

Published: July 8, 2010 23:52 IST | Updated: July 8, 2010 23:52 IST MADURAI, July 8, 2010

Food grains merchants oppose FDI in retail sector

The Tamil Nadu Food grains Merchants Association has come out strongly against any move to open up the retail sector for foreign direct investment (FDI) and multinational corporations.

The Centre on Tuesday had floated a paper seeking suggestions from various stakeholders on opening up multi-brand retail trading.

The Association has sent a memorandum outlining their opposition to opening up the retail sector for FDI.

Association secretary P. Subash Chandra Bose said that Government's thinking was flawed in that liberalising the sector would ensure adequate fund flows for developing the infrastructure. Despite 63 years of independence and having implemented many Five-Year plans, the country was deficient in post harvesting infrastructure such as warehouses and cold storages.

Creating these facilities would go a long way in ensuring farmers to get a fair price for their produce and also contribute towards the nation attaining self-sufficiency in food production.

India, with its billion-plus population, was a natural attraction for multinational companies, he said.

Many foreign companies were trying to enter various sectors such as food processing, seeds, fertilisers and agriculture.

In India, millions of people are dependent on small shops in the retail sector.

Their livelihoods could be jeopardised if the MNCs enter the sector.

Mr. Bose said that the Centre should impose a permanent ban on FDI into the retail sector besides informing the Monopoly Trade Control Act restrictions on major Indian corporate

players. These moves were vital to protect the small and medium enterprises in food business sector, a press release said.

Published: July 8, 2010 13:05 IST | Updated: July 8, 2010 23:07 IST New Delhi, July 8, 2010

Food inflation down



The Hindu Cartoon by Surendra in "The Hindu" about the high food inflation.

Food inflation dipped marginally to 12.63 per cent for the week ended June 26 from 12.92 per cent registered in the previous week.

Fuel inflation up

On the other hand, fuel inflation shot up to 18.02 per cent after the hike in rates of petroleum products, up from 12.90 per cent for the week-ago period.

Vegetable prices fell by over 4 per cent year-on-year, thanks to a steep decline in the rates of potato and onion. Potato became cheaper by over 42 per cent, while onion by 8.75 per cent on an annual basis. Food inflation had remained above the 16 per cent level for most part of the year.

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Nabard to refinance crop loans worth Rs. 40,000 crore this fiscal



AP A villager harvests wheat crop in his field in Lucknow. File photo

The National Bank for Agriculture and Rural Development (Nabard) will refinance crop loans worth Rs. 40,000 crore in the current fiscal, an over 11 per cent increase from the previous year, a top official said today.

The bank may need to borrow more than the amount of Rs. 8,000 crore it borrowed during 2009-10 to meet the excess refinancing target for the 2010-11 financial year.

“We have set a target of Rs. 40,000 crore for refinancing crop loans in the current fiscal,” Nabard Chairman U. C. Sarangi told PTI on the sidelines of a CII function here today.

Last fiscal, the agricultural bank had refinanced crop loans worth Rs. 36,000 crore.

“As the refinancing target is more this year, we may go for more borrowing than the last fiscal, which was Rs. 8,000 crore,” he said. He added, however, that no target has been set.

The bank also plans to issue Bhavishya Nirman Bonds, which are zero coupon bonds, this fiscal, depending on its borrowing needs and the market scenario.

Of the total crop loans refinanced, Rs. 13,000 crore has been earmarked for long-term crop loans made by all banks, while over Rs. 26,000 crore is for short-term loans made by cooperative and regional rural banks.

“Demand for credit is growing in the agriculture sector and credit has been the major problem for farmers... Capital formation in agriculture is must,” Mr. Sarangi noted.

Last fiscal, cooperative banks alone lent out Rs. 57,000 crore (Nabard’s contribution about Rs. 17,000 crore) for crop cultivation to around 2.3 crore farmers, 25 lakh farmers more than the previous year.

Nabard will also lend Rs. 18,000 crore to the states for rural infrastructure development this fiscal, slightly less than the Rs. 18,800 crore it lent for similar programmes last year.

Published: July 8, 2010 11:09 IST | Updated: July 8, 2010 11:11 IST Vadodara, July 8, 2010

Kharif sowing going on in full swing in Gujarat



The Hindu Sowing operations are going on in full swing in Gujarat in the backdrop of good monsoon rains received by the state so far. File Photo

Sowing operations are going on in full swing in Gujarat in the backdrop of good monsoon rains received by the state so far.

Good rainfall has been reported from Vadodara, Surat, Chhotaudpur, Bharuch, Amreli, Jamnagar, Rajkot, Surendranagar, among other parts of Gujarat, in past one week, bringing cheers to farmers, who have taken up large-scale kharif crop sowing.

For the second year in running, farmers have given up tobacco cultivation in favour of other kharif crops, sources in Agriculture Department said, quoting government data.

“As per the data available with the Agriculture Department, 24.65 lakh hectares of land has been covered under sowing this kharif season so far. This is nearly 1.62 lakh hectares more than the corresponding period in 2009,” Agriculture Minister Dilip Sanghani told PTI by phone.

“Though there was some delay in on-set of monsoon in the state, it has not affected kharif crop sowing.”

The kharif crops have been divided into categories of coarse, pulses, oilseeds and others. These include paddy, bajra, maize, tur, math, groundnut, soyabean, cotton, tobacco, fodder and guvar seed.

