

Food inflation dips to single digit

NEW DELHI: Food inflation declined to single digit at 9.67 per cent for the first time in the current year, news that would give some respite to the government that has been facing criticism over its failure to control prices of food articles and vegetables.

Food inflation remained above the 16 per cent-level for most part of last year, before falling to below 13 per cent since mid-June.

According to latest data issued by the Ministry of Commerce and Industry, inflation fell by 2.80 percentage points for the week ending July 17 from 12.47 per cent in the previous week, mainly due to decline in the prices of vegetables, especially potatoes and onions.

However, the fuel prices index rose to 14.29 per cent following a hike in the prices of petrol, diesel, kerosene and cooking gas, announced last week.

Overall inflation, which includes prices of manufactured goods, was 10.55 per cent in June, led by high food prices.

19.2 lakh tonnes of sugar made available for August

17 lakh tonnes is the free-sale quota for sugar mills 2.20 lakh tonnes of levy sugar will be distributed through PDS

NEW DELHI: The Union government has made available 19.20 lakh tonnes of sugar for the festival

month of August.

The Food Ministry had released 16.55 lakh tonnes for this month.

Of the 19.20 lakh tonnes, 17 lakh tonnes is the free-sale quota for sugar mills and they will be released in the open market.

The remaining 2.20 lakh tonnes of levy sugar will be distributed through the PDS (public distribution system).

The 17 lakh tonnes include 3.13 lakh tonnes of refined sugar processed from imported raw sugar in May and June and 0.50 lakh tonnes of imported white sugar.

“Will meet the demand”

The August allocation would be sufficient to meet the demand, sources in the Food Ministry said.

The Ministry has specified that sugar factories will have to deliver/sell and dispatch the entire non-levy quantity, including the sugar process from imported raw sugar, in August.

The government had allowed duty-free imports of raw and refined sugar from February, 2009 to bridge the shortfall in availability and curb the rising prices that had shot up to Rs. 47 a kg in the retail markets.

Six million tonnes imported

The country has imported six million tonnes of sugar since last year to augment the availability, and the prices have now declined to Rs. 32 a kg in Delhi's retail markets.

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Farmers seek hike in subsidy for turmeric crop

Special medical camps for livestock sought



Highlighting demands:K.M. Ramagounder, vice-president, Tamizhaga Vivasayigal Sangam speaking at the farmers' grievances meeting at the Collectorate in Krishnagiri on Thursday. —

KRISHNAGIRI: Farmers have sought hike in subsidy for turmeric crop from Rs. 5,000 to Rs. 10,000 per acre and extension of the acreage under turmeric cultivation from 20 hectare per panchayat union to 100 hectares.

Raising the demands during the farmers' grievances day meeting at the Collectorate here on Thursday, K.M. Ramagounder, vice-president, Tamizhaga Vivasayigal Sangam, appealed to the district administration to implement the cattle insurance scheme in total in the district.

He also urged the administration to conduct the +in the villages along with the local Milk Cooperative Societies and increase the supply of milk to the earlier level of 50,000 litres per day to Kerala, through which the loss-making Dharmapuri Cooperative Milk Producers Federation could earn more revenue.

While replying to the demand, Collector Arun Roy said that the excess milk after sending to Chennai was being supplied to Kerala. Regarding the demand for extension of free insurance for livestock, he said last year 559 cattle were given insurance cover. As soon as the GO reaches the administration, the insurance scheme will revive, Mr. Roy said.

Replying to another demand, Mr. Roy said the issue of crop loan to the farmers has been extended till the end of November.

Power tariff

On the demand for lowering the tariff for the poultry units, the Collector instructed the TNEB officials

to get the details from the Executive Engineer from Namakkal and submit a report on this issue.

Regarding the unregulated and illegal tapping of water from the canal from Nedungal Dam to Barur Lake, the Collector ordered the Public Works Department officials to inspect and take immediate action.

Some farmers complained that the TNEB was showing lethargic attitude in replacing damaged transformers and the undue delay was affecting the standing crops in the district. Mr. Roy instructed the TNEB officials to replace the damaged transformers within 24 hours of getting the complaint.

P. Prabhakar, District Revenue Officer, K. Rajan, Joint Director, Agriculture, A.K. Ulaganathan, District Forest Officer, Ganesh, Special Officer, Palacode Sugar Mills, N. Arul Mozhi, Executive Engineer, Agriculture Engineering, S. Senguttuvan, Executive Engineer, Water Resources Organisation, PWD, and others participated in the grievances redressal meeting.

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NABARD officials visit to study farmers' JLGs

VELLORE: Chief General Managers of the National Bank for Agriculture and Rural Development (NABARD) and NABARD officers-in-charge from 22 regional offices and training establishments in India visited Vellore district on Thursday. They were here to study the working of the farmers' Joint Liability Groups (JLGs) that have been functioning in the district from 2008, and interact with members of the groups with a view to implementing the JLG scheme successfully in their respective States.

Speaking at a meeting of the senior officers of NABARD prior to their exposure visit to Omakuppam and Poongulam villages near Vaniyambadi, N. Asokan, Additional Registrar of Cooperative Societies (Finance and Banking), Chennai said that the JLGs were constituted following a Government Order issued in 2008, with a view to arrange for institutional credit to poor small and marginal farmers, tenant farmers, sharecroppers and those who are unable to approach banks to get loans.

K.M. Thamizharasan, Special Officer, Tamil Nadu State Apex Cooperative Bank (TNSCB), said that in the light of the fact that agricultural area is shrinking owing to industrialisation and urbanisation, the JLGs are being promoted to enable the farmers to improve productivity and increase production

by adopting modern agricultural practices, agronomics and technology.

The government wants to provide credit at least to 30 per cent of the new farmers every year, he said.

Erratic monsoon

S.K. Chatterji, Director, Bankers' Institute for Rural Development (BIRD), Lucknow, said that monsoon has been erratic for the last two years, and it was the duty of banks to help the poor who are affected. BIRD would lend its hand in capacity building among banks and other stakeholders, he said.

S.L. Kumbhare, Chief General Manager, Micro Credit Innovations Department, NABARD, said that there were 30,000 JLGs throughout the country mostly in the southern States.

About 10,000 JLGs have been promoted in Tamil Nadu in the last two years. "Based on our learning of the functioning of JLGs in Tamil Nadu, we will draw up our strategy to promote the JLG concept throughout the country and replicate their success in other States. This is the purpose of our visit to Vellore," he said.

M.P. Sivan Arul, General Manager, TNSCB, said that the bank has fixed an agricultural credit target of Rs.2,500 crore to the cooperative financial institutions in the State during 2010-11. The State government provided an interest incentive of 2 per cent in 2007-08, 3 per cent in 2008-09 and 7 per cent in 2009-10 to farmers who promptly repaid their loans. A total of 1.14 lakh farmers were benefited by this.

S. Thiruguna Iyappadurai, Joint Registrar of Cooperative Societies, Vellore, said that though the agricultural area in Vellore district has declined over the years due to industrialisation and urbanisation, the production has increased owing to improved productivity. The cooperative societies ensured a good repayment of milch animal loans, he said. K.R. Suresh, Assistant General Manager, NABARD, Vellore welcomed the gathering.

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Samba water to be released on August 1



The wait: A view of the Grand Anicut in Thanjavur district.

THANJAVUR: Water will be released from Grand Anicut on August 1 for samba paddy cultivation, ahead of Aadi Perukku celebration on August 3.

Water released from Mettur dam on Wednesday is expected to reach Grand Anicut on Saturday evening, according to M.Moorthy, Chief Engineer, Public Works Department. The shutters will be lifted in the Cauvery, Vennar, Grand Anicut canal and Kollidam divisions on Sunday morning at 9 a.m.for release of water.

“We hope that inflow may increase as 16,000 cusecs is released from Kabini in Karnataka. We plan to release 12,000 cusecs from Grand Anicut initially,” Moorthy said. The plan is to release 4,000 cusecs each into Cauvery and Vennar and around 2,000 cusecs into Grand Anicut canal initially.

The Agriculture Department too was gearing up to meet the samba demand from farmers. P.Loganathan, Joint Director of Agriculture, Thanjavur district, said the plan was to raise samba on 1,16,000 hectares this year.

“We have stocked 950 tonnes of samba paddy seeds and farmers are purchasing seeds for the samba cultivation. CR1009 variety is fast moving,” Mr. Loganathan said.

The seeds available are CR1009, ADT39, ADT43, ADT38, ADT46 and Vella Ponni. Farmers can get the seeds at a subsidy of Rs.5 a kg. They have been advised by the department to raise samba seedlings after August 20. They have also been advised to adopt System of Rice Intensification method to reduce water requirement, early transplantation and get a good yield.

While farmers welcome the release of water, they expect the PWD to maintain sufficient flow in the rivers for at least a month to complete transplantation. For this, at least 18,000 cusecs of water have to be released from Grand Anicut to maintain sufficient flow in Cauvery, Vennar and Grand Anicut canals. With Kuruvai restricted only to pumpset-irrigated areas this year, farmers hope to make up the shortfall in samba.

Farmers demand return of tractors

Seek criminal cases against banks for violating SC directive on loan recovery



bear our burden:Representatives of the farmers association handing over a resolution seeking compensation for loss of kuruva crop to C.A.Raman, Collector (in-charge) in Tiruchi on Thursday.

TIRUCHI: Farmers' representatives of the district have urged the government to ensure the immediate return of tractors seized by banks from farmers who have defaulted on agricultural loans.

Though water has been released from the Mettur Reservoir, many farmers in the district would not be able to take up cultivation, as their tractors and other farm implements have been seized by banks, said A. Karuppanan, district secretary, farmers' wing of the Dravida Munnetra Kazhagam (DMK), and A. Nagarajan of the Congress, raising the issue at the Farmers Grievances Day meeting here on Thursday.

Mr. Karuppanan demanded that banks return the tractors unconditionally as several small farmers, with one or two acres of land holdings have been adversely affected. Mr. Nagarajan contended that the seizure of tractors and farm implements would impact on food production in the district.

The district administration should instruct the police to file criminal cases against bank officials who had violated the Supreme Court directive against deploying goondas for loan recovery, said P.

Ayyakannu, state general secretary, Bharathiya Kisan Sangh.

Compensation sought

Farmers' organisations also moved a unanimous resolution seeking compensation from the government to farmers and agricultural labourers as kuruvai paddy crop could not be raised for two consecutive years in the district owing to the delayed opening of the Mettur Reservoir for irrigation.

The resolution, moved by C. Masilamani, district secretary, Tamil Nadu Vivasayigal Sangam affiliated to the Communist Party of India (Marxist), and supported by other associations, sought a compensation of Rs.10,000 an acre for farmers and Rs.5,000 for each family of agricultural labourers.

