

Food inflation inches up to 16.74 %

Traders are likely to benchmark their prices at the higher level on account of an increase in MSP for pulses

NEW DELHI: With a sharp increase in the prices of pulses, milk and fruits, food inflation inched up yet again for the second straight week to 16.74 per cent for the week ended May 29 from 16.55 per cent in the previous week, affording little hope to the common man for a respite from the inflationary spiral.

Even as official projection is for a normal monsoon this year and is already active in its spread to various parts of the country, analysts do not expect food inflation to start easing until next month. By then, if a hike in petroleum fuel prices is effected, it will again have a cascading impact on food prices and overall inflation.

Moreover, with the announcement of minimum support prices (MSP) for kharif crops, especially the sharp increase in MSP for pulses, wholesale traders are likely to benchmark their prices for these commodities at the higher level during the next few months.

Wholesale prices of pulses are already on the rise owing to short supplies on account of lower production following last year's drought in most parts of the country. For instance, among pulses, moong (dhuli) has turned the most expensive with a jump of over 11 per cent in retail prices (Delhi) to Rs. 105 from Rs. 94 a kg a fortnight ago. Likewise, arhar has soared 17 per cent to Rs. 82 from Rs. 70 a kg earlier.

According to Crisil's chief economist D. K. Joshi, food inflation is likely to remain range-bound until the next harvest (kharif) as food items have not seen any sustained decline in prices. "Once monsoon arrives, cereal prices may see a decline. So, food inflation would ease in the second-half of the fiscal," he said.

On a year-on-year basis, prices of pulses are still higher by 31 per cent, milk by 21.1 per cent and fruits by 18.7 per cent. However, potatoes and onions were markedly cheaper with their prices easing by 30.87 per cent and 12.27 per cent, respectively.

On weekly basis, however, prices of fish (marine) were up three per cent while arhar, moong and fruits and vegetables were costlier by one per cent each.

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<http://www.thehindu.com/2010/06/11/stories/2010061151880300.htm>

Efforts on to increase cultivation of red gram

NAMAKKAL: Dismayed over the sharp fall in the cultivation of the major pulse, red gram, from 10,000 hectares to a mere 1,000 hectares in a decade, the Department of Agriculture in the district has undertaken an integrated approach to enhance the coverage of the rain-fed crop area especially the red gram from this year.

The red gram, one of the major pulses, had been an intercrop with ground nut so far in the district.

Joint Director of Agriculture (In-charge) A. Prabakaran told The Hindu that concerted efforts had been taken to increase the pulses' area under the National Agricultural Development Programme with emphasis on red gram.

The production of red gram was 15 tonnes some 10 years ago in the district, which had come down to a mere 1.5 tonnes today.

He further pointed out that farmers had discarded the pulses due to lower remuneration, absence of high yielding varieties and pod borer menace during the harvest stage.

The farms officials had taken steps to address these problems and bring back the pulses area by stocking high yielding variety (ICPL-85063) for the duration of 120 days for red gram and also integrated pest management.

Demonstrations were planned with seeds, inputs, know-how, demonstrations, bio and fertilizers, all free of cost. This he hoped would enhance the crop area to 1,000 hectares exclusively for red gram alone.

The sowing would be taken up during June and July. The district commands an area of 42,000 hectares under rain-fed conditions after the onset of South West monsoon, which covers 40 per cent of annual total rainfall of 776 mm.

While ground nut occupies 25,000 hectares, cholam and pulses cover another 10,000 hectares and 5,000 hectares respectively. But this year after the effective implementation of Task Force programmes, the district has already covered 5,000 hectares under pulses and an additional 2,000 hectares is expected to be added – possibly before July.

For sowing, 40 tonnes of certified pulses have been distributed and 10 tonnes red gram have already been stocked.

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<http://www.thehindu.com/2010/06/11/stories/2010061153050500.htm>

A.P. team studies progressive farming techniques

Tirupur: A high-level team of officials and farmers from Andhra Pradesh visited the district on Thursday to study various progressive techniques practiced by horticulture farmers here.

The team was led by Horticulture director G. Jayalakshmi, a senior IAS officer, and comprised 19 officials from horticulture and allied departments. Official sources told The Hindu that the team focused on learning precision farming, which is at a nascent stage in Andhra Pradesh.

They also visited farms where the crops were raised using precision farming methodology in Udumalpet and nearby areas. The team also studied the high density planting techniques followed to raise mangoes in Udumalpet.

Discussion

Later, the team held discussions with horticulture officials in the district.

Deputy Director of Horticulture (Tirupur district) Ignatius Roche explained to Ms Jayalakshmi the projects planned to be taken up under National Horticulture Mission during the current financial year for increasing the area coverage of crops like tissue culture banana, mango, amla and turmeric.

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Sea cucumbers seized, five held

Their possession, transfer and trading carries a minimum imprisonment of three years

Chennai: The Directorate of Revenue Intelligence (DRI) officials have arrested five persons in Tuticorin for smuggling 388 kg of sea cucumbers to Sri Lanka and are on the look out for the main persons involved in the racket.

On receiving information that sea cucumbers, a marine organism, were being caught illegally, processed and smuggled out of India by a gang based in Tuticorin, the officials on June 9 maintained a watch on the shore near Arumuganeri and intercepted a jeep.

A search led to the seizure of 12 plastic cans containing boiled sea cucumbers.

The marine organism is listed under Schedule I of the Wildlife (Protection) Act, 1972. Its possession, transfer and trading carries a minimum imprisonment of three years. T.

Mariappan, K. Moosa, Keytone Kumar, M. Mohammed Asarudeen and Manshoor Ali, all residents of Tuticorin, have been arrested under the Customs Act, 1962, and the Wildlife (Protection) Act, 1972, said C. Rajan, Additional Director General, DRI, Chennai.

Those arrested and the sea cucumbers were handed over to the custody of District Forest Officer.

Sea cucumbers are found in the sea bed along the coral reef in the Gulf of Mannar marine biosphere reserve.

