

Published: July 5, 2010 19:20 IST | Updated: July 6, 2010 10:05 IST New Delhi, July 5, 2010

## "Food inflation will decline, but may take time"



The Hindu In this file photo a worker arranges rice bags at a FCI godown in Jammu. Finance Secretary Ashok Chawla on Monday said food inflation will be in an “acceptable” range of 5-6 per cent in due course.

On the day when the Opposition called a complete shutdown to protest against price rise, the Central Government on Monday said food inflation was already on the decline and the downside would come into the acceptable range of 5-6 per cent but it would take some time.

“Food inflation is going down. It will take some time before it really comes into a range which is acceptable to the government and which is good for the people,” Finance Secretary Ashok Chawla told reporters on the sidelines of a conference here.

Food inflation declined by almost 4 percentage points to 12.92 per cent for the week ended June 19. Several analysts attributed the decline to the base effect rather than any real decline in prices.

Wholesale price-based inflation, which includes variation in food prices, crossed double digits (10.16 per cent provisionally) in May, but as per final figures, the rate of price rise has been 11 per cent or more since February. When asked what would be an acceptable range of food inflation, he said it would be 5-6 per cent and hoped that it would be achieved by the end of this year.

The Finance Secretary's statement came on the day when the entire Opposition parties called a nationwide strike to protest against the fuel price hike, which disrupted normal life in several parts of the country. Industry estimates said the economic loss ranged between Rs. 3,000 and Rs. 10,000 crore.

While the government is of the view that food inflation would come down, analysts said the overall inflation would increase in the coming days due to the steep hike in fuel prices.

The government had last month deregulated petrol prices, leading to a Rs. 3.50 a litre hike, while diesel rates were raised by Rs. 2 a litre, LPG by Rs. 35 a cylinder and kerosene by Rs. 3 a litre.

The Reserve Bank of India on Sunday stated that managing inflation will remain its main priority. "For RBI, inflation is everything. For the Finance Ministry, it is growth. But in the long run, both will converge as inflation is the biggest enemy," RBI Deputy Governor K. C. Chakrabarty said.

**hindustantimes**



**Press Trust Of India**

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## **Decision on duty on sugar imports in Aug-Sep: Pawar**

Food and Agriculture Minister Sharad Pawar on Monday said that the government will decide on imposing duty on sugar imports before the beginning of the next crop year in October, after assessing cane availability and likely production.

"We will take a decision in August-September before the start of the next sugar season when we get complete picture of the cane availability," Pawar told reporters here when asked about whether the government would impose import duty on the sugar.

Sugar year runs from October-September.

Last month, an empowered group of ministers, headed by Finance Minister Pranab Mukherjee, had deferred a decision to impose 15 per cent duty on white sugar due to high inflation.

"In my opinion, the execution of import duty should be from next season," Pawar said.

With higher production than estimated in the current season and better outlook for 2010-11 season, the industry has been demanding imposition of import duty on white/refined sugar to protect the interest of local mills and check sliding prices.

Retail prices have fallen to Rs 32 a kg in the national capital from nearly Rs 50 a kg in mid-January. According to the Agriculture Ministry data, sugarcane acreage stood at 47.37 lakh hectare till July 1 this season against 41.79 lakh hectare in the same period a year ago.

Based on the feedback from cane commissioners in all the sugar producing states, the food ministry had recently said that country's sugar production in 2010-11 would be 23 million tonnes, equal to the annual domestic demand.

Sugar production in India, the world's second largest producer and the biggest consumer, is estimated at 18.8 million tonnes in the current season ending September. India has already imported over 6 million tonnes of sugar since February to meet the deficit. At the start of the season (October 2009), industry had projected an output of 16 million tonnes in 2009-10.

<http://www.hindustantimes.com/StoryPage/Print/567826.aspx>

## Weather

Chennai - INDIA

### Today's Weather



Rainy

**Tuesday, Jul 6**

Max Min  
37.2° | 26.8°

Rain: 00 mm in 24hrs

Humidity: 94%

Wind: Normal

Sunrise: 05:47

Sunset: 18:39

Barometer: 1005.0

### Tomorrow's Forecast



Rainy

**Wednesday, Jul 7**

Max Min  
34° | 27°

### Extended Forecast for a week

Thursday

**Jul 8**



32° | 27°

Rainy

Friday

**Jul 9**



30° | 25°

Rainy

Saturday

**Jul 10**



32° | 27°

Rainy

Sunday

**Jul 11**



31° | 27°

Rainy

Monday

**Jul 12**



31° | 27°

Rainy

## **Food inflation will dip: Chawla**

Jul 06 2010

New Delhi, July 5: The finance secretary Ashok Chawla said on Monday that it will take sometime before food inflation falls to an acceptable range of around 5 per cent.

