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Falling prices worry small tea growers

Special Correspondent

Need to revamp Industrial Cooperative tea factories stressed

The produce is now fetching prices which are lower by about Rs. 3 to Rs. 4

Plan of action will be evolved to help the growers

Udhagamandalam: Concern over falling tea prices has increased among various sections of the tea planting community here.

Pointing out that the trend started some time ago, some of the small tea growers told The Hindu that their produce is now fetching prices which are lower by about Rs. 3 to 4 when compared to a few months ago.

Meanwhile, a factory owner lamented that even at the auctions the minimum price for processed tea had fallen.

Stating that the situation merits immediate attention by the authorities concerned, the president, Malai Maavatta Siru Vivasayigal Nala Sangam, Thumbur I. Bhojan, feared that tea cultivation which is one of the major economic activities here is heading towards a crisis situation similar to the one which prevailed about a decade ago.

Thanks to the efforts of the Tea Board, the quality of tea produced here had registered a significant improvement, adulteration had come down and new markets found for the Nilgiri tea.

Consequently, for the last couple of years the returns had been satisfactory.

However, the prices falling rapidly over the last few months have subjected the farmers to considerable hardship.

Claiming that the yield during April and May had been affected on account of unfavourable weather, he said that now not only was the crop low but the prices also were poor.

While the prices of essential commodities and agricultural inputs have shot up, the commitments on the education front have increased the burden of the growers.

Expressing the fear that the developing situation would trigger an exodus of youth from the Nilgiris to the plains in search of employment, Mr. Bhojan recalled that during the earlier tea crisis many had left the district.

He hoped that a plan of action would be evolved to help the growers and urged the government to implement a subsidy scheme and also fix a floor price for the raw tea leaves.

He added that the Industrial Cooperative (INDCO) tea factories should be revamped.

Regretting that most of the earnings of the INDCO factories are going towards meeting the overheads like salaries of the officials' in-charge, he said that steps should be taken to give the farmers a bigger say in the day-to-day affairs of the factories.

Only then the objectives of Incoserve (the apex body of the INDCO factories) will be fulfilled.

expressbuzz

By Reuters

21 Jun 2010 01:34:40 PM IST

Monsoon rains reach soybean region

NEW DELHI: Monsoon rains have reached some regions of Gujarat, a leading producer of soybeans, the country's weather office said in its latest forecast.
The annual July-September rains were passing through Indore, and Rajkot and Ahmedabad among other places, the India Meteorological Department said on its website www.imd.gov.in
Monsoon rains, which deliver 75-90 percent of total rainfall, are pivotal to farm output and overall growth in Asia's third-largest economy.
Good rains will boost soybean output, lowering vegetable oil imports by the world's top edible oil importer.

Business Standard

Tuesday, Jun 22, 2010

Mills may export on firm global mkts

Newswire18 / New Delhi June 22, 2010, 0:40 IST

Barely a month after looking at imports, some sugar mills in the country have started examining the possibility of exports, with deals turning viable as global markets become firm.

“There has been a sudden increase in the number of applicants seeking export permits,” a senior government official said.

Though sugar exports are not barred, exporters have to seek permits from the sugar directorate to ship out the sweetener.

The directorate has not issued any export licence in nearly two years amid tight local supplies, barring one earlier this month to Indian Sugar Exim Corp, for sale to EU under the preferential quota.

The official said most of the applications received were for exports under the Advance Licence Scheme to fulfill re-export obligations.

Sugar futures trading by October: FMC

BS Reporter / Bangalore June 22, 2010, 0:38 IST

The commodity market regulator, the Forward Markets Commission (FMC) plans to allow sugar futures trading by October. The trading in the commodity is banned till September 31 due to a rapid rise in the commodity's prices in the recent past.

"Earlier, we had planned to wait till September to have a better view about crop prospects. However, as the crop acreage is higher this year with a better production estimate, we will not extend the ban beyond September 31," B C Khatua, chairman, FMC, said on the sidelines of a consumer awareness programme organised by the National Multi Commodity Exchange here.

He also said the production of sugar would be in the 23-24 million tonne range this crop year.

The government had banned sugar futures in the commodity exchanges for seven months in May 2009 in the wake of a steep price rise in the commodity due to production shortfall. The ban was latter extended till September 2010 to further ease the price rise.