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<http://www.thehindu.com/2010/06/11/stories/2010061151140200.htm>

Free training in rabbit farming

COIMBATORE: The Veterinary University Training and Research Centre here will offer a free training programme in rabbit farming on June 15. According to a release, the programme will include lectures and video lessons on selection, housing, feeding, breeding, and disease management of rabbits. It will also deal with rabbit meat production and marketing opportunities.

Those interested can contact the centre at Kalappati Pirivu, Saravanampatti P.O.; or call 0422-2669965, for details and registration, the release said.

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<http://www.thehindu.com/2010/06/11/stories/2010061153450700.htm>

Farmers asked to test seeds before sowing

COIMBATORE: Before the farmers started sowing at the onset of South-West monsoon,

they have been asked by the Director of Seed Certification to test the seeds in the nearest seed testing laboratory.

According to a release from the Director V. Kandasamy farmers are also asked to include details like crop name, variety, lot numbers if any, tests required, and complete postal address of the person sending the sample seeds. The testing fee is Rs. 30 a sample. The testing will confirm the germination percentage of the seed lot to revise or fix the seed rate, to reduce the cultivation cost, to maintain the plant population in the field and to get higher yield.

The seed producers and seed dealers are also asked to test their seed lot before selling to the farmers. For information, contact the Director of Seed Certification, Thadagam Road, Coimbatore – 641013; or call 0422-2432984 to know about the nearest Seed Certification offices.

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<http://www.thehindu.com/2010/06/11/stories/2010061159350200.htm>

Good sustenance of mangrove

Photo : Rajesh



ALL'S WELL: Former Director of Research and Extension, Fisheries College and Research Institute, J.D.Jameson examining the mangrove vegetation along Tuticorin Roche Park on Thursday.

Tuticorin: The enforcement of coastal management practices plan for conservation and restoration of mangroves along the sea coast is gaining momentum.

Special measures initiated by the district administration along the Roche Park warrants sustained growth of mangrove vegetation.

The efforts made by the park care-takers has paved way for improving facilities for attracting the visitors who enjoy the marine scenery with plenty of green mangrove vegetation.

The expansion of park area with soil barriers facilitated the establishment of the stunted mangrove vegetation in this area.

Due attention given by the authorities helped settling and spreading of the mangrove saplings to a larger extent, J.D.Jameson, former Director of Research and Extension, Fisheries College and Research Institute, Tuticorin, said here on Thursday.

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By Matthias Williams and Rajesh Kumar Singh

10 Jun 2010 12:08:49 PM IST

Food, fuel price inflation quicken end-May



NEW DELHI: India's food and fuel prices quickened at the end of May, putting upside pressure on the wholesale price index that could prompt the need for monetary tightening by the central bank.

The food price index rose 16.74 percent in the year to May 29, higher than the previous week's annual reading of 16.55 percent, following a rise in fruits and potato prices, government data released on Thursday showed.

The fuel price index climbed 14.23 percent, compared with an annual rise of 14.14 percent in the previous week.

Food prices are likely to ease on the prospects of a normal June-September monsoon that is the main source of irrigation for farms in India.

But a possible increase in domestic fuel rates runs the risk of stoking inflation across sectors and could impact the government's target for headline inflation by December.

New Delhi wants to move away from state pricing of petrol and diesel, and allow the market to determine prices, which would help improve government finances.

Prime Minister Manmohan Singh's government has so far deferred the politically sensitive decision to free up fuel prices amid strong political opposition to subsidy cuts from a key coalition ally.

Wholesale prices, the most closely watched inflation gauge in India, rose 9.59 percent in April from a year earlier, but Singh expects them to cool to 5-6 percent by December.

An elevated headline inflation level would also put pressure on the Reserve Bank of India (RBI), which is looking to raise rates steadily, to take a more hawkish stance.

"A prolonged monetary tightening is needed and we believe that the Reserve Bank of India, so far, has been too slow in raising policy rates," Kevin Grice, senior international economist with Capital Economics in London, said in a research note on June 7.

The RBI has raised rates twice, by a total of 50 basis points, since mid-March to tame inflation and is expected to deliver another hike of 25 basis points when it reviews policy on July 27.

The markets have already priced in such a move.

The RBI has not ruled out any off-cycle policy action, but worries over Europe's debt crisis have dampened expectation of quick move.

Finance Minister Pranab Mukherjee said last Friday that India would not hold off further rate hikes.

A Reuters poll last month showed expectations for a cumulative 100 basis points of tightening in key interest rates by the end of March 2011.

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Pulses, milk push food inflation to 16.74 pct

Agencies Posted online: Thu Jun 10 2010, 13:28 hrs



New Delhi : Food inflation rose for the second consecutive week, pushed by higher prices of fruits, pulses and milk to 16.74 per cent, prompting speculation that the Reserve Bank may tighten money supply at its policy meet next month.

Food prices increased by 0.19 percentage point for the week ended May 29 from 16.55 per cent in the previous week.

Prices of pulses shot up by 31 per cent, that of milk by 21.1 per cent and fruits by 18.7 per cent.

Consumer staples, such as rice and wheat, turned costlier by 7 per cent and 3 per cent respectively.

However, prices of potatoes and onions eased by 30.87 per cent and 12.27 per cent respectively.

The RBI, according to analysts, may take steps to control money supply in a bid to cool inflation, which has remained at an elevated level despite moderation from 20 per cent in December.

The central bank is scheduled to announce its first quarter review of monetary policy on July 27.

The RBI may tighten monetary policy in the quarterly review next month, said Crisil Chief Economist D K Joshi.

"Food inflation would remain range-bound until next harvest season as there has been no sustained decline in food items. Once monsoon arrives, cereal prices may see a decline.

So, food inflation would ease in the second half of the fiscal," he said.

On week-on-week basis, prices of beef rose by 8 per cent, that of sea water fish by 3 per cent and arhar, moong and fruits and vegetables by one per cent each.

However, bajra prices fell by a per cent.

Earlier this week, Planning Commission deputy chairman Montek Singh Ahluwalia had said that inflation was likely to fall to 5-6 per cent by the end of the year.