Coarse crops have been sown over 1,46,300 hectares, pulses 92,400, oilseeds 1,00,700 and other crops 12,1930 hectares in the state till now, the sources said.

hindustantimes



Reuters

New Delhi, July 08, 2010

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Food inflation at 12.63 per cent

Food price index rose 12.63 per cent in the year to June 26, while the fuel price index climbed 18.02 per cent, government data released on Thursday showed.

The pace of increase in food prices slowed from the previous week's annual rise of 12.92 per cent, while fuel price inflation accelerated from last week's 12.90 per cent.

The primary articles index was up at 16.08 per cent, compared with the previous week's reading of 14.75 per cent.

Wholesale prices, the most closely watched inflation gauge in India, rose 10.16 per cent in May from a year earlier and a senior government official said it could hit 11 per cent in June.

<http://www.hindustantimes.com/StoryPage/Print/569163.aspx>

Weather

Chennai - INDIA

Today's Weather



Cloudy

Friday, Jul 9

Max Min

28.8° | 25.0°

Rain: 00 mm in 24hrs

Humidity: 89%

Wind: Normal

Sunrise: 05:47

Sunset: 18:39

Barometer: 1008.0

Tomorrow's Forecast



Rainy

Saturday, Jul 10

Max Min

33° | 24°

Extended Forecast for a week

Sunday

Jul 11



31° | 27°

Rainy

Monday

Jul 12



31° | 26°

Rainy

Tuesday

Jul 13



30° | 27°

Rainy

Wednesday

Jul 14



31° | 27°

Rainy

Thursday

Jul 15



30° | 26°

Rainy



Food inflation eases to 12.6% on cheaper potatoes, onions

ENS Economic Bureau Posted online: Fri Jul 09 2010, 03:12 hrs

New Delhi : In a clear indication of declining trend, food inflation eased marginally for the week ended June 26. According to the data released on Thursday by commerce and industry ministry, the food inflation declined to 12.63 per cent from 12.92 per cent reported in the previous week. The decline in inflation is attributed to easing of prices of key vegetable such as onion and potato.

Vegetable prices fell by over 4 per cent on year-on-year basis, led by a massive decline in prices of potato and onion. Potato became cheaper by over 42 per cent, while onion by 8.75 per cent on an annual basis.

This has been due to bumper production of onion and potato this year. Last year, potato production was hit in West Bengal, a key growing state, due to blight disease. Onion prices, which were rising in early part of the year, have declined because of increase in late kharif and rabi output. Food inflation have been over 16 per cent for most part of the year. However, it has fallen in the last few weeks.

However, prices of maize, bajra, eggs, mutton, jowar and condiments and spices moved up respectively, the statement said. Finance minister Pranab Mukherjee, had recently expressed the hope that food prices would decline by mid-July in view of good monsoon.

Meanwhile, latest report of India Meteorological Department said that the south-west monsoon, critical for country's agriculture and economy has, after playing truant last year, has covered almost the whole country nearly 10 days ahead of schedule.

Experts say early arrival of the monsoon over the whole of India has narrowed the seasonal deficit to 13 per cent, as against the 16 per cent deficit due to scanty rains in June. This would definitely boost agricultural production which in turn would push the food inflation down, they added.

The rains are expected to help soybean and groundnut crop and also benefit the cane crop in Uttar Pradesh, besides helping paddy sowing.

Business Standard

Friday, Jul 09, 2010

UN food norms may not impact Indian exporters much

Dilip Kumar Jha / Mumbai July 09, 2010, 0:48 IST

India is unlikely to be impacted by the new melamine and aflatoxin limit set by the UN Codex Alimentarius Commission (Codex), a body run jointly by the Food and Agriculture Organisation (FAO) of the United Nations and the World Health Organisation.

In an effort to help prevent dangerous contamination of food with melamine, a toxic chemical, Codex set new limits for the amount of the substance that can be present in baby formula, other foods and animal feed without causing health problems. The maximum melamine allowed in baby formula was set at 1 mg/kg and 2.5 mg/kg in other foods and animal feed.

“India does not produce, consume or export melamine. Hence, exporters need not fear for this chemical used in a variety of industrial processes, including the manufacture of plastics used for dishware, kitchenware and can coatings.

Traces of it unavoidably get into food by contact without causing health problems, but the substance is toxic at high concentrations.

The recent scare caused by Chinese made goods, particularly milk powder tainted with melamine causing illness of more than 13,000 and death of 4 children in China. This was caused by manufacturers putting dangerously high levels of the toxic chemical in milk powder

and other foods. Earlier this chemical was also found in Chinese made pet foods leading to its massive recall in the United States.

Melamine is a toxic chemical and because it is a hard synthetic substance with flame retardant properties, is commonly used in making countertops, dry erase boards, and other house wares including utensils. This toxic substance is sometimes illegally added to food products in order to increase their obvious protein content. When mixed with diluted milk it thickens the milk and make it appear rich in protein. More importantly, it would seem that normal testing of the product cannot detect the substance but shows it as protein.

If consumed it causes renal and urinary problems in humans and animals when it reacts with the cyanuric acid present in the human body and sometimes in drinking water and animal feed. Due to this harmful nature its use in food production is universally banned.

India needs no worry as melamine is not produced, consumed or exported from here, said Sanjay Shah, former Chairman of Indian Oilseeds and Produce Export Promotion Council (IOPEPC), a trade body set up by the Ministry of Commerce.

