	58.392	56.642
(a) Groundnut	53.809	19.453	18.377
(b) Soyabean	83.999	34.238	31.620
(c) Sunflower	8.153	1.113	2.990
(d) Sesamum	15.147	2.193	2.400
(e) Castor	8.130	1.252	1.155
(f) Niger	3.863	0.143	0.100
Sugarcane	45.460	47.370	41.790
Cotton	93.940	66.090	48.470
Jute	8.080	7.593	6.893

\*Five-year average from 2004-05 to 2008-09



New Delhi, July 12

The monsoon's general revival over the past 10 days or so has spurred kharif sowing in most States, barring Madhya Pradesh, Uttar Pradesh and Bihar, which have received deficient rainfall.

The sowing activity is reflected in crop acreages. Farmers have planted 72.3 lakh hectares (lh) under rice this time, which is more than the 68.67 lh covered at this time last year.

At the same time, the area has fallen in Uttar Pradesh (2.57 lh against 9.11 lh) and Bihar (1.66 lh against 2.47 lh).

The same trend is visible in soyabean, where overall area sown is higher (34.24 lh versus 31.62 lh), but lower in Madhya Pradesh (14.3 lh versus 20.10 lh).

Madhya Pradesh has also reported a decline in pulses coverage (1.41 lh versus 2.27 lh).

Another State where planting is trailing in most crops is Karnataka – maize (5.07 lh versus 7.93 lh), pulses (2.73 lh versus 3.55 lh), groundnut (1.28 lh versus 2.29 lh), sunflower (0.81 lh versus 2.57 lh), cotton (2.04 lh versus 2.28 lh) and jowar (1.31 lh versus 1.99 lh).

There have been very good rains in Maharashtra and Andhra Pradesh. This, in turn, lifted overall area under oilseeds, coarse cereals and cotton.

Maharashtra has seen huge jumps under cotton (26.5 lh versus 11.57 lh), soyabean (17.31 lh versus 6.41 lh), jowar (5.65 lh versus 1.90 lh), bajra (6.11 lh versus 0.85 lh), maize (4.06 lh versus 1.03 lh) and groundnut (1.58 lh versus 0.20 lh).

The same story holds true for Andhra Pradesh, where farmers this time have brought in more land under cotton (9.45 lh versus 5.79 lh), groundnut (5.03 lh versus 2.03 lh), maize (2.64 lh versus 1.37 lh), arhar (1.17 lh versus 0.68 lh) and moong (1.05 lh versus 0.70 lh).

Our Chennai Bureau reports: The fall in the soyabean acreage in Madhya Pradesh is telling on its prices. Soyabean prices gained on Monday with prices on the futures closing at Rs 1,920 a quintal for June contracts.

Along with soyabean, prices of groundnut oil soared in Rajkot and Mumbai. Cottonseed oil too gained in tandem.

With area under rice increasing, the prices for the foodgrain continued to seek lower levels.

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**<http://www.thehindubusinessline.com/2010/07/13/stories/2010071352741700.htm>**

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### **Chana soars as Mexican crop suffers damage**



Indore, July 12

Kabuli chana (gram or chickpea) has begun to rise on demand from exporters.

On Monday, it ended at Rs 4,100 a tonne at the Indore mandi after touching a high of Rs 4,200. Last week, it sold at Rs 3,100-3,800 a tonne.

In Satna mandi, the biggest centre of gram production in Madhya Pradesh, the price shot up to Rs 4,300 a tonne, up Rs 300 a tonne in the past five-six days. Traders attribute the steep rise in chana prices to its increased demand in the export market.

#### **Export market**

Presently, there is high demand for dollar chana in the international market and this is mainly because of damage to the crop in Mexico, said Mr Kamlesh Agrawal, a major trader here.

Export prices of chana have surged to \$1,000 a tonne against \$900 last week. According to traders, chana that is exempted from export ban will continue to trade higher in the coming days due to demand in both international and domestic markets.

In Indore mandi, a total of 1,200 bags of dollar chana arrived on Monday. Compared with gram, the demand for other pulses continues to be weak. There is comparatively lower purchase of pulses due to monsoon, leading to decline in their prices.

Chana dal saw a low and high of Rs 2,550 and Rs 2,775 a tonne, respectively. Masoor dal was sold at Rs 4,025-4,077, while urad and moong ruled at Rs 6,000 and Rs 9,000 a quintal, respectively.