"Inflation is too high to be comfortable...it is now decelerating...I am sure that by the end of this year, it will come down to 5-6 per cent," Ahluwalia had said. In April, the wholesale price-based inflation stood at 9.59 per cent, slightly lower than the March number. The RBI has pegged the wholesale price-based inflation at 5.5 per cent in the current fiscal.

Business Standard

Friday, Jun 11, 2010

Govt increases support price for paddy, pulses

BS Reporters / New Delhi June 11, 2010, 0:39 IST



The government today increased the minimum support price (MSP) for paddy for the kharif year 2010-11 by Rs 50 per quintal. It also increased the MSP for pulses by up to Rs 700 per quintal.

MSP for the common variety paddy has been fixed at Rs 1,000 per quintal, while the same for Grade A variety is Rs 1,030 a quintal. The price increase is similar to last year.

MSP is a floor price assured by the government to farmers in case open market prices are lower. It is also the price at which procurement of wheat and paddy is made for the public distribution system.

The decision was taken by the Cabinet Committee on Economic Affairs.

Last year, the government had announced a bonus of Rs 50 per quintal on both the varieties of paddy. A similar offer may be extended this year when procurement starts from October.

The MSP of pulses was increased by up to Rs 700 to a maximum of Rs 3,170 a quintal. The support price of pulses, considered to be the benchmark in the wholesale market, is 30-50 per cent of retail prices of some varieties like moong, urad and arhar, which are being sold for up to Rs 100 a kg in the retail market.

The rise in MSP is expected to induce farmers to raise the acreage under pulses and reduce dependence on imports. India is a net importer of pulses despite being the largest producer. The country produced 14.77 mt in 2009-10, against a requirement of 18-19 mt.

The raise is also likely to fuel rice prices in the open market and contribute to food inflation, which touched 16.74 per cent for the week ended May 29. "It (the rise) will affect prices and inflation will continue to be high. One of the major reasons for the soaring inflation is the high MSP, besides a gap in demand and supply," said Bank of Baroda chief economist Rupa-Rege Nitsure.

MORE SUPPORT

MSP for the common variety of paddy is Rs 1,000 per quintal, while that for Grade-A variety is Rs 1,030 a quintal

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The widely consumed arhar dal (tur) saw the highest increase — from last year's Rs 2,300 a quintal to Rs 3,000. The price of moong, another popular variety, has been increased to Rs 3,170 per quintal from Rs 2,760. The support price of urad has been increased to 2,900 a quintal from Rs 2,520.

The MSP of groundnut, sunflower seed and niger seed have been increased by Rs 200, Rs 135 and Rs 45 per quintal over the last year and have been fixed at Rs 2,300 per quintal, Rs 2,350 per quintal and Rs 2,450 per quintal, respectively.

The support price of soyabean (black), soyabean (yellow) and sesame have been increased by Rs 50 each over the last year and fixed at Rs 1,400, Rs 1,440 per quintal and Rs 2,900 per quintal, respectively.

Food ministry for cut in levy sugar quota to 15%

Ajay Modi / New Delhi June 11, 2010, 0:05 IST

Coffee rises to 2-month high on tighter supply

Bloomberg / June 11, 2010, 0:20 IST

Coffee jumped to a two-month high in New York and the highest price since October in London on concern that reduced global production will tighten inventories. Cocoa declined.

The International Coffee Organization said that farmers in Africa, Central America and parts of Mexico will see "substantial falls" in output during the year that ends September 30. Production in Vietnam, the world's second-largest grower, "also seems to have fallen," the London-based trade group said on Thursday in a report.

"With growing world consumption, the replenishment of stocks may be limited," Nestor Osorio, the group's executive director, said in the report. "With high production costs, many coffee growers are finding it difficult to maintain investment for the upkeep and renovation of their coffee Levy sugar price has remained unchanged since 2003-04.

The Union food ministry is moving a proposal to cut the levy obligation (for the public distribution system) of sugar mills from 20 per cent to 15 per cent, due to the higher than estimated output in this sugar year current season (October 2009-September 2010).

This will allow sale of 950,000 tonnes more sugar in the open market and improve industry's realisation by Rs 900 crore.

At present, the levy price is between Rs 1,275 and Rs 1,383 a quintal (100 kg) in Uttar Pradesh, the country's second-largest producer. In Maharashtra, the largest producing state, the price is

between Rs 1,318 and Rs 1,344. However, the open market realisation is Rs 2,600-2,700 a quintal. A proposal to increase levy price to Rs 1,750 a quintal is waiting government approval.

“A note is being prepared by the food ministry to bring down the levy quota from 20 to 15 per cent in view of higher domestic sugar production. The proposal will shortly move to the Cabinet,” said an informed source.

With India’s sugar production this year estimated to be 27 per cent higher at over 19 million tonnes compared to the initial projection of 15 million tonnes, the industry had been lobbying for the quota reduction.

The quota was 10 per cent of the sugar produced by a mill in the last sugar year and was raised to 20 per cent due to a projected dip in output.

At a 20 per cent quota on production of 15 million tonnes, three million tonnes would be available for the PDS. With improved output, this will go up to 3.8 million tonnes. Annual PDS demand is estimated at 2-2.5 million tonnes.

NewsWire18 adds: Levy sugar price has remained unchanged from 2003-04.

“The amendment is being made only as a measure of legal safeguard... the approved amendment does not in any way alter the present status regarding the power of state government to fix the state-advised price of sugarcane,” Ambika Soni, Minister of State for Information and Broadcasting told reporters after a Cabinet meeting.

Last year, the government had amended the Act by substituting Statutory Minimum Price with a Fair and Remunerative Price regime for sugarcane.

The Fair and Remunerative Price is the base for calculating levy price and it supersedes state announced prices.

The government has set the Fair and Remunerative Price at Rs 129.76 a quintal of sugarcane.

farms when price levels are not remunerative.”

Arabica-coffee futures for September delivery rose 2.45 cents, or 1.8 per cent, to \$1.385 a pound at 10:43 am on ICE Futures US in New York, after reaching \$1.393, the highest level since April 6.