As far as aflatoxin goes, it seems UN has relaxed the norm, said Shah. Maximum levels of 10 micrograms/kg were set for aflatoxins in Brazil nuts (shelled, ready-to-eat) and 15 micrograms/kg for shelled Brazil nuts (intended for further processing), while the Commission also adopted a code of practice to prevent this contamination. Aflatoxins are carcinogenic fungal toxins that can contaminate corn, peanuts and other food crops such as tree nuts under certain conditions. The new Codex measures provide specific guidance for production, harvesting, packing, processing, storage, distribution, marketing and consumer education to reduce food safety risks associated with these products. Guidance covers such aspects as the control of irrigation waters, cooling and storage and correct washing of hands by consumers.

FCI wheat price cut won't enthuse auctionEers

Dilip Kumar Jha / Mumbai July 9, 2010, 0:46 IST

The price was reduced after a 7% cut in rail freight.



The marginal cut in wheat prices by government-owned Food Corporation of India (FCI) is unlikely to do much for sale of the staple through the open market sale scheme (OMSS).

FCI on Wednesday reduced the base offer price for wheat under OMSS, following a seven per cent reduction in rail freight. The base price for wheat tenders would come down by Rs 2 a quintal in Delhi and by Rs 12-13 in southern states. For instance, wheat will be quoted at Rs 1,389.78 a quintal against Rs 1,402 a quintal in Tamil Nadu.

“There is virtually no cut in prices. The government only reduced the transportation cost,” said Anjani Sinha, MD and CEO of the National Spot Exchange (NSE).

The new base price is still higher than the current spot market price, of Rs 1,230-1,240 a quintal. Had the government brought it down, either on a par with the spot price or below, a lot of bulk consumer interest could have been generated. Wheat sale through OMSS is a function of price. Otherwise, only those consumers participate in auctions who do not get large quantities of wheat, Sinha added.

The previous wheat sale auction by NSE through OMSS was in June and it sold 750 tonnes. The earlier restrictions on quantity have been lifted, with monsoon rainfall on and the lack of storage capacity.

The NCDEX Spot Exchange has also been hired by FCI to conduct wheat auctions. It is preparing to do the first one in Andhra Pradesh soon, said Rajesh Kumar Sinha, head of NCDEX Spot.

FCI has 17.8 million tonnes (mt) of wheat, much higher than the buffer norm of 17.1 mt. In addition, the government holds 3 mt as a strategic reserve, according to FCI's website.

Oil jumps to \$75 on equities, US data

Reuters / London July 09, 2010, 0:20 IST

Oil rose to around \$75 a barrel on Thursday, supported by a rally in stock markets and an industry report showing a sharp fall in crude oil inventories in the United States, the world's largest oil consumer.

The euro surged to a two-month high and Asian stocks climbed to their highest in more than a week on Thursday, after a bullish forecast from State Street fuelled optimism about the coming US earnings season and underpinned growing tolerance for risk, sending Wall Street higher.

US crude oil futures for August rose as much as \$1.03 to \$75.10 a barrel, the highest intraday price since July 1, and were up 75 cents at \$74.82 by 0955 GMT. ICE Brent crude for August rose 75 cents to \$74.26.

Oil prices are still more than \$12 below their 19-month peak above \$87 reached in early May, although they rebounded sharply from a trough below \$65 on May 20.

"Commodity prices have made gains on a broad front, thanks to friendlier equity markets," said Eugen Weinberg, commodity analyst at Commerzbank in Frankfurt. "The API inventory data released yesterday evening gave additional support to prices."

"It will be interesting to see if the US government figures confirm the API figures when they come out later on Thursday."

The American Petroleum Institute (API) said in a report late on Wednesday that US crude oil inventories tumbled 7.3 million barrels last week, more than three times the expected drop.

Government statistics on US oil inventories and demand from the Energy Information Administration (EIA) follow the API data on Thursday at 1500 GMT. Expectations are for crude stockpiles to drop 2.3 million barrels, according to a Reuters survey.

Stockpiles fell after hurricane Alex forced some producers in the US Gulf to curb production and Mexico to close loading terminals that send most of their output to US refiners.

The International Monetary Fund raised its 2010 global growth forecast on Thursday, citing an expansion in Asia and in the US private demand.

Copra edible edges up on increased demand

Press Trust of India / Mumbai July 8, 2010, 18:18 IST



The copra edible prices continued to rule firm at the spices market here today due to sustained demand from stockists and retailers amid restricted arrivals.

Meanwhile, rest of the spices closed at their overnight levels in the absence of necessary buying support.

Copra edible Mumbai gained another Rs 25 per quintal to Rs 4,400 from yesterday's closing level of Rs 4,375.

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

Black Pepper (per kilo) 195/211 (195/211), ginger bleached (per kilo) 230 (230), ginger unbleached (per kilo) 250 (250), copra office Alapuzha (per quintal) 3,775 (3,775),

Low stocks may push pepper prices further

George Joseph / Kochi July 09, 2010, 0:47 IST

The pepper market is facing a serious supply crunch thereby pushing the prices of the commodity further. The world's largest producer, Vietnam, has shipped majority of its crop and stockists in India and Vietnam are reluctant to release further stock in the market. Thus, making the global stock position is weak.

Reports from Vietnam suggest that 85,000 tonnes of this season's crop has already been exported and the remaining stock would be in the range of 30,000-35,000 tonnes. There has been a surge in demand due to Ramadan and the winter season, but the rather weak stock position may put pressure on prices of the commodity.