“Food inflation is going down. It will take some time before it really comes into a range which is acceptable to the government and which is good for the people,” said Mr Chawla.

Food inflation was 12.92 per cent for the week ended June 19. It has been in double digits for sometime now. While it was expected that when the rabi crop hits the markets, it will soften the food prices. But till now the impact has been a muted one. Now analysts say that any decline in food prices will depend on how the monsoon behaves.

Food inflation declined by almost 4 percentage points to 12.92 per cent for the week ended June 19. Several analysts attributed the decline to the base effect, rather than any real decline in prices.

Mr Chawla said that overall inflation will fall to six per cent by December. The RBI has projected that the inflation will come down to 5.5 per cent by March 2011. Inflation was in double digits at 10.16 per cent in May. The rising prices have now turned into a hot political issue. The whole opposition on Monday had gone for a nation-wide Bharat Bandh against rising prices and the recent hike in fuel prices.

“Strikes in India have been few. The inflation has been high for a year now. It shows that economy is now tolerant to high inflation,” said Crisil chief economist, Mr D.K. Joshi.

Analysts feel that inflation will increase in the coming days as the impact of the fuel price hike comes into effect.

The government had last month deregulated petrol prices, leading to a Rs 3.5 a litre hike, while diesel rates were raised by Rs 2 a litre, LPG by Rs 35 a cylinder and kerosene by Rs 3 a litre.

The RBI on Sunday said that managing inflation will remain its main priority. "For RBI, inflation is everything... for (finance) ministry, it is growth," said RBI deputy governor, Mr K.C. Chakrabarty.

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**Source URL:**

<http://www.deccanchronicle.com/business/food-inflation-will-dip-chawla-378>

## Business Standard

Tuesday, Jul 06, 2010

**After petrol, sugar industry seeks decontrol**

**Ajay Modi / New Delhi July 06, 2010, 0:57 IST**

Encouraged by the government move to decontrol petrol prices, the domestic sugar industry has renewed its demand for freeing the sector. The Indian Sugar Mills Association (Isma), the sugar lobby group, is working with renewed vigour and has sought meetings with food and finance ministries.

"We are pressing hard for it. The government has decontrolled a vital commodity like petrol and is keen on reforms. Now, we are hopeful that sugar decontrol will also see light of the day," said Vivek Saraogi, president of Isma and managing director of Balrampur Chini Mills, the country's second-biggest sugar company. A food ministry official, however, said till now nothing had been thought about decontrolling sugar.

Last week, the government decontrolled prices of petrol and said a similar step would be taken for diesel. So far, the government used to determine petrol prices, which were kept lower than the cost. The losses incurred by public sector oil marketing companies were made up through government bonds and discounts from government oil producing companies.

Sugar is one of the most controlled industries in India. Attempts to decontrol it were made in 1971-72 and in 1978-79, only to be rolled back.

The government has over the years eased controls in major industries like steel and cement. The control on sugar is exercised by way of release mechanism and levy obligation.

Sugar mills can sell in the open market only according to the release mechanism. The Directorate of Sugar in the Union government issues release orders every month and gives mill-wise sale quotas. Mills cannot sell above this quota. A penalty is levied if they fail to sell the quota within the stipulated month.

The government tweaks this system when there is a shortage. This year, for instance, the government resorted to weekly and fortnightly release mechanisms. Under levy obligation, mills sell a certain per cent (currently 20 per cent) of their produce to the government at lower than the market price. This is supplied to below poverty line families through the public distribution system.

An industry expert said this was the right time to decontrol sugar, as the sugar cycle was set to move from deficit to surplus. Against a five-year-low output of 14.5 million tonnes in the 2008-09 season (October-September), the output in 2009-10 is estimated to be close to 19 million tonnes.

The output in 2010-11 is projected at 23-24 million tonnes, equivalent to domestic consumption. A decontrol would not have a major impact on prices, he said.

### **Oil snaps 5-day losing streak, above \$72**

**Reuters / July 06, 2010, 0:56 IST**

Oil edged above \$72 a barrel on Monday, rebounding from a three-week low, but gains were capped by concerns over slowing global economies and demand for fuel.