On London's Liffe exchange, robusta coffee for September delivery climbed \$44, or 3.1 per cent, to \$1,451 a tonne, after touching \$1,457, the highest price since October 20.

In Central America, crops may face an increase in diseases and the "rapid development of parasites" because of tropical storm Agatha at the end of last month, the ICO said. The ailment may hurt production of arabica beans used by specialty companies including Starbucks Corp.

Vietnam

The outlook for Vietnam, the biggest producer of the robusta variety used in instant coffee and blends, "is not as great as we were hoping it to be" because of the lack of availability of credit to farmers, said Eldred Buck, the managing director of Eiger Trading Advisors Ltd. in London. "Yields are a bit low," he said.

Global coffee output will be 120.6 million bags this year, down 5.8 per cent from a year earlier, the ICO said. Output next season is expected to be 133 million to 135 million bags, while consumption may be 134 million bags, the group said. A bag weighs 132 pounds, or 60 kg.

In New York, cocoa for September delivery slipped \$9, or 0.3 per cent, to \$2,983 a tonne on ICE. Cocoa for July delivery declined \$16, or 0.6 per cent, to 2,544 pounds (\$3,727) a tonne on Liffe.

Heavy rain damages tea crop in Assam, output dips 20% in May

Supratim Dey / Guwahati June 11, 2010, 0:16 IST



Incessant rainfall for the last couple of months in Assam has resulted in crop loss in May for the tea industry in Brahmaputra Valley, one of the two tea-producing regions of the state, thus “upsetting” the industry to some extent.

“Tea production till April was very good. But it dipped in the month of May, primarily due to excessive rainfall and inconducive weather condition,” said Bidyananda Barkakoty, chairman of North Eastern Tea Association (NETA).

According to Barkakoty, there was almost a 20 per cent dip in production in the month of May this year compared to the previous year. He said that the drastic dip in a single month pulled down the total production figure by almost three per cent from January to May, as compared to the corresponding period last year.

The incessant rainfall deprived crops of sufficient sunlight and a warm temperature during the day time in May, thus creating unfavourable conditions for crops to grow fully. The ideal weather conditions for the tea crop are rainfall at night and warm weather during the daytime.

The loss of crop in May has “upset” the tea industry to some extent. It is the production in May and June (also called second flush in the tea industry jargon) which is considered of premium quality.

“Loss of crop in May has really upset us as the second flush from the gardens of Assam is of the best quality. We hope at least the production in June picks up,” said another industry source.

However, Barkakoty said that as of now, the “look of the crop” of June appeared to be better than that of May, thus injecting some hope in the industry.

Nevertheless, the price of tea in the Guwahati auction has been firm since the onset of this season and has been hovering around Rs 110-115 a kg.

Also, there have been reports of inundation of two or three tea gardens in Upper Assam—especially in Dibrugarh district—by flood waters.

Dipanjol Deka, secretary of Tea Association of India (TAI) said that though inundation had affected the production of particular tea gardens, there had been no overall affect on the industry. Also, another source said that swelling rivers in Upper Assam inundated only a few tea gardens that were extremely close to the river. Generally, tea gardens are situated on highlands and thus floodwaters inundating gardens, especially in Brahmaputra Valley (Upper Assam), are very rare, though there have been many instances of inundation in Barak Valley (South Assam) by floodwaters in the recent past.

2009 was one of the best years for the Assam tea industry in terms of both production and price realisation and that story has been continuing for the industry till this year. Last year, the average price of Assam tea was up by almost Rs 19, which undoubtedly was above expectation for the industry. As against the average price of Rs 91.71 a kg in 2008 at the Guwahati Tea Auction Centre (GTAC), the average was Rs 110.42 in 2009. Last year, when the overall tea production in India declined by almost two per cent, Assam witnessed a bumper crop as production was up by 13 million kg from 487 million kg in 2009.

Dry ginger prices double on low output

George Joseph / Kochi June 11, 2010, 0:14 IST



The prices of dry ginger have almost doubled in a year due to a shortfall in the global production and supply.

The domestic price of best quality dry ginger is currently quoted at Rs 21,000 a quintal against Rs 12,000 a quintal last June.

Prices may rise further as the shortage is likely to continue till the next crop season, that begins in December.

Local producers, in Kerala and Karnataka, are not willing to release the available stock in anticipation of higher prices. They expect prices to reach Rs 30,000 a quintal within the next two-three months. Such a steep rise in ginger prices has not happened in the last 10 years.

Production in China, world's largest producer of dry ginger, has been affected and it has increased its prices to \$4,250 a tonne. India quotes \$4,400 a tonne for the same.

According to top exporters, the main constraint is that even at this price level it is very difficult to procure high quality ginger. They said it is because of the steep rise in the demand of fresh ginger across the country. Ginger growers are not keen on making dry ginger as they get higher price for fresh ginger.

Lack of labourers also forces them to sell ginger at the production level itself, as fresh ginger. Production of dry ginger is labour intensive, though is 4-5 times expensive than fresh ginger. Loss of weight and keeping in wet condition are also serious concerns for farmers. The current monsoon, followed by the winter season will further add pressure on the demand and may lead to increase in prices.

Weak supply is not an issue in India alone, but also in China and other leading producers like Nigeria and Ethiopia. Though Nigeria and Ethiopia offer much lower prices, quality is a serious concern for import from these countries.

According to a leading Kochi-based trader, exporters of Nigeria had defaulted orders several times because of the galloping prices. Around 20 per cent of consignments were of poor quality and destroyed. The latest offer by Nigeria is \$2,900-2,950 a tonne while Ethiopia, where ginger is hardly available now, offers \$2,500 a tonne. Interestingly, the price in Nigeria was \$545 a tonne in June last year.

Due to the sharp increase in prices, the export demand is rather weak at present. Imports to Middle East, where Indian ginger is much in demand, have declined compared to last year, said exporters. But there is a good local demand which is likely to strengthen owing to seasonal advantage.

So, the market will be under tight grip of suppliers for the next few months.

