THE HINDU

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Hope inflation will moderate by end of monsoon, says Pranab

M. Rajeev

Government committed to enacting the Food Security Act

Union Finance Minister Pranab Mukherjee addresses a press briefing after the meeting of the Chief Ministers of southern States in Hyderabad on Tuesday. Beside him are Andhra Pradesh Chief Minister K. Rosaiah (centre) and Minister of State for Finance Namo Narain Meena.

HYDERABAD: Union Finance Minister Pranab Mukherjee on Tuesday admitted that rising inflation had been a cause of concern, but asserted that inflationary pressure was likely to be moderated by the end of the monsoon.

An analysis of commodities would reveal that inflationary pressure was not confined to food items. Inflation of food items went up in April-May last year reaching as high as 20 per cent in November. It came down later to 14-15 per cent, but showed an increase again, thanks to the hike in fuel prices.

“The average annualised inflation will moderate and the impact will be felt after the monsoon is over,” he said. Mr. Mukherjee was here to participate in a meeting of the Chief Ministers of southern States and Chief Executive Officers of public sector banks and financial institutions. K. Rosaiah was the only Chief Minister (Andhra Pradesh) present while Tamil Nadu was represented by its Law Minister and Kerala by its Education Minister.

Kisan cards

Mr. Mukherjee asked banks to increase kisan credit cards by 20 per cent and directed the Chief Ministers to closely monitor the financial inclusion plans of the State Level Bankers' Committees.

Later talking to journalists, the Finance Minister said the Congress promised to provide food security for all in its election manifesto and it was committed to provide foodgrains to below poverty line (BPL) families 25 kg of either rice or wheat at Rs. 3 a kg. The government was firm on enacting the Food Security Act for which the Planning Commission would determine the final figure of the BPL families as per the latest census report.

Two-fold efforts — ensuring availability of foodgrains by increasing production and providing some quantity of food at subsidised price to the BPL families — were on in this direction. The government allotted Rs. 50,000 crore as subsidy, but a final figure would be arrived at depending on the number of BPL families.

Farm credit

The government enhanced agricultural credit from Rs. 3.25 lakh crore in 2009-10 to Rs. 3.75 lakh crore this year to increase production from 225 million tonnes. Admitting that there was “perpetual deficit” of pulses and edible oil, Mr. Mukherjee said the government planned to develop 60,000 villages in the eastern region as “pulse and edible oil villages” on a mission mode and earmarked Rs. 300 crore for the same.

Responding to queries on a dispute pertaining to regulatory overlap, he clarified that the government would not interfere in the autonomy of the regulatory bodies. In the event of a conflict between two regulators, the government was contemplating to evolve a joint mechanism wherein efforts would be made to detect which regulator had the jurisdiction. “There will be no other action to interfere with their autonomy,” he said.

Asked about the high interest rates charged by the MFIs, he said legislation in this regard was under study.

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Pre-requisites for sustainable food security

M.S. Swaminathan

The goal of food for all can be achieved only through greater and integrated attention to production, procurement, preservation and public distribution.

The President, in her address to Parliament on June 4, 2009, announced: “My Government proposes to enact a new law — the National Food Security Act — that will provide a statutory basis for a framework which assures food security for all. Every family below the poverty line in rural as well as urban areas will be entitled, by law, to 25 kg of rice or wheat per month at Rs. 3 per kg. This legislation will also be used to bring about broader systemic reform in the public distribution system."

Since then, various arms of the government as well as civil society organisations have been working to help redeem this pledge. The National Advisory Council (NAC) headed by Sonia Gandhi recently provided a broad framework to achieve the goal of food for all and forever. The NAC's suggestions include the swift initiation of programmes to insulate pregnant and nursing mothers, infants in the age group of zero to three, and other disadvantaged citizens, from hunger and malnutrition. Such special nutrition support programmes may need annually about 10 million tonnes of foodgrains. The NAC has stressed that in the design of the delivery system there should be a proper match between challenge and response, as for example, the starting of community kitchens in urban areas to ensure that the needy do not go to bed hungry. Pregnant women should get priority.

The NAC has proposed a phased programme of implementation of the goal of universal public distribution system. This will start with either one-fourth of the districts or blocks in 2011-12 and cover the whole country by 2015, on lines similar to that adopted for the Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP). This will provide time to develop infrastructure such as grain storage facilities and Village Knowledge Centres and the issue of Household Entitlements Passbooks. The NAC is developing inputs for the proposed Food Security Act covering legal entitlements and enabling provisions based on the principle of common but differentiated entitlements, taking into account the unmet needs of the underprivileged.

The food security legislation will be the most significant among the laws enacted by Parliament. It will mark the fulfillment of Mahatma Gandhi's call for a hunger-free India. It should lend itself to effective implementation, in letter and spirit. This will call for attention to four pre-requisites. These are food production, procurement, preservation and public distribution.

Production: India faces a formidable task on the food production front. Production should be adequate to provide balanced diet for over 1.2 billion persons. Over a billion cattle and other farm animals need feed and fodder. The recommendations of the National Commission on Farmers (NCF) made in five reports submitted to the Minister of Agriculture between 2004 and 2006, and the National Policy for Farmers placed in Parliament in November 2007 need to be implemented. These provide a road map to strengthen the ecological-economic foundations for sustainable advances in productivity and production and impart an income orientation to farming, helping bridge the gap between potential and actual yields and income in farming systems. Since land and water are shrinking resources, and climate change is a real threat, the NCF has urged the spread of conservation and climate-resilient farming. A conservation-cultivation-consumption-commerce chain should be promoted in every block. This will call for technological and skill upgradation of farming practices. Methods to achieve a small farm management revolution that will result in higher productivity, profitability and stability under irrigated and rain-fed conditions are detailed.

The widening of the food basket through the inclusion of nutritious millets, the mainstreaming of nutritional considerations in the National Horticulture Mission, and the consumption of salt fortified with iron and iodine will help reduce chronic protein-energy under-nutrition and hidden hunger caused by the dietary deficiency of micronutrients such as iron, iodine, zinc, Vitamin A and Vitamin B12. A sustainable food security system can be developed only with home-grown food, not imports.

Procurement: Procurement should cover not only wheat and rice but also jowar, bajra, ragi, minor millets and pulses. When India started the High Yielding Varieties Programme in 1966, jowar, bajra and maize along with rice and wheat were included in the food basket in order to keep it wide. Community Grain Banks operated under the social oversight of Gram Sabhas will facilitate the purchase and storage of local grain. Farmers are now worried that the government may lower the minimum support price (MSP) to reduce the subsidy burden. This will kill the food security system. The MSP should be according to the NCF formula of C2 (that is, the total cost of production) plus 50 per cent. The actual procurement price should be fixed at the time of harvest, taking into account the escalation in the cost of inputs like diesel since the time the MSP was announced. Unlike in developed countries, where hardly 2 per cent to 3 per cent of the people are farmers, the majority of consumers (over 60 per cent) in India are farmers. Their income security is vital for food security.

Preservation: Safe storage of procured grain is the weakest link in the food security chain. India is yet to develop a national grid of modern grain silos. Post-harvest losses are high in foodgrains and in perishable commodities such as vegetables and fruits. A Rural Godown Scheme was initiated in 1979, but it is yet to take off. The government called off the “Save Grain” campaign some years ago, ending a relevant programme in the context of food security.

Public Distribution: The strengths and weaknesses of India's public distribution system, the world's largest, are being discussed widely. Corruption and leakages are widespread. There are States such as Tamil Nadu, Kerala and Chhattisgarh where the PDS is being operated efficiently. The challenge is to learn from the models and convert the unique into the universal.

In the ultimate analysis, what is relevant for human health and productivity is nutrition-security at the level of each child, woman and man. India has to shift from viewing food security at the aggregate level to ensuring nutrition-security at the level of each individual. This will call for concurrent attention being paid to availability, access and absorption. Indian agriculture is in a state of crisis, both from the economic and ecological points of view. Unless attention is paid to soil health care and enhancement, water conservation and efficient use, adoption of climate resilient technologies, timely supply of needed inputs at affordable prices, credit and insurance, and producer-oriented marketing, a higher growth rate in agriculture cannot be realised.

In the area of access, the MGNREGP and the Food Security Act that seeks to ensure 35 kg of staple grain at Rs.3 a kg will help. This has to be combined with efforts to create avenues for market-driven non-farm enterprises. When China started its agricultural reform, a two-pronged strategy was adopted. It involved higher productivity and profitability of small farms and greater opportunities for non-farm employment and income through Township Village Enterprises. In India there is still a gross mismatch between production and post-harvest technologies. This results in the spoilage of foodgrains and missed opportunities for value addition and agro-processing. The use of agricultural biomass is generally wasteful and does not lead to the creation of jobs or income.

In the field of absorption of food in the body, it is important to ensure clean drinking water, sanitation and primary health care. Even in a State like Tamil Nadu where steps have been taken to ensure food availability at affordable cost, a food insecurity analysis done by the M.S. Swaminathan Research Foundation (MSSRF) along with the World Food Programme shows that the level of food security is far better in households with toilets. The Rajiv Gandhi Drinking Water Mission, the Total Sanitation programme and the National Rural Health Mission are all important for food security.

India's global rank in the areas of poverty and malnutrition will continue to remain unenviable, so long as the country does not enable all its citizens to have a productive and healthy life. The Food Security Act holds out the last chance to save nearly 40 per cent of India's population from the hunger trap.

(Professor M.S. Swaminathan is a Member of Parliament, Rajya Sabha, and Chairman of the M.S. Swaminathan Research Foundation.)

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Siruvani level goes up slowly

Moderate rainfall increases inflow

COIMBATORE: The water level in the Siruvani Dam is inching upwards with moderate rainfall, according to official sources.

From 19.35 ft (against the full reservoir level of nearly 51 ft), the level rose to 20 ft. This is nearly 10 ft more than the level on June 7 last year.

But, the only difference is that the dam recorded no rain till 8.30 a.m. on Wednesday, as against 142 mm last year.

What lends hope of the situation improving is last year's experience. From just 10 ft on July 7, the dam filled up and water overflowed from it on July 19.

But, for that to happen this year also, the South West Monsoon has to turn very vigorous soon, the sources point out. There was no overflow from the dam in 2008 as the monsoon was below normal. In 2007, the overflow was on July 8 and it was on July 4 in 2006.

