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NABARD assistance to SHGs in marketing their products

M. Soundariya Preetha

COIMBATORE: In an effort to give a fillip to sale of products made by Self-Help Groups (SHGs) in the State, the National Bank for Agriculture and Rural Development (NABARD) helps the groups market their products at exhibitions and during festival seasons.

According to V. Suresh, Assistant General Manager of the bank, for the last three years, the NABARD has been organising exhibitions in Chennai during Navarathri festival.

Sales

Last year, 28 stalls were put up by the groups and they had total sales of Rs. 10 lakh. At least one group participates from each district in the State.

Shopping is high during festivals and this is an opportunity for the SHGs to market their products.

The groups display any product made or marketed by them. Volume of sales depends on the marketing skills of the groups and their products.

One of the groups that participated in the exhibition from Coimbatore registered nearly Rs. 1 lakh sales at one of these exhibitions, he says. The NABARD also organises accommodation for the SHG members who participate in the event.

The Small Industries Product Promotion Organisation, promoted by the NSIC and the TANSIDCO, has proposed a similar event (Coimbatore Utsav 2010) here this year. It proposes to have about 150 stalls to promote products made by SHGs supported by the NABARD. It has sought financial support from the bank for this.

Mr. Suresh points out that some of the groups here are already helped by NABARD to put up stalls at some of the annual events and exhibitions here.

Training

The NABARD also extends financial assistance to SHGs for skill training and to establish permanent outlets for their products, he adds.

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PM's intervention sought to control cotton prices

Staff Reporter

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12 textile associations have come together to send a joint representation

It highlights the trail of cotton price hikes which took place at almost on a daily basis

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Tirupur: As many as 12 textile associations here came together to send a joint representation to Prime Minister Manmohan Singh on Saturday seeking his intervention to control the rising prices of cotton, which is the major raw material for the knitwear products coming out of the Tirupur cluster.

The memorandum, signed by associations like South India Hosiery Manufacturers Association, Tirupur Industrial Federation, Knit Cloth Manufacturers Association, Tirupur Exporters Association and Tirupur Export Knit Printers Association, among others, had highlighted the trail of cotton price hikes which took place at almost on a daily basis following the recent decision to remove the restrictions on cotton exports.

Though the notification issued by Directorate General of Foreign Trade on August 17 stated that the cotton export would be brought under the Open General License (OGL) from October 1, the advance announcement triggered the cotton prices to new highs owing to the commencement of speculative trade.

Substantiating the point, the associations had cited in their representation that the price of Shankar-6 variety, predominantly used for manufacturing knitwear garments, scaled from Rs. 30,800 per candy on August 16 to touch Rs. 39,000 per candy on September 8.

This periodic price rise continued even after the government put caps on cotton exports at 55 lakh bales.

Control exports

The associations wanted the Central Government to bring cotton under the Essential Commodities Act so that its exports could be controlled effectively.

Likewise, the cotton exports should be permitted only from January 1, 2011, after assessing the exact quantity of cotton arrivals for the ‘cotton season' beginning October 1. This step, according to the associations, will also help prevent the best quality of cotton from getting exported.

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Cotton farmers in Erode seek subsidy for crop

Staff Reporter

ERODE: The Federation of All Trade and Industry Associations of Erode District has appealed to the Central government to provide subsidy to the cotton farmers and ban the export of cotton in order to keep the prices of cotton yarn under control.

The federation suggested that the government could extend a subsidy up to 30 percent to the cotton farmers.

Though farmers were able to get good prices from cotton export, the practice created a shortage in the supply of cotton yarn to the domestic industries and led to a sharp increase in the yarn prices.

Instead of allowing the export of cotton, the government could provide subsidy to the farmers that would enable them to get good income for their produce in the domestic market itself, Federation President N. Sivanesan said in a statement.

The spiralling prices of cotton yarn had already affected the weaving and textile industries in the country, he pointed out.

Mr. Sivanesan appealed to the government to drop its move to allow the export of 55 lakh bales of cotton from October 2010.

Supply

The government, he said, should ensure the supply of cotton during the September – December season to the domestic industries first.

This would enable the spinning mills in the country to get quality cotton.

Mr. Sivanesan also wanted the government to impose a total ban on the export of waste cotton.

Efforts should be taken to start Yarn Banks in Erode, Karur, Tirppur and Coimbatore regions to ensure adequate supply of cotton yarn to the weaving and textile sector, he said.

A maximum retail price could be fixed for different types of cotton yarns and the prices could be reviewed once in three months, he suggested.

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Emphasis on production of pulses and grains

Special Correspondent

Chidambaram opens building of Red Soil Research Centre

—Photo: L. Balachandar

Better facility:Union Home Minister P. Chidambaram speaking during the inauguration of a new building of Red Soil Research Centre at Kanadukathathan near Karaikudi on Sunday.

SIVAGANGA: Union Home Minister P. Chidambaram has stressed the need for starting more agricultural universities in the State in order to boost the focus on agricultural research and to enable the farmers to follow modern farming technologies.

