THE HINDU

Published: July 13, 2010 13:03 IST | Updated: July 13, 2010 13:03 IST MADURAI, July 13, 2010

Aavin announces incentives for milk producers

The Madurai Aavin Union has announced a cash incentive amounting to Rs. 3 crore to its milk suppliers.

A total of 32,866 dairy farmers, working in 793 milk producing cooperative societies in Madurai and Theni districts, which come under the union, will stand to benefit from this incentive. The union registered a profit of Rs. 10 crore in the 2009-10 financial year. It has set side a certain sum for future expenditure and investments.

The remaining sum of Rs. 6 crore is being spent on various initiatives, of which this cash incentive to milk producers was a major one as they play a vital role in the development of Aavin. The dairy farmer will get 50 paisa for every one litre of milk supplied during 2009-10 financial year, said an official release.

The Madurai Aavin has also initiated steps to procure electronic equipment to test the quality of milk for the benefit of producers.

Published: July 13, 2010 21:37 IST | Updated: July 13, 2010 21:41 IST Mumbai, July 13, 2010

Immediate target is 9% growth: Pranab

Union Finance Minister Pranab Mukherjee. File Photo: PTI

The government on Tuesday said it is focusing on putting the economy back on the 9 per cent growth trajectory from 7.4 per cent during 2009-10 and then further pushing it to double digits.

“I will not say we are still out of woods... The immediate task before us (the government) is to quickly revert to the GDP growth path of 9 per cent and then find the means to cross the double-digit growth barrier,” Finance Minister Pranab Mukherjee said at an event organised by UTI here.

He said in a span of 12-18 months, India had to face a crisis of commodity prices, a crisis in energy prices, the financial meltdown and the adverse impact of a drought.

“Fortunately, thanks to you who are present here, entrepreneurs, bankers, captains of industry, and the right kind of policy decisions by both government and the RBI, it was possible for us to overcome the crisis,” the Finance Minister said.

Indian economic growth slowed down considerably after the global economic crisis deepened around the middle of September, 2008. Economic growth declined to 6.7 per cent during 2008-09, against 9 per cent growth in the previous three years.

After the government provided a stimulus to the economy by cutting taxes and increasing public expenditure, economic growth accelerated to 7.4 per cent last fiscal. This year, the government expects the Indian economy to expand by 8.5 per cent, despite a partial rollback of stimulus.

Effective mobilisation of savings and channelising them into investment is necessary for sustainable growth, he said.

In order to ensure inclusive growth, there is a need to ensure participation of small and marginal savers in the capital markets, the minister said.

The government proposes to enact a National Food Security Act which envisages that every citizen below the poverty line will be entitled to highly subsidised food grains, he said.

During 2009-10, 4.34 crore households were provided employment under the NREGA, with a government outlay of Rs. 25,000 crore, Mukherjee said.

hindustantimes

Reuters

New Delhi, July 13, 2010

First Published: 19:38 IST(13/7/2010)

Last Updated: 19:43 IST(13/7/2010)

India to consider sugar reforms within three months

India plans to seek reforms for its tightly-controlled sugar sector within three months, the agriculture minister said on Tuesday, which could include more open market sales and letting firms build larger stocks.

Sharad Pawar announced a reform process in motion a week after he invited industry leaders for talks and as reports came in that the sugar crop by the world's top consumer and No. 2 producer would beat estimates after a poor harvest last year that sent domestic prices soaring.

"We will prepare a proposal for sugar sector decontrol in 10 days ... It will be placed before cabinet in two to three months," he said when asked when the government would go ahead with the reform.

Room for reforms, long sought by industry, has been made possible as adequate monsoon rains in cane-growing areas and higher planting is expected to boost output this season, giving India a sugar surplus for the first time in three years.

"Production will definitely exceed demand," Pawar told reporters on Tuesday.

His remarks cheered millers, who said a clear time frame for easing controls signalled a firm commitment by the government, which has also recently ended price controls on gasoline and reformed fertiliser pricing. See

"Now there are concrete signs the government will go ahead with lifting the restrictions on the sector," said Vinay Kumar, managing director of the National Cooperative Federation of Sugar Factories Ltd.