MSP for pulses hiked up to Rs 700/qntl despite surging prices

Press Trust of India / New Delhi June 10, 2010, 17:30 IST

Surging prices notwithstanding, the government today hiked the minimum support price of pulses by up to Rs 700 to a maximum of Rs 3,170 a quintal but support for paddy has been increased by a meagre Rs 50 a quintal.

The MSP for pulses, considered to be the wholesale market benchmark, is just about 30--50 per cent of retail prices of some varieties like moong, urad and arhar that are being sold for up to Rs 100 a kg in retail market.

A decision for raising MSP of kharif crops for 2010-11 was taken at a meeting of the Cabinet Committee on Economic Affairs, chaired by Prime Minister Manmohan Singh.

An agriculture ministry official later explained that higher MSP was meant as an inducement to farmers to go for increasing the acreage for cultivation of pulses, for which India is a net importer and the sharp rise in prices is on account of higher commodity prices globally.

The highest increase was given for the widely consumed arhar dal (tur), the MSP for which has been increased to Rs 3,000 a quintal from Rs 2,300 last year.

The MSP for moong, another popular variety, has been increased to Rs 3,170 per quintal from Rs 2,760. Support price for urad has been increased to 2,900 a quintal from Rs 2,520 last year.

"The hike in MSP for arhar is Rs 200 more than what the Commission for Agricultural Costs and Prices had recommended considering the importance of this pulse," an official said.

Arhar dal prices had skyrocketed to about Rs 100 a kg a year ago and even now it is ruling above Rs 70 a kg. Moong is selling above Rs 100 a kg in the retail market.

India is a net importer of pulses despite being the largest producer. The country produced 14.77 million tonnes in 2009-10 against a requirement of 18-19 million tonnes.

Unlike in the case of paddy and wheat, the government does not procure pulses from farmers, but it intervenes if prices fall below the MSP.

The MSP for paddy (common variety) has been increased to Rs 1,000 per quintal from Rs 950 last year, while the new MSP for Grade A variety stands at Rs 1030 per quintal from Rs 980.

However, the net benefit to farmers will be nil as they were given a bonus of Rs 50 per quintal last year over an above the MSP. The government may announce bonus later when procurement starts in October.

The food inflation for the week-ended May 29 stood at 16.74 per cent and the government has been devising ways to tackle it.

Turmeric, jeera dip on sluggish demand

Press Trust of India / New Delhi June 10, 2010, 16:58 IST

Turmeric and jeera prices fell upto Rs 200 per quintal in the national capital today owing to fall in demand from retailers and stockist at existing higher prices against sustained supplies.

Weak trend at futures market and lower advices from the producing belts also put pressure on the prices. Turmeric prices fell by Rs 200 to conclude at Rs 16,200- 18,800 per quintal.

Jeera common and best quality also declined by Rs 100 each to settle at Rs 11,700-12,000 and Rs 13,000-13,500 per quintal. Marketmen said reduced offtake by local parties and weak exports demand, pulled down the turmeric and jeera prices on the wholesale kirana market here.

Following are today's quotations (per quintal):

Ajwain 10,500-15,500, black pepper common 16,900-17,000, betelnut (kg) 85-105, cardamom brown -Jhundiwali (kg) 820-825 and cardamom brown -Kanchicut (kg) 925-1,025

Cardamom small (kg): Chitridar 1200-1,370, cardamom (colour robin) 1,560-1,580, cardamom bold 1,585-1,600, cardamom extra (bold) 1,700-1,720 and cloves (kg) 300-380

Menthol falls on sluggish demand

Press Trust of India / New Delhi June 10, 2010, 16:57 IST

Menthol prices declined by Rs 10 per kg in the national capital today in view of sluggish demand from consuming units.

Menthol bold crystal, menthol flake and mentha oil prices declined by Rs 10 each to settle at Rs 910, Rs 890 and Rs 815 per kg, respectively.

Marketmen said fall in demand from consuming industries against increased arrivals from the producing regions, pulled down menthol prices in the wholesale chemical market here.

Meanwhile, prices of other chemicals ruled steady on scattered deals.

Following are today's quotations:

Ammonium chloride (50 kg), Rs 1,500-2,400, acetic acid (1 kg) Rs 38, ammonia bicarb (25 kg) Rs 450-500, boric acid technical (50 kg) Rs 3,500-3,800, borex granular (50 kg) Rs 1,750-1,950.

Caustic soda flake (50 kg) Rs 1,000-1,050, citric acid (50 kg) (China) Rs 2,550-3,000, citric acid deshi (50 kg) Rs 2,600-3,000, camphor slab (1 kg) Rs 320, camphor powder (1 kg) Rs 310, glycerine (1 kg) Rs 105-110, hexamine (1 kg) Rs 80, hydrogen peroxide (1 kg) Rs 33-35, mercury (34.5 kg) Rs 54,000, menthol bold crystal (per kg) Rs 910, menthol flake (1kg) Rs 890 and mentha oil (1 kg) Rs 815

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Govt raises support price for pulses to perk up production

Integrates last year's bonus to hold paddy price line.

Support prices					
	(Rs/quintal)				
	2003-04	2005-06	2007-08	2009-10	2010-11
Paddy (Common)	550	570	745*	1000**	1000
Paddy (Grade A)	580	600	775*	1030**	1030
Jowar (Hybrid)	505	525	600	840	880
Jowar (Maldandi)	-	-	620	860	900
Bajra	505	525	600	840	880
Maize	505	540	620	840	880
Ragi	505	525	600	915	965
Arhar (tur)	1360	1400	1590#	2300	3000
Moong	1370	1520	1740#	2760	3170
Urad	1370	1520	1740#	2520	2900
Cotton @	1725	1760	1800	2500	2500
Cotton @@	1925	1980	2030	3000	3000
Groundnut-in-shell	1400	1520	1550	2100	2300
Sunflower seed	1250	1500	1510	2215	2350
Soyabean (Black)	840	900	910	1350	1400
Soyabean (Yellow)	930	1010	1050	1390	1440
Sesamum	1485	1550	1580	2850	2900
Nigerseed	1155	1200	1240	2405	2450

*Inclusive of Rs 100 bonus; **Inclusive of Rs 50 bonus;

#Inclusive of Rs 40 bonus: @Medium staple: @@Long staple.