US crude for August climbed as much as 56 cents to \$72.70 a barrel on Monday and was up 14 cents at \$72.28 by 1052 GMT. ICE Brent crude for August rose 36 cents to \$72.01.

### **Guarseed yield may decline 10-12%**

**Dilip Kumar Jha / Mumbai July 6, 2010, 0:54 IST**

Guarseed output may decline this year by 10-12 per cent due to a poor monsoon in major producing states like Haryana and Rajasthan.

According to traders' estimates, early trend indicates that the total output for this season may stand at 7 million bags (one quintal each) as against 8 million bags during the previous season. Although, monsoon started in Rajasthan on Monday, it is too late for farmers in Sriganganagar and other neighbouring districts of Rajasthan and Haryana for guarseed sowing.

"Crops like chana and mustardseed accrued better remuneration for farmers during the previous season. Most importantly, guarseed prices have declined over 30 per cent since December which is enough to discourage farmers to shift to better yielding crops," said Jodhpur-based Purshotam Mundra, a guarseed trader.

Guarseed prices declined five per cent last week following the revival of monsoon in major producing belts of Rajasthan and Haryana — the two largest guarseed-producing states in India.

The most active guarseed contract for delivery in August 2010 traded at Rs 2,269 a quintal on Monday — a decline of six per cent from the level of Rs 2,411 a quintal on the previous Monday. Similarly, guar gum contract for delivery in August 2010 plunged to trade at Rs 4,986 a quintal, a decline of 6.16 per cent from Rs 5,313 a quintal.

In the spot market also, the seed was traded at Rs 2,325 a quintal in Jodhpur, one of the largest guarseed spot trading market yards in India. Guar gum, a processed form of guarseed which is for its medicinal values, closed in Jodhpur market at Rs 5,000 a quintal, a decline of over six-seven per cent in the last one week.

According to Mundra, sowing takes place mainly in Haryana and Sriganganagar which fetch about 50 per cent of the total output, between June 15 and July 15 period. But, hardly 25-30 per cent of the dedicated area has been covered under guarseed this year due to poor seasonal rainfall.



If the remaining area is covered during late rainfall, the field will not be ready for kharif pulses or oilseed crop. Apparently, late sowing in the region may accrue lower yield in guarseed as well.

Usually, farmers in Rajasthan and Haryana sow chana (chick pea) and mustardseed after harvesting guarseed. But, the lack of rainfall dashed their hopes this year, Mundra said.

Reports suggest that major guargum manufacturers and suppliers, including Hindustan Gum, Lucid India and Vikas WSP, are looking for an opportunity to resume buying from the open market.

“Pipeline inventory has cleared with less arrival in the market and higher export demand. Therefore, prices may see a turnaround in the near future during the current lean season,” said Bikaner-based guarseed trader Navaratan Daga.

Guarseed is a rainfed crop which requires intermittent rain water for bumper yield. Only a marginal sowing area under guarseed is covered through mechanical irrigation system while the rest depends on rainwater.

Farmers are still positive in western Rajasthan where guarseed sowing takes place only after July 10. Since the early crop has been badly affected, the overall output may remain below last years' level.

Sanjay Periwal, another trader based in Jodhpur, said the emergence of export demand may pull prices up this week.

### **Kharif crop to reap benefits from monsoon in Punjab, Haryana**

**Komal Amit Gera / New Delhi/ Chandigarh July 06, 2010, 0:21 IST**

Urban life might be disrupted due to heavy downpour in most of Punjab and Haryana since last evening, but the the farming community is ecstatic over the arrival of monsoon.

The rain, though behind schedule has brought big relief to the farmers of Punjab and Haryana. The late showers are likely to help those who had planned to cultivate basmati rice. Paddy transplantation for the normal varieties was to commence from June 10 in Punjab and June 15

in Haryana. The transplantation of the normal variety of paddy is almost over. Farmers had harnessed groundwater to keep the fields irrigated in case of rain deficit.

Since the meteorological department has confirmed rain for the next few days, the entire kharif crop is likely to benefit.

A senior official in the Department of Agriculture, Haryana said the arrival of monsoon has revived expectations to meet the target of covering 1.15 million hectare under paddy. The actual area under paddy was 1.2 million hectare in 2009-10 in Haryana.