India now controls the price of cane and directs mills to sell up to 20 per cent of their output at a big discount for welfare schemes, decides how much sugar should be sold in the market, and imposes limits on stocks that big buyers can hold.

A relaxation of a rule requiring millers, many of which are actively traded on the nation's bourses, to sell part of their output at subsidised rates to the government would be well received, an analyst said.

"Sugar mills will benefit as their obligation towards the subsidised sale would get reduced," said Veeresh Hiremath, a senior analyst with the Hyderabad based brokerage Karvy Comtrade.

Industry officials say strong controls on sales and stocks distort the market and accentuate swings in output in the country, which was a large sugar importer last year, helping New York raw sugar futures surge to the highest in 29 years.

While cane planting in India is higher than last year, the government would get a proper assessment of the crop in two months after watching the progress of the June-September monsoon rains, which have been adequate in cane areas so far.

"The government will prefer to usher reform measures before the start of the next season in October when they will get a clear idea about production, which looks good," Kumar said.

http://www.hindustantimes.com/StoryPage/Print/571822.aspx

Humidity: 89%	Sunset: 18:39
Wind: Normal	Barometer: 1006.0

Extended Forecast for a week

<table>
<tr><td>Friday</td><td>Saturday</td><td>Sunday</td><td>Monday</td><td>Tuesday</td></tr>
<tr><td>Jul 16</td><td>Jul 17</td><td>Jul 18</td><td>Jul 19</td><td>Jul 20</td></tr>
<tr><td>34° | 28°</td><td>33° | 28°</td><td>32° | 27°</td><td>29° | 26°</td><td>30° | 26°</td></tr>
<tr><td>Rainy</td><td>Rainy</td><td>Rainy</td><td>Rainy</td><td>Rainy</td></tr>
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Business Standard

Wednesday, Jul 14, 2010

Exporters to go to court on fishermen's welfare levy

George Joseph / Kochi July 14, 2010, 0:40 IST

Seafood exporters plan to petition the high court here against the recent order to deposit one per cent of their turnover to the Kerala Fishermen’s Welfare Fund

The fund’s board has issued notices to exporters to do so in accordance with an amendment in the law and the Seafood Exporters Association of India (SEAI)plan to challenge this, too.

The notices have been issued with effect from 2007 and Abdul Hashim, president of SEAI, told Business Standard the dues in this regard would be Rs 60 crore, which the sector cannot afford to pay. There is a slowdown in demand from Europe, the largest importer of Indian seafood, and the central government has also moved to take back its incentives under the Vishesh Krishi and Gramin Udyog Yojana, he said. Having the state put the demand at such a time would force small and medium units to stop operations.

The courts had earlier ruled that exporters were not covered by the Fishermen Welfare Fund Act, 1985. Exporters do not hire fishermen, the ruling had noted.

However, the state government negatived the ruling by amending the law, in 2007, to put exporters into the ambit. Hashim said this was a fit case for legal challenge. Workers directly employed by exporters, he said, were covered under various statutory welfare schemes.

India to consider sugar reforms within 3 months

Reuters / New Delhi July 14, 2010, 0:39 IST

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Floods may lower basmati rice output by 15%

Dilip Kumar Jha / Mumbai July 14, 2010, 0:37 IST

Decline in acreage following heavy rain in Punjab and Haryana.

India's basmati rice output is likely to fall 15 per cent this year due to a massive decrease in acreage following floods in Punjab and Haryana.

Though a final assessment of losses is yet to be carried out, experts estimate a 15-18 per cent decline in crop area in the two states, which contribute about 75 per cent to India's basmati rice output.

"Our assessment is that the crop area will fall by 2,50,000 hectares (ha) as this much area is still under water in Haryana," said Anil Mittal, chief mentor of the Basmati Rice Farmers and Exporters Development Forum.

India, the largest producer and exporter of basmati rice, produced a record 4.5 million tonnes in 2009-10. The area under basmati rose 10 per cent to about 1.7 million ha in 2009-10, according to data by state-run Agricultural and Processed Food Products Export Development Authority (Apeda).

Out of 3.2 million tonnes contracted for exports, Indian traders shipped about 2.5 million tonnes in financial year ended March 31 — around 60 per cent more than the previous year.