Our Bureaus, Chennai/New Delhi, June 10

The Centre on Thursday took a bold initiative to promote pulses production by raising their minimum support price by between 14 and 30 per cent even as it effectively pegged the support price for paddy at the same level as last year.

The Cabinet Committee on Economic Affairs, presided by the Prime Minister, Dr Manmohan Singh, went beyond the recommendations of the Committee for Agricultural Costs and Prices (CACP) in raising the MSP for pulses, particularly for arhar (tur).

The rationale

The CACP had recommended an MSP of Rs 2,800 a quintal for arhar against Rs 2,300 last year.

But, the Government decided to fix it higher at Rs 3,000, an increase of roughly 30 per cent. The MSP for moong has been raised by nearly 15 per cent to Rs 3,170 and that of urad of the same order to Rs 2,900.

The Agriculture Ministry has estimated the production of pulses at 14.77 million tonnes against 14.57 million tonnes. In addition, at least four million tonnes have been imported. The Government, perhaps, reckons that the hike in support price would lead to higher acreage under pulses and thus improve availability in the coming season. Pulses were a major contributor to the inflation with prices rising 31 per cent, contributing significantly to the overall annual food inflation that touched 16.74 per cent for the week ended May 28.

Currently, moong prices are ruling at over Rs 100 a kg in the wholesale market, while arhar and tur are quoting above Rs 80.

The prices of pulses are ruling high despite increased production this season ending this month. With regard to pulses, India holds a unique record of being the largest producer, importer and consumer in the world.

The support prices for coarse cereals and oilseeds were also raised by between three and five per cent.

Additional incentive

In addition, an incentive of Rs 5 a kg for tur, urad and moong will be given if they are sold to the procurement agencies during the harvest/arrival period of two months..

Though the support prices of paddy have been shown to have increased by Rs 50 a quintal, it basically is an integration of the bonus announced last year by the Government following the States' demand for a higher support price.

It is being interpreted as a sign from the Government to the farmers not to raise the acreage given the high stocks with the Food Corporation of India. Rice stocks are at over 26 million tonnes despite the procurement being a tad lower this season at 28.66 million tonnes against 29.92 million tonnes last year.

Coarse cereals, cotton

Among coarse cereals, ragi is the biggest gainer with MSP being hiked 5.4 per cent to Rs 965 a quintal. Jowar (hybrid) support price has been raised to Rs 880, while that of the Maldandi variety to Rs 900. Maize and barja MSP has been hiked 4.1 per cent to Rs 880.

All oilseeds MSP have been raised by Rs 50 a quintal but nigerseed support price has been hiked by Rs 45 only.

Cotton seems to have come second best in this exercise with no raise in the MSP.

Double whammy

The cotton growers now face a double whammy of getting no rise in the support price for the second consecutive year and facing squeeze on the price front as the Centre has slapped duty on exports. The Union Textiles Minister, Mr Dayanidhi Maran, has said he would press for an increase in the duty to ensure ample supply for the domestic spinning mills.

Besides, reports from Punjab, Haryana and Rajasthan, where sowing begins well ahead in May, indicate that cotton cultivation has been affected by the heat wave last month.

This is because farmers are reluctant to opt for the crop with seed germination being a problem in hot conditions.

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Food inflation climbs to 16.74%

Our Bureau

New Delhi, June 10

The annual food inflation, based on the Wholesale Price Index, rose 16.74 per cent in the week ended May 29, up from the previous week's annual rise of 16.55 per cent.

Pulses, potatoes, milk and fruits were among items that drove up the food inflation rate.

The fuel price index also climbed 14.23 per cent on a year-on-year basis, up from the previous week's 14.14 per cent, Government data released on Thursday showed.

During the latest reported week, the Primary Articles group index increased 0.5 per cent to 301.7 points from 300.3 points.

The annual rate of inflation, calculated on point-to-point basis, stood at 17.21 per cent points for the latest week as compared with 16.89 per cent points for the previous week and 5.58 per cent during the corresponding week of the previous year.

On a sequential basis, the index for 'Food Articles' group gained 0.4 per cent due to higher prices of beef and buffalo meat (8 per cent), fish-marine (3 per cent) and urad, fruits and vegetables, arhar and moong (1 per cent each). However, the prices of bajra (1 per cent) declined.

The index for 'Non-Food Articles' group was up 1.0 per cent due to higher prices of fodder and raw rubber (6 per cent each), raw cotton (3 per cent), castor seed (2 per cent) and raw silk, groundnut seed and cotton seed (1 per cent each).

However, the prices of raw jute (4 per cent), rape and mustard seed (2 per cent) and skins (raw) (1 per cent) slipped.