Following are the rainfall figures so far this month: July 1 (10 mm), July 2 (30 mm), July 3 (20 mm), July 4 (35 mm), July 5 (7 mm) and July 6 (20 mm).

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Paddy procurement scam unearthed

BERHAMPUR: Investigation is on to root out irregularities during the paddy procurement process in Ganjam district.

At the direction of the Ganjam district Collector, V.K.Pandian two rice mills at Sorada have been sealed up. An independent team has started investigation into the allegations of irregularities during the paddy procurement and processing by the rice mills in the district.

Speaking to The Hindu, Mr. Pandian said any one involved in any scam-related to paddy procurement would not be pardoned as they played with the livelihood of the poor. There are 475 rice mills in the district. According to him few more rice mills which got involved in nefarious activity during the paddy procurement process are also on the watch. He did not reveal any details related to the investigation as the investigation was still on. The two rice mills that were sealed up for further investigation had more than Rs. 3 crore worth of rice and paddy stored in them.

All documents and files of these rice mills have been seized. It was alleged that these rice mills had in their documents showed to have procured paddy from farmers who in reality never existed. A team of officials led by Bhanjanagar sub-collector Pabitra Mandal had made this surprise raid.

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Clamour for release of water for irrigation

BERHAMPUR: Demands are on for release of water in canals for irrigation in the State to save agriculture which is suffering due to insufficient rain.

Former deputy speaker of the Assembly, who is spearheading the movement for a river linking project to link the Ruhsikulya and the Mahanadi rivers in the State said it is high time for the State government to come up with a detailed plan to enhance irrigation facility and to bring in long term solution for the water crisis.

Speaking to newsmen in the city on Tuesday, Mr. Panda said the short-term solutions can be building of more check dams and earthen dams on rivers and streams of the State for the optimum use water available in them. The long-term solution was the river linking project, he added. It may be noted that during his visit to Orissa last month, the former chief minister of Orissa and present Governor of Assam, J.B.Patnaik had also advocated linking of the Rushikulya and Mahanadi to be the only solution to rise in drought and floods in the State .

Mr. Panda urged the State government to immediately form a special body to identify points where check dams could be built up to harvest as much water as we can for agriculture. He pointed out that at the beginning of monsoons a lot of water flowed away to sea through the rivers without being used and now farmers are anxiously waiting for rains. It also caused a mini flood like situation in Rushikulya River which is now dry. The low lying areas have already got their paddy planted. They are in extreme need of water. So, he demanded water to be released through the canals to help these farmers.

Mr. Panda also added that most of the irrigation projects were in Orissa were in denuded State which had reduced their water bearing capacity by 30 per cent. He termed the Chief Minister who holds the irrigation portfolio to be callous towards the problem during past decade as the farmers suffered from regular drought like situations.

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Inflation may come down to 5-6 %

NEW DELHI: Even while expecting inflation to come down to 5-6 per cent by the year-end, the Central Government on Tuesday did not rule out Reserve Bank of India (RBI) intervention if inflation was due to money supply.

The Centre also intended to rejig subsidies in the days to come.

Talking to reporters, Cabinet Secretary K. M. Chandrasekhar said that inflation was expected to come down to 5 to 6 per cent by December-end if the monsoon continued to be good, which was expected to bringing down food inflation.

The government claimed to have stabilised prices of food articles for about three to four months now, but Mr. Chandrasekhar regarded prices of pulses as a problem area and saw no respite in the next two to three years with mismatch between demand and supply being about 6 million tonnes.

At the same time he felt that the RBI would have to take a call on the causes of inflation and tighten its monetary policy to squeeze out excess liquidity.

The RBI is scheduled to review its policy on July 27.

He also pointed out the government's intention to rejig its subsidy mechanism in a way as to ensure that it reached the poorest on the one hand and incentivise production at the same time. His stress was on the way the government had redesigned the fertilizer subsidy without affecting the farmers.

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Edible oils remain weak on subdued demand

The Hindu Subdued demand amid weakening trend in global markets was responsible for the weak edible oil prices today. File photo: P.V. Sivakumar

Select edible oil prices lost Rs. 10 per quintal in the wholesale oils and oilseeds market on Tuesday on subdued demand at existing higher levels amid weakening trend in global markets.

However, castor oil in the non-edible section, showed some strength on increased industrial off-take.

Marketmen said subdued demand at existing higher levels and reports of a weakening trend in global markets mainly led to a fall in select wholesale edible oil prices.

Meanwhile, palm oil futures for October delivery declined by 0.6 per cent to $ 756 a metric tonne on the Malaysia Derivatives Exchange.

In the national capital, palmolein (rbd) and crude palm oil (ex-kandla) oils remained weak and prices lost another Rs. 10 each to Rs. 4,370 and Rs. 3,720 per quintal.

Soyabean refined mill delivery (Indore) and soyabean degum (Delhi) oils also traded lower by the similar margion at Rs. 4,610 and Rs. 4,410 per quintal.

In the non-edible section, castor oil gained Rs. 100 to Rs. 7,450-7,550 per quintal.

Following are today's quotations in rupees per quintal:

Oilseeds: Mustard seed 2,500—2,600 and groundnut seed 2,100—2,850.

Vanaspati ghee (15 litres tin) 720—830.

Edible oils: Groundnut mill delivery (Gujarat) 8,000, groundnut Solvent refined (per tin) 1,350—1,360, Mustard Expeller (Dadri) 5,050, Mustard Pakki ghani (per tin) 690—845, Mustard kachi ghani (per tin) 845—945, Sunflower 6,300, Sesame mill delivery 5,850, soybean Refined mill delivery (Indore) 4,610 Soyabean degum (Delhi) 4,410, Crude Palm Oil (Ex—kandla) 3,720, Cottonseed mill delivery (Haryana) 4,400, Palmolein (RBD) 4,370, Rice bran (phy) 3,750 and Coconut (per tin) 1,030 —1,060.

Non—edible oils: Linseed 4,000, Mahuwa 4,000, Castor 7,450—7,550, Neem 3,700—3,800, Rice bran 3,300—3,400 and palm fatty 3,225—3,300.

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

Published: July 20, 2010 16:14 IST | Updated: July 20, 2010 23:35 IST New Delhi, July 20, 2010

Inflation may come down to 5-6 %

AP Indian currency notes are seen lying in a tray at the cash counter of a bank in Bangalore. With good monsoon and good crop, the government expects the inflation to fall. File photo

Centre intends to rejig subsidies in the days to come, says Chandrasekhar

Even while expecting inflation to come down to 5-6 per cent by the year-end, the Central Government on Tuesday did not rule out Reserve Bank of India (RBI) intervention if inflation was due to money supply.

The Centre also intended to rejig subsidies in the days to come.

Talking to reporters, Cabinet Secretary K. M. Chandrasekhar said that inflation was expected to come down to 5 to 6 per cent by December-end if the monsoon continued to be good, which was expected to bringing down food inflation. The government claimed to have stabilised prices of food articles for about three to four months now, but Mr. Chandrasekhar regarded prices of pulses as a problem area and saw no respite in the next two to three years with mismatch between demand and supply being about 6 million tonnes. At the same time he felt that the RBI would have to take a call on the causes of inflation and tighten its monetary policy to squeeze out excess liquidity. The RBI is scheduled to review its policy on July 27. He also pointed out the government's intention to rejig its subsidy mechanism in a way as to ensure that it reached the poorest on the one hand and incentivise production at the same time. His stress was on the way the government had redesigned the fertilizer subsidy without affecting the farmers.

Keywords: Indian economy, food inflation, stimulus package

express buzz
By KS Narayanan | ENS
21 Jul 2010 02:16:56 AM IST

Pulses prices to stay high

NEW DELHI: Reiterating that headline inflation would ease by year end, Union Cabinet Secretary K M Chandrasekhar said that pulses would continue to be a headache both for policy makers and home makers alike.

"The headline inflation would ease to 5-6 per cent by December," Chandrasekhar told reporters after he along with Finance Secretary Ashok Chawla, Revenue Secretary Sunil Mitra, Commerce Secretary Rahul Khullar, Agriculture Secretary Prabeer Kumar Basu held discussions with the captains of industry on how India can achieve a sustainable growth rate of 10 per cent by 2014 at a conclave organised by the Confederation of Indian Industry here on Tuesday.

Asked about the spiraling retail price, Chandrasekhar said the hike in minimum support price to rice and wheat reflected their prices.

"Accordingly, its prices should not fluctuate and be stable," he said, adding sugar prices have come down and that of edible oil has become "steady"

On the pulses, the Cabinet Secretary acknowledged that it remained a critical problem for the policy makers. India's annual food inflation rose to 12.81 per cent for the week ended July 3 and the price of pulses alone shot up by at least 30 per cent.

"So far pulses are concerned it is a critical problem and would remain a problem over the next three or four years. The problem with the pulses is owing to a high mismatch with their demand and supply," said Chandrasekhar.

India is estimated to have produced 14.77 million tonnes of pulses in 2009-10 crop year. However, the annual demand is 18-19 million tonnes and the deficit is met through imports. India is one of the world's largest consumer and import of pulses.

"We do not have any sources and whatever is available abroad India absorbs most of the pulses. India sets the price and buys most of it. It will remain a problem," he said.

To boost the production of pulses and to reduce dependence on imports and incentives farmers, the UPA Government had hiked the minimum support prices recently.

Last month the Cabinet Committee on Economic Affairs meeting Chaired by Prime Minister Manmohan Singh fixed the Minimum Support Prices (MSPs for kharif crops of 2010-11 season) for tur dal at Rs 3,000 per quintal, moong dal at Rs 3,170 and for urad at Rs.2900 per quintal.

In addition, an additional incentive at the rate of Rs 5 per kg for tur, urad and moong sold during the harvest/arrival period of two months to procurement agencies shall also be provided.

By ENS Economic Bureau

21 Jul 2010 03:27:29 AM IST

'Food inflation to tone down after harvest'

HYDERABAD: Stating that inflation is always a matter of concern, Union Finance Minister Pranab Mukherjee, on Tuesday, said the spiralling food inflation is expected to tone down after the harvest season. With the prices of fuel and other commodities soaring high, the average inflation is expected to be moderate after the monsoon season.