Before the floods, about 75 per cent area was under paddy. “We have developed some late-sowing varieties just for environment protection as they consume less water. Sowing of that can only be possible if water recedes fast and there is no further rain in this area,” said Mittal.

Over 2,50,000 hectares in these states is still submerged under waist-deep water and sowing will not be possible at least before a month.

All India Rice Exporters’ Association President Vijay Setia said the next fortnight would be crucial for the crop. Farmers will re-cover all the area meant for paddy in the next 15 days. He, however, said low-lying areas would continue to be under water and re-plantation would be difficult if water was not drained out soon.

The Haryana Agriculture Department said paddy (basmati) could be sown till the end of July. So, if water is drained out in the next two days, the farmers can replant. But, the department said, availability of saplings could be difficult. Even if the government provides saplings, the farmers would bear a loss of Rs 10,000 per hectare as additional cost of replantation.

Punjab and Haryana share around 11 lakh hectares of cultivation area with an average yield of four tonnes per hectare. Setia says there will be a negligible fall in overall acreage and output in case of paddy but a substantial loss in case of wheat. “The late variety of paddy will mature in late November and therefore, fields will not be available for sowing wheat in the next rabi season.”

Karan Chanana, managing director of Amira Foods (India) Ltd, the producer of the famous Amira brand basmati rice, said, “Nothing can be said for sure at this point in time.”

“We will get the final assessment by this weekend,” he added.

Despite the governments of both states announcing restoration of normalcy in the flood-hit areas, they estimate a total loss of Rs 2000 crore.

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Selling pressure weighs down sugar

Mumbai, July 13

The sugar market ruled steady on Tuesday, weighed down by selling pressure from mills and lack of local demand.

Lifting was lower than arrivals in the market, resulting in decline of Rs 5-10 a bag (100 kg) in spot trade. Naka and tender delivery prices ruled at steady.

Due to buying by Bengal traders, the markets witnessed an uptrend in the last two working days. On Tuesday, mills came forward to sell arresting the upward price movement.

Mills have a good amount of ready stocks with them due to higher production. But they are are ready to sell only above Rs 2,600, keeping bulk buyers away from the market. Inventory stocks are ample at the Vashi market.

Continuous rain forced retailers to resort to hand-to-mouth buying.

The market will see range-bound movement in the near future, a trader said.

From the next month, the festive season will start, so the demand factor will decide further movement, said another trader.

Total arrivals today at the Vashi market were thin. About 20-22 truckloads (10 tonnes each) arrived in the market and lifting was 18-20 truckloads. The spot rate was Rs 2,690-2,730 a quintal for S-grade and Rs 2,700-Rs 2,800 for M-grade.

Naka delivery rate for S-grade was Rs 2,660-Rs 2,690 and for M-grade Rs 2,690-Rs 2,750, according to the Bombay Sugar Merchants Association.

The mill delivery tender (including excise) was quoted at Rs 2,580-Rs 2,610 for S-grade and Rs 2,610-Rs 2,670 for M-grade.

Maharashtra ex-mill prices were quoted at Rs 2,500-Rs 2,520 for S-grade and Rs 2,530/Rs 2,580 for M-grade.

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Cotton rules steady

Rajkot, July 13

Cotton prices have continue to rule steady in almost all the markets in the last one week. According to traders, lack of big purchases is keeping the market at current levels. According to a Rajkot-based broker, currently, export demand, as well as domestic mill demand is normal. Therefore, cotton prices are ruling steady

Cotton price in Gujarat for the Shankar-6 variety is quoted at Rs 29,200-29,500/candy of 356 kg. In Maharashtra, prices were quoted at Rs 28,500-29,000/candy.

Arrivals in Gujarat are about 5,000 bales of 170 kg daily. Raw cotton price is ruling at Rs 700-720/20 kg.

Good monsoon is expected to result in cotton production increasing to 35 million bales, a record. Cotton during 2009-10 fetched an average price of Rs 29,000 to Rs 30,000/ candy (356 kg). This prompted more farmers to take to cotton farming. Prices during the current season ending October have always ruled above Rs 27,000/candy.