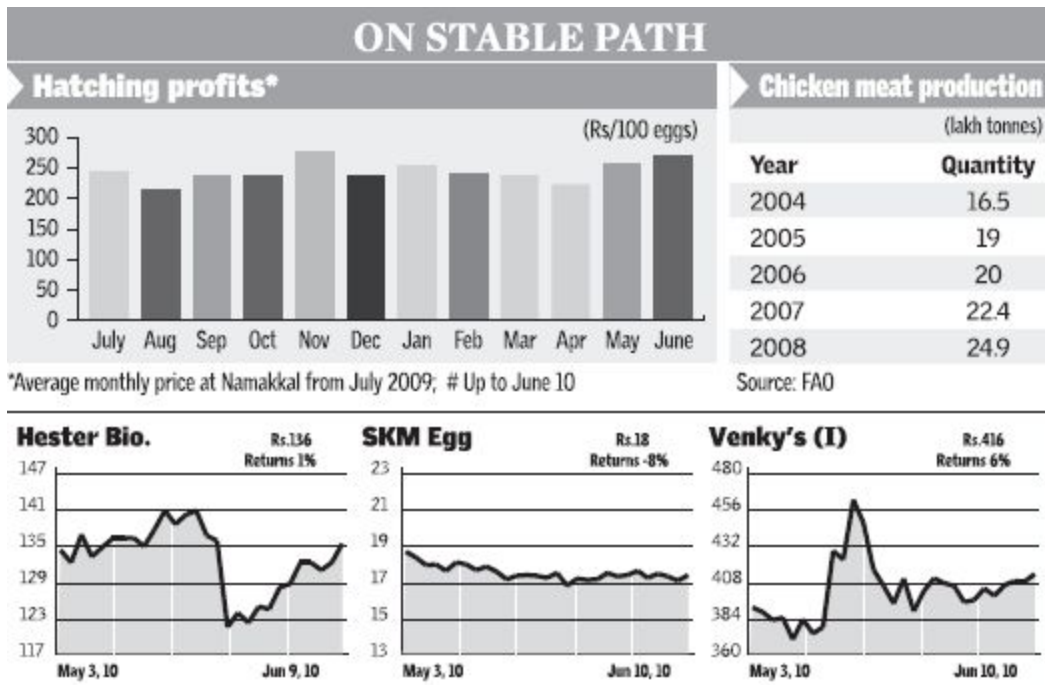
The fuel index rose by 0.1 per cent to 372.5 points due to higher prices of lubricants (8 per cent) on a sequential basis.

The annual rate of inflation, calculated on point-to-point basis, stood at 14.23 per cent for the latest week as compared to 14.14 per cent points for the previous week and minus 6.08 per cent during the corresponding week of the previous year.

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Poultry industry puts bad days behind



Chennai, June 10

After going through a trying period, the poultry sector is now on a roll. The price of an egg has stabilised around Rs 2.75, while broiler producers are witnessing good profits.

Broiler producers were, in particular, affected last year due to a variety of reasons, including the Kerala Government's decision to slap a higher value-added tax on poultry products import. It hurt even established players in the sector.

All that seems to have gone-by now with the producers move, in particular, to cut production in the wake of fall in demand last year paying off. For example, live birds are quoting at Rs 60 a kg, higher than the production cost of Rs 45.

Not just that, farmers are getting huge orders for growing birds.

The poultry industry is showing promise. The Rs 40,000-crore plus industry has transformed itself from a mere backyard agricultural activity to a profitable, dynamic commercial industry.

One of the fastest growing segments of Indian agricultural sector, its growth is driven by an increasing urban population, a growing middle-class with increasing per capita and disposable income apart from rising foodgrain and cereal prices and stable poultry prices.

Companies such as Venky's India, Srinivasa Hatcheries, SKM Eggs and Hester Biosciences are the ones that could benefit investors. A word of caution, however, is that these companies' fortunes are linked to the poultry prices and industry.

Industry Outlook

India, with a poultry population of 489 million and estimated more than 532 billion eggs production, ranks among the top three countries in egg production in the world. While the production of agricultural crops has been rising at 1.5-2 per cent a year, the broiler production is growing at the rate of nearly 8-10 per cent every year and growth in production of poultry/chicken meat increased from mere 0.12 million tonnes in 1981 to 2.2 million tonnes presently. The annual per capita availability of eggs and chicken meat has also increased from a mere 10 eggs and 146 grams in 1970s to around 43 eggs and 1.6 kg respectively and is set to double by 2015.

The changing eating habits, cropping fast food outlets and quick service restaurants speak highly in favour of improvement in levels of poultry production over the next many years.

The poultry industry has suffered major losses with problems such as bird flu, spiralling costs of feed materials such as maize and soya because of low production. Going by the Met Dept outlook of good monsoon this year and with the crop cycle improving for these crops coupled with a rationalisation of prices, this industry holds promise although a word of caution that though livestock is an industry where diseases such as avian flu can mar the best laid plans.

With the prices of pulses, a cheap source of protein, ruling high, consumers are now turning to poultry for their health needs. The sector will stand to gain as long as this trend continues.

Srinivasa Hatcheries

The Hyderabad-based company was in the red last year due to a spurt in rising input costs and avian flu threat. However, this year it has bounced back with a PAT of Rs 7.90 crore (for 9 months ended) as against a loss of Rs 68 lakh in the corresponding period of previous year.

A fully export oriented unit with its base in Erode, the company is into manufacture of egg powders that finds its use in confectionery and fast food segments. As an EOU, the biggest risk associated with SKM these days is the currency fluctuation.

It is currently ruling at Rs 18.60 posting a 3.3 per cent gain over previous day's close. Although billed as the most prominent player in the egg powder segment across the country, there is no word of dividend.

The Ahmedabad-based poultry vaccines manufacturer has shown a good performance over the years. Although its sales dropped in FY 2008-09 on low demand as poultry units slashed their production owing to sluggish demand, Hester should be able to do well in the coming days on the impending growth in poultry industry.

Its stocks currently trade at Rs 136.50 gaining 2.71 per cent over yesterday's close. 52-week High/Low: Rs 156/Rs 76.

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Clove prices may rise on short supply

"There are no buffer stocks available while the requirement has picked up strongly with the demand outweighing the supply."

G.K. Nair,Kochi, June 10

Clove prices have shot up on limited supply amid strong demand in the international and domestic markets.

To facilitate more imports and to arrest under-invoicing and other malpractices, the Centre has reduced duty for shipments from Madagascar and Zanzibar to in effect around 25 per cent from the existing 36 per cent through a notification (No. 67/2010-Customs New Delhi) dated June 8.

On the reduction, the Public Ledger said: "India's reduction of import duties on Madagascan and Zanzibar cloves will have little immediate effect as those origins have little left to sell this campaign, adding fuel to Comoros prices that have surged by up to 40 per cent in a week."

Strict vigil

Importers said that the strict vigil enforced by the Customs Department authorities on imports of cloves, poppy seeds, ginger, aniseeds, mace, nutmeg etc., following complaints from the farmers recently, there has emerged some transparency in the imports of these goods.

Thus, the strict vigil by the customs had arrested fraudulent imports. This phenomenon on the one hand and favourable weather conditions coupled with lack of buffer stocks on the other had pushed up clove prices, market sources in Bangalore and Mumbai told Business Line.

