

Sop raised to boost chilli cultivation in Assam



AP A farmer shows "Bhut jolokia" or "ghost chili" peppers plucked from his field at Changpool in the northeastern Indian state of Assam. The Indian military uses the thumb-sized world's hottest chili to make tear gas-like hand grenades to immobilize suspects. File Photo.

The Assam government is incentivising farmers cultivating the world's hottest chili, 'Bhut Jolokia', demand for which is rising in the Arabian and European countries, besides Australia and Venezuela.

In 2007, the Guinness Book of World Records acknowledged 'Bhut Jolokia' as the hottest spice.

The chilli pepper measures 1,001,304 Scoville Heat Units (SHU), which means it contains the highest naturally occurring amount of capsaicin (the pungent chemical in chillies) in the world, according to the Guinness Book.

At 15,000-30,000 SHUs, the hari mirch, or green chilli, pales in comparison to the thumb-sized Bhut Jolokia, also known as the Ghost Chilli.

The Andhra 'Gunture Sannam' measures 35,000—40,000 SHU, the Kashmiri mirch has 1500—2000 SHUs and the Simla mirch zero SHUs.

The Assam government has announced Rs 5,000 per hectare additional incentive money to boost cultivation of the Ghost Chili, which is 400 times hotter than the Tabasco sauce.

Against Rs 13,000 per hectre provided to cultivator of Bhut Jolokia in 2009-10, the amount has been raised to Rs 18,750 in the current financial year, C R Hazarika, Director In-Charge of State Horticulture Department told PTI over phone.

The sop is provided for purchase of seed and equipment as part of the second generation state horticulture mission programme launched last year, he said.

Besides, the beneficiary also gets one free tube well under the programme, he added.

Hazarika said in 2009-10, the scheme was launched in three upper Assam districts of Baska, Golaghat and Nagaon. In the current financial year districts of Golaghat, Karbi Along and Jorhat have been selected, the state Horticulture Director In-Charge said.

Against a target to cover 700 acres of land under the scheme in 2009-10, a total of 490 acres was achieved and a sum of Rs 63.70 lakh out of a total of Rs 91 lakh allotted for the programme was spent, he added.

The fund is made available under the Central government sponsored Horticulture Mission for North East and Himalayan states, he said.

Besides, the state Horticulture department has roped in Assam Agriculture University to provide technical know how to the cultivators, he added.

Senior Deputy Director of Delhi-based National Horticulture Board (NHB) R K Sharma told PTI that the organisation does not have a direct role, but provides assistance to the state government under area expansion programme for open crops.

Bhut Jolokia turned out to be a money spinning crop after it won the Guinness accolade after tests in Mexico State University, US, in which the chilli beat the previous record holder, the SHU Red Savina Habanera.

Attracted by the high yields, more and more farmers in the seven states in India's north-east are turning to the crop, Harsh Jyoti Barua, Officer on Special Duty (OSD), Assam Agriculture department, said.

Commercial cultivation of the crop is increasing not only in Assam but has spread to neighbouring states of Nagaland and Tripura too, said sources in Jorhat based North East Institute of Science and Technology.

The chili fetches handsome price in the market, and recently the crop gained entry into Poland too.

While Bhut jolokia is selling at Rs 300-350 per kg in local market, it is rated at Rs 1,500 per kg in Arab countries and is as costly as one US dollar a piece in Germany, he added. Besides, the health care industry is exploring its use in manufacture of pain-killing creams for arthritis and topical creams for skin disorders, while research is on for use of the pepper sprays in manufacture of teargas shells.

But, the crop is not without its share of woes.

S K Gogoi, Deputy Director of Dispur-based Defence Research Laboratory (DRL), an arm of of Defence Research Development Organisation (DRDO), said it has been noticed that due to viral attack the chilli is losing hotness.

Research is on to ascertain if it was due to genetic factor, Gogoi said adding the report is expected in two months, he added.



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Food inflation, inequity major challenges: Swaminathan

Food inflation, increasing food production with existing and new technologies and ensuring equitable economic growth are the big challenges facing India, noted farm scientist MS Swaminathan said on Saturday.

"The food inflation is going up. Agricultural production can be increased even with the existing technologies. The government is planning to bring a Food Security Act but where is the food to meet the increased demand?" Swaminathan wondered while speaking to reporters after inaugurating the second Indian Youth Science Congress (IYSC).

The three-day event is being jointly organised by MS Swaminathan Research Foundation (MSSRF) and SRM University in Chennai.

"Agricultural production is expected to increase this year. Last year it went down due to the drought in several places in the country," he said.

Willam Dar, director general of the International Crops Research Institute for the Semi-Arid Tropics, said that crop yield can be increased by five tonne per hectare even in rain fed regions with proper farm education and farmer delivery mechanisms.