## FUTURES

Chana July futures on NCDEX closed at Rs 2,216 a quintal, while August futures closed at Rs 2,297 a quintal on Monday. The rate of chana (kanta) in Indore mandi on Monday was Rs 2,130 to Rs 2,140 a quintal.

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## **Nabard to promote 7,500 joint liability groups**



Aiding farmers: Mr P. Mohanaiah, Chief General Manager of Nabard (AP region), and other General Managers, at a press conference in Hyderabad on Monday. –

Hyderabad, July 12

The National Bank for Agriculture and Rural Development (Nabard) has said that it would be promoting 7,500 joint liability groups, helping them establish linkages with banks.

“Though it began in 2006, it took shape last year where we supported 350 JLGs. This year we will scale this up to 7,500 groups,” he said.

Facilitator role

The issue of credit to tenant farmers has been a tough issue, with most banks preferring to shy away from giving them loans. Recognising this need, the apex agricultural bank has decided to act as a facilitator.

It would help farmers' clubs, NGOs and other agencies to form the joint liability groups. These groups would take joint liability for all the loans taken by the individual members.

Addressing a press conference to mark the bank's Foundation Day here on Monday, Mr P. Mohanaiah, Chief General Manager of Nabard (AP Region), said the bank, which usually refinances to banks and cooperative banks, would also begin co-financing from this year.

“We have allocated Rs 20 crore for this in 2010-11 and signed agreements with AP Gramin Vikas Bank and Saptagiri Gramin Bank. We are in the process of joining hands with other banks as well in this regard,” he said.

For 2010-11, the bank targeted to sanction Rs 890 crore for Andhra Pradesh and achieve disbursements of Rs 1,430 crore. Besides, it would give Rs 2,550 crore for refinancing of crop loans and Rs 2,200 crore for investment credit.

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**Groundnut oil near record high; cottonseed oil also up**



Rajkot/Mumbai, July 12

Groundnut oil reached near a record high on shortage of groundnut in the market.

On Monday, groundnut oil price at Rajkot increased Rs 10 to Rs 1,330-1,335 for 15 kg tin, while the price of 15 litre tin increased to Rs 1,230-1,235.

Cottonseed oil also increased by a similar margin to Rs 760-770 for 15 kg tin.

About 10-15 tankers (10 tonnes each ) of groundnut oil and 50-60 tankers of cottonseed oil were traded in Rajkot.

Groundnut price ruled at Rs 428-638 for 20 kg.

In 2007 July-August, groundnut oil had touched a record Rs 1,350-1,360.

The current trend is due to drop in arrival of groundnut to half of the usual 15,000-20,000 bags of 50-kg each.

Traders said that currently groundnut is being used for sowing groundnut. Price will increase bit it will not be sharp.

On the other hand cottonseed oil is cheaper than groundnut oil and its rise is on anticipation of an increase in its consumption.

Traders expect groundnut oil price to drop below Rs 1,260-70 a tin.

In Mumbai, the edible oil market witness sudden spurt in price due to the increased local demand and firm international market. Groundnut oil rose by Rs 10, rapeseed refined oil by Rs 13 and other oils by Re 1 to Rs 2 for 10 kg.

Indigenous oils such as groundnut, rapeseed rose on demand from crushers.

Malaysia crude palm oil futures ended 40-38 ringgits higher.

At local level, the thin supply position in indigenous as well as imported oils with the increased demand from stockists has resulted in good trading volume in palmolein, said traders. About 2,000 to 3,000 tonnes of palmolein were traded by importers as well as resellers between Rs 405 and Rs 408 for 10 kg.

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## **India's domination in black tea production set to continue**

Kochi, July 12

Although China continues to dominate global tea production, India will remain the biggest producer and consumer of black tea in the world. This dichotomy is mainly because India is mainly a black tea producing region, while China continues to focus on green teas, United Planters Association of Southern India (UPASI) sources said.

Reinforcing the importance of black tea in global consumption and trade, the Inter-Governmental Group on Tea has pointed out that over the past five years black tea accounted for 65 per cent of the total production, 67 per cent of consumption and 80 per cent of trade. The FAO-affiliated Group has predicted that India's premier position in black tea will not only continue throughout this decade but is also likely to be reinforced further.