According to reports, there is a good demand from West Asia for the Ramadan season. India and Vietnam now quote \$4,100 a tonne and Brazil offers \$4,075-4,100 a tonne. The demand increased 65 per cent in Vietnam, 35 per cent in India and almost 30 per cent in Brazil since March.

As prices in Vietnam have moved up drastically, Brazil is looking more attractive. It is estimated that the new crop from Brasil is between 2,000-3,000 tonnes for September-December shipments. Indonesia, remains key in the Asta market thanks to their lowest price of \$3,900-3,950 a tonne.

The ongoing harvesting is likely to be completed there by the first week of August as the month-long Ramadan starts by the second week of August. Around 20-30 per cent of harvesting is over there.

The local demand in India will be on a rise in coming weeks thanks to festivals and winter season. So across the globe growers hitch their hopes on 'thin' stocks. Local growers anticipate a price of Rs 200 a kg, from Rs 176-181 a kg currently.

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Fuel inflation hots up even as food inflation cools

Fuel inflation shot up 18.02 per cent on a year-on-year basis during the latest reported week from the previous week's 12.90 per cent.

New Delhi, July 8

Food inflation, measured by the Wholesale Price Index, rose 12.63 per cent in the week ended June 26, marginally below from the previous week's annual rise of 12.92 per cent.

The statistical base effect contributed to the dip, which happened despite pulses recording a 30 per cent year-on-year inflation, milk surging 16 per cent and both rice and wheat up six per cent during the latest week.

During the latest week, inflation in vegetable fell by over 4 per cent year-on-year, led by a steep decline in the prices of potatoes and onion, Government data released on Thursday showed. Potatoes were down by over 42 per cent, while onion by 9 per cent on an annual basis.

Fuel inflation up

Fuel inflation, however, shot up 18.02 per cent on a year-on-year basis during the latest reported week from the previous week's 12.90 per cent, coming in the wake of the increase in rates of petroleum products. After the fuel price hike by the Government on June 25, prices of petrol and diesel were raised by up to Rs 3.50 a litre, while that of LPG and kerosene were hiked by 35 per cylinder and Rs 3 a litre, respectively.

After factoring in the hikes, the inflation reading for liquefied petroleum gas surged 16 per cent on a year-on-year basis, diesel was up 22 per cent and petrol climbed 27 per cent during the latest week, the data showed.

According to the data, on a sequential basis, the index for the Primary Articles group rose by 1.4 per cent, even as the index for 'Food Articles' group declined by 0.1 per cent due to lower prices of fruits and vegetables, moong and rice (1 per cent each).

However, the prices of maize (5 per cent), bajra (2 per cent) and eggs, mutton, jowar and condiments and spices (1 per cent each) moved up.

Non-food articles rise

The index for 'Non-Food Articles' group rose by 0.2 per cent due to higher prices of fodder

(5 per cent), sunflower (3 per cent), raw silk and raw rubber (2 per cent each) and castor seed, copra and groundnut seed (1 per cent each).

However, the prices of niger seed (4 per cent) and cotton seed and rape and mustard seed (1 per cent each) declined.

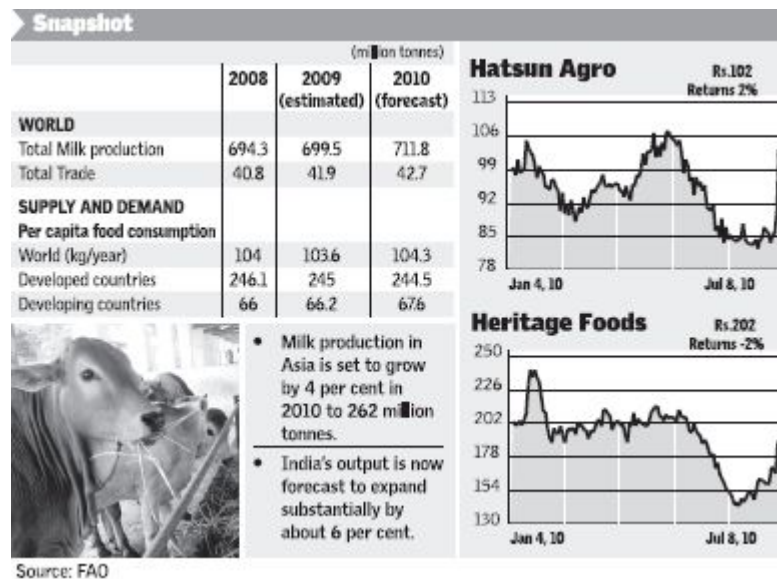
The index for 'Minerals' group rose by 28.3 per cent on a sequential basis due to higher prices of magnesite (61 per cent), iron ore (38 per cent), steatite (6 per cent) and asbestos (2 per cent). However, the prices of manganese ore (38 per cent), feldspar (5 per cent) and barytes (3 per cent) declined. anil@thehindu.co.in

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Dairy firms could see increase in demand

Sector outlook appears promising.



M.R. Subramani

Chennai, July 8

The stocks of dairy firms have not fared well up to this point this year. Both Hatsun Agro

and Heritage Foods are ruling flat even as the BSE mid-cap and small-cap indices returned 11 per cent and 12 per cent in 2010.