In his inaugural speech, Swaminathan called for the conduct of an employment impact analysis of all development programmes since jobless growth will turn out to be joyless growth, leading to frustration and violence.

"Economic growth which is not based on equity will lead only to short term gains," he said.

According to him, equity has three dimensions - inequity at birth (foetal undernutrition that would retard the brain later), intra-generational inequity (poverty, hunger, illiteracy) and inter-generational (affecting the babies yet to be born from climate change, environmental changes and others).

Environmental sustainability is fundamental to lasting progress in every field of human endeavour, he stressed.

"2010 is also the International Year of Biodiversity and every species on our planet has become important since novel genetic combinations can be produced through recombinant DNA technology. We must build gene banks," he said.

In his speech, T.R.Pachamuthu, chancellor of SRM University said children should be encouraged to ask questions, which in turn, would enable them to come out with cutting edge research during their university days.

"In India, scientific research activity is reserved only for graduates and above. Overseas universities come out with innovations for various activities and we continue to copy them without coming out with our own inventions or innovations," he said.

Meanwhile, IYSC 2010 vice president Ajay Parida said the annual event will be held in other centres from next year onwards with the experience gained by holding the first two IYSCs in Chennai.

<http://www.hindustantimes.com/StoryPage/Print/563535.aspx>

Weather

Chennai - INDIA

Today's Weather



Cloudy

Monday, Jun 28

Max Min

36.2° | 24.8°

Rain: 0.2 mm in 24hrs Sunrise: 05:44

Humidity: 71% Sunset: 18:38

Wind: Normal Barometer: 1003.0

Tomorrow's Forecast



Rainy

Tuesday, Jun 29

Max Min

37° | 27°

Extended Forecast for a week

Wednesday

Jun 30



33° | 28°

Rainy

Thursday

Jul 1



33° | 29°

Rainy

Friday

Jul 2



31° | 25°

Rainy

Saturday

Jul 3



32° | 26°

Rainy

Sunday

Jul 4



34° | 27°

Rainy

Global warming? Now wheat to beat heat

June 27: With climate change and global warming threatening to seriously affect agriculture, Indian agricultural scientists have launched a major project to develop a heat-tolerant variety of wheat. Kailash Chandra Bansal, director of National Research Centre on Plant Biotechnology, Indian Agricultural Research Institute, New Delhi and the principal scientist in the project, said he hoped advances in genomics and genetic engineering would help researchers devise strategies to counter global warming. He pointed out that studies by M.S. Swaminathan, the father of India's Green Revolution, have shown that 6 million tonnes of wheat will be destroyed with a rise in temperature of a single degree Celsius.

"We took serious note of Prof. Swaminathan's findings," Prof. Bansal, who has to his credit a transgenic variety of tomato with an increased shelf life, told DC. "The Union government's department of biotechnology recently gave us the green signal to develop a heat resistant wheat variety and work is underway." He said the new wheat variety would be ready much before global temperatures rise by 1°C. "It will be a genetically modified version of wheat and there will be nothing abnormal about it," said Prof. Bansal, seeking to allay fears that the transgenic crop could be dangerous in any way. "We will use genes from other wheat varieties. There is no possibility that there will be any controversy over the project." Earlier, addressing delegates at the 2nd Indian Youth Science Congress here, Prof. Bansal said IARI is working to develop tomatoes with a high lycopene content. "Lycopene, which gives tomatoes their red colour, has anti-cancer properties. Genes taken from standard tomatoes are introduced into the new variety while some of the genes are removed to ensure extended shelf life," he added, explaining the process.

Source URL:

<http://www.deccanchronicle.com/chennai/global-warming-now-wheat-beat-heat-214>

Business Standard

Monday, Jun 28, 2010

Tea clones may soon pass lab test

Supratim Dey / Kolkata/ Guwahati June 28, 2010, 0:34 IST

For the tea industry, there appears to be some good news. New tea clones of high yield as well as quality may soon be available for plantation.

Tocklai Experimental Station, based in Jorhat in Upper Assam, has claimed to have developed four tea clones of high yield and these tea clones would be released for commercial plantation by the year-end.

Sources from Tocklai said that these four tea clones have been under developing stage for almost five years and the experimental station hopes to release them for commercial plantation by November this year.

The clones are aimed at enhancing the quality of the tea and will have rich colour and liquor. These new clones would preserve the unique qualities of Assam tea as well, he said.

The tea industry has welcomed this initiative of Tocklai as it feels it has been a long time that any good tea clone, that has both quality as well as enhanced yield, has been developed.

"We welcome this move of Tocklai to develop new clones. We hope that these clones will be viable for plantation as in past there had been many instances when clones failed to live up to expectation of the industry, as a result they were discarded," said Bidyananda Barkakoty, chairman of North Eastern Tea Association (NETA).