Speaking to the media after participating in a meeting with chief ministers of southern states and CEOs of public sector banks here, Mukherjee said, "If one takes into consideration the index figure for the whole year, the annualized rate of inflation is 5-7 per cent. If the base of last year was high, you will get the benefit of the lower rate of inflation this year. If the base was low, we'll have the benefit of higher rate of inflation this year. The average inflation will be moderate after the monsoon season."

"I am concerned about the high rate of inflation, particularly, the food items. Up to April-May, it was food prices, which significantly contributed to the rising inflation, which was as high as 20 per cent in December. But it came down to about 14-15 per cent gradually. Recently, oth er ingredients of the inflationary basket are picking up and as a result the inflationary pressure is being felt," said Mukherjee.

Talking about the implementation of Food Security Act, he said that the Union Government has dedicated about 60,000 villages for pulse and edible oil production. "We are permitted to enact the Act. We have received suggestions from all the stakholders. We have asked the Planning Commission to determine the figure," Mukherjee said.

He further said that the Ministry is waiting for the Planning Commission to come out with census on the below poverty line population so as to extend scheme involving distribution of 25 kgs of wheat or rice at Rs 3 per kg.

By IANS
20 Jul 2010 10:52:56 PM IST

Committed to Food Security Act: Pranab

HYDERABAD: Union Finance Minister Pranab Mukherjee Tuesday said that the government is committed to enacting the Food Security Act and that the financial implications of this will be known only after the Planning Commission determines the number of families living below the poverty line.

He told reporters here that the act had two aspects - one to ensure availability of food to all and another to provide to BPL (below poverty line) families 25 kg of wheat or rice at Rs.3 per kg. "So far, as the subsidies are concerned, that will depend on the number of the BPL families which will be finally determined by the Planning Commission," he said.

Mukherjee said that the country would have to produce enough food to ensure food security.

"The current level of production is between 225 million tonnes and 230 million tonnes. As the population is growing, production level has to go up and that is why we suggested that green revolution should be extended to the eastern region and the production of certain types of food articles should go up."

He said the government decided to dedicate 60,000 villages as pulse and edible oil villages. A special provision of Rs.300 crore has also been made for this in the current year's budget.

Mukherjee was here to chair a meeting of chief ministers of southern states and chief executive officers of public sector banks and financial institutions. It was the fourth and last in the series of his consultations on financial inclusion.Andhra Pradesh Chief Minister K. Rosaiah was the only chief minister to attend the meeting. Other states were represented by cabinet ministers.The finance minister said the southern zone was relatively better and advances compared to other zones in terms of credit flow, availability of banking facilities, rural banking and core banking services."Still there are certain gaps. It was discussed how the gaps can be filled what the states can do, what bankers can do and what the central government can do," he said.

hindustantimes

HT Correspondent, Hindustan Times
Email Author
New Delhi, July 20, 2010
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India to grow 8.2% in '10: ADB

The Asian Development Bank (ADB) maintained its growth projection for India at 8.2 per cent for 2010, sharply below the International Monetary Fund (IMF's) 9.4 per cent and even lower than Finance Minister Pranab Mukherjee's conservative estimate of 8.5 per cent.

The ADB raised the growth prospects of the Asian economies to 7.9 per cent from 7.5 per cent as exports showed signs of picking up and the impact of stimulus packages began paying dividends

"Better-than-expected results in the first quarter, driven by buoyant exports, strong private demand and sustained stimulus policy effects are behind the revision," the ADB said. In April it had projected a growth of 7.5 per cent for the region.

Besides, India, the ADB kept China's growth projection unchanged at 9.6 per cent.

However, unpredictable private domestic demand, and the risks of sudden capital flows and exchange rate fluctuations could dampen recovery, the ADB said.

http://www.hindustantimes.com/StoryPage/Print/575242.aspx

Hyderabad, July 20, 2010
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Last Updated: 18:35 IST(20/7/2010)

Inflation no more confined to food items: Pranab

India's inflation is no longer confined to food items, Finance Minister Pranab Mukherjee said on Tuesday.

Mukherjee said inflation was a matter of concern but food inflation was likely to moderate after the summer harvest.

While the Indian economy is on track to grow at 8.5 per cent in the current fiscal year that ends in March 2011, it is grappling with a double-digit headline inflation.

At 10.55 per cent, India's annual wholesale price inflation in June remained above 10 per cent for the fifth straight month and financial markets widely expect India's central bank to raise interest rates by 25 basis points at its scheduled policy review on July 27.

http://www.hindustantimes.com/StoryPage/Print/575171.aspx

Weather

Chennai - INDIA

Today's Weather		Tomorrow's Forecast	
Cloudy	**Wednesday, Jul 21** Max Min 28.8° | 24.2°	Rainy	**Thursday, Jul 22** Max Min 34° | 25°
Rain: 00 mm in 24hrs	Sunrise: 05:51		
Humidity: 94%	Sunset: 18:38		
Wind: Normal	Barometer: 1004.0		

Extended Forecast for a week

Friday	Saturday	Sunday	Monday	Tuesday
Jul 23	**Jul 24**	**Jul 25**	**Jul 26**	**Jul 27**
32° | 27°	32° | 27°	31° | 27°	32° | 27°	32° | 26°
Rainy	Rainy	Rainy	Cloudy	Rainy

THE TIMES OF INDIA

Finance minister hopes inflation will moderate after monsoon

IANS, Jul 20, 2010, 07.26pm IST
HYDERABAD: Finance Minister Pranab Mukherjee Tuesday voiced concern about the high rate of inflation saying it is no longer confined to food items and hoped that it would moderate after the monsoon season.

"Up to April-May it was food items which contributed significantly. In December it went up to as high as 20 percent. Gradually it has come down 14 to 15 percent," he said.

Mukherjee said fuel and other ingredients of inflationary basket recently started picking it up and as a result inflationary pressure is being felt.

"I hope average annual inflation will be moderate and the impact will be felt after the monsoon season is over," he said.

Mukherjee was talking to reporters after a meeting with chief ministers of southern states and chief executives of public sector banks and financial institutions.

"We are taking up mission mode project to improve supply of pulses and edible. There is a shortfall of five million tonnes of pulses and three to four million tonnes of edible oil," he said.

Commerce secretary for retaining ban on exports of non-basmati rice

21 Jul 2010, 0440 hrs IST,ET Bureau

NEW DELHI: Commerce secretary Rahul Khullar's support for retaining the 2008 ban on export of non-basmati rice varieties ahead an inter-ministerial
panel's meet has given a new twist to the issue. Mr Khullar's statement came immediately after the government issued the fourth advance crop output estimates on Monday, which pegged rice production for 2009-10 at marginally lower levels than earlier estimated.

Apprehending tighter supplies, the domestic market has been witnessing a steady rise in retail prices for many varieties of non-basmati rice through the year. In addition, an erratic monsoon has increased concerns within the government. Amidst monsoon rain deficit worries, however, farm secretary PK Basu maintained: “There is no cause of concern on sowing and the crop production will do better this year.”

According to trade estimates, global rice prices may drop by $20-70/tonne on exports from India, which have been estimated in some quarters at around two million tonnes. Analysts are reported to have gauged that Indian rice would sell around $30/tonne cheaper than current Thai prices of about $455/ tonne.

Thailand, Vietnam and Pakistan gained markedly on rice exports in the wake of India’s persistent ban on exports and rice exporters are keen that the ban be removed, even if in a limited manner.

“High quality non-basmati rice such as Sharbati, Sugandha, Ponni etc should be allowed for exports if they fetch a good price of over $800-850/tonne in the global market, on the basis of an MEP. That be would almost on par with the price of basmati varieties,” Vijay Setia, president of the All India Rice Exporters Association (AIREA) asserted. The government has also set a floor price for exports of basmati rice at $900/tonne. A higher MEP for non-basmati varieties would also prevent inferior quality rice from being exported under the guise of high quality varieties, he maintained.

For the inferior quality rice, the AIREA president is of the view that the government should open up exports in a limited manner for meeting the needs of friendly neighbouring countries and other global obligations alone. “In fact, the Centre should consider exporting from the huge FCI stocks to meet these obligations rather than allow STC and other parastatals to buy rice from the open market. That would promptly push up consumer prices in the home market, which is what the government is apprehensive of in wanting to retain the export ban,” he said.

The production of rice in 2009-10 is pegged at 89.13 million tonnes in the fourth advance estimate released Monday, marginally lower than previous estimate of 89.31 mt. Against this, the Centre has until recently procured 51.3 mt of grain in the current year, with rice buys pegged at 28.8mt tonnes, ballooning stocks well beyond the buffer norms.

Falling sugar prices may witness violent swings
21 Jul 2010, 0443 hrs IST,AGENCIES

Sugar prices could be heading for a 30% drop, weakened by the returns from production and an excessive supply but thanks to India’s data “casino”,
investors should not expect a smooth ride, sector leaders have been warned.

Pierre-Henri Dietz, analyst at sugar merchant Sucden, warned that New York raw sugar prices will in “the medium term... recover a downward trend to $0.12-0.14 cents (per pound) range".

The jump in prices to multi-decade highs in February was a "likely over-reaction" to the 2009-10 hiccups in top producers Brazil and India which gave the world a second successive shortfall in output. The supply was 8m tonnes below demand.

And a rise of about 6 million tonnes in production in both Brazil and India this year would return world production into a surplus of 7 million tonnes, the type of balance which has historically been associated with weak prices.

Separately, trading house ED&F Man pegged the world sugar surplus at 3.3 million tonnes in 2010-11, after a deficit pegged at 2.3m tonnes the year before.

However, Mr Dietz warned that the market still faced the potential of a rough ride from India, whose sugarcane crop statistics faced the market with "a casino", thanks to the unreliability of information on factors such as cane planting and yields.

"There are uncertainties in Indian statistics," he told the World Association of Beet and Cane Growers conference, adding that these had a "real impact on the market".

In 2008-09, when investors had expected sugar production of 20.7m tonnes, it had turned out nearly 30% lower, while output beat initial expectations by 19% last year.

Furthermore, the size of India's swings in sugar production was "becoming too large for... the sugar market" which "will remain volatile given this risk". His warnings of volatility were echoed by Vincent Godier, head of soft commodities and agriculture at Credit Agricole, who advised investors: "Fasten your seatbelts."