The dairy sector, especially in the South, holds a lot of promise notwithstanding the fortunes of the monsoon this year.

While the stocks of these firms have dropped, milk and its products have witnessed an increase this year. The latest is the hike in the prices of milk in Karnataka and Kerala. No doubt, prices of feed have increased but production costs are within workable limits for the producers.

This year, states such as Maharashtra, Andhra Pradesh, Karnataka and Kerala have all reported normal or excess rainfall. These are encouraging signs on two counts. First, grass availability will be not a problem for the dairy farmers. Second, costs of fodder and other feed inputs will be within limits.

The other factor is the buoyancy the economy is showing. Going by sales in the automobile sector and industrial growth, the economy seems to be growing at a good pace. This is likely to lead to higher demand for food, which in turn holds promise for the dairy sector.

POSITIVE OUTLOOK

According to National Australia Bank Ltd, the outlook for the dairy sector is positive despite doubts over growth in global economy. In some assessments, a 40 per cent growth is seen in the global dairy sector.

For India, the key lies in the affordability factor. In fact, the Australian bank has noted phenomenal consumption in butter in India.

Though the stocks have not fared well until now, the second half of the year is likely to see a better trend, especially in consumption. Most of the festivals in the country are during the second half. The festival season, going by current economic situation, is likely to witness good growth in consumption of all products, including food.

The dairy companies' mainstay is in liquid milk that moves faster and fetches ready cash. The festival season will witness higher consumption of liquid milk that forms the basis for many sweets.

Globally, the prices of whole and skimmed milk powder have come off the highs. But Indian dairy companies are not dependent on the consumption of these since they do not fetch them great margins.

It is likely that last year's situation of supply shortage may not rise. But higher supply will

not result in lower prices. This is because various State Governments have raised retail prices for milk as well as the rates for procuring it from the farmers.

This will stand in good stead for these private companies. In fact, dairy companies stocks are a good bet in the long term too particularly since their business models will ensure better returns to investors.

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Mills losing interest in cotton contract farming

Inconsistent supply from contracted farmers a worry.

“There was lack of definition. The contractor, who came between the farmer and buyer, could not assure profitability to the farmer.”

Coimbatore, July 8

Cotton contract farming, a much-talked about concept a few years ago, appears to be fizzling out.

Industry sources say that the mill sector has lost its initial enthusiasm for in the concept since the farmers were not consistent in their supplies.

“They invariably sold the first picking (good quality) cotton elsewhere, leaving the contracted party/sponsor to contend with the second and third picking,” an industry spokesperson told Business Line.

Lack of definition

This seems to have been one of the many reasons for the failure of the contract farming concept.

“There was lack of definition. The contractor came between the farmer and the buyer; he was not in a position to assure profitability to the farmer. There was also a fear among those mooting such ventures that the idea would be politicised,” said Mr A. Ramani, Joint Secretary, South India Cotton Association (SICA).

The Tamil Nadu-based Super Spinning Mills, for instance, took to cotton contract farming in 2003 in Salem, Coimbatore, Vellore, Namakkal, Madurai and Theni districts.

As the land holding in this part of the country is largely marginal, the sponsor (Super Spinning Mills) selected farmers based on the location of the farm, its size, cropping pattern, source of irrigation facilities, their economic condition and above all, their willingness and commitment to cultivate the crop in at least one acre of land.

While stating that the concept has not been a failure insofar as Super Spinning Mills is concerned, the company spokesperson said: “We have since diversified into organic farming of cotton, extending input and technical support to the farmers who have sought our help. We are supporting over 2,700 farmers and the area is a little over 3,700 acres. We are doing it more as a corporate social responsibility.”

Appachi Cotton and Surya Group were others that got into this business in this region, but they have since opted out.

The sponsors provided the farmers with inputs such as seed, farm implements and extension support throughout the crop period.

They even assured to pay the farmer the prevailing market price at the time of procurement of the produce.

“The response was initially quite good and the acreage under contract farming swelled, but all those who got into it have burnt their fingers and got out of this venture,” said Mr Ramani.

The area under contract farming was around 50,000 acres five years ago and the production thereon estimated at 50,000- 60,000 bales.

Success in other crops

“It was not much, less than 0.2 per cent of the overall crop size,” said Mr Ramani, adding “the concept has been successful in other crops such as sugarcane and rice.” Asked why it has failed to click in the cotton, he said: “A spinner will not be able to say what spinnable count of cotton he will require, say six months down the line.

The varieties are innumerable; there is rapid change in customer requirement and expectation. Moreover, land holdings are fragmented.” According to him, the best way to address this issue would lie in pooling all farmers, and in trying out contract and corporate farming combination technique.

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Cotton gains as buyers hunt for more



Erode, July 8

MCU-5 and Surabi fine variety cotton fetched higher prices at the Bhoodapady regulated market in Erode district's Bhavani taluk at the weekly sale on Wednesday.

MCU-5 fetched between Rs 3,500 and Rs 3,800 a quintal, while the Surabi variety realised between Rs 3,600 and Rs 3,900. The prices were Rs 500 more than the same period a

year ago.

This was because buyers were looking for more cotton and were prepared to pay a higher prices. At least 6,000 bags (of 35 kg each) were out of the 8,000 bags that arrived in the market were of MCU-5 and Surabi grades. The sale continue late into Thursday afternoon. The sale extends from June to September.