However, few other tea industry sources have expressed skepticism as according to them, Tocklai could hardly develop any viable clone in recent memory.

"Tocklai keep on developing clones but we never get to see any viable clone that suits us," said a tea industry source.

Since the Indian tea industry is, of late, concentrating on enhancing quality to maintain its hold in the international market, Barkakoty said that tea clones of high yield would not just suffice. The clones will have to ensure quality along with yield. "In today's date, quality was more important for the tea industry than yield," Barkakoty added.

Moreover, the tea industry of Assam is also in need of a tea clone that can withstand the rough weather condition that the state has been witnessing lately. "Trends show that rainfall has been on a decline in Assam. Due to climatic changes the state now witnesses long rainless spells, thus affecting the tea industry. So, what we need now, or what we will surely need in near future, is a tea clone that is drought resistant," said Barkakoty.

A tea clone, named TV1, developed by Tocklai many years back has been the best of all the clones developed by it, and thus is still being used for commercial plantation across the state by the tea industry.

Tocklai Experimental Station is one of the largest tea experimentation and research centres in the world.

Global meet to focus on India's wheat exports

Reuters / Singapore June 27, 2010, 0:05 IST

China's record soybean imports ahead of the US crop harvest and rising expectations of India exporting wheat for the first time in three years will be the main themes that traders will focus on at a two-day global grains summit in Vietnam next week.



Delegates attending the grains conference, which starts on Monday in Ho Chi Minh City, are also expected to turn the spotlight on the impact of swelling rice supplies in Asia on prices and the outlook for Australian crop plantings.

Although China, the world's biggest soybean importer, is expected to take a breather after historic high purchases in June, the country is already on track for record imports this year, a factor that will continue to underpin prices. June soy imports are expected to hit a record of 6 million tonnes, with many ports reporting bulging inventories, according to China National Grain and Oils Information Center (CNGOIC). CNGOIC expects imports to reach a record 46 million tonnes in 2009-2010 (October-September), up 11.9 per cent from the previous year and higher than an earlier estimate of 44 million tonnes. "It is China's huge appetite for soybeans that is one of the key things in the market and I expect that demand from China to be robust moving forward," said Toby Hassall, an analyst with CWA Global Markets in Sydney.

The market is also eyeing another year of near-record soybean production in the United States following strong supplies from South America earlier this year. This may act as a dampener on prices, analysts say.

"I think growing supplies will continue to weigh on the market dynamics unless we see weather problems in the United States," said one Singapore-based commodities analyst.

Rice under pressure

India is likely to start selling wheat and rice after July, adding pressure to the amply supplied global grain markets.

The nation could ease wheat export curbs in place since 2007 if there are good monsoon rains in July and ship out around 2 million tonnes, a top trader said on Thursday.

“India is going to take decision on wheat exports soon, may be next month,” said one Singapore-based trader. “Indian rice is price competitive, they also have neighbouring countries such as Bangladesh looking for supplies.”

Indian wheat — which will compete with grains from the Black Sea region in Asia and Africa — will start shipping as northern hemisphere grains get ready to enter the market.

In the Asian rice market, prices will likely remain under pressure as the Philippines, the world biggest importer, is unlikely to purchase more this year while Thailand, the number one exporter, sits on a huge stockpile.

Rice buyers are expecting the Thai government to start auctioning from its reserves of around 6 million tonnes and India to ease curbs in July.

“There’s no positive factor to support prices to rise higher as a lot of supply is overhanging the market. There are stocks in both Thailand and Vietnam,” said Kiattisak Kanlayasirivat of Novel Agritrade (Thailand) Co.

Thai rice prices have fallen by a quarter this year. However, this week, prices rose slightly with the benchmark 100 per cent B grade white rice RI-THWHB-P1 at \$465 per tonne, up from last week’s \$450 per tonne.

Thai government has allowed the commerce ministry to sell rice from its stockpile without cabinet approval, but it has not set a date. Traders expect the government to auction its reserves in July in a bid to clear space in warehouses in preparation for the next round of buying which is due to start in October.

Groundnut oil reacts downward on poor demand

Press Trust of India / Mumbai June 26, 2010, 16:16 IST

Prices of groundnut oil reacted downwards at the oils and oilseeds market here today due to lack of demand from retailers coupled with good supplies from the producing belts. Meanwhile, refined palmolein edged up on mild buying support.

Castorseeds bold and castoroil commercial strengthened owing to persistent enquiries from shippers and soap manufacturers. Castorseeds futures also moved up further on renewed exports orders.