"There are no buffer stocks available while the requirement has picked up strongly with the demand outweighing the supply. So markets are moving up", a major dealer said.

Good demand

According to importers good demand was there for Madagascar and Zanzibar cloves as this year new crop is projected to be small in all major growing countries including Indonesia, Comoros and Brazil.

Madagascar new crop will arrive only by January 2011, a long way to go for its arrival, while Zanzibar crop will arrive in November. But, as the demand is very strong here the prices will cross Rs 350 a kg for Colombo cloves and Rs 400 for that from Zanzibar, they claimed.

The markets have suddenly moved up by Rs 2550 a kg on good buying support, they said.

"The current trends show huge price advantages, very shortly prices of Colombo cloves will reach Rs 350 plus, as the price difference is too high, so low-price cloves will increase more," another dealer claimed.

“The prices are bound to increase in the coming days, as next six months are festive months.”

Global demand

In the international markets also demand for cloves are very strong, they said. Sri Lankan crop is over, the prices quoted at present are at \$6,300-6,500 a tonne and in the next few days it is likely to cross \$7,000 a tonne, which in turn is likely to push up its prices here to cross Rs 400 a kg, they said.

Indonesian crop this year is only 60 per cent. The Cigar companies are buying locally there at \$6,200 a tonne. Also, these companies said to have already bought the entire Comoros crop at \$4,800-5,200 a tonne.

As a result the world markets are facing a shortage at present in supply, they said. The average prices in the growing countries are in the range of \$5,500-6,000 a tonne. At this rate the import costs work out to Rs 400 a kg and as such the prices in the domestic market here are to be in the range of Rs 400 and Rs 500 a kg in the coming days, they claimed.

An Indian importer was quoted by the PL as saying that “Comoros was a highly expensive option. Similarly, India “cannot import from Indonesia” as local prices were a lofty \$6,200 a tonne, meaning Indonesian players were actually looking to import at \$4,500 to \$5,000 a tonne to supply and create buffer stocks for the country's kretek cigarette producers.”

Because of the non-remunerative prices the Indian farmers had given up its cultivation long back and as a result, the Indian cloves output vacillated between 1,500 and 2,000 tonnes. The current crop has been comparatively good at above 2,000 tonnes, growers in Kerala and Tamil Nadu said. Lack of support from the authorities is also a major dissuading factor, they said.

The domestic demand for cloves is growing given the change in food habits following the economic growth and consequent rise in the living standards of the people, of late. The total demand is estimated at over 15,000 tonnes a year and much of it is met by imports, official sources said.

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<http://www.thehindubusinessline.com/2010/06/11/stories/2010061151651900.htm>

Pepper futures move up

G.K. Nair, Kochi, June 10

Pepper futures on Thursday increased after high volatility and despite sell calls and closed above the previous close.

There was liquidation of 929 tonnes, of which 577 tonnes were covered; 299 tonnes were off-loaded and yet the futures market moved up significantly.

“The logic behind it is unknown,” market sources told Business Line.

With this, the Indian parity has risen to \$3,600 a tonne Europe and \$3,700 a tonne for the US. Sterilized pepper is available at \$3,800 a tonne. However, rupee – dollar rates remained unchanged.

At this rate, overseas buyers who were showing interest, might not come. “They may wait for a day now,” they said.

The spot prices in tandem with the futures market trend shot up by Rs 300 a quintal to close at Rs 15,500 (ungarbled) and Rs 16,000 (MG 1) a quintal.

June contract on NCDEX increased Rs 285 to close at Rs 16,034 a quintal. July and August were up Rs 308 and Rs 283, respectively, to close at Rs 16,254 and Rs 16,450 a quintal.

Total turnover went up 2,169 tonnes to 10,305 tonnes.

Total open interest dropped by 299 tonnes to 15,223 tonnes. June open interest fell by 929 tonnes to 5,189 tonnes. July and August open interest increased by 577 tonnes and 58 tonnes, respectively.

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Coonoor tea turnover up over Rs 7 cr

P.S. Sundar, Coonoor, June 10

The turnover of Coonoor Tea Trade Association (CTTA) in the first five months of calendar 2010, has increased by Rs 7.83 crore, over the corresponding period of last year.

Between January and May, a volume of 1.87 crore kg was sold, against 1.51 crore kg in the same months of last calendar. However, every kg fetched Rs 10 lower than last year to average Rs 65.24.

Consequently, the turnover increased to Rs 122 crore, from Rs 114.17 crore. This increase of Rs 7.83 crore, marked a growth of 6.86 per cent. The same trend prevailed in respect of both CTC and orthodox teas. In all, 1.19 million kg of orthodox tea was sold, against 1.12 million kg last year.

Average price dropped by Rs 11 to rule at Rs 74.13 a kg. The volume of CTC teas sold increased to 1.77 crore kg from 1.4 crore kg. However, the average price fell by Rs 10 to rule at Rs 64.65 a kg.

In recent weeks, prices have posted a sharp fall. Consequently, the increase in turnover, which was Rs 16.47 crore by April-end, fell to Rs 7.83 by May-end. The growth has reduced to 6.86 per cent, from 19.05 per cent.

Now, prices are ruling as much as Rs 33 less a kg, compared to the same period last year, to average Rs 56.41.

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Weather

Chennai - INDIA

Today's Weather



Cloudy

Friday, Jun 11

Max Min

31.8° | 25.8°

Rain: Trace

Sunrise: 05:41

Humidity: 84%

Sunset: 18:34

Wind: Normal

Barometer: 1003.0

Tomorrow's Forecast



Partly Cloudy

Saturday, Jun 12

Max Min

34° | 25°

Extended Forecast for a week

Sunday

Monday

Tuesday

Wednesday

Thursday

Jun 13

Jun 14

Jun 15

Jun 16

Jun 17



38° | 29°

38° | 30°

38° | 28°

38° | 28°

38° | 28°

Partly Cloudy

Tstorm

Partly Cloudy

Partly Cloudy

Partly Cloudy