The Superintendent (incharge) for the market, Mr K. Antony John Lurdhuraj, said: "Last year, totally 80,954 bags worth Rs 79 crore were sold in the market. Of this MCU-5 and Surabi share was over 50,000 bags."

He said that a lower quantity was expected in the market due to fall in production. The remaining 2,000 bags were Bt cotton and coarse varieties such as RCH and LRA that fetched Rs 30-35 a kg . Last year, these varieties were sold at Rs 26-27.50.

Cotton auction was also conducted at the Anthiyur Regulated Market on Monday where 3,500 bags were sold. Our Correspondent reports from Rajkot: Cotton price ruled stable across the country as demand from export and local mills was lukewarm.

Cotton price in Gujarat was quoted at Rs 29,200-29,500 a candy (of 356 kg each), while in Maharashtra it was quoted at Rs 28,500-29,000. Arrivals in Gujarat were 5,000-7,000 bales (170 kg). Raw cotton price was at Rs 695-710 for 20 kg.

Nominal forward contracts ruled around Rs 29,000 a candy for November-December delivery.

According to Rajkot-based traders, cotton price will not witness any sharp rise. In coming days, prices are likely to be range-bound, moving up and down by Rs 200-500 a candy.

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'Farmers duped with chemical fertilisers'



Tales of woe: Farmers recounting their woes with 'stocks' of spurious insecticides at a meet organised by CNRI-associated NGOs in Hyderabad on Thursday. —

K.V. Kurmanath

Hyderabad, July 8

A group of NGOs working in rural areas has alleged that farmers are being lured to use chemical pesticides in the garb of bio-pesticides.

“A few years ago a new category of pesticides called bio-pesticides have entered the market. About 100 companies have started selling these pesticides without getting registered with the Central Board of Insecticides as mandated by the Union Ministry of Agriculture,” they said.

Addressing a press conference here on Thursday, Mr M. Srinivasa Reddy, who represents the CNRI (Confederation of NGOs in Rural India), said bio-pesticides were not harmful to environment as they did not contain chemicals.

“We have got at least seven samples tested at the Institute of Pesticide Formulation Technology (a government agency) and found that there are traces of chemicals,” he said.

“There are about 90 companies that are selling chemical pesticides in the name of bio-pesticides, causing harm to crops and environment,” he said.

“It is estimated that these companies do an annual sales turnover of Rs 200 crore,” he

said.

He appealed to the Government to keep tabs on the erring companies and bring in controls to rein them.

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PSSK Group brews plan for herbal tea push

Chennai, July 8

The Tuticorin-based PSSK Group, a recognised export house of processed medicinal herbs such as Senna, Gymnema Sylvestre along with various spices, Psyllium and allied commodities to the US, Europe and Japan, has chalked out an action plan for a pan-India presence in herbal teas through the newly set-up Bio Food Co.

Plain vanilla versions of two herbal tea brands – Hip Tea (from Senna leaves for laxative and slimming effect) and Genkii Tea (from extracts of Gymnema Sylvestre for diabetics) – were developed with Japanese collaboration.

Advised by Mr Toshio Kimata, a leading Japanese herbal tea specialist, on making of the herbal teas, tea bag cuts for ready-to-make tea bags and also the machinery for drying, grading etc, the PSSK Group is aiming at a turnover of Rs 10 crore from this new business segment.

The two products have already been launched in Chennai and Bangalore, and are being retailed as an OTC offering through select super market chains and pharmacies. Bio Food is already in talks with its Japanese consultant and working on developing flavoured herbal teas for the Indian market.

Talking to Business Line in Tuticorin recently, Mr P.S.S.K. Raja Sankaralingam, Director of the company, said the Group was now fully geared up to appoint distributors and stockists for the herbal teas in all major metros across the country.

Branding exercise

On the branding exercise to be adopted, he said besides the TV commercials and promo advertisements in the vernacular press, the plan was to participate in all food-related shows across India, and abroad to enhance the client base.

After attending a major international food expo in Mexico, he sees a very good market for its herbal teas in Mexican and other Latin American markets. He disclosed that Bio Food was now in the process of appointing distributors to handle Hip and Genkii teas in these markets.

Asked why the PSSK Group decided to plunge into domestic herbal tea market when solidly entrenched in the global Senna leaves export markets, Mr Sankaralingam said: "As a fourth generation entrepreneur in this family export business of ours, I wanted to strike a different trail and diversify into the value-addition chain."

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Pepper futures continue to rule firm on strong domestic, export demand

Kochi, July 8

Pepper futures on Thursday continued to remain firm on strong domestic demand and buying support from exporters amid tight supply position and reports of firmer overseas markets.

Vietnam-based multi-origin companies having multinational operations including India were eyeing the Asta grade pepper from India as it was not available in Vietnam, market sources told Business Line.

Some of the exporters were covering even farm grade pepper at Rs 2 below the July contract price, they said.

There was heavy switching over from July to August in the exchange apart from good additional purchasing. Indian parity was at \$4,200 a tonne (c&f) and remained competitive paving the way for some orders coming to India from selected pockets in the overseas

markets.

July contract on NCDEX moved up by Rs 194 to close at Rs 18,471 a quintal. August and September contracts increased by Rs 227 and Rs 258 respectively to close at Rs 18,755 and Rs 18,975 a quintal. Total open interest increased by 1,053 tonnes.

Total volume dropped by 1,451 tonnes to 23,102 tonnes. July open interest fell by 550 tonnes to 6,191 tonnes while that of August increased by 1,327 tonnes and September by 161 tonnes to 1,066 tonnes.