### **Biggest consumer**

Global black tea production is estimated to reach 3 million tonnes (mt) by 2019 of which India is expected to contribute 1.2 mt. However, with the country's consumption expected to perk up to one mt, it is also expected to retain the tag of the biggest consumer in the world. But heightened

consumption also implies less for export. Global black tea production is expected to grow from the one per cent levels of the last decade to two per cent, while Indian production is expected to remain at the two per cent growth rate.

Although India would account for the lion's share of global black tea production, other major producers are Kenya with 403,000 tonnes and Sri Lanka with 339,000 tonnes. As the domestic consumption of these countries would continue to be limited, they are expected to hold sway over the global production and trade.

## Exports

World black tea exports are projected to reach 1.49 mt by 2019. Export volumes for Asia are projected at 7,36,000 tonnes and that of Africa would be 6,06,000 tonnes. As the demand-supply equilibrium is slated to be sustained till 2019, prices are expected to remain stable, although slightly higher than the historical averages. And the trend would be based on the firm price trends of recent years. After a long period of sustained growth, global black tea production declined by 0.64 per cent in 2007-09 while consumption grew by 0.57 per cent. As a result, global tea prices have shown sustained increases. The FAO composite price rise for tea increased from \$1.95 a kg in 2007 to \$2.39 and finally to \$3.18 a kg in September 2009.

Black tea consumption in other consuming countries such as Turkey, Bangladesh, Vietnam, China and Sri Lanka are expected to accelerate during the current decade while more modest growth of one per cent is expected from developed countries such as Russia, UK, US, Japan and Canada.

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### **Cardamom above Rs 1,500/kg; new season's auctions resume**

Kochi, July 12

The Kumily-based Kerala Cardamom Processing and Marketing Cooperative Society (KCPMC) and the Cardamom Processing and Marketing Company (CPMC) started their auctions on



Sunday, an auspicious day, and before the beginning of the Aadi month. Regular auctions will be conducted from July 21.

The Cardamom Planters' Association (CPA), which is slated to hold its auction on Mondays in Bodinayakannur, will also commence its auction on Wednesday, an auspicious day, to begin with, and then regularly on Mondays, auction sources said.

#### Total arrivals

The total arrivals at the two auctions held on Sunday by the CPMC and KCPMC stood at 12 tonnes and the entire quantity was sold out, Mr P.C. Punnoose, General Manager, CPMC, told Business Line. The individual auction average price remained in the range of Rs 1,550 and Rs 1,600 a kg on good buying support amid limited availability, he said.

The maximum price on Sunday was at Rs 1,755 and the minimum was Rs 1,107 a kg and auction average of both was at around Rs 1,570 per kg, he said.

At the two other auctions held by the Heddar Systems on last Thursday arrivals were at 10.4 tonnes and at MAS Enterprises' auction on Friday it was at 8.5 tonnes.

Their auction average was Rs 1,565 and Rs 1,560 per kg respectively. The arrivals are expected to pick up only by August first week. From the current trend "one can reach the conjecture that only the harvesting process has started. Hence arrival of moderate volume can be expected in the first week of August," he said.

The export demand for Ramzan may not be fully met this year as the festival falls early this year. Availability of the material would be a problem as the harvesting would pick up only after first week of August, traders said. However, the demand for Diwali, which falls in the first week of November, could be met, they said.

Total arrivals during the current season from August 1 stood at 9,734 tonnes. Of this, 9,530 tonnes of cardamom were sold.

Arrivals and sales in the same period last season were 10,179 tonnes and 9,590 tonnes respectively. Weighted average price as on July 11 was Rs 868.15 a kg, up from Rs 536.40 same day last year. Prices quoted for graded varieties on Monday remained at previous levels,

in rupees per kg: AGEB 1,710-1,720; AGB 1,585 -1,595; AGS 1,570-1,580; AGS1 1,550-1,560. Prices in the local market at Bodinayakannur were L AGEB 1,690-1,700; AGB 1,570-1,580; AGS 1,545-1,555; and AGS 1 -1,530- 1,545. Bulk was being sold at Rs 8501,600 a kg.

According to growers the southwest monsoon has so far been moderate and all the growing areas received sufficient rains.

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### **Turmeric gains on cues from futures**



Erode, July 12

Turmeric prices increased on Monday, taking cues from futures trade that tracked firm demand in spot trade.

The finger variety was quoted at Rs 14,900-15,000 a quintal and the root variety fetched Rs 14,700-14,800 a quintal in the private turmeric market.