The resolution also called for an end to the distraint proceedings against farmers and liberal sanction of loans by banks and cooperative societies for the samba season.

Appeal to PWD

R. Subramanian of the District Cauvery Delta Farmers Welfare Association and Mr. Nagarajan urged the Public Works Department to release water in all the irrigation channels in Tiruchi district to meet the requirements of the standing cash crops.

Siva Suriyan, district secretary of the Tamil Nadu Vivasayigal Sangam affiliated to the CPI, urged the authorities to expedite the installation of shutters at the sand vent at the head of the Kodingal Vaical.

A cross-section of farmers also complained of delay in payment of dues to sugarcane growers by Kothari Sugars, Kattur.

An official of the company assured them that the dues would be settled by next week.

In response to a complaint from Mr. Karuppanan on the pest attack in tapioca in Manapparai and Marungapuri areas, Robert Vincent, Deputy Director, Horticulture, said a special campaign would be taken up to tackle the issue.

Co-op. department's initiative to increase agri productivity

Field training programmes for farmers planned

ERODE: The Co-operative Department has launched a special initiative to ensure food security and increase agriculture productivity in Erode district.

The department has planned to provide field training programmes to farmers on modern methods of cultivation and the utilisation of new equipment to enhance the productivity.

Agriculture service centres have been opened in selected primary agricultural co-operative credit societies to provide extension services and conduct the training programmes.

In the initial phase, a total of 20 farmers were selected for a 15-day training programme on using modern equipment in paddy cultivation. A team of experts from Kerala Agricultural University conducted the training programme in Seeranga Goundampalayam village in Avalpoonthurai village panchayat.

Meanwhile, over 200 farmers have registered with the department to participate in the training programmes to be held in the future.

Joint Registrar of Co-operative Societies Babu launched the initiative at a programme held on the District Central Co-operative Bank premises here recently. Integrated Co-operative Development Project General Manager K. Renuka, District Central Co-operative Bank Special Officer P. Loganathan and senior officials were present.

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Subsidy for farm equipment

TIRUVARUR: A sum of Rs.5.68 crore has been allotted by the government for Tiruvarur district for the year 2010-11 to provide subsidy to farmers through agriculture engineering department for the purchase of agriculture implements, said M.Chandrasekaran, Tiruvarur district collector here on Thursday.

This move came after taking into consideration the labour shortage in the district.

Farmers have to depend upon agriculture implements to take up cultivation of crops and harvest them.

50 per cent subsidy

Under National Agriculture Development Programme, a subsidy of 50 per cent is given on the cost of equipment worth Rs. 2.50 lakh.

Subsidy is given for purchase of power tillers, harvesters, transplanters and konoweeders .

Farmers within the Tiruvarur revenue division limits can approach Assistant Executive Engineer of Agriculture Engineering Department at Pavithiramanikkam in Tiruvarur to get the subsidy.

Farmers of Mannargudi taluk should approach AEE, Mannargudi. Farmers can choose the equipment from the ones recognised and approved by the government.

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Precision farming to be promoted in a big way

This will help farmers make agriculture more profitable

It will help uniform field stand of crops without much labour work A total of 100 hectares to be covered

Tirupur: To help farmers transform from productive agriculture to profitable agriculture, the Department of Agriculture plans to promote precision farming practices in the district at an outlay of Rs. 18.7 lakh this financial year.

The focus will be given to encourage profitability of agriculture crops like maize, groundnut and black gram using precision farming techniques in the district on a large scale as till now such methodology was more used to improve cultivation efficiency of horticulture crops like onions, tomato and vegetables.

Precision farming is defined as information and technology based farm management system to identify, analyse and manage variability within fields for optimum profitability, sustainability and protection of land resource.

Assistant Director of Agriculture M. Sherif told The Hindu that the project amount would be used to extend subsidy assistance to help the beneficiaries set up drip irrigation facilities and to distribute seed materials as well as water soluble fertilizers like N:P:K 19:19:19 and mono ammonium phosphate to the farmers.

The cost for building community nursery and shade nets needed to cover the saplings would also be subsidised.

The tools/techniques used under precision farming would come in handy to have uniform field stand of crops without much labour work.

This, according to agriculture officials, will be of immense help to the farmers who had been facing acute labour shortage owing to migration from agriculture to textile sector seeking better remuneration.

“The scheme will be implemented adopting cluster-based approach covering a total of 100 ha falling under Udumalpet, Pethampatty, Kangayam, Vellakoil and Uthukuli blocks,” agriculture officials added.

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Samba paddy cultivation on 1.35 lakh hectares planned

Agriculture department has a stock of 1,018 tonnes of seeds



drawing up: M.Chandrasekaran, Collector, centre, speaking at the farmer's grievances day meeting in Tiruvarur on Thursday.

TIRUVARUR: It has been planned to take up samba paddy cultivation on 1, 35,000 hectares this year in Tiruvarur district, said M.Chandrasekaran, District Collector here on Thursday.

Speaking at the farmers' grievances day meeting, Mr.Chandrasekaran appealed to famers to prepare for samba cultivation as water has been released from Mettur dam on Wednesday. There is a stock of 1,018 tonnes of samba paddy seeds with agriculture department and another 1240 tonnes with private agencies, which is adequate, the collector said.

There is a stock of 5140 tonnes of urea, 3485 tonnes of di ammonium phosphate, 1860 tonnes of potash and 405 tonnes of complex. These can be used initially. The requirement is 26,400 tonnes of Urea, 13,800 tonnes of Di Ammonium Phosphate, 10,700 tonnes of Potash and 6620 tonnes of Complex fertilisers. Steps had been taken to get the stock.

Summer paddy crop was raised on 7,547 hectares this year and it has been harvested, the collector said. The plan is to raise Kuruvai on 10,000 hectares. Transplantation has been completed on 8100 hectares. Of this, System of Rice Intensification method of cultivation was done on 5000 hectares. Irrigated pulses have been raised in Chithirai Pattam ie in April and May on 5399 hectares. Co-operative banks have planned to disburse Rs.85 crore of crop loans and nationalised banks Rs.510 crore for this year , Mr. Chandrasekaran said. Anbazhagan, Joint Director of Agriculture participated. Farmers said adequate flow of water should be maintained in Vennar for samba cultivation. They wanted that co-operative loans be given quickly.

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Blueprint for farm growth

Acting with determination and firm action, it should be possible for India to step up its agricultural growth rate to 10 per cent.

The 11th Five Year Plan seeks to achieve 4 per cent growth rate in agriculture by the end of the Plan period. The Planning Commission is working towards an overall 9 per cent to 10 per cent growth rate.

But the target of 4 per cent growth rate is too low. If specific efforts are made to step up the rate by aiding the farming community, India can attain at least 10 per cent growth in the agriculture sector alone. The 11th Five Year Plan period will soon come to an end and the Planning Commission has already started the exercise of the 12th Five Year Plan.

Since the start of the 11th Five Year Plan, the growth rate in agriculture has virtually remained stagnant. Recently, Prime Minister Manmohan Singh appealed to the farming community to work to achieve 4 per cent growth.

Yet, the government has not introduced positive measures to attain even 4 per cent agricultural growth. It will need to initiate firm measures, encourage the farming community to produce more for its own prosperity and that of the country. Towards this end, the Vanarai Trust, as also other organisations, have proposed certain steps.

One of these is the provision of easy credit for everything from purchase of seeds to harvesting, marketing and other operations at 4 per cent or lower rate of interest. The committee constituted by the Central government under the chairmanship of Dr. M.S. Swaminathan also suggested that the rate of interest should not exceed 4 per cent.

As the needed loans are not always available from the nationalised, commercial or cooperative banks, farmers are often forced to approach moneylenders. The rates of interest they typically charge vary from 25 per cent to 100 per cent, or even more. It is advisable to waive all loans, including private loans, availed by farmers who have holdings up to 4 hectares in rain-fed areas. Even loans availed by those who have less than a hectare of irrigated land should be waived.

The government should arrange to supply quality seeds and seedlings of high-yielding varieties taking into account the edaphic factors. It should also supply fertilizers and pesticides, laying emphasis on organic manures. Chemical fertilizers and pesticides have done great harm to the soil

texture. It has been revealed that more than 20 million ha of land under perennial irrigation has lost its producing capacity following the use of chemical fertilizers, pesticides and excessive amounts of water. This has made such land saline or water-logged.

Some 65 per cent to 68 per cent of the cultivable land area in India is in rain-fed areas. There is no assured water supply. Because of the vagaries of nature, often crops dry up and the producers, among others, suffer. It has, therefore, become imperative to protect farmers against such losses. If such an assurance is not given to farmers, they may give up farming and turn to some other vocation or employment. India's growing population requires more and more foodgrains, and farmers need to be dissuaded from giving up farming.

About 20 per cent of foodgrains and 30 per cent of perishable crops are lost during transit from production centres to marketing points. This calls for proper arrangements to store produce in godowns or cold storages in the respective centres. The losses are not only of individual farmers but also of the country as a whole. If due care is taken to save crops, India's foodgrain output may reach 250 million tonnes.

Transport services to carry agricultural produce are inadequate. It is necessary to arrange to transport produce easily from fields to marketing centres, and help avoid losses in transit.

Support prices to particular crops are often announced after sowing operations are over. The government should announce support prices ahead of the sowing season. If there is any delay in announcing the support price, it should be ensured that support prices extended during the earlier year are offered in the current year along with additional cost of inputs. This will give the farming community the confidence to produce crops.

Instead of merely providing verbal assurances, the government should activate the public distribution system (PDS) uniformly. With a view to providing remunerative prices to producers and ensuring reasonable prices to consumers, it is essential to do away with middlemen. This calls for strengthening the PDS by creating a network across the country. The PDS is not only meant to distribute articles. A scientific PDS as suggested by the Report of the Dharia Committee constituted by the Planning Commission in 1974 comprises five basic main components. The first of these is production. Then follow procurement, storage, transport and distribution. If such a system is introduced for essential commodities and articles, it will become possible to control and maintain the price line. It is the middleman who purchases agricultural produce soon after harvesting who raises prices by creating artificial scarcity. Without the middleman, producers and consumers will get justice.

It is necessary to introduce a price index system for agricultural produce on the basis of inputs required by farmers. The government has a system of paying dearness allowance to government employees and others on the basis of the index of prices. Similarly, prices of industrial products are fixed on the basis of the cost of inputs. Such a system is all the more essential for the farming community, which comprises nearly 65 per cent of the population.

Out of India's geographical area of 329 million ha, nearly half is degraded or waste land — rather, wasted land. By means of a scientific micro-watershed management programme in all the six lakh villages, it is possible to conserve every drop of water wherever and whenever it rains, prevent soil erosion and bring most of the land under grasses, tree crops, foodgrains, pulses, oilseeds, vegetables, fruits and so on. Approximately 65 per cent of Indians live in the rural areas. Their long-term survival will depend on the introduction of a scientific micro-watershed management.