Linseed oil, however ruled steady in the absence of market moving factors. In the edible segment, groundnut oil moved down by Rs 5 per 10 kg to Rs 760 from yesterday's closing level of Rs 765, while refined palmolein inched up to Rs 405 from Rs 404 per 10 kg.

Turning to the non-edible section, castorseeds bold firmed up further by Rs 35 per 100 kg to Rs 3,450 from Rs 3,415 previously and castoroil commercial also looked up by Rs 7 per 10 kg to Rs 720 against Rs 713. Linseed oil held steady at Rs 495 per 10 kg.

Moving to the futures section, castorseed's August contract opened weak at Rs 3,424, but later recovered to close to Rs 3,435 from Rs 3,426 yesterday, showing a modest gain of Rs 9 per tonne.

Sugar strengthens on persistent buying

Press Trust of India / New Delhi June 26, 2010, 16:36 IST

Sugar continued its upward march and prices rose further up to Rs 125 per quintal in the national capital today on persistent buying by stockists and retailers.

Marketmen attributed the rise in sugar prices to pick up in buying by stockists and retailers to meet the ongoing marriage season and soft drinks makers demand.

Meanwhile, the government decided to release 16.65 lakh tonnes of sugar in the open market and through the public distribution system (PDS) during July, about 2.5 lakh tonnes less than the current month.

Sugar medium and second grade prices remained in demand and advanced further to Rs 2,870-2,920 and Rs 2,860-2,910 from previous levels of Rs 2,770-2,850 and Rs 2,760-2,840 per quintal.

Similarly, mill delivery medium and second grade prices edged up to Rs 2,725-2,770 and Rs 2,715-2,760 from last level of Rs 2,600-2,700 and Rs 2,590-2,690 per quintal.

Following are today's rates in Rs per quintal:

Sugar ready M-30 2,870-2,920 and S-30 2,860-2,910

Mill delivery M-30 2,725-2,770 and S-30 2,715-2760

Sugar mill gate prices (excluding duty): Kinonni 2,700, Asmoli 2,690, Mawana 2,630, Titabi 2,620, Thanabhavan 2,610, Budhana 2,600 and Dorala 2,610

Select gur varieties rise on stockists buying

Press Trust of India / New Delhi June 26, 2010, 16:38 IST

Select gur varieties rose up to Rs 100 per quintal in the wholesale gur (jaggery) market today on emergence of stockists buying.

Marketmen said apart from increased buying by stockists, restricted supplies from the producing areas also led to a rise in wholesale gur prices.

In Delhi, gur pedi rose by Rs 100 to Rs 2,825-2,925 per quintal.

At Muzzafarnagar, gur raskat gained Rs 50 to Rs 2,050- 2,100, while chakku surged by Rs 75 to Rs 2,400-2,575 per quintal.

Following are today's quotations in Rs per quintal:

Chakku Rs 2,800-2,900, Pedi Rs 2,825-2,925 and Dhayya 3,050-3,100, shakkar Rs 3,000-3,100

In Muzaffarnagar: Raskat Rs 2,050-2,100, chakku Rs 2,400-2,575 and Khurpa N.T

In Muradnagar: Pedi 2,600-2,650 and Dhaya N.A

Gram dal rise on retailers buying

Press Trust of India / New Delhi June 26, 2010, 16:15 IST

In restricted activity, gram and its dal prices rose by Rs 50 per quintal on the wholesale pulses market today on retailers buying, against restricted arrival from producing regions. Marketmen said restricted arrivals in the face of retailers buying pushed up wholesale gram and its dal prices.

Gram and its dal local and best quality were up by Rs 50 each to Rs 2,200-2,275, Rs 2,475-2,500 and Rs 2,650-2,750 per quintal, respectively.

Following are today's quotations in Rs per quintal:

Urad 5,350-5,900, Urad chilka (local) 6,200-6,600, best 7,100-7,400, Dhoya 7,200-7,300, Moong 6,300-6,600, Dal moong chilka local 7,000-7,400, Moong Dhoya local 7,100-7,300 and best quality 7,500-7,700

Masoor small 3,300-3,500, bold 3,500-3,750, Dal Masoor local 4,000-4,100, best quality 4,300-4,600, Malka local 4,000-4,050, best 4,150-4,250, Moth 5,800-6,100, Arhar 4,400-4,500, dal arhar dara 5,450-5,850

Gram 2,200-2,275, gram dal (local) 2,475-2,500, best quality 2,650-2,750, besan (35 kg) Shakti bhog 1,050, Rajdhani 1,050, Rajmah chitra Pune 3,300-3,900, China 3,400-3,900, red 3,400-3,500, kabli gram small 3,000-4,200, dabra 2,700-2,800, imported 4,500-4,900, lobia 3,700-3,800, peas white 1,650- 1,750 and green 1,850-2,050

Jeera weakens on sluggish demand

Press Trust of India / New Delhi June 26, 2010, 13:45 IST

Jeera prices fell by Rs 200 per quintal in the national capital today owing to fall in demand from retailers and stockists against sustained supplies. Higher output, weak overseas demand and lower advices from the producing belts also put pressure on the prices.