The delayed monsoon has affected the cotton crop in the state and against the target of 600,000 hectare about 450,000 hectare area under cotton has been covered. This would help the farmers engaged in growing Bajra and pulses in the state.

The farmers in Punjab are also happy as they can now save on the cost of irrigation.

Jagtar Singh of village Chamkor Sahib said he spends about Rs 700 per acre per day to keep his fields irrigated for paddy. Since the farmers drained out their resources last year due to drought like situation there was a dire need of adequate rain.

Even Punjab missed the target of 550,000 hectare and covered 532,000 hectare due to delay in monsoon and excessive heat.

The cotton crop that was sown in April would also benefit immensely from the rain, said officials of the department of Agriculture, Punjab. The rainfall helps to dissolve micronutrients present in the atmosphere with the soil that helps in better yield.

The major cotton belt of Punjab, concentrated in Bhatinda is expecting rain in next few days.

The rain is a windfall gain for the state utilities as well as they offer power at subsidised rates for agriculture. The lesser the power drawn for the agriculture connections would save the government from the burden of power subsidy.

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## Rising OECD farm subsidies

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*India should try replicating the OECD 'general services' model for agriculture, with financial support for research, infrastructure and marketing.*

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With farm subsidies touching record highs in rich nations and newer challenges such as climate change confronting global agriculture, the latest report on 'Agricultural Policies in OECD Countries 2010' should be an eye-opener for policy-makers in India. The report concedes that in 31 industrialised countries that constitute the OECD, most distortive forms of support still dominate, reforms remain uneven across countries and hardly any new substantive policy measures have been adopted. The unconscionable levels of farm support in the OECD area have been under attack at the World Trade Organisation's farm trade negotiations, but little has changed since the Doha Development Round began nine years ago. Keen observers of OECD practices and agricultural policies have always known that the rich nations would never whittle down massive farm support despite farm activity in those regions being agribusiness (not a 'livelihood issue,' as in developing economies) and less than 5 per cent of the population was engaged in it (versus, say, 55 per cent in countries such as India). No wonder, in developed countries, total support to agricultural sector reached a staggering \$383.7 billion in 2009, up from \$379.4 billion in 2008 and \$362.2 billion a year earlier.

Now, with agricultural markets turning volatile in last two to three years, the OECD countries are demanding a fresh, forward-looking approach to food and agriculture policy, which simply is a

euphemism for continuing with the huge subsidy programmes. “The fall in (farm goods) prices at the end of 2008 has led to concerns about the impact of future market volatility on the ability of producers to expand output, on an environmentally sustainable basis, in response to growing demand,” goes the argument. This can potentially deflect WTO talks as and when they begin.

An important element of OECD farm programmes is support for ‘general services to agriculture’ which includes expenditure on research, infrastructure, inspection and control as well as marketing and promotion. This support has been rising regularly. For 2009, it touched a new high of \$93.5 billion, up from \$85.8 billion in 2008 and \$77.3 billion in 2007. For India, too, these are critical areas that cry for policy attention, budgetary support and faithful implementation of schemes. Declining public investment in agriculture is a matter of public record. Budgetary outlays for farm research, irrigation and inputs have failed to produce tangible results because of tardy implementation and lack of accountability. Instead of striking public postures attacking OECD farm subsidies, India should concentrate on putting its own house in order by, for one, attempting to replicate the OECD ‘general services’ model.

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### **Campco to offer Rs 45/kg for wet cocoa beans**

*Price lowered by Rs 3 due to higher water content.*

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*Compared with the previous year, cocoa still commands a good price this year due to growth in cocoa-based industry in the country.*

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A.J. Vinayak, Mangalore, July 5

The Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd, which is a major cooperative involved in cocoa marketing and processing, has decided to reduce the procurement price of wet cocoa beans by Rs 3 a kg from July 5.

Lower yield

Mr A.S. Bhat, Managing Director of Campco, told Business Line that the cooperative was offering Rs 48 for a kg of wet cocoa beans till now. From July 5, the grower-members would get Rs 45 a kg for wet cocoa beans.

On reasons for this reduction, Mr Bhat said the high water content during rainy season results in low yield in wet cocoa beans. Quality of the wet beans will not be up to the desired level, he said.

Compared with the previous year, cocoa still commands a good price this year. The cooperative offered Rs 33 a kg during the same period of the previous calendar year.

Analysts say that one of the reasons for good price for wet cocoa beans is growth in cocoa-based industry in the country. Though the country requires around 25,000 tonnes of cocoa, it produces less than half of that. Also, the chocolate industry in the country has been seeing a growth of more than 20 per cent every year.