The widening of premium between July and August might lead to switchover from July to near by position rather than opting for delivery of July contract. July position is only around 6,200 tonnes.

Spot prices increased by Rs 300 to close at Rs 17,900 (un-garbled) and Rs 18,400 (MG 1) a quintal on strong buying support.

On the spot market dealers were buying directly from the primary markets in Idukki, Kollam, Kasargode, Kannur etc for doing inter-State business.

The domestic demand is so good that the buyers were quoting Rs 180 a kg for pepper from the plains while for high range pepper they were ready to pay Rs 182-183 a kg. But, sellers were quoting Rs 185 a kg.

Dealers were taking the material to Tamil Nadu where no tax is levied on pepper and from there it is sent to north Indian destinations, market sources said.

According to an overseas report, pepper prices in all the other origins remained steady and Indonesia reported to have traded at \$4,075 a tonne (c&f) USA.

Indonesia said to have harvested over 20 per cent of its crop and orders booked for it, they said. Crop situation in Brazil also is not very enthusiastic, they said. Thus, a tight supply situation prevails in the world market, they claimed.

Prices for black pepper quoted by different origins per tonne in dollar c&f New York were: MG 1 asta – 4,250-4,350; Vietnam asta – 4,250-4,350; Lampong asta – 4,125-4,200; Sri

Lanka 500 GK: ask for firm order; Brazil B2 500 GL – 3,850 (fob); Brazil B1 560 GL - 560g –4,000-4,025 (fob), reported traded Brazil asta – 4,050-4,075 (fob) Augand MLSV asta – 4,125-4,225 Jul/Aug.

Vietnam white pepper – quote \$5,500-\$5,600 a tonne (c&f) – will respond to firm bids.

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Hind Photo Films to use Ooty land for floriculture project

New Delhi, July 8

Land owned by sick public sector film manufacturing company Hindustan Photo Films Manufacturing Co Ltd (HPF) may soon be used for export-oriented floriculture project.

This is part of the Heavy Industries Ministry's turnaround plan for the firm which has been making losses for around 15 years.

Senior Ministry officials told Business Line that about 90 acres from the company's 303 acres land at Udthagamandalam (Ooty) will be used to set up a floriculture project for export.

He added that the company cannot build another plant at the hill station, because a Government regulation says that the land has to be maintained as a 'green' area.

Turnaround plan

Meanwhile, as part of its revival plan, HPF will also make new products such as intravenous (IV) fluids, colour ink jet paper and silver-less films.

“We have prepared a new plan to turnaround HPF at a total cost of Rs 302 crore. We thought of manufacturing IV fluids, since we already make products such as medical X-ray films.

“For infusing fresh technologies, we will also look into new tie-ups with the private sector.

We plan to submit the proposal for Cabinet approval within in the next 15 days,” he said.

Out of the total Rs 302 crore, about Rs 200 crore will be utilised to clear the old debts of the company, while Rs 20 crore will meet the salary expenditures for one year. From the remaining, around Rs 60 crore will be for capital expenditure, including new production facilities and augmentation of the existing ones, said the official.

Delisting fear

Listed at the BSE, HPF has a production base spread over 4.5 acres at Ambattur, Chennai, besides the much larger facility at Ooty.

As of February 2010, the company has a paid-up share capital of Rs 205.87 crore.

The sick PSU had earlier been recommended by the BIFR to wind up operations in 2003, after which it appealed to the Appellate Authority for Industrial and Financial Reconstruction (AAIFR). When the AAIFR also dismissed the appeal in 2005, the company obtained a stay order on any further proceedings by BIFR or AAIFR from the Madras High Court.

A recent media report has quoted a Finance Ministry official saying that HPF and other sick PSEs, which have not been traded on for a certain period, stand the risk of being delisted.

In May this year, the Cabinet Committee on Economic Affairs had also approved Rs 67.72 crore non-plan budgetary support for 10 loss-making CPSEs, including HPF. This is to be used to clear statutory dues such as employee wages, provident fund, pensions, bonus and Employee State Insurance.

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Soya rises as farmers hold back stocks



Indore, July 8

Soyabean prices shot up Rs 10-25 a quintal on Thursday on increased demand at plant level and lower arrivals.

Against Rs 1,790-1,825 a quintal on Wednesday, prices increased to Rs 1,800-1,850 a quintal, while plant delivery rate was Rs 1,850-1,870 a quintal. Arrivals were 3,000 bags against 5,000 on Wednesday. Farmers held up their produce, hoping for a rise in the prices. Erratic monsoon has made the farmers here sceptical about soyabean production that is likely to be around 81 lakh tonnes against 95 lt last year.

Traders say that with monsoon being irregular and farmers holding up their stocks, prices are likely to increase in the coming days.

Bloomberg reports: Palm oil rebounded from the lowest level in almost eight months as a rally in crude and soyabeans spurred demand for the commodity's use in alternative fuels in Malaysia.

Palm oil for September delivery rose 0.8 per cent to 2,289 ringgit (\$715) a tonne on the Malaysia Derivatives Exchange, lifting it from the lowest since November. Prices added 1.8 per cent intraday.

Soyabeans in Chicago, crushed for a substitute oil, gained 0.1 per cent to \$9.3325 a bushel at 6:30 p.m. Singapore time. It surged 3.6 per cent on Wednesday to \$9.325 a bushel on speculation that heavy rainfall will reduce yields in the US.