"After a consolidation phase that should lead us to the 2011-12 campaign when the volatility should stabilise, we anticipate a comeback of violent swings in the sugar markets," he said, noting the growing interest of non-commercial investors in the sweetener. Raw sugar closed up 2.9% at 17.61 cents a pound for October delivery on Monday, with London's white sugar lot for the same month ending 2.8% higher at $534.00 a tonne.

Meanwhile, Indian government and trade officials said on Tuesday India's weak monsoon in recent days was not a cause of concern and the country's sugar supply is expected to improve significantly.

This year, the area under cane cultivation has increased and sugar output is expected to rise in the new season that begins on October 1. The Indian Sugar Mills Association said India's sugar stocks at the start of the new season would be 5.9 million tonnes, up from 3.2 million tonnes a year ago.

Business Standard

Wednesday, Jul 21, 2010

Isma expects sugar stocks to increase to 5.9 mt in 2009-10

Press Trust Of India / New Delhi July 21, 2010, 0:27 IST

The country is expected to have sugar stocks of 5.9 million tonnes (mt) in the current crop year, ending September, about 84 per cent more than the previous year, leading industry body, the Indian Sugar Mills Association (ISMA) today said.

The closing stock of sugar during the 2008-09 crop year stood at 3.2 mt in India, which is the world's largest consumer of the sweetener, Isma said in a statement.

According to Isma, domestic sugar production in the current crop year is estimated at 18.8 mt, while consumption is projected at 21.4 mt. This year's domestic sugar output, plus the balance stock of 3.2 mt from the previous year and estimated imports of 5.3 mt, will increase the total availability to 27.3 mt in the 2009-10 crop year, which is much more than the consumption, it said. The sugar year runs from October to September.

As of now, sugar mills have imported 2.83 mt of raw and 0.89 mt of white sugar, Isma said, adding that 0.6 mt of sugar is expected to arrive by the end of the current crop year.

The country also has a stock of 1.2 mt of raw sugar, which was imported in the previous year, it added. The government has allowed duty-free import of sugar since February, 2009, to improve domestic supplies and curb price rise. The zero duty on sugar imports is allowed till December.

Oilseed industry wants revision of import duty on edible oils

BS Reporter / Mumbai/ Ahmedabad July 21, 2010, 0:20 IST

With oilseed crushing being considerably lower than expected in the last six months, The Solvent Extractors' Association of India has requested government to consider revival package for the industry and suggested revision of import duty on edible oils to support farmers and the industry.

Expressing concern over the future of oilseed industry, Ashok Sethia, president, SEA, has stated in a letter to the member of the association that the trade body has suggested a slew of measures for improving domestic oilseed and vegetable oil processing industry.

The apex body of solvent extractors has urged the government to raise the duty on crude oil to 20 per cent and refinded oil at 25.7 per cent or atleast 10 per cent on crude oil and 17.5 per cent on refined oil to offset various taxes being paid by local producers.

The oilseed crushing industry is facing tough times. The industry is faced with negative crush margins due to reserve selling by stockists and farmers as well as excessive speculation in the markets. "The factors have made the prices of oilseed too high for the crushers. Also, duty free import of crude vegetable oils contributed to the negative crush margins," Sethia stated.

In the wake of oil-bearing material like rice bran, copra cake and palm kernel cake attracting 15 per cent import duty, the association feels that the duty may be reduced to zero percent to increase the overall availability of raw material for processing thereby increasing supply for feed industry.

"Oilseeds and pulses both are in short supply and needs equal support. Recently MSP for pulses was raised by 15-30 per cent whereas for oilseed was raised only by 2 to 9 per cent. MSP for oilseeds be raised in line with the pulses to encourage the oilseed production," he added.Currently, export of edible oil in consumer packs upto 5 kg subject to the ceiling 10,000 metric tonne (MT) is allowed. The current ceiling is expiring on 31 October, 2010. Upto 7 July 9,598 tonnes have already been exported and hardly 400 tonnes is remains. SEA has once again represented to Ministry of Consumer Affairs, Food and Public Distribution as well as Ministry of Commerce to raise the ceiling for the current year and also review the current policy for exports of edible oil. It has also requested the government to do away with the ceiling and allow export of edible oil in bulk as the conditions under which restrictions were imposed no longer exist.

Ministry trashes jute mills' capacity claims

Jayajit Dash / Bhubaneswar July 21, 2010, 0:25 IST

IJMA had claimed mills can meet the demand for the year.In a blow to the jute industry, the Union textiles ministry has said that claims about manufacturing capacity made by the Indian Jute Mills Association (IJMA), the apex body of the jute industry, are unrealistic.

A note prepared by the Jute Commissioner's Office (JCO) pointed out that almost 70-75 per cent jute mills operated below the norms of the Jute Manufacturers' Development Council (JMDC). The note will be placed for approval at a meeting of the Cabinet Committee on Economic Affairs (CCEA) to be held soon.

Protesting the proposal made by the Standing Advisory Committee of the Centre for 25 per cent dilution, IJMA said there were no capacity constraints and the jute industry was equipped to meet the packaging requirement of government procurement agencies in 2010-11.

However, according to the JCO note, the sacking capacity shown by IJMA is not attainable because of machinery imbalance and bottlenecks. While IJMA said the jute industry had an installed capacity of 1.5 million tonnes jute bags, JCO said the actual capacity was 1.18 million tonnes per year.

Backing its stand for a 25 per cent dilution in favour of plastic bags in the current financial year, the Union textiles ministry has said that it is being done in the interest of the economy and is in conformity with the National Jute Policy 2005.

According to the Jute Packaging Materials Act (JPMA), it is mandatory for government procurement agencies to go for 100 per cent jute packaging for foodgrain and sugar. In 2009-10, the ministry had made a similar recommendation for dilution. However, it was reversed at a CCEA meeting in September 2009 on the intervention of Finance Minister Pranab Mukherjee and Railways Minister Mamata Banerjee.

This year also, an IJMA delegation is stated to have met Banerjee to press for reversing the dilution and continuing with 100 per cent reservation for foodgrain and sugar. The association has also sent representatives to meet the prime minister and the finance minister.

Gram, its dal up on rise in demand

Press Trust of India / New Delhi July 20, 2010, 17:04 IST

In restricted activity, gram and its dal remained firm and prices strengthened further by Rs 25 per quintal in the wholesale pulses market today, as stockists enlarged their positions on pick up in demand.

Restricted arrivals from producing regions also influenced the trading sentiment.

Traders said increased buying by stockists and retailers, against limited arrivals from the producing regions mainly led to a rise in gram and its dal prices.

Gram, its dal local remained in demand and added another Rs 25 each to Rs 2,300-2,325 and Rs 2,525-2,550 per quintal, respectively.

Following are today's quotations in Rs per quintal:

Urad 5,350-5,900, Urad chilka (local) 6,200-6,600, best 7,100-7,400, Dhoya 7,150-7,250, Moong 5,400-5,800, Dal moong chilka local 6,100-6,500, Moong Dhoya local 6,300-6,500 and best quality 6,700-6,900

Masoor small 3,250-3,450, bold 3,450-3,700, Dal Masoor local 4,000-4,100, best quality 4,300-4,600, Malka local 4,150-4,200, best 4,300-4,400, Moth 5,800-6,100, Arhar 4,350-4,450, dal arhar dara 5,400-5,800Gram 2,300-2,325, gram dal (local) 2,525-2,550, best quality 2,675-2,775, besan (35 kg) Shakti bhog 1,050, Rajdhani 1,050, Rajmah chitra Pune 3,300-3,900, China 3,400- 3,900, red 3,400-3,500kabli gram small 3,800-5,000, dabra 2,700-2,800, imported 4,500-4,900, lobia 3,700-3,800, peas white 1,850-1,950 and green 2,050-2,250

THE HINDU Business Line

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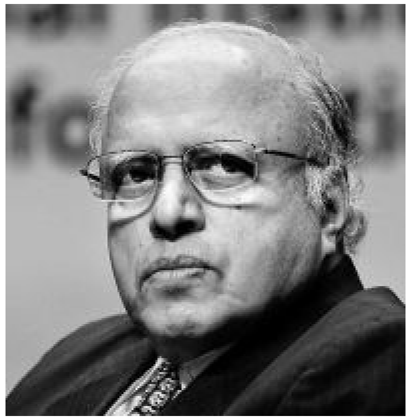
‘Farming is the riskiest profession'

At the height of the Green Revolution, the media was “ecstatic” about the dwarf wheat varieties making waves in the country, but today unfortunately the attention is on farm debt and farmer suicides.



DR M. S. SWAMINATHAN, AGRICULTURAL SCIENTIST AND RAJYA SABHA MP.

G. Srinivasan

When India's population was 350 million decades ago, 75 per cent of the people eked out a living by farming. But at today's 1.1 billion, the percentage of people living on land is still 60 per cent. “Land is a shrinking resource all over the country and you have no option but to produce from less land and less water”, says eminent agricultural scientist Dr M. S. Swaminathan. The octogenarian Rajya Sabha MP laments that “we have widespread malnutrition because small and marginal farmers are malnourished”.

In an interview to Business Line, Dr Swaminathan asserted that “India will remain a predominantly agricultural country. Shaping, instead of predicting, the future of agriculture is the duty of farm scientists, just as we shaped the future of agriculture in the 1960s through the Green Revolution. Modern industry offers jobless growth but agriculture accords a job-led growth. What CII and others should understand is that the largest private industry in India is agriculture — crop husbandry, animal husbandry, fishery, forestry, horticulture and agro-processing.”

At the height of the Green Revolution, the media was “ecstatic” about the dwarf wheat varieties making waves in the country, but today unfortunately the attention is on farm debt and farmer suicides.

Edited excerpts from the interview:

Why is the farm sector in the doldrums despite proactive measures from the Government?

The National Commission on Farmers has examined in great detail the fatigue issue in Green Revolution — the stagnation in yield, and the fall in factor productivity in relation to the 1960s. You need to double the quantity of fertiliser to produce the same output. Some of the reasons for the stagnancy are decline in investment in rural areas from the 1990s, and overexploitation of natural resources in States such as Punjab and Haryana.