Along with the production of foodgrains, fruits, vegetables and so on, it is possible to produce quality grasses on private and forest lands. The availability of such fodder can enhance the production of milk, meat, wool and so on. This will add to the agricultural growth rate. A missionary approach and the involvement of farmers are necessary to attain 10 per cent growth rate in the agriculture sector. This is no dream. China attained 10 per cent growth rate in the initial stages, prior to its focus on industrial development.

Systematic and scientific planting of various species, such as teakwood, sandalwood, bamboo and red sanders, which have commercial value, could be undertaken on large tracts of land. Different crops could be raised depending on the rotation cycle of particular species. This can yield a lot of revenue, create employment opportunities and expand the green cover in the rural areas.

In order to fulfil the need for fuel in every village, energy plantation should be undertaken. Such plantations will prevent indiscriminate cutting of trees from forest land for domestic use. In a vast country like India with six lakh villages, diversification of energy sources will help effect huge savings and protect the environment.

A shoreline of more than 7,000 km and water reservoirs are great natural assets. These should be fully utilised to produce more fish and marine products. Mangroves help fish to breed. They require protection both from people and the government. Five-star culture and lavish lifestyles have done great damage to mangroves and the environment. If not simple living, it is possible to adopt moderate living and high thinking to save nature and the environment.

Fields surrounded by 'windscreens' of trees help increase crop production. This method adopted by

some countries should be used in India to attain higher growth rate in agriculture.

In order to attain a growth rate of 10 per cent in the agricultural sector, it is essential to introduce a compact package of all such measures. If the government introduces and implements such a package deal, the farming community can show better-than-expected results. It should not be forgotten that nearly 70 per cent of the MPs and MLAs get elected from rural areas. Their voice is often choked owing to the language barrier. Instead of making empty verbal appeals to farmers to step up crop production, the best way is to take into consideration the agonies and difficulties of farmers and meet them with determination and a missionary approach.

(Dr. Mohan Dharia is president of the Pune-based Vanarai Trust.)

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Food inflation dips to single digit



The Hindu Scene at the Khari Boali wholesale market in New Delhi. File Photo: Sushil Kumar Verma

Falling rapidly from the previous week's 12.5 per cent, Food Inflation came down to single digits in the week ended July 17. Prime Minister Manmohan Singh said on Saturday last week that the figures would further fall to 6 per cent by December.

Food inflation declined to single digit at 9.67 per cent for the first time in the current year, news that would give some respite to the government that has been facing criticism over its failure to control prices of food articles and vegetables.

Food inflation remained above the 16 per cent-level for most part of last year, before falling to below 13 per cent since mid-June.

According to latest data issued by the Ministry of Commerce and Industry, inflation fell by 2.80 percentage points for the week ending July 17 from 12.47 per cent in the previous week, mainly due to decline in the prices of vegetables, especially potatoes and onions. However, the fuel prices index rose to 14.29 per cent following a hike in the prices of petrol, diesel, kerosene and cooking gas, announced last week.

Overall inflation, which includes prices of manufactured goods, was 10.55 per cent in June, led by high food prices.

The primary articles index rose at a slower pace to 14.5 per cent, compared to the previous week's increase of 16.48 per cent. On an annual basis, prices of potatoes declined by 46.05 per cent, while that of vegetables by 14.77 per cent and onions by 10.25 percent.

Important items whose prices went up include pulses (21.23 per cent), milk (19.03 per cent), fruits (12.14 per cent), wheat (6.27 per cent), cereals (5.62 per cent) and rice (5.31 per cent).

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Food inflation in single digits

India's annual food inflation rate cooled to single digits at 9.67 per cent for the week-ended July 17 for the first time this year. But it doesn't mean prices have fallen sharply.

Food inflation stayed above 16 per cent for most part of the last few months before beginning to ease since mid-June. Economists, however, clarified that falling inflation rate does not mean falling prices, it only implies that prices are rising at a slower pace. Chief economic advisor Kaushik Basu said inflation might remain high for the next two months, after which it would come down "gently". Much still depends on an adequate monsoon. The Met department has forecast normal rains,

crucial for the summer-sown crop.

<http://www.hindustantimes.com/StoryPage/Print/579729.aspx>

Weather

Chennai - INDIA

Today's Weather



Rainy

Friday, Jul 30

Max 33.5° | Min 25.2°

Rain: 00 mm in 24hrs

Humidity: 94%

Wind: Normal

Sunrise: 05:53

Sunset: 18:37

Barometer: 1005.0

Tomorrow's Forecast



Rainy

Saturday, Jul 31

Max 33° | Min 26°

Extended Forecast for a week

Sunday Aug 1	Monday Aug 2	Tuesday Aug 3	Wednesday Aug 4	Thursday Aug 5
33° 27° Rainy	33° 27° Rainy	34° 27° Rainy	34° 27° Rainy	34° 27° Rainy

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Base pulls food inflation down

Jul 30 2010

July 29: In a breather to the Central government, food inflation for the first time this year has

dropped to the single digit. Food inflation, or the rate at which food prices are going up, came down to 9.67 per cent for the week ended July 27 as compared to 12.47 per cent in the previous week.

Economists, however, say that it is too soon to celebrate. "Food inflation will remain stubborn for some time. I don't see it falling soon to a comfortable level of 4-5 per cent," said Mr Sunil Sinha, the head of research and senior economist at rating agency, Crisil.

He said that the fall in the inflation was mainly due to large base in the same week last year. Mr Sinha said that he was not too sure whether the trend will continue. "Yes there is a fall in the prices of commodities like onion and potatoes, which has pulled down the inflation somewhat," he said.

The government is anticipating that food inflation will fall substantially as the monsoon is expected to be normal. However, Mr Sinha said that it has been seen that even though there has been a good crop there has not been too much impact on the prices. "There has been some structural changes in the economy about which no one is talking," said Mr Sinha, He said that the failure of the government to intervene is also responsible for high prices.

Food inflation had gone as high as 20 per cent last year. From November onwards, food prices have stabilised. The overall inflation had touched 10.55 per cent in June. Analysts expect the inflation to start falling from October as the base effect of last year kicks in. High inflation prompted the Reserve Bank on July 27 to raise key policy rates earlier this week.

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By PTI

29 Jul 2010 12:26:19 PM IST

Food inflation down to single digit at 9.67%



NEW DELHI: Food inflation fell to single digit at 9.67 per cent for the first time this year at a time when the government is facing a concerted Opposition attack on rising food and fuel prices. Inflation fell by 2.80 percentage points for the week ended July 17 from 12.47 per cent in the previous week, as prices of vegetables, especially potatoes and onions, declined. On a yearly basis, potatoes became cheaper by over 46 per cent and onions by over 10 per cent. Overall vegetable prices fell 14.77 per cent, according to data released by the government today. However, prices of pulses, milk and fruits rose by 21.23 per cent, 19.03 per cent and 12.14 per cent respectively. On a weekly basis, prices of onions fell by 0.66 per cent, while that of potatoes inched up by 2.06 per cent. Overall vegetable prices on a weekly basis went down by 0.34 per cent. On annual basis, rice became costlier by 5.31 per cent though it softened by 0.64 per cent on a week-on-week basis. Similarly, prices of cereals rose by 5.62 per cent on a year-on-year basis, but fell 0.04 per cent week-on-week. Overall inflation, which includes prices of manufactured goods, was 10.55 per cent in June, led by high food prices. Food inflation has remained above the 16 per cent level for most part of the year, before falling sharply to below 13 per cent since mid-June.

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THE ECONOMIC TIMES

Cotton prices to rise on domestic demand

30 Jul 2010, 0049 hrs IST, Sreekala G & S Sujatha, ET Bureau

HYDERABAD/COIMBATORE: Traders expect cotton prices to rise despite a larger harvest this summer. Benchmark Shankar 6 is selling at Rs 30,200 per candy ex-spot compared to Rs 29,500 per candy last month.

"Cotton prices, which witnessed an upward trend during the beginning of the season, have almost stabilised now due to the ban on export. In the local market it is trading between Rs 30,000-31,000 and we expect the prices to remain steady till September," said Punnaiah Chowdhuri, chairman of Andhra Pradesh Cotton Association, third-largest producer of cotton in the country.

Despite a ban on exports, cotton prices did not drop due to a spurt in domestic demand. "Over 100 new textile units have come up in Andhra Pradesh alone and this has led to an increased demand for cotton," he said.

Gujarat government has introduced cess on cotton that is sold out of the state and it increases cotton prices by about 2%, Ambika Cotton Mills MD PV Chandran said. Tamil Nadu, which accounts for nearly 45% of total spinning capacity in the country, is the biggest buyer of Gujarat cotton.

Industry expects cotton arrivals to be around 310-325 lakh bales in 2010-11. In 2009-10, the arrivals have so far matched the Cotton Advisory Board estimates of 292 lakh bales. Arrivals in Tamil Nadu lag by 1.8 lakh bales from the initial estimate of 5 lakh bales. In Andhra, till June end, 57 lakh bales have reached the market, of which 10 lakh bales were exported to countries including China, Pakistan and Myanmar. "We expect another 1-2 lakh bales till September," Chowdhuri said.

According to traders, this season's good prices will prompt more farmers to cultivate cotton. "The quality of cotton is also very good as most farmers have shifted to Bt cotton. Cotton cultivation is profitable as the crop does not require much water, thereby helping farmers bring down input cost," said Suresh Babu of Hyderabad-based Sri Lakshmi Sai Cotton traders.

The Andhra government estimates show that last year cotton was cultivated in 14.74 lakh hectares of land while this time it has gone up to 15.17 lakh hectares. Bt Cotton is being cultivated in almost 95% of the cotton growing areas. Official data also show that this season alone many farmers have shifted from

maize and soybean to cotton due to high prices.

“The first round of rainfall was good. But we need to wait for the next round of rainfall and, if it turns out to be excessive or nil, then there will be a drop in the projected rise in arrivals,” said cotton analyst N Ramani.

“Government is expected to lift the ban on exports in October and this may not have any impact on the Andhra markets as season here will end in September. Farmers in Haryana and Punjab will be able to make use of the opportunity as the season there will start in September. Due to flood in China, export demand will go up as it is the largest importer of cotton,” said Nalini Rao of Angel Broking.

While the annual domestic demand in India was set at 260 lakh bales till September 30 this year, the government had permitted export of 85.23 lakh bales. “The increase in prices at the fag end of the season clearly indicates that the terminals markets are holding very less stock. So, the government should wait for another 6-8 weeks to ascertain the crop size and price trends for next season,” South India Cotton Association official KN Viswanathan said.