Cotton acreage is projected increase three per cent, particularly in Andhra Pradesh and Karnataka.

A few traders feel the increase could even be seven per cent.

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 production of about 2 million bales.

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Slack offtake restrains wheat

Karnal, July 13

Wheat prices dropped to Rs 1,195 a quintal on Tuesday on fresh arrivals from Uttar Pradesh and slack demand in local market.

Wheat (dara) prices were quoted at Rs 1,180-1,195 a quintal. Prices at retail outlets ruled between Rs 1,260 and Rs 1,280.

Continuous rain has also affected the market since buyers are not forthcoming.

Mr Subhash Chand, a trader, told Business Line that Uttar Pradesh farmers, who were finding better offers at the Narela Mandi uniil last week, have came back to Karnal grain market terminal.

At Narela Mandi, they got around Rs 1,235 a quintal till a few days ago.

But now, the rates have dropped to Rs 1,220 that led them back here, he said. He further said rumours are agog that the Government may offer wheat at Rs 1,220 a quintal under the open market sale scheme.

Flour millers may not be interested in it as they are getting ample quantity at lower prices from the local and Uttar Pradesh farmers.

Mr Chand said that the stock, meant for below poverty line ration card holders – to be distributed through the public distribution system was also coming into the open market.

On the National Commodities and Derivatives Exchange, the July contracts closed a tad higher at Rs 1,230.40 a quintal.

August contracts closed at Rs 1,252.80, up Rs 1.20 and September contracts ended at Rs 1,269.20 a gain of Re 1.

Reuters reports: Global wheat futures traded lower as the market was correcting after being overbought on weather concerns in major producing countries.Wheat futures for September delivery slipped 0.5 per cent to $5.33 a bushel.

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Soya soars despite higher arrivals

Indore, July 13

Arrival of soyabean continued to be on the higher side with a total of 1.20 lakh bags of soyabean arriving in various mandis of Madhya Pradesh on Tuesday.

Of this, 7,000 bags arrived in the Indore mandi alone. Increased arrival has been attributed to farmers releasing their hold up stocks.

Notwithstanding the increased arrival, soya prices continued to rule high on Tuesday due to rise in its demand at plant level.

Soya prices on Tuesday ended at Rs 1,820 a quintal after touching a high of Rs 1,840, while its purchasing at plant level saw a low and high of Rs 1,890- 1,900 a quintal, respectively.
Soyabean July futures on NCDEX closed at Rs 1,913 a quintal and August futures at Rs 1,943 a quintal respectively, down Rs 5-7a quintal from Monday.

OIL PRICES GAIN

In view of prices of palm and other oils ruling high in the global market, edible oil prices continued to rule high with soya refined oil selling at Rs 426-428/10 kg, while the rate of soya solvent oil was recorded at Rs 430- 408, a rise one per cent from Monday. Traders here see further rise in prices in the coming days.

Loose mustard oil in the Indore mandi on Tuesday sold at Rs 478/ tin. Arrival of mustard oil declined as farmers held up their produce, hoping for rise in the prices.

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Edible oils gain on local buying

Mumbai, July 13

The edible oil market gained marginally on mild local buying in palmolein, cotton refined and higher Malaysia's advice.

Progress of monsoon in all the main growing areas and sowing demand for seeds at the farm level the seed arrivals in the market, resulting in firm trend in spot rates. Groundnut oil increased because of that. There is continued demand for export quality groundnut – jawa – in the Saurashrta region, said market players.

On Tuesday, groundnut oil ruled steady at Rs 785 at Mumbai but at Rajkot, it zoomed touching a record high.

In Mumbai, soyabean oil, cotton refined oil and palmolein rose by Re 1-Rs 2 for 10 kg.

Malaysia's BMD crude palm oil futures ended higher by 11-13 ringgits.

At the local level, approximately 1,000-1,200 tonnes of palmolein were traded by importers as well resellers at the rate of Rs 404-409 fof 10 kg. Malaysia's BMD crude palm oil futures for delivery in August closed at 2,395 ringgits, while September at 2,353 ringgits.

Indore NBOT soya oil futures ruled steady. August contracts were up at Rs 453.80 from Rs 454.20.