The country, which produced 16 million tonnes of sugar in 2008-09, is estimated to have an output of 16-18 million tonnes in 2009-10 crop season against a consumption demand of around 23 million tonnes. However, the production estimate is pegged at 23-24 million tonnes for 2010-2011 season. Also, prices in the retail market have fallen to Rs 22-24 a kg, from Rs 50 in January this year making a case for the regulator to allow trading in sugar futures.

"We plan to allow trading in nine contracts initially and may extend it to 12 in future," Khatua added.

In the meantime, global sugar production is set to be higher in 2010-11 season on the back of expected bumper crop from Brazil, pegged at 595.89 million tonnes.

Also, according to the International Sugar Organisation, global sugar output is estimated at 2.5 million tonnes in the forthcoming 2010-11 season against a deficit of about 8.51 million tonnes in 2009-10.

Talking about the volume growth in commodity exchanges in the current financial year, Khatua said, “Total turnover of the commodity market in the last financial year was around Rs 77 lakh crore, which is expected to touch Rs 150 lakh crore during the current financial year.”

He also said new national exchanges would not impact the volume growth of the existing exchanges.

“Penetration of commodity market is at a lower level as of now. So, new exchanges will boost the market volume by adding new players than eroding volume growth,”he added.

He ,however, said that each exchange has to specialise in some commodities than competing in the same space.

Monsoon still slightly weak, may move on in a few days

Newswire18 / New Delhi June 22, 2010, 0:27 IST

After a vigorous phase in some regions, the southwest monsoon current had weakened, but there was no cause for worry, with rains a lot better than last year, an official of India Meteorological Department (IMD) said on Monday.

The monsoon, which made its onset over the Kerala coast on May 31, a day ahead of schedule, has advanced to Karnataka, Andhra Pradesh, Maharashtra, Orissa, West Bengal, parts of southern Gujarat and southern Madhya Pradesh, most parts of Chhattisgarh and Jharkhand, and some parts of Bihar.

“There have been rains in the north-east, eastern regions, Maharashtra and southern parts. Further progress of monsoon is not happening,” said the official. Adding that it should progress by next week, he was hopeful of rains hitting northern India — currently sweltering under a heat wave — by the end of June. “It happens every year, some system has to form in Bay of Bengal for the rains to move on,” he said.

He said the department was satisfied with the monsoon so far, which was a lot better than last year, when the country received the worst rains in 37 years, with several parts in grip of a drought. “Right now, there is nothing to worry,” he said.

The country received an average rainfall of 85.3 mm during June 1-20, about six per cent below the normal level of 90.4 mm for the period, the latest IMD data showed.

During June 1-20, there was normal or excessive rain in 15 of the 36 meteorological subdivisions of the country. Rainfall in northwest India was six per cent above normal during the period, while those over the southern peninsula were 28 per cent above normal.

Rains over central India have improved — with the monsoon advancing to the oilseed growing states from Wednesday — but were still eight per cent below normal during June 1-20.

In the paddy growing regions of east and northeastern India, rainfall was 24 per cent below normal during the review period, the data showed.

Most of central India — where oilseeds and cotton are grown — is highly rain-dependent. Eastern India is a key paddy-growing region.

Nearly two-thirds of the country's arable land is monsoon-dependent and without proper irrigation facilities.

Spices rule steady

Press Trust of India / Mumbai June 21, 2010, 16:02 IST

Prices ruled steady at the spices market here today in the absence of necessary buying support.

Fresh supplies against adequate stocks position also influenced the trading sentiment, traders said.

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

Black Pepper (per kilo) 168/188 (168/188), ginger bleached (per kilo) 200 (200), ginger unbleached (per kilo) 220 (220), copra office Alapuzha (per quintal) 3,725 (3,725)

copra office Kozhikode (per quintal) 3,525 (3,525), copra Rajapur Mumbai (per quintal) 5,200 (5,200) and copra edible Mumbai (per quintal) 4,250 (4,250)

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Mangalore emerging key port for coffee exports

Proximity to processing units works in its favour.

Shifting priorities

(Volume in tonnes/value in Rs/cr)

Port	2007-08		2008-09		2009-10*	
	Volume	Value	Volume	Value	Volume	Value
Cochin	84,384	754.99	66,178	700.19	39,909	404.23
Chennai	81,050	787.51	69,428	842.99	65,780	731.78
Mangalore	42,686	389.71	55,550	612.02	40,687	411.29
Tuticorin	7,249	75.02	5,262	73.81	5,710	73.13
Others	3,625	39.06	752	13.62	614	10.21

*Provisional
Source: Coffee Board

K. Sajeev Kumar,M.R. Subramani,Kochi/Chennai, June 21

Mangalore has emerged the key port for export of coffee. If reports from exporters turn out to be true, it has become the leading port for the commodity's exports this fiscal.