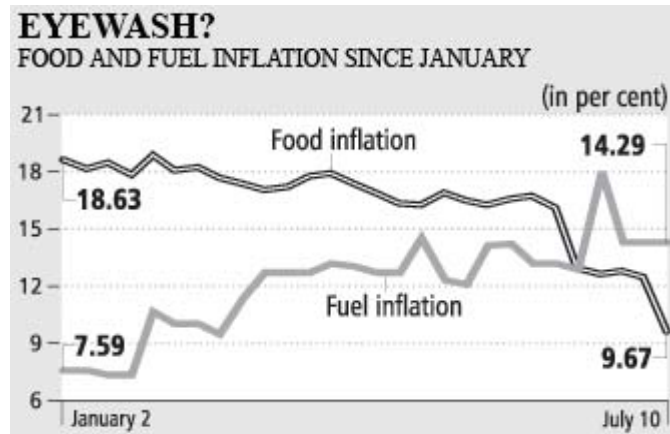
Business Standard

Friday, Jul 30, 2010

Base effect brings down food inflation to 9.67%

BS Reporter / New Delhi July 30, 2010, 1:35 IST





Wholesale food inflation fell sharply to 9.67 per cent for the week ended July 17, primarily on account of low statistical base effect, as prices of food articles continued to rise on a sequential basis. This is the first time that the rate of food inflation has come down to single digit in a year.

Food inflation, as measured by the Wholesale Price Index (WPI), stood at 15.05 per cent during the corresponding week in 2009 and at 12.47 per cent in the previous week.

“These are weekly numbers and it is too early for the index to register the pass-through effects of the fuel price increase. The food inflation will now moderate and stabilise to around 7 per cent in the coming months,” Planning Commission Principal Advisor Pronab Sen said.

Given the high rate of inflation in food articles, the index has shown a sharp decline. However, food prices registered significant increase in prices during the week due to the pass-through effects of fuel price rise announced on June 26. Analysts had expected a 100-125 basis-point effect on the overall index. But till now, in weekly indices, the statistical base effect and global crude oil prices have cushioned the inflation index.

Sen further added the real pressure that WPI would face was from the non-food category or the core inflation. Core inflation is the measure of inflation that excludes certain items that face volatile price movements, notably food and energy.

The inflation rate for the fuel category rose marginally to 14.29 per cent during the week, up from 14.27 per cent in the previous week. In the corresponding period last year, fuel inflation was in the negative territory, at -10.63 per cent.

On a weekly basis, prices of food articles increased by 0.6 per cent and those of foodgrain showed a rise of 0.1 per cent. The prices of pulses, which had been moderating in the previous two weeks, registered

an increase of 0.5 per cent during the current week. Milk registered the highest rise in prices, at 1.5 per cent.

Fuel prices, however, fell 0.1 per cent on a weekly basis.

The overall inflation, which includes prices of manufactured goods, stood at 10.55 per cent in June, led by high food prices. Food inflation has remained above 16 per cent for most of the year. It has been falling since it sharply declined to below 13 per cent in mid-June.

Low pressure rain raises hope of normal output in Orissa

Jayajit Dash / Bhubaneswar July 30, 2010, 0:59 IST

Orissa may be grappling with deficient monsoon but the recent low pressure has induced rainfall in many coastal parts of the state has revived hopes of the state meeting its targeted kharif output of 7.46 million tonnes for 2010-11.

The projected kharif production of 7.46 million tonnes includes 6.3 million tonnes paddy, with the remaining being cereals, pulses and vegetables.

The total agriculture production in the state has been projected at 9.27 million tonnes for the current financial year. This includes 7.46 million tonnes in the kharif season and 1.81 million tonnes in the rabi season. The projected production marks a 6.84 per cent growth over the production of 8.68 million tonnes in the agriculture season of the previous financial year.

“We have set quite a modest target of 746,000 tonnes of foodgrain in this kharif season and right now, we do not apprehend any shortfall in production. It is true that the overall rainfall in the state for the month of July has been deficient by 12 per cent (till July 27) but the amount of rainfall has been sufficient for transplantation of paddy. Besides, low pressure induced rain in three days (July 24, 25 and 26) have broken the dry spell and brought a rainfall of 106 mm to the state, raising hopes of a good kharif output”, U P Singh, state agriculture secretary told Business Standard.

Singh admitted that there were fears of the death of sown seedlings due to deficient rain till the third week of July but fears were set aside by the low pressure rain that lashed many parts of the state. Even though the overall shortfall in rainfall in the state was 32 per cent for the month of June, it was adequate for the sowing operations of the current kharif season, he added. In the kharif season of 2010-11, 5.8 million hectares would be devoted to production of rice, cereals, pulses and vegetables. A major chunk of this area (3.6 million hectares) is being earmarked for paddy cultivation. Singh stated that the area for

agricultural production in this kharif season has been more or less the same compared to last year and clarified that there would be no dip in the area under cultivation.

Despite the deficient monsoon, agricultural operations have kicked off on 2.66 million hectares till July 17 out of which paddy cultivation has been taken up over 1.79 million hectares. Cultivation was done in 2.43 million hectares of land by the third week of July in last year's kharif season out of which paddy cultivation was on 1.66 million hectares.

A Weather Watch Group constituted under the chairmanship of Agriculture Production Commissioner R N Senapati is reviewing the agricultural operations scenario in the state every week. It may be noted that as many as 17 districts of the state have received deficient rainfall of 30-50 per cent in the current month till July 21. Of these 17 districts, four districts- Angul, Deogarh, Kendrapara and Mayurbhanj have received 50 per cent less rainfall. Only three districts- Rayagada, Nabarangpur and Ganjam have received more than normal rainfall in July.

Grain output up in Tamil nadu, despite less rain

T E Narasimhan / Chennai July 30, 2010, 0:57 IST

Uses precision farming to overcome water shortage.



Despite a good monsoon in Tamil Nadu, areas under cultivation have not received enough rainfall. However, the state government has assured that foodgrain production would touch 11.2 million tonnes, including 8.5 million tonnes rice and 2.3 million tonnes pulses, a senior official said.

From June to July 14, the state recorded 131.6 mm rainfall, against the average 71.5 mm — up by 84 per cent. A week back, the state witnessed the highest rainfall in the country at 193 per cent. But rain in areas under cultivation was not adequate.

The farmers were waiting for rain and expected the government to release water, but were left in the lurch as there was not enough water for harvesting the kharif crop. In Thanjavur district alone, nearly 35,000 hectares was not cultivated, said P Selvam, a farmer.

The government, however, announced release of water from Mettur reservoir that would help rice cultivators in the Cauvery delta.

S Kosalraman, commissioner of agriculture, Tamil Nadu government ,said the government had introduced system rice intensification (SRI) to overcome the water shortage and maximise production.

The area under SRI had been increased from 2,000 hectares to 600 thousand hectares last year. This year, it would be increased to 0.85 million hectares.

“Precision farming, a method which was followed in Israel, was implemented as a pilot project in Dharmapuri district and has been introduced on 22,000 hectares across the state to enable farmers to increase production and reap profits,” he added.

The state government has opened the sluice gates of the Mettur reservoir on July 28 in view of Adi Perukku festival. This will enable farmers to go for an early samba crop in mid-August. Agriculture department officials have also advised farmers to go for the long-term paddy crop early and not to postpone it till September. Officials also said the present level of 82 feet water in Mettur reservoir would aid samba cultivation only if the north-east monsoon sets in at the right time.

K Nanda Kishore, agricultural production commissioner and secretary in the agriculture department, said rice production has increased from 23.66 million tonnes in 2001-05 to 24 million tonnes in 2006-09. Food grain production has gone up from 28.7 million tonnes in 2001-05 to 31.89 million tonnes in 2006-09. Vegetable production has also increased from 26.87 million tonnes to 29.09 million tonnes. Fruits have also witnessed a rise in production. Total agricultural output has increased from 2,236 lakh tonnes in 2001-05 to 2,450 lakh tonnes in 2006-09.

Coffee output may rise 3.6% this year

NewsWire18 / New Delhi July 30, 2010, 0:06 IST

India's 2010-11 (October-September) coffee output is seen up 3.6 per cent on year with rains improving significantly over growing regions in July and planters using fertilisers on time, planters and agronomists said.



“Rains right now are good and there are no signs of any pest attacks as well. If all goes well, we are expected to produce close to the Coffee Board's estimate of 308,000 tonnes,” said Anil Savur, secretary, Karnataka Planters Association.

Agronomists at the Coffee Board also confirmed there had hardly been any adverse reports from growers that this year, despite less rains in June.

“When the progress of monsoon had halted for about a fortnight in June, concerns were rising, but now of course the situation is very much normal. Most planters have used agricultural inputs like fertiliser and other controls timely,” said a Coffee Board official requesting anonymity. Last year, excessive monsoon

rain had caused many plantations to face near flood situation and resulted in extensive attack of berry borer pest, and leaf and stem rot disease in plants.

The Coffee Board's post blossom projections pegged 2010-11 coffee output at 308,000 tonnes. India is estimated to produce 289,600 tonnes coffee in the 2009-10 season, Coffee Board data showed.

Flood-hit Haryana records lower paddy acreage

Komal Amit Gera / Chandigarh July 30, 2010, 0:03 IST

Flood-affected Haryana may see a shortfall of about 50,000 hectares as against the target this kharif season for paddy crop sowing. Given the average yield of non-basmati paddy, the estimated shortage due to this would be about 275,000 tonnes. Besides, in the area under floods where the water has receded, non-basmati paddy has been replaced with basmati (as it is too late to grow non-basmati there). The average yield of the basmati variety is half of the non-basmati.

According to the Director of the agriculture department, A K Yadav, they had a target of 1.15 million hectares under paddy this kharif season and this is likely to be only 1.1 m ha. The crop loss may be about 0.5 million tonnes as compared to last year.

"It is too early to ascertain the extent of actual damage, as we are trying our best to arrange nurseries for paddy and also mobilising our agriculture extension workers to educate farmers for direct seeding, which can help them with less water requirement and shorter duration of maturity," said Paramvir Singh, agriculture minister. The second major kharif crop of Haryana is cotton and the outlook is also pessimistic there. The area under cotton has dropped from 0.51 m ha last year to 0.45 m ha this year.

. About 9,000 hectares was affected by floods. Estimates suggest the state may lose about 190,000 bales (a bale is 170 kg).

Paddy sowing has been done on 0.98 m ha and it should be over by August 10. Cotton sowing was complete in May/June.

Kerala expects good spice yield

George Joseph / Kochi July 30, 2010, 0:00 IST

The moderate monsoon in Kerala has been good for most crops and adequate rains has provided the perfect platform for the agriculture sector. According to analysts, this would be a good season for both edible and cash crops.