Jeera common and best quality fell upto 200 to conclude at Rs 12,200-12,500 and Rs 13,500-14,000 per quintal. Marketmen said reduced offtake by local parties and weak exports demand, pulled down jeera prices on the wholesale kirana market here.

Following are today's quotations (per quintal):

Ajwain 13,500-18,000, black pepper common 18,400-18,500, betelnut (kg) 85-105, cardamom brown-Jhundiwali (kg) 725-800 and cardamom brown-Kanchicut (kg) 800-950

Cardamom small (kg): Chitridar 1170-1,330, cardamom (colour robin) 1,425-1,440, cardamom bold 1,450-1,460, cardamom extra (bold) 1,575-1,600 and cloves (kg) 300-380

Chirounji (new) (kg) Rs 335-380 Dry mango(raipur) Rs 6,000-8,500 Dhania Rs 3,200-8,500 Dry ginger Rs 23,500-27,000 Kalaunji Rs 9,800-11,800 Mace-Red (kg) Rs 900-1100 Mace-Yellow (kg) Rs 1250-1350 Methiseed Rs 3,000-4,000 Makhana (per kg) Rs 190-225 Nutmeg Rs 410-420

Poppyseed (KG Turkey) Rs 195 Poppyseed (KG MP-RAJ) Rs 195-245 Poppyseed (KG Kashmiri) Rs 175 Red chillies Rs 5,000-9,000 Soya bari pariwar (20 kg) Rs 350-400 Saffron (kg) Irani Rs 1,00,000-1,10,000 Saffron (kg) Kashmiri Rs 1,40,000-1,57,000 Soanf-bold Rs 9,000-15,000

Turmeric Rs 16,800-20,000 Tamarind Rs 2,200-2,600 Tamarind without seed Rs 3,800-5,500 Tea (kg) Rs 110-200 Watermelon kernel (Kg) Rs 215 Jeera common Rs 12,200-12,500 Jeera best Rs 13,500-14,000

Rice basmati, bajra rise on fresh buying

Press Trust of India / New Delhi June 26, 2010, 16:13 IST

Rice basmati and bajra prices rose up to Rs 50 per quintal in the wholesale grains market today on fresh buying by stockists. Marketmen said fresh buying by stockists on expectations of pick up in demand mainly led to a rise in wholesale rice basmati prices.

Meanwhile, the state-owned trading firm PEC has invited bids for the purchase of 25,000 tonnes of non-basmati rice from the domestic market for export to Bangladesh. In the rice section, basmati common prices gained Rs 50 to Rs 5,250-5,350 per quintal.

Non-basmati rice IR-8 variety also traded higher by Rs 25 to Rs 1,575-1,600 per quintal. Bajra also gained Rs 10 to Rs 945-955 per quintal.

Following are today's quotations in Rs per quintal:

Wheat MP (desi) 1,750-1,850, wheat dara (for mills) 1,235-1,240 chakki atta (delivery) 1,240-1,245, atta Rajdhani (10 kg) 175, Shakti bhog (10 kg) 175, Roller flour mill 630-650 (50 kg), Maida 750-780 (50 kilos) and Sooji 800-820 (50 kg)

Basmati rice (Lal Quila) 9,300, Shri Lal Mahal 9,300, Super basmati rice 9,000, Basmati common 5,250-5,350, rice Pusa-(1121) 4,550-5,050, Permal raw 1,750-1,800, Permal wand 1,825-1,975, Sela 2,050-2,100 and Rice IR-8-1,575-1,600, Bajra 945-955, Jowar yellow 1450-1,525, white 2,250-2,300, Maize 975-985, Barley (UP) 1050-1070 and Rajasthan 1,080-1,090

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Pepper could turn out to be investors' darling

Chennai, June 27

Pepper could turn out to be the darling of commodities investors if analysts' reports are to go by.

The National Collateral Management Services Ltd (NCMSL) and Angel Commodities see the spice ruling firm in the coming days due to short supply in the global market.

According to NCMSL, Vietnam, the major exporting country, has just 30,000 tonnes pepper to be shipped out for the rest of the year. Indonesia's harvest, set to begin next month, will see production around 25,000 tonnes only. Production in Brazil, which will begin harvesting in September, is likely to be 30,000 tonnes only.

Rains in India and Indonesia and arrivals in Indonesia are factors to watch, according to NCMSL, which sees pepper trading between Rs 16,200 and Rs 18,500 a quintal.