The price was the same at the auctions conducted at the Erode Cooperative Marketing society and Gobichettipalayam Cooperative Marketing Society.

However, the rise in spot prices was not in tune with the expectations of the farmers.

“Farmers and some traders had projected that the turmeric price in Erode will increase on Monday after closure of two weekly holidays by Rs 300 a quintal the same way it happened in the futures market. But they are all disappointed that the prices have not increased to the expected level,” said Mr V. Ravi, President, Erode Turmeric Merchants Association, on Monday.

In the private market and also in two cooperatives, totally 3,500 bags of turmeric were sold against the arrival of 5,000 bags. In the private market alone, over 2,500 bags were sold.

In the regulated market, the prices fluctuated, but the sales were very encouraging.

The finger variety was sold at Rs 14,859-15,279 a quintal, while the root variety fetched Rs 14,866-15,107 a quintal. Monday's prices are Rs 150 more a quintal than the weekend prices and all the 805 bags that arrived in the market were sold in bulk. In Nizamabad spot market, the price was up Rs 208 at Rs 14,972 a quintal.

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### **Jeera surges on rising domestic offtake**



Rajkot, July 12

Spot jeera prices gained sharply on Monday following fresh demand from stockists and exporters. Prices in the futures market also increased.

At Unja, the price was quoted at Rs 1,900-2,802, up Rs 30-40 for 20 kg from Friday.

On the NCDEX, the July contract increased Rs 263 to Rs 13,777 a quintal, while August contract increased by Rs 253 to Rs 13,975 a quintal. Jeera stocks in the NCDEX warehouses stood at 6,360 tonnes as on July 9.

#### Domestic demand

According to an Angel Broking commodity report, improved domestic demand for jeera kept prices firm last week.

Since the prices have increased sharply, the demand may taper down as buyers could wait for prices to cool, leading to correction in the futures market in the near-term.

In the short-term, prices will take cues from the rates offered by Syria in the international market.

If Syria quotes a higher rate for jeera, then buyers may place orders here. This will strengthen the prices in the short-term (till this month-end). The report said: "Demand from the domestic market is present in good quantity and overseas buyers are expected to place fresh orders in the coming days." According to market sources, there were reports that a part of the jeera crop in Turkey has been damaged due to rains. Jeera prices of Indian and Syrian origin are being quoted at \$2,650-2,700 a tonne in the global market.

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#### Rice subdued on poor demand



Karnal, July 12

Rice prices continued to witness a declining trend on lack of buyers, particularly exporters, due to poor demand. There is not much demand in the domestic market as well and this led to drop of Rs 50 a quintal in rice price on Monday.

Pusa 1121 (Sela) was quoted at Rs 3,450-3,550 a quintal. Pusa 1121 (steamed) ruled between Rs 4,550 and Rs 4,650 a quintal.

Mr Amit Kumar, a rice trader, told Business line that “we depend on domestic demand and in view of this, the market is witnessing a bad phase compared with the same time last year.”

Heavy rainfall in Haryana and Punjab has affected the saplings of non-basmati but a 35 per cent rise in the area under basmati is likely to help tide over the situation. The reason behind this is the ban on Sathi (summer paddy) this year. Due to the ban, farmers went in for moong (green gram) and reaped a good harvest. After moong, farmers are now sowing basmati as this is the best time for sowing basmati. Farmers prefer Pusa 1121 variety and Muchall 1244 for this year's cultivation.

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**Bengal traders' buying buoys sugar**



Mumbai, July 12

Sugar market rose further by Rs 10-15 a quintal on the back of buying from other States and increased local demand.

At the Vashi market, spot as well as naka delivery rate ruled firm due to mills not willing to sell at low levels.

Mr Hirenbhai of Surya traders said that demand from West Bengal increased and on Saturday, at least 4-5 rakes of sugar from Maharashtra were purchased by West Bengal-based traders.

Total arrivals in the Vashi market on Monday were about 30-32 truckloads (10 tonnes each) and lifting was also at the same levels.

On Monday, the spot rate was Rs 2,695-2,730 a quintal for the S-grade and Rs 2,720-2,810 for the M-grade. Naka delivery rate was Rs 2,660- 2,690 for the S-grade and for M grade, it was Rs 2,700-2,750 according to the Bombay Sugar Merchants Association.

The mill delivery tender (including excise) was quoted at Rs 2,580-2,610 for S-grade and Rs 2,620-2,670 for M-grade. Maharashtra ex -mill prices were quoted at Rs 2,500-2,520 for S-grade and Rs 2,530-2,590 for M-grade.