The progress of the monsoon has enthused natural rubber growers and production is in full swing. Rubber Board sources said production would be up by around 6-7 per cent and the existing high prices will encourage growers to invest in plantations.

Production increased 5 per cent in June to 57,000 tonnes against 54,255 tones in June, 09, according to the latest data.

N Radhakrishnan, former president of Cochin Rubber Merchants Association said production will increase, as tapping is in full swing in major rubber cultivating areas. But the slow pace in re-planting of old trees are serious concerns.

KM Michel, president, Cardamom Growers Association said the rainfall pattern in high ranges is good and spices, especially cardamom and pepper, are expected to have a good yield.

According to his estimates there might be 5-10 per cent increase in production. During the last season, around 10,000 tonnes of cardamom was produced. The high average price (Rs 1500 per kg) has also pushed up nursing of plantations in Idukki district, where nearly 70 per cent of cardamom is produced.

Agriculture officer Benny Kuriakose said the sharp increase in prices of black pepper and a moderate monsoon is also encouraging growers. The total production last season was between 45,000-50,000 tonnes. The harvesting season will begin in December.

Coco is expected to have a good crop. Growers said the monsoon was also favourable for growing nutmeg. An official of the Coconut Development Board told Business Standard that production is likely to increase.

R Anilkumar, a banana planter of Thrissur district said there was minimal damage due to lack of strong winds and a good crop is expected during Onam in August.

After 45 days of ban on trawlers, the fishing sector will be active from 1st August and good seasonal catch is expected. Around 5,000 fishing boats are preparing for a good season.

Wheat dara, non-basmati rice up on fresh buying

Press Trust of India / New Delhi July 29, 2010, 17:20 IST



Firming conditions developed in the wholesale grains market today after government allowed export of 3 lakh tonnes of wheat and rice amid pick up in demand in view of festive season.

Sentiment turned somewhat better after the government allowed export of 3,00,000 tonnes of wheat and rice through diplomatic channels to Bangladesh and Nepal.



In the national capital, wheat dara (for mills) gained Rs 5 to Rs 1,235-1,240, while atta chakki delivery traded higher by the same margin at Rs 1,240-1,245 per 90 kg.

In the rice section, permal raw, permal wand, sela and IR-8 were up by Rs 50 each to Rs 1,850-1,900, Rs 1,925-2,075, Rs 2,150-2,200 and Rs 1,675-1,700 per quintal respectively.

Following are today's quotations in Rs per quintal:

Wheat MP (desi) 1,725-1,825, wheat dara (for mills) 1,235-1,240 chakki atta (delivery) 1,240-1,245, atta Rajdhani (10 kg) 175, Shakti bhog (10 kg) 175, Roller flour mill 650-670 (50 kg), Maida 780-810 (50 kilos) and Sooji 820-840 (50 kg)

Basmati rice (Lal Quila) 9,300, Shri Lal Mahal 9,300, Super basmati rice 9,000, Basmati common 5,400-5,500, rice Pusa-(1121) 4,400-4,900, Permal raw 1,850-1,900, Permal wand 1,925-2,075, Sela 2,150-2,200 and Rice IR-8- 1,675-1,700

Bajra 1,020-1,030, Jowar yellow 1,400-1,500, white 2,450- 2,500, Maize 1,070-1,080, Barley (UP) 1,090-1,110 and Rajasthan 1,080-1,090

Palmolein rises on global trend

Press Trust of India / New Delhi July 29, 2010, 17:18 IST

Palmolein prices rose by Rs 20 per quintal in the wholesale oils and oilseeds market of the national capital today in tandem with a firming global trend.

Elsewhere, other edible as well as non-edible oils continued to trade in a tight range in the absence of worthwhile activity and closed around previous closing.

Traders said apart from firming trend overseas, fresh buying by vanaspati millers in view of festive season also influenced palmolein prices.

Meanwhile, palm oil futures for October-delivery jumped 1.4 per cent to \$791 a metric tonne on the Malaysia Derivatives Exchange, the biggest intra-day gain since July 22.

In the edible section, palmolein (rbd) rose by Rs 20 to Rs 4,510 per quintal.

Following are today's quotations in Rs 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) 8,350, groundnut Solvent refined (per tin) 1,400-1,410, Mustard Expeller (Dadri) 5,300, Mustard Pakki ghani (per tin) 705-860, Mustard kachi ghani (per tin) 860-960, Sunflower 6,300

Sesame mill delivery 5,870, soybean Refined mill delivery (Indore) 4,800 Soyabean degum (Delhi) 4,570, Crude Palm Oil (Ex-kandla) 3,850, Cottonseed mill delivery (Haryana) 4,500, Palmolein (RBD) 4,510, Rice bran (phy) 3,750 and Coconut (per tin) 1,070-1,100

Non-edible oils: Linseed 4,100, Mahuwa 4,000, Castor 7,600-7,700, 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

Processed food exports value up by 20% in 2008-09: Sahai

Press Trust of India / New Delhi July 29, 2010, 17:16 IST

Processed food exports rose by 20.3 per cent to over Rs 16 lakh in 2008-09, the Lok Sabha was informed today.

In volume terms, the exports, however, fell by 17 per cent 49,25,585 million tonnes in 2008-09, Minister for Food Processing Industries Subodh Kant Sahai told the Lok Sabha in a written reply.

Processed food exports were 59,27,906 million tonnes valued at over Rs 14 lakh (Rs 14,10,387) in 2007-08, he said. The minister, however, added that value-wise the exports saw a 57.3 per cent jump in 2008-09 to Rs 16,97,869 from Rs 10,79,289 in 2006-07.

In terms of quantity also, the shipments from India saw a 51 per cent increase in 2008-09 over that in 2006-07. India had exported over 32,56,518 million tonnes of processed food in 2006-07.

Sahai also accepted that processing levels in India are lower than the levels in other countries like China, America, Japan and England.

Processing levels of fruits and vegetables in the country are estimated at 2.2 per cent, compared to many European countries, where it is more than 60 per cent.

Food inflation trips to single digit; opposition rocks House

Press Trust of India / New Delhi July 29, 2010, 16:50 IST

Food inflation fell to single digit at 9.67 per cent for the first time this year bringing relief to the government, which has been braving concerted Opposition attack on rising food and fuel prices within and outside Parliament.

Falling for the second week in a row, the food inflation slipped by 2.80 percentage points for the week ended July 17 from 12.47 per cent in the previous week, driven mainly by falling prices of vegetables, especially potatoes and onions.

"It is a very welcome news. Inflation has moved pretty much on cues as I had expected. It feels good. However, it should not be over interpreted," Chief Economic Advisor Kaushik Basu said.

The food inflation came down to single digit for the first time since the government in November 2009 started giving separate figures for inflation of primary articles.

Opposition parties led by National Democratic Alliance (NDA) had organised an all India agitation on rising prices on July 5, which saw right wing BJP and Left parties coming together on an issue.

The issue of price rise rocked Parliament again leading to adjournment of the proceedings in both the Houses for the third consecutive day today. The Opposition parties want discussion on price rise under a rule that entails voting, which is not agreeable to the government.

Though the government can draw comfort from food inflation declining to single digit, the data released by the government shows that prices of pulses, milk and fruits rose by 21.23 per cent, 19.03 per cent and 12.14 per cent, respectively in the last one year.

High inflation prompted the Reserve Bank on July 27 to raise key policy rates up to 0.50 per cent the impact of which will be felt in the coming weeks.

The fall in inflation for the week ended July 17 was mainly on account of decline in potato and onion prices. Potatoes became cheaper by over 46 per cent and onions by over 10 per cent. Overall vegetable prices fell 14.77 per cent.

"The fall is basically due to the high base affect. Besides seasonal fall in food inflation is normal. And we can expect further fall due to monsoon progress and rise in farm productivity," said Jayati Ghosh, professor of economics at Jawaharlal Nehru University.

Yes Bank chief economist Shubhada Rao too opined that, "over the next few weeks we can expect some more easing of the food inflation... The progressive easing of the food index will also provide some comfort from the overall inflation".

Overall inflation, which includes prices of manufactured goods, has been in double digits for the past five months. It was 10.55 per cent in June.

Food inflation has remained above the 16 per cent level for most part of the year, before falling sharply to below 13 per cent since mid-June.

Wheat futures up as govt allows export to B'Desh, Nepal

Press Trust of India / New Delhi July 29, 2010, 16:23 IST

Wheat futures traded Rs 8.80, or 0.69 per cent higher, at Rs 1,279.80 per 100 kg as speculators created fresh positions after the government allowed exports of 3,00,000 tonnes of rice and wheat to Bangladesh and Nepal.

Reports that the government would consider imposition of import duty on grain also supported the upside in the wheat futures prices.

At the National Commodity and Derivatives Exchange counter, wheat for delivery in October contract moved up by Rs 8.80, or 0.69 per cent, to Rs 1,279.80 per 100 kg, with an open interest of 6,190 lots.

The grain for delivery in September contract also traded Rs 5.40, or 0.43 per cent higher, at Rs 1,258.50 per 100 kg, with an open interest of 16,130 lots, while delivery in August contract gained Rs 3.20, or 0.26 per cent at Rs 1,242 per 100 kg, with an open interest of 24,410 lots.

Analysts said the government's decision to allow export of 3,00,000 tonnes of rice and wheat through diplomatic channels to Bangladesh and Nepal, influenced the grain prices at futures market here.

Besides, reports of government considering imposition of import duty on grain also supported the rise.

Cashew prices decline on sluggish demand

Press Trust of India / New Delhi July 29, 2010, 17:10 IST



Cashew prices declined by Rs 5 per kg in the national capital today owing to fall in demand from retailers and stockists.

Adequate stocks position followed by increased arrivals from producing belts also weighed on the cashew prices.

Cashew kernel (No 180, 210, 240 and 320) prices fell by Rs 5 each to settle at Rs 490-495, Rs 460-470, Rs 370-385 and Rs 360-370 per kg, respectively.

Marketmen said subdued demand from retailers and stockists, against comfortable stocks mainly led to a decline in cashew kernel prices at the wholesale dry fruits market.

Following are today's quotations in Rs per 40 kg:

Almond (California) new Rs 10,000 Almond (gurbandi-new) Rs 4,600-4,700 almond (girdhi) Rs 2,300-2,400 and Abjosh Afghani Rs 7,000-16,000

Almond kernel in per kg (California) Rs 345-350, almond kernel (gurbandi-new) (kg) Rs 300-375

Pepper rises on fresh buying; tight supply

Press Trust of India / New Delhi July 29, 2010, 16:52 IST



Black pepper prices rose by Rs 300 per quintal in the national capital today on fresh buying by retailers and stockists, followed by pick up in domestic and exports demand.