We divided the country into four areas. First, the Green Revolution (GR) areas — the heartland of GR Punjab, Haryana and Western Uttar Pradesh.

Second, the green, but no GR, areas — the whole of Eastern India, including West Bengal and Assam, where water is not really the limiting factor.

Third, un-irrigated areas — with almost 60 per cent rain-fed, and only 40 per cent irrigated in spite of the best efforts. Even here, I would say only 30 per cent has got fairly reasonable irrigation. Groundwater is the most important component here.

The rain-fed areas produce pulses, oilseeds and many horticultural plants. Stagnancy in pulses production is because they are produced in un-irrigated areas. Fourth, special zones like the hills — the Himalayas, Western Ghats/Eastern Ghats — and coastal areas.

The most important suggestion we made was conservation and climate-resilient farming. In the US Farm Bill, for instance, the largest amount of money goes to conservation farming — soil conservation and conservation of bio-diversity. We have added climate-resilient farming and you have to have a new technology that helps minimise loss through changes in temperature.

We recommended shifting the breeding strategy to per day productivity and not per crop. Wheat yield in Punjab, farmers say, is a gamble in temperature and not rainfall.

Treating the saline soil is crucial. The Central Soil Salinity Institute in Karnal has developed a lot of technologies for reclamation of saline soil.

So, we must restore our soil fertility, conserve our groundwater, promote more use of river water with groundwater and adopt technologies which are climate-resilient. We can develop wheat varieties which are less temperature-sensitive.

In the green but no GR areas (Eastern India) there is going to be a second GR.

Sadly, today, 40 per cent of the farmers want to quit farming as revealed by the NSSO, and how do you have a second GR? But in the green but no GR areas there is a large untapped production reservoir. They can double the production over a period of time through water management, rainwater harvesting and care of soil health. That every farmer should be given a soil healthcare card is what we recommended, and the only State which did so quickly was Gujarat

The plant is no magician, it requires inputs for output. But nitrogen alone will not do. Micronutrients are needed to assuage what we call hidden hunger of the soil.

In the summer heat, carbon goes away, leaving soil carbon conditions poor. You may give any amount of nitrogen and if the micronutrient iron is not there, you will not get full yield.

So balanced fertiliser use is very important and that is why we recommended a nutrient-based subsidy which was accepted by the Government, and was implemented from April 1. I have not yet studied how well it is doing as it requires a lot of preparation on the part of farmers, such as determining deficiency in the soil.

In balanced farming we need to look at soil, water, credit and insurance.

Credit-linked insurance is weak. Farming is the riskiest profession. Higher the risk, the greater the insurance. Farming is the largest, most unsecured enterprise in the world. We have not insulated the farmers. We have forsaken the farmer to nature.

What do you think ought to be done to bring farming back into focus and what strategies are needed to stimulate farming as an industry?

We need to seriously look at agriculture. There are 128 agro-climatic zones in the country. We need in each and every zone a contingency plan, alternative cropping strategy, seed banks, grain banks and modern grain silos. For instance, in the seed bank in Koraput (Orissa), the women used to maintain 20-30 varieties of paddy seeds — one for late sowing, one for crop failure and a rescue crop. But now we have made it all homogenous in the bank.

There must be technological upgrading of agriculture through use of information technology sponsored by the Department of Information Technology in establishing common service centres (CSC) across the country.

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Back **Coconut oil gains as rain affects copra arrivals**

C.J. Punnathara

Kochi, July 20

As arrivals of copra into the Kerala market have trickled down on account of persistent rains, the price of coconut oil has firmed up this week. Coconut oil which opened firm at Rs 5,325 a quintal on Monday moved up to close at Rs 5,375.

“Firm trends are also emerging in Kangeyam in Tamil Nadu as coconut oil prices have moved up to Rs 5,300 and the price difference with the Kerala market has narrowed down. While copra arrivals to the Kangeyam market continue unabated, coconut oil flow from Tamil Nadu to Kerala has not increased as the price differentials have narrowed down,” MrPrakash B. Rao, President of Cochin Oil Merchants' Association, said. However, close to 30 tonnes of the 100 tonnes of coconut oil sold in Kerala market still come from Tamil Nadu.

Low arrivals have also resulted in copra prices moving up to Rs 3,600-3,800 a quintal. The firm trend in most other edible oils and the advent of Onam festival are other reasons for the price spurt. Although the price of palm oil has remained steady at Rs 4,200, price of the superior palm kernel oil remains competitive at Rs 5,300.

The industrial buyers who manufacture soaps, shampoos and cosmetic oils continue to focus on Tamil Nadu for their coconut oil demand. Consumers such as Marico and Dabur India were reportedly quite active in the market despite the small price rise. The Kerala market remains more a consumer-oriented market meant for edible oil consumption. However, with the narrowing of the price difference even the industrial consumers are expected to re-enter the Kerala market. On Monday alone, Wipro purchased close to 50 tonnes of coconut oil, sources in the oil trade said.

Market sources expected the firm undertones to continue well into the coming month as the Onam festival season will set in and coconut oil consumption is expected to spurt up on account of increased edible oil consumption in Kerala.

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Modified crop risk cover scheme from rabi season

Agriculture Insurance targets 50% farm holdings in three years.

Paradigm shift: There might be a shift in focus towards actuarial-based insurance rather than the present claim-based system.

K.V. Kurmanath

Hyderabad, July 20

The Agriculture Insurance Company of India (AIC) will bring half of the 12 crore farm holdings in the country under insurance cover in the next three to four years.

“We have so far covered 2.80 crore farmers (2.50 crore farmers in the National Agriculture Insurance Scheme and 30 lakh in the weather-based insurance scheme). We will add another three crore in the next three to four years,” Mr M. Parshad, Chairman and Managing Director of Agriculture Insurance Company of India, told Business Line.

He said the company would introduce the Modified National Agriculture Insurance Scheme from the rabi season this year, addressing the deficiencies such as the size of the unit.

A pilot scheme would be launched in the rabi season.

Mr Parshad said the size of the unit had been a major issue. “In most States, it is block or sub-district level. It needs to be reduced to the village level, in order to let the farmers benefit most,” he said.

Stating that individual assessment of crop losses at the level of a farmer could be functionally difficult, Mr Parshad said there might be a shift in focus towards actuarial-based insurance rather than the present claim-based system.

While the latter system involved contribution from the States and Centres in the claims, the actuarially priced (with higher premiums) policies would hold AIC responsible for all the claims.

Keeping in view the expansion of the coverage, the premier agriculture insurance company has decided to establish district level set-ups soon.

The company, which reinsurances with Nabard and General Insurance Corporation, had cumulatively covered 13.46 crore farmers in 26 States and Union Territories in 19 seasons from 1999 to 2009.

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Two models of dairying

HARISH DAMODARAN

The American dairying experience holds positive and negative lessons for India.

US dairy farming profile

	No. of dairy farms	No. of cows (million)	Milk output (million tonnes)
1950	3,681,627	21.367	52.89
1970	647,860	12.000	53.07
1980	334,180	10.799	58.24
1990	192,660	9.993	67.01
2000	105,250	9.199	75.93
2009	65,000	9.201	85.87

Rodger Koehn is one of those straight-talking, affluent farmers you would encounter in mid-western US. This 47-year-old resident of Peotone in Illinois operates 1,650 acres, of which 850-odd is devoted to corn, 650 to soyabean, 80 to alfalfa and the rest to wheat.

A significant portion of Koehn's income, however, comes from dairying. The 205 animals he rears are fed mainly on the farm's own produce. A lactating cow consumes daily around 60 pounds of corn silage, 8-10 pounds of dry alfalfa hay, 8-9 pounds of corn grain and 10-12 pounds of soyabean meal (one pound equals 0.45 kg).

“The entire grain, silage and hay I grow myself. Only the meal I buy, though even the soyabean gets produced here”, notes Mr Koehn, whose farm also has a cooling tank to store 7,500 pounds of milk.

The cows are machine-milked twice a day — 4 to 7 in the morning and likewise in the evening. The milk from the udders is conveyed through pipelines into the bulk tank, where it remains chilled at 3 degrees Celsius. The following noon, a tanker, normally of 60,000 pounds capacity, takes the milk to Foremost Farms, a cooperative dairy owned by 2,300 farmers, Mr Koehn included.

Mr Koehn sells daily about 7,000 pounds of milk or 2.5 million pounds annually. Foremost Farms, in turn, handles 5 billion pounds or 2.2 million pounds per farmer-member — making Mr Koehn a relatively big supplier even by US standards. In 2009, an average cow in his farm yielded 30,540 pounds, against the national figure of 20,576 pounds. His best cow, ‘Star', produced 56,000 pounds.

Factory Farm

But Mr Koehn's operation is miniscule compared to that of Fair Oaks Farms, a 30,000-cow venture spread over 25,000 acres in Newton and Jasper counties of Indiana. This farm — the largest in the US — produces 2.4 million pounds daily, with 80-90 calves being born every day. One in 17 minutes!

Milking is done on a rotating platform handling 72 cows at a time. The cows walk into the circular platform one after the other and ride the merry-go-round for roughly 8.5 minutes, during which they get milked by individual machines attached to their teats by operators. The motorised platform keeps revolving; the moment one cow completes its 8.5-minute round and is ready for despatch back to its barn, there is another one taking its place. Each cow is milked thrice daily. For the 28,000 lactating animals at any point, it translates into more than 80,000 milkings per day round the year.

Fair Oaks, too, produces all its fodder requirements — and even its own electricity. The 30,000 well-fed Holsteins excrete enough manure that can be turned into 59 per cent methane in a central anaerobic digester.

“We are now working on a closed-system technology to enable production of natural gas-equivalent 100 per cent methane”, says Mr Gary Corbett, CEO of the farm, jointly set up by five families in 1998. While buying power off the grid may be cheaper, the economics of on-farm methane is enhanced by sale of carbon credits (the captured biogas prevents methane emission as well as displaces fossil fuel use for electricity generation).

Such industrial-scale dairy farms are a contrast to India, where even 10-animal herds are exceptional. The country's 110 million tonnes (mt) milk output comes from some 70 million cows and 55 million buffaloes. This is as opposed to the US' 86 mt from just 9.2 million animals — the latter population having more than halved since 1950.