#### ARECA Procurement

It may be mentioned here that the chocolate factory of Campco had produced 11,000 tonnes of finished and semi-finished cocoa products during 2009-10.

The Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd has procured more than 3,100 tonnes of white arecanut under the market intervention scheme (MIS) of the Karnataka Government.

Mr Bhat said that the cooperative procured white arecanut under MIS from February 16 to June 30 at 15 centres in Dakshina Kannada, Udupi and Uttara Kannada districts of Karnataka.

During the period, the cooperative procured white arecanut to the tune of 3,191.78 tonnes worth Rs 23.93 crore. Till now, the Karnataka Government has given Rs 14 crore for the procurement of white arecanut under the scheme.

#### Dakshina Kannada tops

In all, 13,720 farmers sold white arecanut to Campco under the scheme. Dakshina Kannada topped the list with 12,609 farmers selling their produce, followed by Udupi with 831 farmers and Uttara Kannada with 280 farmers.

The State Government had appointed Campco as the nodal agency for procuring new stocks of white arecanut at a price of Rs 75 a kg in three districts of Karnataka. Each farmer was given the option of selling maximum five quintals of arecanut under MIS.

Under the scheme, Campco had procured arecanut at Kumta and Honnavar in Uttara Kannada district; Kundapur and Karkala in Udupi district; and Adyanadka, Baikampady, Belthangady, Kadaba, Mudipu, Padpinangady, Puttur, Sullia, Uppinangady and Vittal in Dakshina Kannada district.

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How about agri-tourism?

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*The rustic, raw charm of rural India must lie at the core of the 'Incredible India' promotion drive.*

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India's countryside is a repository of all elements that can bind a tourist for days together.

Niraj Kumar

When my friends from France and Spain wanted to visit my village in Bihar, I broke into a sweat. All my efforts to dissuade them yielded little result. They insisted they would wrap up their India tour only after a trip to my native place. But, surprise of surprises, they had a great time. They were lost in the natural surroundings, spending hours under a banyan tree and listening to the tweeting and chirping of birds. They plucked unripe mangoes from the orchard and ate them with relish. They fed cows and enjoyed milking them.

Aloo paratha in desi ghee with coriander chutney became their preferred food. In the morning they fanned out to the sprawling fields and tried the plough. They fetched water from a well.

“Oh! What a wonderful experience it is,” they would exclaim every time they came across something that was hard to find in their countries.

## WRONG PRIORITIES

This experience raises a question: Why not go for agri-tourism? I was wondering if their visit could be a preface to a new chapter in India's tourism to take thousands of foreign tourists to enjoy our vast, verdant countryside. India gets about five million foreign tourists every year. More than 600 million tourists within the country visit different places. Every time we think of promoting tourism, we think of star hotels, huge buildings, wide roads and big airports. Little have we cared to understand the psyche of tourists, why they go out and what they want.

No tourist would like to remain confined in star hotels and waste his holiday. Every tourist wants to take back memories of something different and unique . It is a well known fact that tourists visit India to experience Indian culture, which is basically 'agrarian'.

The cohesive existence of cultures and religions, the colourful festivals, natural diversity, multiple cropping and climatic zones — these are some major attractions for foreign tourists. And, agri-tourism offers most of these at one go.

## AGRI-TOURISM BECKONS

India's countryside is a repository of all these elements that can bind a tourist for days together. To see how cabbage and potato are cultivated would be far more satisfying than eating them in a star hotel.

Sleeping under the open sky, a bullock cart ride in a dusty village road or a day in a farmhouse would surely be a pleasing experience for any visitor.

India's diverse agro-climatic conditions with different regions yielding varieties of crops, fruits, vegetables and trees should be projected as potential tourist destinations.

A visit to a farmhouse in the Kashmir valley, the vineyards in Maharashtra or for that matter the tea estates in Darjeeling is bound to evoke tourist interest. Tourists do not hesitate to spend a few bucks more provided they get something that has never happened to them. What we need is proper marketing of our potential.



Agri-tourism requires sustained joint effort by all stakeholders, particularly government agencies.

Transport, comfortable stay, cleanliness, quality food, security, medical facilities are a few prerequisites for any tourism venture. Development of basic facilities for tourists can be undertaken either at the community level, or at the individual farmer level.