Restricted supplies from producing belts also supported the upside in prices. Black pepper prices rose by Rs 300 to settle at Rs 22,500 -22,700 per quintal.

Traders said sentiment turned better after rising domestic and exports demand and firming trend at futures market.

Following are today's quotations (per quintal):

Ajwain 14,000-19,000, black pepper common 22,500-22,700, betelnut (kg) 85-105, cardamom brown-Jhundiwali (kg) 740-750 and cardamom brown-Kanchicut (kg) 825-950.

Cardamom small (kg): Chitridar 1,250-1,400, cardamom (colour robin) 1,540-1,560, cardamom bold 1,580-1,600, cardamom extra (bold) 1,680-1,700 and cloves (kg) 370-400

Chirounji (new) (kg) Rs 410-450 Dry mango(raipur) Rs 6,000-8,500 Dhania Rs 3,100-8,500 Dry ginger Rs 22,000-25,500 Kalaunji Rs 10,000-11,800 Mace-Red (kg) Rs 1180-1300 Mace-Yellow (kg) Rs 1440-1525 Methiseed Rs 3,200-4,200

Makhana (per kg) Rs 120-160 Nutmeg Rs 520-550 Poppyseed (KG Turkey) Rs 205 Poppyseed (KG MP-RAJ) Rs 205-255 Poppyseed (KG Kashmiri) Rs 185 Red chillies Rs 5,000-9,000 Soya bari pariwar (20 kg) Rs 350-400

Saffron (kg) Irani Rs 1,05,000-1,15,000 Saffron (kg) Kashmiri Rs 1,45,000-1,62,000 Soanf-bold Rs 9,000-15,000 Turmeric Rs 16,500-19,500 Tamarind Rs 2,250-2,600 Tamarind without seed Rs 3,800-5,500 Tea (kg) Rs 60-175

Watermelon kernel (Kg) Rs 235 Jeera common Rs 14,400-14,700 Jeera best Rs 15,500-16,000

Menthol remains weak on subdued demand

Press Trust of India / New Delhi July 29, 2010, 16:45 IST

Menthol prices fell further by Rs 5 per kg in the national capital today in view of subdued demand from consuming units.

Comfortable stocks position followed by increased arrivals from producing belts in Uttar Pradesh also put pressure on the prices.

Menthol bold crystal, flake and mentha oil prices fell by Rs 5 each to Rs 855, Rs 810 and Rs 755 per kg, respectively.

Marketmen said subdued demand from consuming units against fresh arrivals from Chandausi market in Uttar Pradesh, mainly led to a decline in menthol prices.

Following are today's quotations:

Ammonium chloride (50 kg), Rs 1,200-2,400, acetic acid (1 kg) Rs 36-38, ammonia bicarb (25 kg) Rs 450-500, boric acid technical (50 kg) Rs 2,800-3,200, borex granular (50 kg) Rs 2,000-2,500. Caustic soda flake (50 kg) Rs 950-1000, citric acid (50 kg) (China) Rs 2,600-3,000, citric acid deshi (50 kg) Rs 2,550 -2,950, camphor slab (1 kg) Rs 320, camphor powder (1 kg) Rs 310, glycerine (1 kg) Rs 85-100, hexamine (1 kg) Rs 80, hydrogen peroxide (1 kg) Rs 33-35, mercury (34.5 kg) Rs 65,000, menthol bold crystal (per kg) Rs 855, menthol flake (1kg) Rs 810 and mentha oil (1 kg) Rs 755

Paraffin wax (1 kg) Iran Rs 68-75 Paraffin wax (1 kg) China Rs 100-110 Paraffin wax (1 kg) Indian Rs 92 Residue wax (p tonne) Rs 41,000 Soda ash (50 kg) (Tata) Rs 925 Soda ash (50 kg) (Gujarat) Rs 900 Soda ash (50 kg) (DCW) Rs 900

Soda ash (50 kg) (Birla) Rs 900 Soda Hydro Sulphate (1 kg) Rs 95-110 Sodium hydro sulphite (1 kg) damosha Rs 85 Sodium hydro sulphite (1 kg) china Rs 58 Sodium hydro sulphite safolite (1 kg) Rs 110-125 Sodium silicate (Qtl) Rs 1,000-1,150

Sodium nitrate (50 kg) Rs 1,650-1,900 Sodium nitrite (50 kg) Rs 1,900-2,000 Sodium bio-carbonate (50 kg) Rs 1,025 Stable bleaching powder (25 kg) Rs 650-700 Tartaric acid france (1 kg) Rs 440 Thymol (1 kg) Rs 510 Titanium dioxide (1 kg) Rs 100-110 Oxalic acid (pcpl) 50 kg Rs 1,900-2,000

Gur rules steady in thin trade

Press Trust of India / New Delhi July 29, 2010, 16:42 IST



The wholesale jaggery market ended on a steady note today, as gur prices moved in a tight range in restricted buying activity. Marketmen said restricted buying activity against adequate stocks position mainly kept gur prices around previous levels. Following are today's quotations in Rs per quintal:

Chakku Rs 2,900-2,950, Pedi Rs 3,020-3,070 and Dhayya N.T., shakkar Rs 3,100-3,200 In Muzaffarnagar: Raskat Rs 1,950-2,000, chakku Rs 2,550-2,650 and Khurpa N.T In Muradnagar: Pedi 2,850-2,900 and Dhaya N.A

Sugar falls on reduced offtake

Press Trust of India / New Delhi July 29, 2010, 16:40 IST



Sugar prices declined by Rs 25 per quintal in the wholesale sugar market today on reduced offtake at existing higher levels against increased arrival from mills.

Marketmen said reduced offtake by stockists and retailers at prevailing levels amid increased arrivals from mills mainly led to a fall in wholesale sugar prices.

Sugar ready medium and second grade prices declined by Rs 25 each to Rs 2,875-2,925 and Rs 2,865-2,915 per quintal.

Mill delivery medium and second grades also traded lower by the same margin at Rs 2,725-2,825 and Rs 2,715-2,815 per quintal.

Following are today's rates in Rs per quintal:

Sugar ready M-30 2,875-2,925 and S-30 2,865-2,915

Mill delivery M-30 2,725-2,825 and S-30 2,715-2,815

Sugar mill gate prices (excluding duty): Kinonni 2,830, Asmoli 2,820, Mawana 2,775, Titabi 2,770, Thanabhavan 2,760, Budhana 2,750 and Dorala 2,760

Copra Rajapur declines on poor buying support

Press Trust of India / Mumbai July 29, 2010, 16:18 IST

Prices of Copra Rajapur Mumbai declined in an otherwise lacklustre spices market here today on poor buying support amid ample supply positions.

Copra Rajapur Mumbai dropped by Rs 100 per quintal to Rs 5,800 from yesterday's closing level of Rs 5,900. Other spices ruled steady.

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

Black Pepper (per kilo) 231/245 (231/245), ginger bleached (per kilo) 240 (240), ginger unbleached (per kilo) 260 (260), copra office Alapuzha (per quintal) closed (3,800), copra office Kozhikode (per quintal) closed (3,725)

copra Rajapur Mumbai (per quintal) 5,800 (5,900) and copra edible Mumbai (per quintal) 4,800 (4,800)

Almond prices weak on profit-booking

Press Trust of India / New Delhi July 29, 2010, 15:45 IST



Almond futures prices declined by Rs 3.75, or 1.14 per cent, to Rs 326 per kg today, as speculators booked profits at existing higher levels.

Weak trend in the spot markets followed by fresh arrivals from overseas market, against sluggish demand also put pressure on the prices.

At the Multi Commodity Exchange, almond for September contract declined by Rs 3.75, or 1.14 per cent, to Rs 326 per kg, with a trading volume of one lot.

Traders said profit-booking by speculators and weak trend in the spot market mainly led to a fall in almond prices in futures trade.

Potato recovers 1.29% on spot demand

Press Trust of India / New Delhi July 29, 2010, 15:44 IST

Potato prices recovered by Rs 14.90, or 1.29 per cent, to Rs 375.90 per quintal in futures trade today, as traders enlarged their positions on pick up in spot market demand.

Restricted supply from producing regions also supported the uptrend.

At the Multi Commodity Exchange counter, potato for September contract gained Rs 14.90, or 1.29 per cent to Rs 375.90 per quintal, with a trading volume of 741 lots.

Potato for delivery in October traded higher by Rs 4.70, or 1.26 per cent, to Rs 379 per quintal in 394 lots, while August delivery up by Rs 4.10, or 1.11 per cent, to Rs 372 per quintal, with a business volume of 571 lots.

Marketmen said increased buying by traders and speculators on pick up in demand in the spot market mainly led to a rise in potato prices at futures trade.

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

THE HINDU Business Line

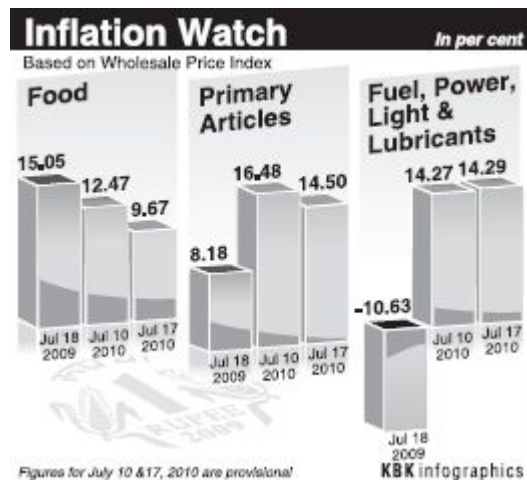
Business Daily from THE HINDU group of publications

Friday, July 30, 2010

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073055462800.htm>

Food inflation eases to single digit

Fuel Price Index rises a tad to 14.29%.



New Delhi, July 29

Food inflation eased to single digits, rising to an annual 9.67 per cent during the week ended July 17, compared with the previous week's year-on-year surge of 12.47 per cent.

Data released by the Government on Thursday showed the rise in food inflation, based on the Wholesale Price Index, was stemmed largely with prices of cereals, rice and vegetables falling during the week.

The fuel price index rose 14.29 per cent in the period, against a 14.27 per cent in the previous week.

The government had raised prices of fuels in late June. According to the data, the Primary Articles group index surged by 0.4 per cent on a sequential basis as the index for the 'Food Articles' group rose by 0.6 per cent due to higher prices of fish-marine (three per cent), gram and milk (two per cent each) and mutton, urad, wheat, tea and maize (one per cent each).

However, the prices of fish-inland and rice (one per cent each) declined.

The index for 'Non-Food Articles' group rose by 0.2 per cent due to higher prices of rape and mustard seed and sunflower (two per cent each) and raw silk, raw jute, groundnut seed and copra (one per cent each).