On the Dalian Commodity Exchange, January-delivery palm oil climbed 1 per cent to

6,284 yuan (\$927) a tonne in Shanghai while soyabean oil gained 0.9 per cent at 7,394 yuan.

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Groundnut oil up on raw material shortage



Rajkot, July 8

Groundnut oil price on Thursday increased Rs 15 a tin (of 15 kg) on short supply of groundnut, the main raw material.

The price of groundnut oil jumped to Rs 1,300-1,305 a tin. A new tin (15 litre) also increased to Rs 1,200-1,205. Groundnut oil loose increased Rs 5 to Rs 780-785 for 10 kg. At least 8 to 10 tankers (10 tonnes each) trade was noted. Groundnut price is ruling firm at Rs 670-715 for 20 kg. Cottonseed oil ruled stable at Rs 740-750 a 15-kg tin and Rs 685-690 per 15-litre tin.

Demand dwindling

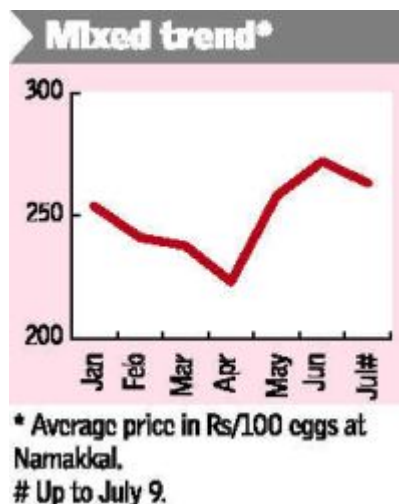
Mr Samir Shah of Rajmoti Oil Mill said: "The main raw material groundnut is not available in the market easily. The supplies are not enough to fulfil the present demand and so the price is increasing. It will continue to do so for some more time." Gujarat is the mainstay for groundnut oil. Over 60 per cent of the total production of groundnut oil in the country is

traded in the State. Mr Shah said: "People are now shifting from groundnut oil to cottonseed oil on health grounds. Moreover, cotton oil price is almost half that of groundnut oil. Demand for groundnut oil is decreasing 10-15 per cent every year."

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Rains in North push up egg prices



Chennai, July 8

Poultry prices are set to rise further in the coming days on account of onset of monsoon in the North. Torrential rains in the North and a cut in production have resulted in egg prices rising across the country.

Lower supply and production, spiralling input costs and sudden demand due to cold weather in northern parts of the country are seen as the reasons for increase in prices.

"The prevailing weather in northern parts of the country has increased the egg consumption, pushing up the prices," NECC's Namakkal zone Chairman, Dr P. Selvaraj, told Business Line.

In Namakkal, egg prices were quoted at Rs 2.65 a piece at the start of the week and on

Thursday it was quoted at Rs 2.60. The Palladam-based Broiler Co-ordination Committee has fixed the rates of cull birds at Rs 52 a kg, up Rs 4 over last week. "Prices are likely to move up in the coming days because of the weather conditions in the North," NECC sources said.

Meanwhile, NECC's layer rates (for birds of 1.3 kg) have increased this week to Rs 47 from Rs 42 a kg last week.

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Poor offtake pulls down rice further



Karnal, July 8

With climatic conditions favourable for a good crop and demand being slack, rice prices witnessed a declining trend. On Thursday, 1121 Pusa (Sela) was quoted at Rs 3,500-3,600 a quintal. The prices of Pusa 1121 (steamed) ruled between Rs 4,600 and Rs 4,700 a quintal.

Water-logging

There has no fresh buying in the market at any level. This is because of water logging in Karnal and its surrounding areas. The situation is getting worse and therefore, no trader wants to take any chance purchasing new stock. Kurukshetra has been inundated by water

following heavy rains. Along with Kurukshetra, Ambala district is also facing the same problem. The heavy rainfall is causing worry to farmers as it can stunt their plants' growth.

Mr Krishan Lal, a rice trader, told Business Line that wholesale merchants have adequate stocks and there is not much demand in the domestic market. Heavy rainfall had wreaked havoc in the rice market, he said. With no fresh arrivals and buying in the market, prices are witnessing a declining trend, he added.

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Nilgiri tea output rises on widespread rain

Coonoor, July 8

Tea production in the Nilgiris, the largest tea growing district in South India, has increased 18.48 per cent in the first half of this year over the same period last year. "Production in our member estates during Jan-June 2010 increased to 7.63 million kg from 6.44 million kg last year," noted Dr B. Radhakrishnan, Assistant Director, UPASI Tea Research Foundation, Nilgiris. This increase marked a growth of 18.48 per cent. The five-year average production during this period was 7.12 million kg. "Well distributed rainfall, good sunshine and optimum temperature triggered crop production in most of the estates," Dr Radhakrishnan explained.

June production was significantly higher. "Our member estates produced 2.14 million kg against 1.29 million kg in June 2009," he disclosed. This increase posted a growth of about 66 per cent. This June's output was tellingly higher than the five-year average of 1.28 million kg for the month.

"The south-west monsoon set in the district during the first week of June. In all the agro-climatic zones, the rainfall received was more than June 2009," Dr Radhakrishnan observed. Higher production led to more arrival for the auctions of Coonoor Tea Trade Association where quality teas continued to fetch good prices.