Programmes such as NREGS with annual allocation of a Rs 40,000 crore and other village and agriculture-based programmes are making enough resources available in the villages.

What will meet agriculture tourists' expectations? Something to see — like crops in the field, agricultural practices in progress — and if the tourists have opportunity to try them out, they are enthralled.

Farm workers are expected to be like tourists guides who can explain what, why, and how of all the practices. Churning curd to get the ghee or butter milk, and shearing sheep are experiences which give metropolitan tourists more value for their money.

## MARKETING EFFORT

But it will not happen on its own. It requires niche marketing. It needs to be planned, publicised and managed. Farm houses need to be developed so that they serve the tourists' purpose of being able to see most things within a small distance.

It is a win-win game for all the players — tourists, tour operators, government agencies, village-based businesses, farmers, and even landless labourers.

It is time the Government becomes more focused on agri-tourism instead of doing a few trips to selected tribal villages in the name of rural tourism.

Agri-tourism requires to be integrated with rural tourism, packed with a larger strategy so that the tourists get the best for every penny they spend.

Though some sort of a beginning has been made towards this, agri-tourism will get a boost only when the Government and other stakeholders understand its social, revenue generating and

employment potentials.(The author is on the faculty of Xavier Institute of Management, Bhubaneswar.)

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## **Nuziveedu sees opportunity in paddy seed business**

K.V. Kurmanath,Hyderabad, July 5

Nuziveedu Seeds, which has a market share of 41 per cent in the cottonseed business in the country, has set a sales target of 1.06 crore packets (a packet consists of 450 g) of cottonseed this year against 76 lakh packets in 2009-10.

This includes 88 lakh packets of Bt-II seed for 2010-11 against 35 lakh packets last year as it forecasts a 50 per cent reduction in the Bt-I seeds to 18 lakh packets this year from 40.54 lakh packets last year.

“We have increased the sales targets following the exclusive marketing tie-up with Kribhco and National Seeds Corporation,” Mr S.V.R. Rao, Senior Vice-President (Coordination and Strategic Planning), told Business Line.

The GEAC (the Genetic-Engineering Approval Committee) has approved 26 varieties of the company's cottonseed for the season.

The company, which registered a turnover of Rs 575 crore in 2009-10, hopes to achieve Rs 885 crore in 2010-11. “Our tie-ups with national level marketing companies would help us reach the target,” he said.

### **Paddy focus**

The company had doubled the sales target for maize seeds to 11,218 tonnes in 2010-11 against 5,443 tonnes last year.

The targets for other crops (with last year figures in brackets) are: jowar –1,307 t (815 t); bajra – 1,006 t (342 t); sunflower – 1,108 t (297 t); wheat – 5,453 t (3,510) and soyabean – 4,243t (1,125 t).

Realising huge potential in the paddy seed business, the company has more than doubled the sales target to 20,718 tonnes against 8,810 tonnes last year. “Considering that our country is predominantly a paddy growing area, we see a huge potential there. We grew paddy in 100 million hectares, with hybrid seeds comprising just a fraction of 1.5 per cent,” he said.

Of the target for paddy seeds, the company hopes to sell 1,421 tonnes of paddy this year (577 tonnes). The company announced its first hybrid in paddy with sona masoori grain quality.

“We will further increase focus in paddy as it is a largely untapped area. The Andhra Pradesh Government officially released our two research varieties – Sonal and Moti Gold – in rice,” Mr Rao said.

The vegetable segment is expected to contribute Rs 33 crore in 2010-11 against Rs 17 crore last year and Rs 4 crore in 2008-09.

Meanwhile, the company has proposed to set up a fertiliser plant in Andhra Pradesh. It approached the Andhra Pradesh Industrial Infrastructure Corporation (APIIC), the State Government agency that acquires land and develops it, seeking an allotment of 1,200 acres for the project. The company planned to manufacture urea with an estimated investment of Rs 5,000 crore.

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### **Cardamom rises on limited supply**

G.K. Nair,Kochi, July 5

Cardamom prices moved up last week on limited supply as only two auctioneers conducted sales due to thin arrivals. A total of 24 tonnes arrived and upcountry buyers bought them.

Exporters continued to abstain due to high prices and the quality of the capsules, trading sources in Bodinayakannur said.

Out of the eight auctioneers, six have suspended auctions last month citing poor arrivals.

Auction next week

Heddar systems and MAS enterprises conducted the auctions and their individual average prices were Rs 1,502.09 and Rs 1,557.26 a kg respectively.