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## **Pepper turns hot**

Kochi, July 12

Pepper futures on Monday shot up on strong domestic demand amid tight availability and on speculative export demand.

All the contracts, which were highly volatile during the day, closed almost near the upper circuit levels.

Tamil Nadu-based interstate dealers were also buying even at “sellers' price from the primary markets,” trading sources said.

Karnataka sellers were not selling below Rs 190 a kg following the reported squeeze in availability, they said.

July contract on NCDEX shot up by Rs 509 to close at Rs 19,255 a quintal. August and September increased by Rs 527 and Rs 573 respectively to close at Rs 19,568 and Rs 19,821 a quintal.

Total turnover increased by 10,494 tonnes to 25,142 tonnes. Total open interest went up by 824 tonnes to 19,964 tonnes. July open interest dropped by 608 tonnes to 4,237 tonnes while that of August shot up by 1,028 tonnes to 12,928 tonnes indicating switching over and additional purchases. September also moved up by 271 tonnes to 1,508 tonnes.

Spot prices on strong domestic demand and in tandem with the futures market trend increased by Rs 400 to close at Rs 18,400 (ungarbled) and Rs 18,900 (MG 1) a quintal.

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## **Demand pushes up cashew kernel prices**

Kochi, July 12

Reasonably good demand from several markets, albeit limited to few buyers, activated the cashew market last week.

Business was done as high as \$3.20 for W240, \$3.05 for W320 and \$2.85 for W450 by large packers. "Indian medium packers were quiet but medium packers from Vietnam were selling few cents lower," Mumbai-based traders said.

Domestic prices for "brokens" were much higher than international prices. Demand and prices for "wholes" also moved up a bit, they said.

According to Mr Pankaj N. Sampat, a Mumbai-based dealer, there is a feeling that the US and Europe will be quiet for the next few weeks but we expect good activity in Asia. Apart from this, there will be the regular periodic demand from the other markets.



“This will support the market until the next round of volume buying by the US and Europe. Although there is a talk of reduced off take in some markets, there does not seem to be any major concern. Price increases do not seem to be affecting buying to any great extent. All markets continue to buy regularly, may be in smaller tranches,” Mr Pankaj told Business Line.

emphasis on spot prices

There is increasing emphasis on spot prices due to the nature of nearby buying in the Asian market and changed pattern of buying by several buyers in major importing countries, he said. Trend for second half of 2010 seems to be more or less set. “We can expect to see continued nearby demand. Prices will remain around current levels with periodic spikes and dips. We may see some decline if demand in July/August is very slow but downside is limited because processors are not under pressure to sell given the reduced supply (and no replacement seed available for purchase if positions are liquidated). There is some potential for a price increase later in the year (we believe that we have not seen the 2010 peak yet)”, Mr Pankaj said. The only reason for a major decline in prices in 2010 would be a big decline in demand, trade sources said.

Raw cashew nut (RCN) prices moved up a bit with Ivory Coast (IVC) in \$875-950 range and Guinea Bissau (GB) around \$1,150 (c&f) India for afloat parcels while demand for spot parcels was slow due to cash-flow constraints as arrivals are bunched up. In the next 2-3 months, activity in RCN will be limited to the resale market as there is not much availability in origins. In the last quarter of the year, limited quantity of new RCN would be available for India and Vietnam processors.

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### **Soya prices continue to spurt**

Indore, July 12

Spurt in soyabean price continued on Monday with increased purchasing at plant level. Crushing units, fearing a decrease in production, have started stocking soyabean, leading to rise in prices.

A total of 65,000 bags arrived at the Indore mandi on Monday, while at the State-level, total arrival of soyabean was recorded at 1.15 lakh bags.

Notwithstanding increased arrival of soyabean, soya prices continued to rule high with plant owners purchasing the same at higher rates.

On Monday, soyabean prices in Indore mandi saw a low and high of Rs 1,830 and Rs 1,860 a quintal respectively, while its plant delivery rate was Rs 1,885 to Rs 1,950 a quintal. Soyabean July futures on NCDEX closed at Rs 1,920 a quintal and August futures closed at Rs 1,948 a quintal.

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### **Sowing operation**



In full swing:A farmer sowing kharif crops at Savarigudem in Krishna district. Agricultural operations for kharif have been intensified after good rainfall

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