On the other hand, Angel Commodities sees a strong demand for Indian pepper since the Vietnamese are expected to hold back their produce, hoping for better prices.

In the futures market, pepper prices that surged Rs 1,400 a quintal are likely to find support at Rs 17,200 a quintal. Below this, strong support is seen at Rs 16,400. But the rising trend could find resistance at Rs 18,300 and beyond that at Rs 18,500.

Gold: Angel Commodities sees gold a valuable buy between Rs 18,730 and Rs 18,700 for 10 gm with a strict stop-loss at Rs 18,540 for the August contracts. The target for the contracts is Rs 18,990 and Rs 19,080. It also has set a target of Rs 323 a kg for copper August contracts with a buy between Rs 312 and 320 with strict stop-loss at Rs 305. Recommendations for crude are a buy of the July contracts in the Rs 3,610-3,590 a barrel range with a stop-loss at Rs 3,520. Targets are Rs 3,720 and Rs 3,770.

Silver: Religare Commodities, in its weekly outlook, has said that silver could outperform gold in the near-term since it is a function of the economy. Besides industrial demand, the fundamentals are also supportive of a bull run. It has recommended a buy of silver September contracts on MCX between Rs 29,575 and Rs 29,600 a kg with a stop-loss at Rs 29,300. The target for the contracts is Rs 30,200.

Religare said that industrial demand would soak up excess supply in natural gas and tropical depression in the Gulf of Mexico also supports an upward move. It has

recommended a buy of natural gas July contracts between Rs 218 and Rs 200 an mmBtu with stop-loss at Rs 211. The target for the contract is Rs 235.

It has also said that nickel July contracts can be a good buy above Rs 935 a kg with a stop-loss at Rs 905. The contract could rise to Rs 995.

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Centre defers move to impose customs duty on refined sugar

G. Chandrashekhar, Washington DC, June 27

In a welcome move, the Empowered Group of Ministers (EGoM) has deferred the decision on imposing customs duty on imported refined sugar, thus keeping the Food Ministry proposal on hold for some more time. Unabated food inflation is said to be the principal reason for deferring any change in the tariff structure. So far, so good.

There is reason to believe, the Food Ministry is under pressure from the sugar industry which is aggrieved by a perceived mismatch between rising input costs and falling output prices. Without doubt, the sugar industry grievances are genuine. Open market sugar prices have declined in the last 3-4 months on expectation of a rebound in domestic sugar production next year that is 2010-11. Global sugar market has also corrected down from the peak of 27 cents a pound to the more recent 14-15 cents a pound in anticipation that India may not have to import.

There is apprehension that such low world prices would encourage larger import volumes (at zero duty) which may further dampen the already weak domestic sugar market sentiment.

While there has always been a need to regulate sugar import through an appropriate tariff mechanism, it would be risky at this point of time to tinker with the present tariff

structure without strong reason or justification from a market fundamental (demand-supply) perspective.

The Food Ministry must explain the basis on which it has made the proposal for imposing customs duty. If the ministry has solid ground for expecting a strong rebound in domestic sugar production in 2010-11 it must come out with evidence. The industry circles have been talking about an imminent big expansion of sugar production (with forecasts of output rising to 24-25 million tonnes), but have shied away from producing any concrete evidence of such expectation in terms of acreage under cane or any other.

At this point of time, such rebound in production next season seems to be in realm of conjecture rather than based on hard facts or ground realities. If the Food Ministry has any evidence, it must promptly come out with it; otherwise, it cannot escape culpability of 'talking the market' up or down.

For the same reason, at this point in time, no change in the 'levy' obligation of 20 per cent is warranted. We have to wait for the acreage numbers and cane crop size to crystallise. Importantly, as the Food Ministry wants the levy obligation to be reduced to 16 percent as reported, then it appears the ministry expects that sugar production would be around 20 million tonnes (mt) next year, so that the government is able to pick up about 3 mt of levy sugar for public distribution system.

If sugar production is forecast or expected by the ministry at only 20 mt for 2010-11, then sugar prices are bound to rise sharply and India may actually have to import 3-4 mt to keep domestic prices under check. This flies in the face of Food Ministry proposals with the EGoM. Last three years, government estimates and forecasts went haywire making India a laughing stock in the world market and helping speculators make a killing. It is best to avoid a repetition. It is sensible to wait for more solid evidence of cane output and sugar production for 2010-11 to emerge instead of taking rash decisions, only to repent later.

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<http://www.thehindubusinessline.com/2010/06/28/stories/2010062850210500.htm>

Pepper prices continue to surge

G. K. Nair, Kochi, June 26

The pepper market has been witnessing a “tug of war” between the bull and bear operators. It has been highly volatile and the weekend witnessed the bearish efforts. “In fact, one could see bear operators becoming bull operators and vice-versa in this market,” market sources told Business Line.