The Kerala Cardamom Marketing and Processing Cooperative (KCPMC) will start its auction on July 11 and Cardamom Processing and Marketing Company (CPMC) on July 14, Mr P.C. Punnoose, General Manager, CPMC, told Business Line.

Exporters continued to stay away waiting for the new crop to arrive and also the prices to come down, he said.

Most of the major regular buyers were also absent from the auction, waiting for the new crop, traders said. Total arrivals during the current season stood at 9,702 tonnes. Of this, 9,498 tonnes were sold.

Prices quoted for graded varieties on Monday in Rs/kg were: AGEB 1,710-1,720; AGB 1,585-1,595; AGS 1,570-1,580 ; AGS 1,550-1,560.

Prices quoted in the local market at Bodinayakannur were (in Rs/kg): AGEB 1,690-1,700; AGB 1,570-1,580; AGS 1,545-1,555 and AGS 1,530-1,545. Bulk was being sold at Rs 850-1,600 a kg.

Arrivals and sales in the same period last season were 10,117 tonnes and 9,532 tonnes respectively. Weighted average price as on July 2 was Rs 867.79 a kg, up from Rs 535.80 a kg same day last year.

According to growers, the South-West monsoon has so far been moderate and all the growing areas have received sufficient rains. If this situation prevails throughout the monsoon season, the next crop would be comparatively better and the first crop may hit the market by month-end, they said.

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### **Wheat price down on rain**

Karnal, July 5

Price of wheat (dara) came dropped to Rs 1,200 a quintal on Monday. After ruling steadily at Rs 1,190-1,210 a quintal for almost four days, the market witnessed a decline on Monday.

Mr Ramesh Kumar, a wheat trader, said the prime reason behind the decline was continuous rain since Sunday morning and the Bharat Bandh called by the BJP and other Opposition parties, due to which the retail outlets remained closed. Another reason for the fall in the prices was the flour millers' absence from the market since the government's call of releasing quota for the flour millers in the first week of July.

Mr Subhash Chand, a wheat trader, said traders had expected the quota to be released on July 1 but with no announcement so far, the flour millers have adopted a "wait and watch policy" . Last week, due to absence of arrivals from Uttar Pradesh, wheat touched Rs 1,210 a quintal at the Karnal grain market.

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**<http://www.thehindubusinessline.com/2010/07/06/stories/2010070652061600.htm>**

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### **Turmeric rules below Rs 15,000**

Erode, July 5

Turmeric prices continue to rule below Rs 15,000 a quintal, though they showed signs of rising marginally on Monday.

In the regulated market on Monday, the highest price fetched for the finger variety was Rs 14,939 a quintal, Rs 7 higher than the last week's closing price.

The lowest price was Rs 14,659 a quintal, Rs 308 higher than last week.

The root variety was sold at Rs 14,321 a quintal, Rs 29 lower than last week.

Only 212 bags (of 75 kg each) arrived at the market. Of this, 160 were sold.

In the private market, the finger variety was sold at Rs 14,700-14,800 a quintal, Rs 100 higher than the last week's closing price.

The root variety was sold at Rs 14,500-14,600 a quintal. This is Rs 50-100 lower. Nearly 3,000 bags of turmeric arrived at the market but only 1,000 were sold.

TREND TO CONTINUE

Mr R.K. Viswanathan, a turmeric trader said: "The declining trend will continue till the end of this month. The prices could fall down by another Rs 500 a quintal, but will remain above Rs 14,000 a quintal".

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## **FCI procures 57 lakh tonnes rice in AP**

Kakinada, July 5

The Food Corporation (FCI) of India procured 57,87,341 tonnes of rice (40,57,459 tonnes of white rice and 17,29,882 tonnes of par-boiled rice) in Andhra Pradesh till Saturday (July 3) against a target of 74,39,999 tonnes (46,40,000 tonnes of white rice and 27,99,999 tonnes of parboiled rice).

Tops million-mark

East Godavari district, with a target of 14,09,386 tonnes, crossed the million-tonne mark, with an achievement of 10,23,260 tonnes (8,51,510 tonnes of white rice and 1,71,750 tonnes of parboiled rice). West Godavari district, with a total target of 9,78,517 tonnes, achieved 8,11,356 tonnes of white rice and 70,105 tonnes of parboiled rice (total being 8,81,461 tonnes).