However, the prices of raw cotton (one per cent) declined.

On a sequential basis, the Fuel index declined by 0.1 per cent on a sequential basis due to lower prices of naphtha, light diesel oil and furnace oil (one per cent each).

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073053212900.htm>

Export, mills' demand help cotton bloom

Rajkot, July 29

Cotton price gained Rs 500-700 a candy (356 kg each) on fresh demand from millers and exporters.

According to market sources, prices may increase further as the stock position is quite low.

In Gujarat, the price of Shankar-6 cotton increased to Rs 29,500-30,000, while in Maharashtra, it ruled around Rs 29,000-29,500.

Cotton arrivals in Gujarat are around 1,500-2,000 bales of 170 kg.

Prices may rise

According to Rajkot-based brokers, cotton has become a “stock-based market.”

“We have 6-7 lakh bales of cotton on hand in Gujarat and 15-20 lakh bales in India. Exporters' inquiries are there and some mills are also active, so prices may increase by about Rs 500 a candy in coming days,” they said.

According to the Cotton Corporation of India latest report, the cotton has covered almost in 94 per cent of the normal sowing area, to reach 102.35 lakh hectares.

The normal acreage is 108.70 lakh hectares. This coverage has begun to gather momentum due to steady rainfall in major-growing regions, along with diversification to the natural fibre.

Sowing

In Gujarat, nearly 90 per cent sowing has been completed in around 26 lakh hectares and the rest of the sowing is in progress.

The acreage under cotton in Gujarat, during the ensuing season, is expected to increase by 10 per cent compared with the previous year.

In Maharashtra, sowing is nearly complete in around 37.50 lakh hectares, while it progressing in other areas.

The acreage in Maharashtra is expected to increase 10 per cent against last year as farmers have switched over from soyabean and pulses.

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073053263100.htm>

'Biotech regulation Bill could damage agriculture, ecology'

Hyderabad, July 29

A group of legal experts, academicians and non-governmental organisations has demanded that the Union Government should withdraw the Biotechnology Regulatory Authority Bill (BRAI) as it attempts more to promote modern biotechnology rather than focussing on regulating it.

"It should be withdrawn as it could cause irreversible impact on the agriculture and livestock systems in the country. Instead, the Government should promote environmental-friendly farm methods," Mr P.V. Satheesh, Convener of South Against Genetic Engineering (SAGE), said.

Briefing the media on the declaration made by the two-day roundtable held at the National Academy of Legal Studies and Research (NALSAR) on July 17 and 18 here, he said any law proposed with regards to GE (genetic engineering) should be towards protecting India's food producers and consumers. The conservation of biodiversity should be the priority. "Such laws should also incorporate clauses for assigning liabilities towards any harm caused to the farmers following the traditional method," he said.

Prof. Madabhushi Sridhar of the NALSAR University of Law said that the absence of robust regulatory mechanism could cause serious damages to agriculture and ecology.

'Unconstitutional Bill'

"The large-scale conversion of agricultural land for non-food production and industrial purposes is causing widespread displacement of lives and livelihoods. The BRAI is against the principles of Constitution as it tries to curtail freedom of expression, restraining people from talking against biotechnology," he added.

The roundtable on 'Genetic engineering in food and farming and its legal implications' was jointly organised by NALSAR University of Law and SAGE. The participants included the Constitutional expert, Mr Prashant Bhushan, and noted administrator, Mr K R Venugopal.

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073053072300.htm>

Pepper ends lower on bearish activities

Kochi, July 29

Pepper futures, after witnessing high volatility on Thursday, ended below the previous day's close on bearish reports.

Reports of lower quotes from Indonesia, followed by Brazil, pulled the market down while there was a slowdown in the domestic demand.

Good quantities were sold on Wednesday to major North Indian markets such as Delhi, Gwalior, Indore, Nagpur, and Jaipur by Tamil Nadu and Karnataka-based inter-State dealers at lower prices.

This has slowed down domestic demand for the time being, market sources told Business Line.

However, not much activity took place in the terminal market as sellers did not want to part with their produce at lower levels while buyers withdrew, following the decline in the futures market.

At the same time, there was no selling pressure in the primary market where sellers, who did not get material from the farmers to replenish their stocks, did not wish to sell.

As a result, a tight supply situation continued to exist in Kerala, they said.

Indonesia has reportedly offered Lampung Asta at \$4,150 a tonne (c&f) Kochi which was followed by Brazil at \$4,150 August/September. August contract on NCDEX was down by Rs 127 to close at Rs 20,720 a quintal.

September and October fell by Rs 142 and Rs 150 respectively, to close at Rs 20,995 and Rs 21,179 a quintal.

Turnover fell by 14,754 tonnes to 22,087 tonnes.

Total open interest declined by 169 tonnes to 20,129 tonnes. August open interest declined by 64 tonnes to 11,090 tonnes.

Prices quoted for black pepper for different origins in dollar per tonne c&f New York were: MG 1 asta – 4,800; Vietnam 500 GL-4,100-4,150 (fob); Vietnam asta - prefer to work firm bids; Lampong 500 GL – 3,900-3,950 (fob); Lampong asta – 4,100-4,150 (fob)-resellers will discount origin market; Sri Lanka 500 GL -3,950-4,000 (fob); Brazil B2 500GL – 4,075-4,100 (fob) August/September; Brazil B1 560GL – 4,250-4,300 (fob) August/September and Brazilasta – 4,350-4,400 (fob) August/September. Vietnam white pepper - quote \$6,000 a tonne and Muntok white pepper - quote \$6,000 a tonne both (c&f).

Date:30/07/2010 **URL:** <http://www.thehindubusinessline.com/2010/07/30/stories/2010073053122900.htm>

Low overseas offtake, higher arrivals hit rice

Karnal, July 29

With dispatch of consignments for the Ramdan festival getting over and low demand from abroad, the rice market witnessed a drop in prices.

The price of Pusa-1121 variety has dropped Rs 50 a quintal in the last two days. On Thursday, Pusa-1121(steam) was quoted Rs 5,200 a quintal, Pusa1121 (sela)around Rs 4,050 a quintal and Pusa-1121(Raw) at Rs 5,200. Pusa-1121(steam) variety touched Rs 5,250 a quintal on Tuesday, the highest in

the recent past. Prices of Pusa-1121 (sela) had ruled at the levels of Rs 4,100 a quintal during the weekend last. Pusa (Sela) variety was quoted Rs 3,100 a quintal and Pusa (Raw) ruled around Rs 3,900 a quintal. Basmati Sela was quoted Rs 6,000 a quintal and Basmati Raw at Rs 7,000 a quintal.

Heavy and fresh arrivals of Govinda (sathi) variety from Uttar Pradesh kept the prices of non-basmati varieties lower levels. Sharbati Sela variety ruled around Rs 2,750; Sharbati steam at Rs 2,870-2,970; Permal (PR) sela at Rs 1,965-2,115; PR (Raw) at Rs 2,050-2,250 and PR (Steam) at Rs 2,190-2,340.

Date:30/07/2010 **URL:** <http://www.thehindubusinessline.com/2010/07/30/stories/2010073055513000.htm>

Tangy demand



Still high:Malabar tamarind (Garcinia Cambogia), Kodampuli in Malayalam, put for drying at a small scale farm near Kochi in Kerala. Tamarind is native to India and is widely grown in the slopes and plains of evergreen forests of Western Ghats. Hydroxy citric acid, a main ingredient in anti-obesity drugs, is the principal component in the tamarind and has wide applications in pharmaceuticals and therapeutical areas. Despite a fall in production due to lack of organised farming, demand for this tangy spice is still high. Current prices rule at Rs 50-75 a kg, depending on its quality.

Wheat futures up as govt allows export to B'Desh, Nepal

Press Trust of India / New Delhi July 29, 2010, 16:23 IST

Wheat futures traded Rs 8.80, or 0.69 per cent higher, at Rs 1,279.80 per 100 kg as speculators created fresh positions after the government allowed exports of 3,00,000 tonnes of rice and wheat to Bangladesh and Nepal.

Reports that the government would consider imposition of import duty on grain also supported the upside in the wheat futures prices.

At the National Commodity and Derivatives Exchange counter, wheat for delivery in October contract

moved up by Rs 8.80, or 0.69 per cent, to Rs 1,279.80 per 100 kg, with an open interest of 6,190 lots.

The grain for delivery in September contract also traded Rs 5.40, or 0.43 per cent higher, at Rs 1,258.50 per 100 kg, with an open interest of 16,130 lots, while delivery in August contract gained Rs 3.20, or 0.26 per cent at Rs 1,242 per 100 kg, with an open interest of 24,410 lots.

Analysts said the government's decision to allow export of 3,00,000 tonnes of rice and wheat through diplomatic channels to Bangladesh and Nepal, influenced the grain prices at futures market here.

Besides, reports of government considering imposition of import duty on grain also supported the rise.

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073055593000.htm>

Bulk buyers make beeline for Erode cotton

Erode, July 29

Intense competition among over 15 bulk buyers was witnessed for the cotton that came up for sale at the Anthiyur and Bhoodapady regulated markets on Monday and Wednesday. Prices increased by Re 1 a kg in Bhoodapady despite buyers quoting last week's price.

At the Bhoodapady auction, the fine variety Surabi was quoted at Rs 39-43 a kg, which is 80 paise higher than last week. Over 4,000 bags (100 kg each) of Surabi variety was sold in bulk.

The MCU-5 was sold at Rs 36 a kg and about 2,000 bags were sold in bulk.

The coarse variety of Bt Cotton sold at Rs 29-36 a kg, Re 1 higher than last week. Of the 8,000 bags that arrived 5,000 bags sold on Wednesday and 3,000 on Thursday.

At the Anthiyur auction, there was competitive bidding among the bulk buyers of Uthangarai and Perundurai.

Both the fine varieties of Surabi and MCU-5 sold at Rs 36-43.50 a kg, nearly the same as last week. Bt cotton sold at Rs 30-35 a kg, the same as last week.

Mr M.S. Subburaman, Superintendent of the Anthiyur Regulated Market said: "We are expecting some minor rise during the next two sales, after that only coarse varieties will arrive. So the prices of all varieties will fall in the middle of August."

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073055543000.htm>

Coconut growers warned of pest attack

Coimbatore, July 29

Tamil Nadu Agricultural University is sensitising farmers about the possible invasion of the Coconut Leaf Beetle — *Brontispa longissima* — pest from surrounding countries such as Thailand, Philippines, Myanmar, China, Malaysia, Singapore, Cambodia, Laos and Maldives.

Scientists warn that the pest can result in the death of the palm.