The 20,000-pounds average milk yield in the US compares to hardly 1,400 kg (3,100 pounds) here, with the best Murrah buffaloes giving 2,500 kg (5,500 pounds). India's largest dairy concern, Amul, procures 10 million kg of milk daily from 2.5 million farmers. At 4 kg per farmer, this is a fraction of the 3,100 kg supplied by Mr Koehn, leave alone Fair Oaks' 1.1 million kg.

Side Business

In India, unlike in the US, dairying is a subsidiary activity, with animals fed mostly on the by-products of crop agriculture — straws, cane tops, oil-cakes. For farmers, it is, thus, a means for converting agricultural wastes and using surplus family labour. Milk is more a source of daily cash, supplementing their primary income from sugarcane or paddy.

While American dairy farms rely on economies of scale and relentless yield improvements to pare production costs, it is the opposite in India: The very absence of scale — besides virtually nil opportunity costs of agri-residues and underutilised family labour — keeps costs low. With small herd sizes and negligible capital investments, there are no major overheads or replacement costs of assets to be factored into farmers' calculations.

The American dairy model has been successful in raising milk yields, but not so in addressing price volatility. Through much of 2007 to mid-2008, Mr Koehn was realising $20-22 on every 100 pounds of milk. With the meltdown, prices slid as low as $9.80 in July 2009. It has since recovered to $15-16, just about covering both feed ($6.5-7) and fixed costs ($7.5-8). “In 2008, my dairy income was $500,000. Last year, it plunged to $260,000 and I lost $180,000. Thankfully, my crop revenues fell less, from $700,000 to $620,000”, complains Mr Koehn.

It is precisely this sort of volatility that explains the phenomenon of farms periodically going bust and reinforcing the long-term trend of consolidation.

There are barely 65,000 dairy farms left in the US today — of which 7,000 with 200 or more cows produce 70 per cent of the total milk. But consolidation has not really helped farmers get better prices. For every gallon of whole milk selling at $3.3 in US stores, the farmer's share is only $1.3-1.4.

It is probably better in India, where Amul's farmers receive nearly Rs 25 on full-cream milk retailing at Rs 30 a litre in Ahmedabad and Rs 32 in Delhi.

‘Pure' Dairying?

For Indian dairies, the key future challenge lies in managing costs. As non-farm employment opportunities open up in a growing economy and more emphasis is placed on children's education, the advantages of zero/low opportunity cost of unpaid family labour will steadily diminish. The disappearance of common grazing lands in villages, diversion of straw to alternative uses (bio-fuel, paper, packaging) and increasing export of oil-meals will similarly impact hitherto ‘free' fodder and feed supplies.

In the long run, dairying may well have to outgrow its subsidiary status. Farmers with even five acres can be encouraged to take it up full-time by exclusively growing high-yielding fodder and maintaining 25-30 animals. They could also go in for selective mechanisation (milking machines and harvesting brush-cutters) to save on labour. The trick is to scale up without unduly pushing up capital costs and overheads. Farms with 100-plus cows are certainly not the way to go.

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Back **Food prices will remain stable, says Cabinet Secretary**

Govt looking to revamp subsidy schemes.

Our Bureau

New Delhi, July 20

Government officials on Tuesday expressed confidence that prices will remain stable and inflation would come down to 5-6 per cent by the year end.

Addressing a press conference, the Cabinet Secretary, Mr K.M. Chandrasekhar, said, “With a good monsoon and good crop, inflation will certainly fall. Experts are saying that inflation would be at 5-6 per cent the year end and I don't have any reason to disbelieve it.”

“Over the last 3-4 months we have been able to maintain prices at stable levels. Retail food prices have more or less stabilised,” he added.

Mr Chandrasekhar also said that he expects milk prices to remain stable in the coming months, but due to supply side constraints he expects prices of pulses to be high. “There is a mismatch in supply and demand. As the middle class expands, demand will also expand and it will take time to filter down to the producers' side,” he said.

In June, the wholesale price index rose by 10.55 per cent, but Mr Chandrasekhar said that the prevailing high inflation rates is also due to the low base effect. “It is only year-on-year that prices seem higher because of a low base. I don't see a high inflation atmosphere persisting primarily because the inflation rate is a year-on-year basis and last year prices were running low with people talking of deflation and negative inflation,” said the Cabinet Secretary.

Mr Chandrasekhar added that the Reserve Bank of India is closely monitoring the inflation scenario and will tighten the monetary policy if it feels that inflation is due to excess money supply.

“The RBI will have to take a call on whether inflation is because of excess money supply or supply side constraints. If it is on account of liquidity being much greater, then obviously there is a call for more monetary measures,” he said.

RBI is scheduled to review its monetary policy on July 27 and is expected to further hike its key policy rates, repo and reverse repo rates, by 25 basis points each to check inflation.

Subsidy schemes

The Government is looking at a shake up of the subsidy schemes in order to cut the fiscal deficit, Mr Chandrasekhar said.

“We are looking at subsidies, how the subsidy system can be rejigged to ensure it reaches the poorest of the poor on one hand, and at the same time it incentivises production. However, deregulation of diesel, kerosene and LPG is not on the anvil,” he said. The country spent $26 billion in food, fuel and fertiliser subsidies in the previous fiscal but it recently deregulated petroleum pricing to help reduce the burden.

The Cabinet Secretary was of the opinion that the fiscal deficit could fall below the budget estimate of 5.5 per cent because of high non-tax revenue receipts. The Government received over Rs 1 lakh crore from sale of spectrum against the original estimate of Rs 35,000 crore.

Mr Chandrasekhar hinted that stimulus measures are likely to remain for sometime. “As far as stimulus measures are concerned, they are a set of measures that we took at that particular point of time. But now those stimulus measures have got integrated into the system and they are part of our system. However, as we go along, the Government and the Reserve Bank of India will have to make changes,” said Mr Chandrasekhar.

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Back **Caution is the word on cotton crop prospects**

Trade body sees higher area under the crop in South.

L.N. Revathy

Coimbatore, July 20

While the sowing report released by the Agriculture Ministry has shown good progress in the cotton coverage during the current kharif season, the South India Cotton Association (SICA) prefers to maintain a conservative estimate of the crop at least for another fortnight.

The report has indicated a good increase in acreage in Maharashtra and Andhra Pradesh this season.

The Cotton Advisory Board is expected to meet on July 30 in Mumbai to discuss the current crop scenario. The CAB's estimate for the 2009-10 season ending September is 292 lakh bales.

Zonal pattern

Meanwhile, the cotton association here has made a study of the crop situation across the three cotton zones – North, Central and South.

SICA sources said the crop was in good shape in Punjab. Both in Punjab and Haryana, farmers were clearing the flooded tracts, pulling out weeds and applying manure. While the acreage seemed to have increased in Punjab, in Haryana, despite the favourable condition for planting of cotton, the area continued to remain steady (earlier season's level). In Rajasthan, SICA sources anticipate a dip in acreage.

The area under Bt cotton in the northern zone is expected to go up 7-12 per cent.

In the Central zone comprising Gujarat, Maharashtra and Madhya Pradesh, sources said, the sowing had advanced but it was still early to assess the acreage.

The area under cotton in the South – particularly in Karnataka and Andhra Pradesh – could increase by 12 to 15 per cent due to favourable conditions, said SICA sources.

Lint prices are reported to have remained steady during the last fortnight and the arrivals satisfactory, in small lots.

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Back **Inflation will moderate by end-August, says Pranab**

Our Bureau

Hyderabad, July 20

The Union Finance Minister, Mr Pranab Mukherjee, has said inflation continues to be a matter of concern but the Government expects it to moderate by August-end.

Addressing a press conference here after a meeting of the Southern Chief Ministers, the Finance Minister said the assessment of inflation is dependent on what is taken as a base. The inflation during the year is about 5.5 per cent. While the food inflation was coming down, the recent fuel price hike has added to this.

Food security

“The Government is keen to ensure food security and has increased the quantum of agricultural credit from Rs 2,25,000 crore in 2008-09 to Rs 3,25,000 crore in 2009-10 to Rs. 3,75,000 crore during 2010-11. As a part of the Government efforts to ensure food security and commitment in the election manifesto, we will enact the Food Security Act,” he said.

The focus is on to ensure availability of foodgrain at subsidised rate of Rs 3 a kg of either wheat or rice to below the poverty line families. Ensuring food security is linked to increase in food production, which is now at about 225-235 mt. “Therefore, we have provided Rs 300 crore to increase productivity in the North-East,” he said.

REGULATORS INDEPENDENCE

Mr Mukherjee categorically stated that there is no ambiguity with regard to ensuring regulators – RBI, IRDA, PFRDA and SEBI – have functional autonomy. All regulators will enjoy autonomy according to the provisions of the respective Acts. If there is conflict between two regulators in the area of hybrid products, a joint mechanism would be established through an Ordinance to detect which regulator has jurisdiction.

This concept is limited and the Government is not interested in interfering.

Forex comfortable

“The country's forex reserve position is quite comfortable. We are not worried about overflow of capital institutional or otherwise. It is under manageable levels. Therefore, there is no need to intervene,” he said.

SOUTH AHEAD

The Finance Minister said that the Southern States were ahead in terms of initiating steps for financial inclusion and also ensuring better credit flow to the farm sector and small and medium enterprises.

During the meeting with Chief Ministers/Finance Ministers of Southern States, the Finance Minister advised the Chief Ministers to closely monitor the financial inclusion plans and extend credit flow.

The bankers have also been asked to actively associate themselves with State Government programmes and increase issue of Kisan Credit cards by 20 per cent.

On a query as to when they plan to bring a legislation to regulate MFIs, he said that the Bill is currently under evaluation.

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Back **TN hikes sugarcane price**

Higher payment: The sugarcane price is in line with the State Government's announcement in the Assembly during the budget session when it said the sugarcane farmers would be paid Rs 2,000 a tonne for the season. —

R. Balaji

Chennai, July 20

The Tamil Nadu Government has announced a State Advised Price of Rs 1,900 a tonne for sugarcane linked to a sugar recovery of 9.5 per cent for 2010-11.

The State Government's order says that the SAP along with the transport cost of about Rs 100 to be borne by the sugar mills will take the total sugarcane price for the season to Rs 2,000 a tonne. In addition, the mills are to pay an incentive of Rs 14.60 for every 0.1 basis point increase in sugar recovery over 9.5 per cent as announced by the Centre in its Fair and Remunerative Price for sugarcane for 2010-11.