In the spot market, soya refined oil was quoted at Rs 437 for 10 kg; sunflower expeller refined at Rs 435; sunflower refined at Rs 485; rapeseed refined oil at Rs 545; rapeseed expeller at Rs 515, cottonseed oil refined at Rs 445 and palmolein at Rs 409.

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Pulses spurt further on demand

Indore, July 13

The price of pulses continued to spurt on increased demand and rise in prices of raw material. Among various pulses, chana and masoor dal witnessed an increase.

Chana dal saw a low and high of Rs 2,550 and Rs 2,800 a quintal, up Rs 25 compared with Monday.

Similarly masoor dal was sold at Rs 4,100-4,300, up Rs 75 to Rs 233 a quintal.

According to traders, the increase in prices of raw chana and masoor influenced the rise in the local mandi to a large extent. Chana (raw)) was sold at the Indore mandi on Tuesday at Rs 2,170-2,175 a quintal, up Rs 35-40.

Chana July futures on NCDEX closed at Rs 2,223 a quintal.

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Profit-taking hits castor

Rajkot, July 13

Castor price dropped on Tuesday as some traders started booking profit after the rates hit a record on Monday.

Castor futures price on the Rajkot Commodity Exchange dropped Rs 12 a quintal. On the spot market, the prices remained unchanged.

Castor September futures contract on the Rajkot Commodity Exchange closed at Rs 3,689 a quintal.

Castorseed prices remained static at major mandies in and quoted at Rs 3,720 a quintal at the Disa . The total arrivals of castorseed were at 20,000 bags at major mandies in Gujarat.

Traders said that castor hit a record all-time high level on Monday, so profit booking by buyers was expected. The price may come down more this week. The major production areas in Madhya Pradesh and Gujarat have had good rains, while export demand is also decreasing. Overall, the market is in for a downtrend in the coming days."

In Mumbai, castorseeds bold and castor oil commercial rose on sustained demand from shippers and soap manufacturers.

Castorseeds bold gained Rs 10 a quintal at Rs 3,625 and castor oil commercial moved up Rs 2 for 10 kg to Rs 755.

A lower output in 2009-10 has caused the run up in the prices. Castor output was 9,34,000 tonnes in 2009-10 against 9,76,000 tonnes in 2008-09. The production dipped four per cent in 2009-10 due to scanty rainfall and lower acreage.However, the yield increased seven per cent

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Illegally grown Pak, Afghan poppy seeds entering India

Traders want ban on such imports.

Kochi, July 13

Illegally grown and inferior quality Afghan poppy seeds mixed with Turkish produce are allegedly finding their way into the country at low prices.

Afghan poppy seeds cargo reaches Turkey's Merzin Free Trade Zone (FTZ) via Karachi port, as bird seed, before being mixed in Turkey and then exported to India.

"This is done by two big importers and all these cargoes are landing at Tuticorin port and sold at Kolkata. If these cargoes are seized, samples tested, it can be proved. The Afghan poppy seed appears dull with more black spots, while that of Turkey is in white colour," market sources told Business Line.

Illegally grown poppy seeds from Pakistan are also finding its way after mixing it with Turkish poppy seeds via its Free Trade Zone in Merzin and these cargoes arrive via Nava Sheva and Tuticorin ports, the trade alleged.

Traders of poppy seeds in Kolkata had taken up this issue with the authorities requesting them to ban imports of this kind of material that is harmful to the consumers, they said. Expressing concern over illegal cultivation of poppy seeds in Afghanistan, the US officials in Kabul had reportedly complained in May last year to Afghan authorities on their “failure to support a poppy eradication programme”.

Legal cultivation

Rules for the legal cultivation of opium poppies were set out in the United Nations' Single Convention on Narcotic Drugs in 1961. Countries that produce and export opium must keep a close watch on the poppy farms within their borders. In Turkey, for example, poppy farmers harvest both the opium and the seeds.

The opium is sent off to a pharmaceutical company, where it is processed into legal painkillers, and then the seeds are harvested to make poppy-seed oil or sent abroad. The Government keeps a close watch on cultivation: Farmers must submit crop estimates before they begin planting, and Government officials check these estimates against the actual yield and their own inspections of the land, a report said.