“The graphs and charts of experts have changed route now. These operators were keeping the market suppressed and now it has boomeranged as there is a real tight supply scenario,” they said. The market started realising that there is supply constraints in all the origins as the availability has not increased corresponding to the current demand. Many who were buying hand to mouth waiting for new crop to arrive in one origin or the other have no other alternative now but to buy at the current rates, they said.

Add to this, there is strong domestic demand as the South-West monsoon is advancing to the north Indian States. Those who were buying small quantities and delayed buying also started covering now at higher prices, they said. All the contracts shot up during the week substantially to close much above the previous close.

Buying at sellers prices

July, August and September contracts increased by Rs1,408, Rs1,417 and Rs1,412 respectively to close at Rs17,850, Rs18,050 and Rs18,235 a quintal. Total turn over increased by 34,976 tonnes to close at 73,882 tonnes. Total open interest increased by 1,750 to 15,752 tonnes. Spot prices during the week soared by Rs 1,200 to close at Rs

17,000 (ungarbled) and Rs 17,500 (MG 1) a quintal. In fact, stockists/bullish operators based in north India were buying at sellers prices.

Many of them are anticipating that the domestic demand will pick up once the rains hit the north Indian states. Therefore, actively all of them were covering. Adding to the price rise will be the freight rates from Asia to North America which are also moving up dramatically from July 1, 2010.

Transit time

A reported increased transit time from the supply origin due to reduction of vessel and container availability might turn out to have some impact on the market, they said. Given the tight supply position, Indonesia also resorted to a firmer tone and continue to set the market on black pepper, according to an overseas report. "There has been little follow through by the US buyers. Vietnam is withdrawn and the Indian market keeps pushing the upper limits. Brazil's offers have also risen but this has failed to bring out additional sellers. Brazilian new crop estimates range between 25,000- 28,000 tonnes."

Sri Lanka is trading at competitive levels for non- ASTA qualities. Ecuador's new crop is expected to start in the next few weeks. According to the International Pepper Community (IPC) black pepper market was steady and prices at sources increased further, with the exception of Sri Lanka.

There was no selling pressure at origins, although initial crop in Lampung has started. It is reported that export of pepper from Vietnam up to May was considerably good and limited quantity is being controlled by farmers. Under this situation, exporters faced difficulties to accumulate stocks.

At HCMC local prices have been increasing almost daily. On an average, the price increased by 4 per cent locally and 1 per cent in freight on board. In Lampung, prices have increased due to better demand.

Trading, however, was very limited as material from initial crop has yet to arrive in the market. In Sarawak, local prices increased by 3 per cent and 4 per cent in fob. Similar trend also took place in India, where futures prices are reportedly increased by about 6-8 per cent. In Sri Lanka, pepper price at growing areas decreased marginally by 1 per cent.

It was reported that fob price of Sri Lankan black pepper at Colombo stood at SLRs 418.70 a kg (\$3,695/ a tonne) this month.

Local prices of white pepper at sources increased marginally. Fob price in Sarawak increased by 3 per cent, while in Bangka and HCMC, stable prices have been reported.

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Cashew kernel prices continue to rule steady

G.K. Nair, Kochi, June 27

Cashew market continued to rule steady during the week with the prices remaining unchanged at around \$3.15 for W240, around \$2.95 for W320, around \$2.80 (f.o.b.) for W450.

However, the undertone was firm and there was reasonable buying interest and stray sales were made to some markets below the above mentioned levels, Mumbai based trading sources said.

“Kernel inventories are low – in importing as well as processing countries”, Mr Pankaj N. Sampat, a major dealer told Business Line.

Although there may be adequate Raw Cashew Nuts (RCN) for processing till the arrival of the southern crops, which starts in October, all of it may not be converted to kernels

at the usual speed. This will mean periodic tightness in supply in the next few months, adding to the pressure on spot prices, he said.

SUPPLY SHORTAGE FACTORED

Supply shortage, although estimates vary from 100,000 to 200,000 tonnes, is more or less factored into the current price range. In the next two or three months, price trend will be determined by demand signals and timing of any large buying. “As we have seen for more than a year now, there will be periodic bursts of activity on buying side – mainly for prompt and nearby shipments. More so because the next few months are peak consumption period in almost all markets. This will probably support the market in the middle of the current range”, he said.

RCN market was also steady with business being done for afloat parcels of Ivory Coast (IVC) at around \$900 and Guinea Bissau at around \$1,125. Traders do not seem to be in hurry to sell as there is not much quantity left in the origins now. Small processors — both exporting and non-exporting — are buying small lots when they need to, content to let traders hold inventory.