The FRP for 2010-11 has been set at Rs 1,391.20 a tonne linked to 9.5 per cent sugar recovery.

The sugarcane price is in line with the State Government's announcement in the Assembly during the budget session when it said the sugarcane farmers would be paid Rs 2,000 a tonne for the season.

For the 2009-10 the State Government had announced a SAP of Rs 1,437.40 a tonne linked to 9.5 per cent sugar recovery and an incentive of Rs 11.30 for every 0.1 per cent basis point increase in sugar recovery with transport cost to be borne by the mills, which was estimated to be about Rs 90 a tonne. This took the SAP to Rs 1,550 a tonne which was subsequently increased to Rs 1,650.

Increase – a worry

Reacting to the order, the sugar mill representatives expressed concern on the steep increase in sugarcane prices as compared to the previous season. They pointed out that during the last season the private sector sugar mills had paid more than Rs 1,700 a tonne, apart from various incentives, when sugar prices had been ruling high.

However, the situation on the sugar price was radically different now. Sugar prices had fallen significantly and the sugarcane prices were unviable at such levels.

Mr N. Ramanathan, President, South Indian Sugar Mills Association – Tamil Nadu, said though the announcement was along expected lines, sugar mills are concerned over the steep increase in the context of depressed sugar prices. Sugar prices were now around Rs 2,600 a quintal which is well below the breakeven price.

Also, the market trends indicate that sugar prices could drop further on higher production in the coming season. When sugar prices were higher last year sugar mills had supported a higher sugarcane price.

Low acreage

Unlike in other States where sugarcane production is expected to increase significantly, sugarcane acreages in Tamil Nadu are all well below the peak production limits. In 2009-10, the sugar production was about 13 lakh tonnes, just about 50 per cent of the peak levels. For the coming season, the production could be about 10 per cent higher at the most, estimates the industry.

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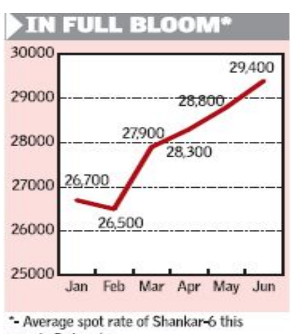
Back **Cotton rules steady as ginners shut shop**



*- Average spot rate of Shankar-6 this year in Rs/candy
Source: EICA

Rajkot, July 20

Cotton price continued to rule steady in the market on lack of any big deals. According to traders, most ginners are in the process of stopping the factory and this situation is likely to continue till the new season begins in October.

The price of Shankar-6 cotton ruled at Rs 29,300-29,700 for a candy (of 356 kg). The price in Maharashtra was quoted at Rs 28500-29000 a candy.

According to traders, good rain at production centres, especially in Gujarat, holds promise for the new season. Moreover, there is sufficient stock to meet the off-season demand.

A Rajkot-based ginner, Mr Arvindbhai Raichura, said: “The season is almost over now and there are no big deals happening in the market. The price will not increase but it rule at current levels. About 90 per cent of the ginners have shut down their units for 2 months.”

Good rainfall in the Saurashtra region, where Shankar-6 BT cotton variety is grown the most in the country, has helped cotton crop to survive. The sowing area has increased by 20-25 per cent in the region.

According to market sources, the price will rule between Rs 28,000 and Rs 29,000 during this nex two months.

Reuters reports: Cotton prices are seen under pressure this week as farmers have planted the fibre crop in one fifth more area than in the previous year, boosting output hopes, traders and officials said.

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Scope to overcome coir fibre shortage

Kochi, July 20

The Coir Board Chairman V.S. Vijayaraghavan has called for efforts to overcome the growing shortage of coir fibre as the State's traditional coir sector has immense scope for development in view of the surge in export figures for the past three years coupled with hike in domestic sales.

Malabar region, which accounts for 60 per cent of the state's total coconut production, had a great role to play to overcome the shortage of coir fibre as hardly 30 per cent of the available coconut husks were being procured from this region at present, he told reporters at Kannur.

Growth in exports

Coir exports, he said, had registered 36 per cent growth during the past two years from just Rs 508 crore during 2007-08 to Rs 804 crore during the last fiscal, while the number of exporting countries also rose from 70 to 105 during the period. USA accounting for 33 per cent of the country's total coir product exports while Germany and the UK followed with enhanced intakes as a result of growing global awareness on environment-friendly coir products, he said.

Better technology

He said that speedy mechanisation at all levels of the coir industry was also being undertaken jointly by the Coir Board and the Kerala government's Coir development department. This was aimed at ensuring better wages for the workers, arising out of enhanced productivity on the one hand while solving the growing shortage of trained artisans on the other side.

The development of the mobile de-fibering machine by the Central Coir Research Institute (CCRI) of the Coir Board at Kalavoor was likely to revolutionise the coir sector. The machine, further modified by the National Coir Research and Management Institute (NCMRI) of the Kerala government, was being popularised in a big way in the coir sector.

Earlier, addressing a one-day workshop on Development of the coir industry in the Malabar Region, Mr Vijayaraghavan said the Union Ministry of Micro, Small and Medium Enterprises has approved a scheme of Fund for Regeneration of Traditional Industries. The Board has earmarked Rs 93 crore for implementation of the scheme out of the total allocation of Rs 243 crore at its disposal.

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Pepper futures flat on limited activity

G.K. Nair,Kochi, July 20

Pepper futures that witnessed high volatility during the day eventually closed flat on limited activities and almost matching demand supply position. There were liquidation and switching over while investors were buying back their sales.

July contract matured today with 385 tonnes going for delivery, while 548 tonnes were liquidated or switched over. July contract moved up by Rs 32 to close at Rs 20,505 a quintal. August and September declined by Rs 4 and Rs 12 respectively to close at Rs 20,655 and Rs 20,915 a quintal.

Total turnover increased by 1,018 tonnes to 27,043 tonnes. Total open interest dropped by 303 tonnes to 20,143 tonnes. August open interest dropped by 230 tonnes to 14,852 tonnes while that of September increased by 460 tonnes to 3,394 tonnes.

Spot prices remained steady at previous levels of Rs 19,500 (ungarbled) and Rs 20,000 (MG 1) a quintal on limited activities.

Domestic demand from North India was slow due to the heavy rains in Delhi and other major centres, market sources told Business Line.

Once the rains are over, demand is expected to pick up, as major stockists in upcountry anticipate that prices would go up further. Indian parity in the international market for MG 1 is at $4,600 a tonne (c&f) and it is almost competitive with other origins, trade sources said.

An overseas report from the US said buyers were quiet and on a wait and watch attitude. Black pepper prices quoted for different origins in dollar per tonne (c&f) New York were: MG 1 asta – 4,750-4,850; Vietnam 500 GL –4,000-4,050 (fob); Vietnam 550 GL – 4,150-4,200 (fob); Vietnam asta -prefers to work firm bids; Lampong asta – 4,400 - resellers may discount origin market; Sri Lanka 500 GL -ask for firm offer; BrazilB2 500 GL – 4,100 (fob) Aug/Sep; Brazil B1 560GL – 4,200 (fob)Aug/Sep; and Brazil asta – 4,300 (fob) Aug/Sep. Vietnam white pepper -quote $6,100 (c&f)- will respond to firm bids.

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Back **Cashew exports up in value, down in volume**

G. K. Nair

Kochi, July 20

Cashew exports increased in value during the first quarter of the current fiscal on increased unit value realisation , though volume declined.

Better Demand

Improvement in demand and price in June contributed significantly to the value realisation as the unit value rose to Rs 288.89 a kg against Rs 262.33 in June 2009.

Total shipments during April–June stood at 25,862 tonnes valued at Rs 713.01 crore against 2,6295 tonnes worth Rs 698.46 crore in the same period a year ago.

When there was a decline of 433 tonnes in volume, the gain in value was Rs 14.55 crore, Cashew Export Promotion Council of India (CEPC) sources said.

Improved demand from the Asian markets in recent weeks pushed up exports marginally in June, while short-covering helped the unit value to move up, industry sources told Business Line.

Export of Cashew Nut Shell Liquid (CNSL) increased during April –June significantly to 2,012 tonnes valued at Rs 5.6 crore from 1,687 tonnes valued at Rs 4.17 crore during the same period a year ago.

Increased demand from paint and other industries led to the surge in the shipments, they said.

Imports of raw nuts declined in the first quarter to 2,31,804 tonnes valued at Rs 949.76 crore against 2,44,484 tonnes valued at Rs 879.46 crore a year ago.

SLACK DEMAND

Slack demand for cashew kernels in recent months coupled with increase in the raw cashew nut (RCN) prices restricted imports of the raw material.

However, despite the rise in RCN prices to Rs 42.08 a kg from Rs 34.59 a kg in June 2009, the imports increased to 1,17,881 tonnes valued at Rs 496 crore from 1,11,674 tonnes in the same month last year.

Non-availability of the raw material indigenously in sufficient quantity and ever growing domestic demand for cashew kernels said to have led to increased imports of raw nuts, they added.

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Back **Chilli farmers get weather-based insurance claims in AP**

INCREASING AWARENESS.

Our Bureau

Hyderabad, July 20

About 16,500 chilli farmers in Guntur district of Andhra Pradesh have received the first ever insurance claim under the new Weather Based Crop Insurance Scheme launched by the Agriculture Insurance Company (AIC) for chilli farmers.

The scheme covered events like deficit rainfall, excess rainfall and uneven distribution of rainfall. It calculates the crop damages with village as a unit as against block, mandal or district in the other agriculture insurance scheme.

Mr K Rosaiah, the Chief Minister, received a cheque for Rs 17.34 crore from Mr M. Parshad, Chairman and Managing Director of AIC, here on Tuesday towards insurance claims for the farmers for the lost crop during the kharif season last year.

Stating that weather-based insurance scheme provided better coverage, Mr Rosaiah said the Government had decided to extend the scheme to all the districts from this season. The State now has extended the scheme to cotton, oil palm and sweet lime in several districts.