But, some in the trade are involved in fraudulent activities, a report said. The exports of poppy seeds to India from Free Trade Zone Merzin increased significantly in 2010 to 1,008 tonnes from 227 tonnes in 2009 while imports from outside the FTZ dropped to 1,368 tonnes from 1,594 tonnes during the period.

No buying interest

The poppy seed market is stable and, in India, prices rule between Rs 200 - Rs 230 a kg, Bangalore-based traders said, adding “China poppy seeds are selling well, this has corrected the prices and broken the monopoly of Turkey poppy seeds,”.

Currently, the markets are dull and it is expected to become activated pushing the demand up during the festival season from August to February, they claimed. In the international market, prices in Turkey and China are at $2,300 and $2,800 a tonne respectively. Meanwhile, a Turkish exporter was quoted in a recent report as saying that “the market continues to be weak with little trading and no buying interest. India continues to stay away and most probably, with the arrival of new crop (in Turkey), we will see $2,500 a tonne easily.”

Chances of demand rising significantly are remote as India is currently absorbing its own crop, harvesting of which was started in April. It is estimated that the production would be in the range of 8,000 to 10,000 tonnes. At the same time, Turkey is reported to have “large carryover stocks ahead of an expected good crop in July”.

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Onam may rev up coconut oil

C.J. Punnathara

Kochi, July 13

Coconut oil, which has been ruling flat in the past few days, could begin to firm up in the weeks to come as Kerala's biggest harvest festival of Onam approaches. The sheer growth in demand is expected to buoy prices.

This week, coconut oil market opened flat at Rs 5,300 a quintal. Going by the demand-supply situation, the traders expected the market to remain flat through the week. Although traditionally the onset of the monsoon spells a decline in arrivals on account of poor drying facilities and lower arrivals of copra, the trend has changed with the advent of huge quantities from the Tamil Nadu markets and use of electric dryers in the State.

Also, with coconut being a prime ingredient in the people's diet, conversion to copra and coconut oil has been coming down in Kerala.

Currently, the arrivals to the State's market are estimated at 100 tonnes a day, of which 30 tonnes come from Tamil Nadu and the remaining 70 tonnes is from the local producers. Although much of the industrial purchase of coconut oil has shifted to Kangeyam in Tamil Nadu, Kochi continues to be a price setter in coconut oil due to the predominant consumption as a cooking oil. With palm oil prices ruling at Rs 4,200 and no significant arrivals, coconut oil prices are also expected to remain firm in the immediate future, said Mr Prakash B. Rao, President of the Cochin Oil Merchants Association (COMA).

Palm kernel oil prices ruled around Rs 5,600 and there is currently a shortage in the market. The situation could change when palm oil and palm kernel oil arrivals surge after the harvest.Reuters reports: In Jaipur and Kota rapeseed spurted on stockists' buying. Prices also moved up in Alwar, Bharatpur and Kherli markets on higher upcountry demand.

A steady trend prevailed in the oils markets also.Prices at Alwar for rapeseed increased to Rs 2,470–2,475 a quintal from Rs 2,465–2,470. At Bharatpur, they were up at Rs 2,470–2,475 against Rs 2,460–2,465, whilt Kota, they were quoted at Rs 2,270–2,275.

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Iffco's acid unit achieves full capacity utilisation

New Delhi, July 13

Indian Farmers Fertiliser Cooperative Ltd (Iffco) has said that its phosphoric acid facility at Paradeep (Orissa) has managed to achieve 100 per cent-plus capacity utilisation.

On July 10, the unit, which is the world's largest single stream phosphoric acid plant, produced 2,700 tonnes of acid. This is as against its installed capacity of 2,650 tonnes/day or 8.745 lakh tonnes (lt) per annum taking 330 working days.

Raw Constraints

The Paradeep plant has not been able to operate at full capacity mainly due to constraints of raw material, namely rock phosphate and sulphur, which are both imported. At the same time, production has steadily gone up from 0.15 lt in 2005-06 to 2.81 lt in 2006-07, 3.54 lt in 2007-08, 3.91 lt in 2008-09 and 4.62 lt in 2009-10.