A Kochi-based exporter who has shifted his operations to Mangalore told Business Line that with Maersk stopping its direct line service to Chennai from the US east coast, the Karnataka port has turned out to be the favourite of the exporter.

“Coffee is exported in green and soluble or instant forms. Chennai is the port for export of instant,” said Mr Milan Shah, an exporter based in Bangalore.

“Green coffee was being exported from Kochi traditionally. But once Mangalore port came up, exporters have shifted in view of its proximity to the processing units in Hasan and Chikmagalur," Mr Shah said.

Mangalore is 150 km from the coffee processing units in these areas, whereas Kochi is around 500 km.

"It takes approximately six hours for a container to reach Mangalore port. To Kochi, it takes 24 hours," Mr Shah said.

"The Mangalore port authorities have been promoting their port very well. That authorities are also assuring quicker transmission," the Kochi-based exporter said.

During 2007-08, over 84,000 tonnes of coffee were shipped from Kochi but in the last fiscal, it is projected to have declined to less than 40,000 tonnes. Shipments from Mangalore during the period are estimated at 42,686 tonnes and 40,687 tonnes respectively. But its share in the exports has increased from 19.5 per cent to 28.2 per cent.

Instant coffee

"Exports from Chennai will continue to rise as the volume of instant coffee exports is increasing," Mr Shah said.

Instant coffee exports from the country hit a record 64,854 tonnes during 2007 before declining to 54,830 in 2008. Last year, it increased to 61,154 tonnes.

Meanwhile provisional figures put out by the Coffee Board show that the commodity's exports have increased 48 per cent so far this year.

Data available till June 17 show that the shipments have increased to 1.43 lakh tonne against nearly 97,000 tonnes during the same period a year ago. This includes re-exports of nearly 24,000 tonnes.

"This year coffee production has been higher. Therefore, the surplus is being exported," Mr Milan said.

According to the Coffee Board's post-monsoon projections, production for the current season ending October is estimated at 2.89 lakh tonnes against 2.62 lakh tonnes last year.

The board's post-blossom estimates pegged the production at over three lakh tonnes but untimely rainfall hurt the crop prospects.

The Coffee Board is yet to come out with its post-blossom estimates this year.

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Poor arrivals drive cardamom prices up

At the current prices, exporters have little interest in buying the stock.

G K NairKochi, June 21

Cardamom prices which declined early last week, moved up during the weekend on thin arrivals and moderate demand. The individual auction average fluctuated between Rs 1,300 and Rs 1,450 a kg, last week.

Arrivals drop

Arrivals fell sharply last week, and on Sunday at the Kerala Cardamom Processing Marketing Cooperative (KCPMC)'s auction, arrivals dropped to eight tonnes.

“As the arrivals were not viable, we have suspended the Sunday auction till mid-July. We will resume before the beginning of the Tamil Aadi month,” Mr P. C. Punnoose, General Manager, CPMC, told Business Line.

The Cardamom Processing and Marketing Company (CPMC), STCL, and the Cardamom Planters' Association (CPA) have already suspended auctions for the past few weeks, due to insufficient arrivals, trading sources said.

According to them, the season has come to an end and whatever arrives at present is from the stock held by some of the dealers or growers.

At the current prices, exporters have little interest in buying the stock, sources added.

Dealers from North India are also waiting for the new crop, which is expected by late July, sources said.

Arrivals at almost all the auctions were thin and the total stood at 69 tonnes last week. “When there is a sharp fall in arrivals, then it would not be viable to hold auctions,” trading sources in Bodinayakannur said.

Total arrivals during the current season from August 1 to June 20, 2010 stood at 9,632 tonnes. Of this, 9,428 tonnes of cardamom were sold. Arrivals and sales in the same period last season were 9,936 tonnes and 9,536 tonnes, respectively.

Weighted average price as on June 20 was Rs 863.50 a kg, up from Rs 532.42 a kg, on the same day last year.

Prices quoted for graded varieties on Monday in rupees a kg were AGEB1, 810-1820; AGB 1,685 -1,695; AGS1, 670-1,680; AGS1- 1,650-1,660.