Addressing a press conference here, Mr N. Raghuveera Reddy, the Minister for Agriculture, said the farmers in 38 mandals of Guntur were benefited. “This year, we have extended the weather-based cover to cotton farmers in Adilabad, Khammam and Warangal districts, sweet lime in Nalgonda district, palm oil in West Godavari district and mangoes in Chittoor and Rangareddy district.

“We have significantly increased awareness among the farmers in the last few years. As against the total insurance claims of Rs 598 crore during 2001-03 in the Telugu Desam Government, we could see disbursals of Rs about 2,000 crore during 2004-08,” the Minister said.

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Back **Castor futures ease on lower offtake**

Our Correspondent

Rajkot, July 20

After a strong rise during last week castor futures dropped slightly on Tuesday due to lower demand.

On the Rajkot Commodity Exchange, Castor September future contract dropped marginally Rs 2 to Rs 3,714 a quintal.

Spot castor oil was Rs 3,565/100 kg. Castor arrivals at Gujarat were about 14,000-15,000 bags (of 60 kg) and fetched Rs 705-720/20 kg. Arrivals at Saurashtra region were 1,000-1,200 bags; prices were Rs 690-714.

An RCX member said, “Good rain supports the lower trend in the price. Moreover, demand is also declining so price will come down further during the week.”

According to market sources, castor oil future touched a new high in the past days due to heavy overseas and industrial demand.

Pulses fall

Our Indore Correspondent reports: Prices of pulses and pulses seeds fell on weak demand and lack of buyers at higher rate.

In the local mandi, chana dal quoted at Rs 2,625-2,875 a quintal, while masor dal ruled at Rs 4,050-Rs 4,250 a quintal.

Among pulse seeds, chana kanta quoted at Rs 2,240-Rs 2,250 a quintal, down Rs 40. Similarly, dollar chana quoted at Rs 4,100-Rs 4,400, masor at Rs 3,550, moong at Rs 4,800-Rs 5,400 and urad at Rs 5,300-Rs 5,400 respectively.

Reuters reports: Analysts said prices dropped on profit–taking driven by ample stocks and on concerns over higher deliveries, analysts said.

Chana futures are likely to trade under pressure on Wednesday, analysts said.

“Long liquidation is seen in chana as deliveries are expected to be higher,” said an analyst from a Kochi-based brokerage.

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Back **Domestic demand keeps edible oils firm**

Our Correspondent

Mumbai, July 20

Edible oil prices continued to flare up on domestic demand despite global markets turning weak. Demands from local stockists continues to increase to cover the upcoming festive season needs. The volume of trade in the market was good.

Below average (– 16%) monsoon and possible production weakness due to La Nina-related heavy rainfall in Malaysia and Indonesia are providing support to the markets, said traders.

Shortage and disparity in crushing continue to support groundnut oil. In Mumbai, the price of groundnut oil increased Rs 10 on Tuesday to touch anew high of Rs 850 for 10 kg. Palmolein and soya refined oil gained Rs 3 for kg each, cotton and sunflower refined oil rose Rs 5 fo10 kg. Rapeseed oil ruled steady.

In Mumbai markets, approximately 1,100 to 1,200 tonnes of palmolein were traded. Liberty, Ruchi and Allana sold good volume. Some resale trade also took place. Good quality groundnut oil was in demand but there were no sellers. In international markets, Malaysia's BMD crude palm oil future August and September contracts ended lower. August futures closed at 2,503 Malaysian ringgit (MYR)R, September at 2,451 MYR and October at 2,424 MYR a tonne.

In the Mumbai spot market, soya refined oil was quoted at Rs 450, sunflower expeller refined at Rs 450, sunflower refined oil at Rs 495, rapeseed refined oil at Rs 562, rapeseed expeller at Rs 532, cotton refined at Rs 472 and palmolein at Rs 420. Oil extraction rates were steady .

Date:21/07/2010 URL: http://www.thehindubusinessline.com/2010/07/21/stories/2010072152951700.htm

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Back **Sugar stable for fifth continuous day**

Our Correspondent

Mumbai, July 20

Sugar price on the Vashi wholesale market witnessed a steady trend for the fourth consecutive day. Spot prices declined Rs 5 on the absence of retail demand. On the other side, mills were not interested to sell below the base price of Rs 2,598 a quintal and this led to the market buying on a hand-to-mouth basis.

Market players are now eagerly waiting for the outcome of the millers' meeting to be held on July 22, said market sources.

Meanwhile, selling pressure increased in naka and tender delivery trade which resulted in a decline of Rs 5-10 a quintal in naka and tender.

In the absence of local and upcountry demand and talk of changes in the Centre's policy, especially on decontrol of the sector, continued to weigh on the market sentiment.

Total arrivals in the Vashi market was up to 25-28 truckloads (10 tonnes each), whereas lifting was at 20-23 truckloads. According to Bombay Sugar Merchant's Association, the spot rate was Rs 2,678-,2710 a quintal for S-grade and Rs 2,700-2,770 for M–grade a quintal. Naka delivery rate Rs 2,650-2,670 for S-grade and Rs 2,670-2,720 for M-grade.

The mill delivery tender (including excise) was quoted at Rs 2,575-2,595 for S-grade and Rs 2,600-2,640 for M-grade. Maharashtra ex mill prices were quoted at Rs 2,500-2,515 for S-grade and Rs 2,525-2,570 for M-grade.

Date:21/07/2010 URL: http://www.thehindubusinessline.com/2010/07/21/stories/2010072152931700.htm

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Back **Rally in rice market continues**

Our Correspondent

Karnal, July 20

The rice market continues to witness the rally that began last Wednesday. Prices gained Rs 100-150 a quintal on Tuesday.

Pusa-1121 (Sela) increased to Rs 3,800-3,900 a quintal, while Pusa-1121 (steamed) was quoted at Rs 4,850-4,950.

Mr Amit Kumar, a rice trader, said export demand is pushing up prices, but it is temporary as there are some contracts now being executed, leading to an uptrend in the market. Mr Pravin Kumar, a rice miller, told Business Line that paddy sowing has started at various places and the activity is expected to gather pace in the coming days. Warehouses are already full against the lukewarm demand, he said. All these factors would impact prices as there were no new contracts that have been signed with buyers abroad, he said.

Around 12,000 bags of early variety paddy, Govinda, 1121 and Sathi, arrived from Uttar Pradesh on Monday and Tuesday. Govinda was quoted at Rs 950 a quintal and 1121 ruled around Rs 1,450. The reason cited for the low rates of 1121 variety was high moisture content in the stock.

Bloomberg reports: Wheat fell for a third straight session after Egypt, the worlds largest buyer, shunned US supplies and bought Russian grain. Egypt said it purchased 1,20,000 tonnes from Russian inventories. Wheat futures for September delivery fell 1.4 per cent, to $5.7425 a bushel at 10:02 a.m. on the Chicago Board of Trade.

Date:21/07/2010 URL: http://www.thehindubusinessline.com/2010/07/21/stories/2010072152731800.htm

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Back **Soya oil slumps on profit-booking**

Our Correspondent

Indore, July 20

Soya oil prices slumped on profit-booking and fall in prices in the global market.

With monsoon turning active in various parts of Madhya Pradesh, soyabean oil witnessed selling pressure leading to the fall in prices.

In the spot market on Tuesday, soya refined oil was quoted at Rs 435-Rs 440/10 kg, down Rs 2 from Monday, while soya solvent quoted at Rs 411-Rs 416.

Soya refined August futures at NBOT closed at Rs 464.20 after opening at Rs 406.40.

Soyabean higher

In the spot market soyabean quoted at Rs 1,910-Rs 1,940 a quintal, up Rs 20, while at plant level its prices soared to Rs 1,980-Rs 2,010 a quintal, up Rs 10.

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Back **Foodgrains merchants seek solution to market cess levy**

Our Correspondent

Madurai, July 20

The Tamil Nadu Foodgrains Merchants Association has urged the Government to find an amicable solution for the long-pending issue of market cess levy.

In a memorandum submitted to the Deputy Chief Minister Mr M.K.Stalin in Chennai on Monday, the association president, Mr S.P. Jeyaprakasam, and Secretary, Mr P. Subashchandrabose, said the association has been urging the Government to find a permanent solution to the problem that has been remaining unsolved for so many years.

The memorandum pointed out the deficiency of Tamil Nadu in respect to pulses and grains and the dependency on other States and foreign countries and the transportation of the same from outside the State.

In such a scenario when the Market Committee does not render any service, Market Cess should not be levied on such commodities.

The levy should be on agricultural products obtained directly from the soil and not on by-products manufactured out of agricultural products in the mill.

Permit system

The permit system in the market cess should be abolished as the system does not exist even in Commercial Tax, which fetches revenue of several thousand cores of rupees to the Government, it said.

Speaking further, the memorandum said that contrary to the general custom of levying 1 per cent fee as cess on declared products and the rendering of services for their marketing and sales, the Government Order No.361, exempting Chennai from the purview, levies cess on all types of agricultural products under the banner of 'Uniform Notification', contravening the market cess system.

Huge markets

The memorandum emphasised that huge markets should be established in the State as has been done in other States, and that cess should be collected only from the business taking place inside the market.

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New sugar season may open with 5.9 mt stocks

New Delhi, July 20

The Indian Sugar Mills Association (ISMA) expects the new 2010-11 sugar season (October-September) to begin with stocks of 5.9 million tonnes (mt).

According to the industry body, the current 2009-10 season started with sugar stocks of 3.2 mt. With production estimated at 18.8 mt and total imports of 5.3 mt, the total availability for the season would work out to 27.3 mt.

The imports include 4.53 mt of raw sugar (1.2 mt of carry-forward plus 2.83 mt of already landed shipments certified by port authorities and prospective arrivals during July-September after taking into account cancellations/renegotiation of contacts) and 0.99 mt of whites (0.89 mt of already landed and 0.10 mt of expected in July-September).

The total imports of raws and whites would amount to 5.52 mt, which is equivalent to 5.3 mt of white sugar.

OFFTAKE

On the consumption side, ISMA sees it at only 21.4 mt. The figure is based on the Centre's net releases for internal consumption after taking into consideration de-stocking. “The estimated (net) releases are below the estimated consumption because of de-stocking”, according to an ISMA statement issued here on Wednesday.After subtracting the consumption of 21.4 mt from total availability of 27.3 mt, there will be a closing stock of 5.9 mt for the season.