“The level of risk is particularly high in the South,” Vice-Chancellor Dr P. Murugesha Boopathi said, appreciating the efforts taken by the Bangalore-based National Bureau of Agriculturally Important Insects (NBAII) towards checking the papaya mealy bug by importing three parasitoids from the US Department of Agriculture.

“Preliminary investigation is under way for assessing the efficacy of these parasitoids. The bio-control agents will be made available to farmers after mass multiplication,” he added.

Pest favours coconut

The NBAII Director, Dr R.J. Rabindra, said prolonged attack, particularly in the case of young palms or those in poor growing conditions, could result in the death of the tree.

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073053242900.htm>

Global cues heat up edible oils

Mumbai, July 29

Edible oil markets witnessed an upward trend on Thursday on global cues and short-supply in the domestic market.

Palmolein, soya refined, sunflower, rapeseed refined and cotton refined prices increased by Rs 2-8 for 10 kg. Good monsoon, increase in sowing area put pressure on groundnut oil whose prices dropped Rs 5.

Malaysian market

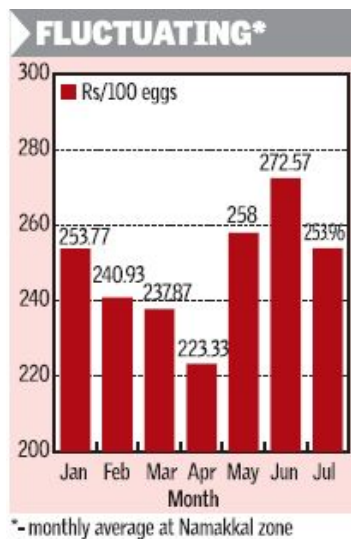
Traders said Malaysia's palm oil exports for July is likely to fall slightly from June's figure at 1.44 million tonnes. Malaysia's August crude palm oil futures ended higher by 14 MYR (Malaysian ringgit) and September by 14 MYR.

Indore NBOT August soya oil futures closed higher at Rs 488.50 (Rs 482) for 10 kg .

According to Mumbai commodity exchange, spot rate for groundnut oil was Rs 860 (Rs 865), soya refined oil Rs 470 (Rs 462), sunflower expeller refined Rs 455 (Rs 455), sunflower refined Rs 515 (Rs 510), rapeseed refined oil Rs 575 (Rs 568) and rapeseed expeller was at Rs 545 (Rs 538), cotton refined was at Rs 485 (Rs 483) and palmolein was at Rs 442 (Rs 436) for 10 kg.

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073053132900.htm>

Egg prices continue to remain frozen



Chennai, July 29

Egg prices, especially in the South, continue to rule lower on account of the austere month of Aadi when the offtake is traditionally weak. The National Egg Co-ordination Committee, Namakkal zone, slashed the table egg price to Rs 2.35 a piece against last week's Rs 2.45.

Broiler prices too are expected to remain stable at Rs 47-48 a kg for the next 15 days. The cost of production and the selling price are at the same level now at Rs 47 a kg. Costs of input materials such as soyameal and maize rule at Rs 16,600-16,800 a tonne and Rs 2,900 a quintal, respectively.

“The main problem is dwindling export enquiries even after the country has been given an avian flu-free status. With slack demand on both domestic and export fronts, there is a possible accumulation of stocks. To prevent this supply glut situation, the prices have been slashed,” said an industry source.

NECC's layer rates have come down this week to Rs 37 from last week's Rs 39 a kg.

Meanwhile, the nation-wide indefinite strike planned by the truckers from August 1 in protest against increase in toll taxes, has sent worry lines on the State's poultry sector, which is heavily dependent on inter-State road transport to despatch the harvested egg and poultry meat to the neighbouring Kerala and distant markets such as West Bengal and to bring poultry feed mix ingredients.

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073053232900.htm>

Sugar dissolves in mills' rush to fulfil July sale quota

Mumbai, July 29

Sugar prices continued to decline on the second day as mills rushed to fulfil their monthly sale quota by offering consignments at lower price. On Thursday S- and M-grade prices declined further by Rs 60 a quintal as the Centre announced a higher free sale quota for August and lack of demand from local as well as from upcountry buyers compounded the situation. Continuous rain also kept buyers at bay.

Mr Hemant Vora of Kavita Trading Co said that due to continuous rain there is no demand from retail as well as from neighbouring States. July is almost over and still there is very heavy unsold quota, indicating further decline in price.

On Thursday, mills quoted as low as Rs 2,550 (including excise duty of Rs 100) for S-grade and Rs 2,600 for Mgrade. The response to the mills' tenders was lukewarm.

Even after the drop in price, the trade volume was very thin, with no one interested in bulk buying. On Thursday more arrivals were seen on the wholesale Vashi market. Total arrivals were 33-35 truckloads (10 tonnes each) and lifting was 25-27 truckloads.

According to the Sugar Merchants Association on Monday, the spot market rate for S-grade was Rs 2,700-2,730 a quintal, (Rs 2,760-2,790), while for M-grade it was at Rs 2,720 -2,820 (Rs 2,780-2,880). Naka delivery rate for S-grade Rs 2,670-2,680 (Rs 2,730-2,760, M-grade was at Rs 2,710-2,730 (Rs 2,770-2,820).

Maharashtra sugar mills quoted Rs 2,450-2,460 for S-grade and Rs 2,480-2,500 for M-grade, said sources.

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073054331700.htm>

Nabard calls for stringent regulation of MFIs

Concern over high rates of interest charged.

It is time that the MFIs reduce their rates of interest. We do not, however, want to prescribe a cap on interest rates: Nabard chief

Kolkata, July 29

National Bank for Agriculture and Rural Development (Nabard) has called for stringent regulatory framework for the micro-finance sector.

The apex bank for agriculture has taken up the matter with the Government and the regulators concerned, according to Mr U.C. Sarangi, Chairman, Nabard.

The need for stringent regulations arose in view of the high rates of interest charged by the micro-finance institutes.

Nabard, however, was not in favour of putting a cap on the interest rates charged by the MFIs, Mr Sarangi said while talking to newsmen on the sidelines of a banking conclave organised by the Federation of Indian Chamber of Commerce and Industry here on Thursday.

"It is time that the MFIs reduce their rates of interest, particularly if the MFI movement is to continue in the country," he said.

High returns

Citing the example of a recent study, he said top five MFIs in the country reported an average return on assets of about 4.3 per cent, against about 1.7 per cent globally.

"We have discussed the matter with the concerned regulators. We do not want to prescribe a cap on interest rates, but we certainly want more regulations in the industry," he said. .

The margins were as high as 20 per cent for most MFIs, he said and added that interest rates up to 25 per cent on an annual basis would be an acceptable limit for MFIs.

Better alternative

Talking about the advantages of financing self-help groups, he said, they were a better alternative to the MFIs, as profits could be ploughed back for disbursing fresh loans.

Nabard, Mr Sarangi said, has started pilot projects in five districts of Tamil Nadu, through tie-ups with post offices, to reach out to the village level entrepreneurs through SHGs.

The bank has also set aside a corpus of Rs 3 crore for this purpose.

The agricultural bank plans to refinance crop loans (both short and long-term loans) worth about Rs 40,000 crore during the current fiscal, which is an 11 per cent increase over that disbursed during the previous year, he said.

Nabard had refinanced crop loans worth Rs 36,000 crore last year.

Date:30/07/2010 URL: <http://www.thehindubusinessline.com/2010/07/30/stories/2010073055573000.htm>

Glut may continue in dairy industry

NDDB imports of milk powder not timed right.



New Delhi, July 29

Domestic dairies, particularly those in the commodity/ingredients business, are staring at huge losses following a monsoon-led rebound in milk supplies and crash in product prices.

Dairies across the country are currently estimated to be procuring at least 50 lakh litres per day (LLPD) more milk compared to last year at this point of time.

The incremental procurement is expected to go up further to around 65 LLPD by early September, when the 'flush' season in the North begins with more milk flowing from the udders of buffaloes.

Taking an average 5 per cent fat and 8.5 per cent solids-not-fat content, the 65 LLPD of milk would translate into roughly 325 tonnes of ghee and 550 tonnes of skimmed milk powder (SMP) daily.

Over a six-month 'flush', the 65 LLPD of milk would be equivalent to production of nearly 60,000 tonnes of ghee and 100,000 tonnes of SMP.

Of course, not all of this additional 65 LLPD would get converted into SMP or ghee. A significant part of liquid milk sales by Mother Dairy in Delhi and dairy cooperatives in the East involves reconstitution of SMP and ghee/white butter.

The additional milk that they procure would, then, be utilised for direct liquid milk marketing. But to the extent that happens, it would also reduce their purchases of solids for reconstitution purposes, thereby shrinking the overall market for products.

"Whichever way you look, the fact is that we are moving into a glut situation as far as dairy ingredients are concerned. It is made worse by imports of 30,000 tonnes of SMP and 15,000 tonnes of butter oil contracted by the National Dairy Development Board (NDDB). Out of this, about 18,000 tonnes of SMP and 8,500 tonnes of oil are scheduled to arrive in October during the flush, which will further depress prices", an industry source said.

Fall in prices

In the last two months, wholesale SMP prices have fallen from Rs 150-155 to Rs 120-130 a kg, while ghee has correspondingly dropped from Rs 250 to Rs 200 a kg. "Seeing the way prices rose last year, many private dairies had built up stocks in the hope of making a killing ahead of the festival season. But that has not taken place. Instead, even before the peak flush is to start in the North, dairies there are saddled with 15,000 tonnes of SMP and 10,000 tonnes of ghee from the last season that they are struggling to dispose of", the source added.

The country's total production of SMP and ghee is valued at Rs 5,500-6,000 crore. Of this, a big chunk (Rs 4,000 crore) is accounted for by northern dairies, including VRS Foods, Sterling Agro, Bhole Baba Dairy Industries, SMC Foods and Gopaljee Dairy Foods.

On the other hand, Amul, Mother Dairy, Nandini, Aavin and other cooperatives – or even South-based private dairies such as Hatsun Agro, Heritage, Tirumala, Creamline and Dodla – have less exposure to the ingredients business, with their revenues mostly coming from liquid milk sales. At the same time, the liquid milk market may not see any immediate expansion, as there are indications of consumer resistance to the spate of recent price increases.

Right now, the impact of glut is being felt largely in Maharashtra, where good monsoon rains have already resulted in dairies being flooded with milk. Dairies such as Parag Milk Foods, Dynamix and Swaraj India Industries are believed to be procuring 50 per cent more milk compared to last year. There are also reports of milk refusals by plants, triggering farmer unrest in some parts of the State.

“NDDB's imports should have taken place last year, when there was a genuine shortage of both fat and powder. Instead, the material is going to land precisely when we are entering a glut,” the source pointed out.

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