Prices quoted in the open market in Bodinayakannur were: AGEB 1,790-1,800; AGB 1,670-1,680; AGS 1,645-1,655; AGS1 –1,635-1,645. Bulk was being sold in Bodi at Rs 1,250-1,550 a kg.

Weather conditions

The weather conditions have remained favourable so far. However, the absence of the South-west monsoon has created a warm atmosphere in the cardamom-growing tract, where lower temperatures are preferred.

Growers said they were expecting the rains to resume in the next few days.

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Back

Pepper futures firm up on buying support

G.K. Nair

Kochi, June 21

Pepper futures on Monday shot up on buying support and limited availability, supported by buy calls from expert analysts.

A buy call in the morning said “buy at present level targeting Rs 16,760, then Rs 16,840 with stop loss at Rs 16480. The current market price (CMP) is Rs 16,601”.

All the contracts increased significantly as domestic dealers were also covering actively from the terminal and primary markets.

The high prices in Karnataka also aided futures to move up. One of the major reasons for the upsurge in the futures prices is the unconfirmed report that some quantity out of the 487 tonnes opted for June delivery might be defaulted for want of material.

All the buyers were understood to have been approached to find out if they could settle for cash, market sources told Business Line.

July contract on NCDEX shot up Rs 483 to close at Rs 16,925 a quintal. August and September went up Rs 491 and Rs 465 respectively to close at Rs 17,124 and Rs 17,288 a quintal. Total turnover increased 4,800 tonnes to 10,427 tonnes.

Open interest up

Total open interest went up 790 tonnes, indicating good additional purchases to close at 14,792 tonnes. July, August and September open interests increased by 244 tonnes, 362 tonnes and 89 tonnes respectively.

Spot prices on good buying support increased by Rs 400 to close at Rs 16,200 (ungarbled) and Rs 16,700 (MG1) a quintal.

Exporters apprehensive

Exporters who had made commitments when the Indian parity was competitive early last week were said to be apprehensive about the availability of the material. Meanwhile, the rupee had also strengthened against the dollar pushing the Indian parity further up. On the spot also, sellers were not ready to part with their produce below Rs 165 a kg. Thus, availability has become tight, causing the futures prices to shoot up, they said.

Domestic demand was directly met by supplies from northern Kerala via

Mangalore. Upsurge in the futures market coupled with a strong rupee against the dollar pushed up the Indian parity to $3,925 a tonne. However, whether it would be outpriced or not would depend on as to how other origins react to it, export sources said. A report from Vietnam on Monday said the pepper market there was firmer. Price indications were that 500 and 550 GL at $3,330 a tonne and $3,500 a tonne respectively (fob) HCMC. White double washed was at $4,750. Brazil was also reportedly firmer last week-end.

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Price ticker to be installed in Karnataka farm markets

Our Bureau,Bangalore, June 21

Farmers with no direct personal accessibility to online price information can now cheer up and benefit from the new means adopted by the agricultural produce marketing committees in Karnataka.

Thirtynine APMCs in the State will be installed with electronic price ticker boards to display the spot and futures market prices of farm products in the local language on a real time basis to enable farmers derive the best price advantage for their produce.

Installation of the ticker boards is part of the 11 {+t} {+h} Five-Year Plan proposal of the Centre to help famers and other stake holders in the agricultural sector to gain from the right information.

The ticker boards would display prices prevailing in markets in other States and Karnataka's own local markets, said Mr Anil Mishra, Chief Executive Officer, National Multi-Commodity Exchange (NMCE), and Mr B.C. Khatua, Chairman, Forward Market Commission, on Monday.Sharing the information after a meeting with the Chief Secretary, Mr S.V. Ranganath, the two executives said the State has assured its cooperation in the implementation of the project in 39 APMCs in the next two months.

hindustantimes
Tue,22 Jun 2010

Weather

Chennai - INDIA

Today's Weather	
Partly Cloudy	**Tuesday, Jun 22** Max Min 34.1° | 27.3°
Rain: 0.2 mm in 24hrs	Sunrise: 05:43
Humidity: 79%	Sunset: 18:37
Wind: Normal	Barometer: 1007.0

Tomorrow's Forecast	
Rainy	**Wednesday, Jun 23** Max Min 35° | 26°

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Jun 24	**Jun 25**	**Jun 26**	**Jun 27**	**Jun 28**
35° | 29°	35° | 29°	34° | 28°	35° | 28°	33° | 28°
Rainy	Rainy	Rainy	Rainy	Rainy