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## **Pepper futures fall on bearish activities**

G.K. NairKochi, July 5

Pepper futures on Monday opened on easier note and moved up slowly to fall on receipt of a number of sell calls from expert analysts of the brokers. Eventually, the market closed almost steady with a marginal slip from the previous close.

Vietnam is reportedly firmer today while the trend in Indonesia is yet to be known, market sources told Business Line.

On the spot, no activities were reported from the primary markets due to the "Bharat bandh" called by the Opposition parties at the national level to protest against the hike in fuel prices.

There was switching over to the nearby positions apart from additional buying, which appears to have restricted the decline in the market at around the closing time, they said.

July contract on the NCDEX declined by Rs 11 to close at Rs 17,624 a quintal. August and September slipped by Rs 8 and Rs 4, respectively, to close at Rs 17,840 and Rs 18,020 a quintal.

Total turnover dropped by 1,255 tonnes to 6,127 tonnes. Total open interest moved up by 187 tonnes to 15,852 tonnes. July open interest dropped by 228 tonnes to 7,435 tonnes. August and September open interest moved up by 370 tonnes and 35 tonnes, respectively, to close at 6,992 tonnes and 713 tonnes.

Spot prices in the absence of trading activities remained unchanged at previous levels of Rs 17,200 (ungarbled) and Rs 17,700 (MG 1) a quintal.

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## **Cashew prices unchanged despite market being active**

G.K. Nair,Kochi, July 5

The cashew market continued to remain active for the past couple of weeks but it has not made any impact on the prices.

Prices remained by and large unchanged even though business was done at around \$3.15 for W240, around \$2.95 for W320, around \$2.80 for W450 (fob). However, prices in the domestic market moved up lightly for the broken, trade sources said.

The peak consumption period in most markets will start in a few weeks, Mr Pankaj N. Sampat, a Mumbai-based major dealer told Business Line. "If off-take is normal or even little bit lower, prices will continue to move in the current range (downside is limited as supply is lower than last year). If spot or nearby off-take is more than expected, we could see prices moving up in August-October which would mean upward pressure on raw cashew nut (RCN) prices in the last quarter," he said.

RCN market was also steady with business being done for afloat parcels of Ivory Coast at around \$900 and Guinea Bissau at around \$1,125 ( c&f ) India.

"There are offers at lower prices from origin for limited quantities of lower yield RCN but processors are not showing interest as better quality afloat parcels are available at reasonable prices," he said.

Fundamentals unchanged

Fundamentals also remained unchanged, trader sources said.

RCN supply for 2010 is more or less known within a 5 per cent range. However, timely conversion to kernels is likely to be an issue, they said.

On the demand side, trend of regular buying is likely to continue — due to uncertainty of demand trends plus general economic situation, no large forward positions are being taken.

Usually, Southern crop RCN is traded higher than Northern crop because of better quality and much smaller quantity. This year there is some uncertainty about next year contracting, which normally happens in August-October.



"If the contracting is for lower volume or period and if the spot or nearby demand in that period is also slow, processors will be in less of a hurry to buy southern crops.

This may reduce the premium for the Southern crop, although there are some processors - especially those who cater to the Indian market - who rush to buy early arrivals," Mr Sampat said.

Overall, most people expect the market to move in the current range for the next few months with some possibility of a price increase in August-October, depending on factors mentioned above.

"There is very little chance of a big decline in prices this year," a market source said.

The only bearish factor is the "economic situation - if things worsen in the next few months, it will adversely impact the demand forecast plus market sentiment plus ability and willingness to take large positions."

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### **Jeera prices rule stable**

Rajkot, July 5

Jeera prices remained stable as there was no trade due to a nation-wide strike. Besides, there was no arrival at Unjha and other major Agricultural Product Market Committee (APMC) markets. On NCDEX, jeera August future traded at a stable Rs 12,745. According to Kedia Commodities report, short term weakness is seen in jeera with prices likely to drop to Rs 12,400-12,500 level for August contracts on the NCDEX. Mr Ajay Kumar Kedia of Kedia Commodities said: "Overseas and domestic demand is low, so some pullback can be seen initially. Better production in other major producing nations such as Syria and Turkey and India, too, will cap the upside in jeera prices in the medium term." Spot prices at Unjha, a key spot market, ruled at Rs 12,650-12,750 a quintal. Support for jeera is seen at Rs. 12,747 and below that it could see a test Rs 12,661. Resistance is now seen at Rs 12,952 and above that, at Rs 13,071.