Even when crops are normal, southern crops are traditionally traded at higher levels which will mean reluctance amongst processors to sell kernels unless they get reasonable price based on replacement cost, trading sources said. Having seen a steady and regular demand for prompt and nearby deliveries, they will not be in a hurry to sell.

Increases in processing and transport costs and lower yield will also add to the increase in selling ideas/parity levels. Except for almond prices, which came down in June, prices for all other nuts continue to be firm despite lack of activity. “We have to see what impact this will have on off take in second half of 2010 and forecast for first half of next year”.

If the large importing regions, such as the US and Europe, need to buy additional volume in third quarter for 2010 shipments, “we could see the current price range being breached. But if the uncertain economic situation leads to retailers managing sales within what they have already contracted for 2010, market might continue in the current range for rest of the year with periodic spikes and dips. Prices dropping below the current range seems unlikely unless something dramatic like what happened in September/October 2008 happens again”, they said.

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New crop arrival will offset food price rise: Aiyar

Kolkata, June 27

The increase in diesel price will push up the food price by one to two per cent. But it is likely to be offset by the arrival of new crop post-monsoon, according to Mr Mani Shankar Aiyar, a Member of Parliament and a former Union Petroleum Minister.

“I have been advocating equitable burden sharing for the petroleum sector for long and I am happy that this (petrol prices to be market driven) has finally come through,” Mr Aiyar has said while speaking at a press meet organised by the Merchants' Chamber of Commerce here.

Mr Aiyar's comments come a day after the Union Government announced its decision to give a free hand to oil companies to determine petrol prices in line with market price.

Talking about equitable burden sharing, Mr Aiyar said, all the stakeholders including the Central and the State Governments, upstream oil companies and customers needed to share the burden of the rising oil prices. “While the Central Government has been taking adequate measures time and again to protect the interests of consumer at the cost of

taking a hit on its revenues, the State Governments, particularly West Bengal has done very little so far on the issue,” he said.

West Bengal, Mr Aiyar pointed out, levied one of the highest sales tax on petrol.

“If they want they can reduce the sales tax to protect the interest of consumers but they have not been doing it,” he added.

Need for dual pricing mechanism

Mr Aiyar also advocated the need for dual pricing mechanism for diesel and domestic LPG. “I advocate differential pricing particularly for diesel and LPG as there is a need to protect the interests of poor households,” he said. There was also a need to crackdown on leakages in the kerosene distribution mechanism. “Kerosene distribution should be driven by civil supply systems but by women self help group, panchayats or panchayat driven public distribution system,” he pointed out.

Mr Aiyar was in town to discuss about the Indo-Bangladesh bilateral trade and the visit of high powered delegation from India to Bangladesh to further strengthen the ties between the two countries particularly with the north-eastern parts of the country. The delegation headed by him would be in Bangladesh from July 10-14 and would discuss possibilities of co-operation between the two countries in the field of agro industry and cement sector, he said.

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33% of teas withdrawn at Coonoor sales

P.S. Sundar, Coonoor, June 27

Tea worth Rs 3.30 crore remained unsold at Sale No 25 of the Coonoor Tea Trade Association auctions with as much as 33 per cent of the year's second highest volume of 19.18 lakh kg on offer had to be withdrawn for want of buyers.

“Our Pekoe Dust (PD), auctioned by Global Tea Brokers, fetched Rs 142.50 a kg – the highest price this week. In all, eight of our grades got Rs 100 and more”, Mr Prasant Menon, Homedale Managing Partner, told Business Line. Among orthodox teas from corporate sector, Curzon got Rs 145, Havukal Rs 138, Kairbetta and Chamraj Rs 137 each, Quinshola clonal Rs 135, Corsely Rs 134 and Mailoor Rs 129. In all, 29 marks got Rs 100 and more. Quotations held by brokers indicated bids at Rs 35-42 a kg for plain leaf grades and Rs 80-110 for brighter liquoring sorts. They ranged Rs 34-40 for plain dusts and Rs 90-130 for brighter liquoring dusts. On the export front, Pakistan bought for Rs 33-58 a kg, the CIS Rs 36-53 and European ports Rs 44-48.

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Kerala milk price hike from today

Thiruvananthapuram, June 27

The revised prices of milk declared in the State by the Kerala Cooperative Milk Marketing Federation, or Milma, would come into effect from Monday. Announcing this here, Milma's Managing Director, Mr Sanjib Patjoshi, said that toned milk (500 ml) would now be priced at Rs 11.50 and the Milma 'smart double-toned' (500 ml) at Rs 11. The Milma Rich (500 ml) would be priced at Rs 13 and the Milma Jersey (500 ml) at Rs 12.50. The Milma brand of curd would now cost Rs 14.50 for a 500 ml pack, Mr Patjoshi said, adding that the sachets bearing the new prices would arrive only later. — Our Bureau