Inaugurating a new building of the Red Soil Research Centre, which is part of the Tamil Nadu Agricultural University, at Kanadukaththan on Sunday, he said the existing network of research stations, colleges and extension centres of TNAU was inadequate considering the huge scope for increasing the productivity of grains, pulses and others. The stakeholders should take steps to start more agricultural universities, colleges and others, wherever they were required.

Stating that there was a gap between supply and demand of pulses particularly dhal varieties in the country, Mr. Chidambaram said there was an urgent need to increase the production of pulses to meet the need of 113 crore population of the country. Only a few countries including Canada, Turkey, Myanmar and others had surplus production of pulses, however, they could not fulfill the need of India, as the requirement was huge. Moreover, if the pulses were imported, the prices of them would tend to go up.

Explaining the present scenario and challenges faced by the agricultural sector, the Minister said the situation was that not manywere willing to take up agriculture as occupation. There were reports that there was a demand for agricultural workers in the country. The agricultural scenario had showed that the income from agriculture was not encouraging. The situation had to be changed and it could be changed. It was because the Central government had earmarked a sum of Rs.3.75 lakh crore for agricultural loan during the current year. A report said only one out of seven farmers approached for agricultural loan from banks and others opted for loan from other sources. Scope was bright for increasing the allotment for agriculture further.

Mr. Chidambaram said out of 98 lakh farm families in the State just 10 percent were following modern cultivation techniques and methods. Others were simply following traditional method of cultivation. It had to be increased to a great extent in order to transform agriculture as a profitable venture.

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Subsidy cash component distributed to farmers

VELLORE: The cash component of the subsidy given by the Union government under the National Horticultural Mission (NHM) to the tune of Rs.4,06,314 was distributed to 111 farmers in K.V. Kuppam block in Vellore district at the public grievances day meeting held at the Collectorate here recently.

It comprised Rs.1,28,867 to 30 farmers for cultivation of mango (for the first year) on 35 hectares, Rs.76,982 to 16 farmers for cultivation of miscellaneous variety of flowers on eight hectares, Rs.55,525 to four farmers for cultivation of ‘sampangi' flower on two hectares, Rs.50,837 to eight farmers for cultivation of turmeric on 10 hectares, Rs.36,693 to 25 farmers for cultivation of coco (first year) on 27.4 hectares, Rs.30,032 to 29 farmers for cultivation of chillies on 10 hectares, Rs.23,412 to five farmers for replacement of old mango trees with new saplings on six hectares and Rs.3966 to four farmers for cultivation of big sweet lime (first year) on 3.6 hectares.

H.K. Pandey, Assistant Director of Horticulture (in charge), K.V. Kuppam block, said the cash component was given under the NHM for 2009-2010. The farmers were already given the inputs free of cost for maintenance of mango groves on 35 hectares for the second year, and for other crops on 30 hectares for the third year. A total of 189 farmers were benefited.

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The Early Kalidasa Syndrome

Utsa Patnaik

Our policymakers would rather let food grains rot than feed the poor. What explains the near-comatose lack of response to a long-brewing crisis of increasing hunger?

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Output and consumption of cereals directly as food and indirectly for feed and other uses, in 2007 for selected countries/regions

2007	Cereals							
	FAO Statistical yearbook		Quantity (million tonne unless otherwise stated)					
	2009							
Country/ Region	Production	Net imports and stock changes	Total supply	Food (direct use)	Feed, seed processing, other (Indirect use)	Per head direct kg.	Per head total, kg.	Per cent of indirect to total
India	212.4	-9.5	202.9	177.7	25.2	152.6	174.2	12.4
Least Developed	125.9	14.5	140.4	105.5	34.9	136.9	182.1	24.9
Africa	130.8	58.1	188.9	138.7	50.2	144.1	196.4	26.6
China	395.3	-8.9	386.4	203.8	182.6	152.5	289.1	47.3
European Union	261	14	275	61.7	213.3	125.1	557.3	77.6
U.S.	412.2	-137.6	274.6	34.5	240.1	111.6	889.5	87.5
World	2121.3	54.6	2066.7	966.2	1100.5	146.6	313.6	53.2

Source: Food Balance Sheets from FAO. Break-up of indirect uses into feed, seed, processing and other, available in source, which gives data up to 2007.

The most valuable resource that a country has is its people. The poor are not a liability, but an asset; they are the producers of essential goods and services we use, they hold up the sky for us for a pittance of a reward. The least that a country can do is to ensure that its people get enough to eat, that already low nutritional standards are not compromised. The present government has achieved a dubious record: the level of per head cereal supply and consumption in India by 2007 at 174 kg fell below the 182 kg recorded by the least developed countries and was considerably below the 196 kg level of Africa. By 2008 Indian average cereal consumption fell further steeply to 156 kg owing to large exports and addition to stocks, and is likely to be lower still in the just-ended drought year.

Cereals account for nine-tenths of food grains, which provide three-quarters of both energy intake and protein intake for the average consumer. Average calorie intake and protein intake have both fallen since 1993. The fall in per head food grain supply and consumption is not new, it has been going on for over a decade, yet our leading economists and policymakers have contributed to increasing food insecurity by their refusal to remove the artificial barriers to distribution created by arbitrarily dividing the population into ‘below' and ‘above' poverty line.

They remain as unmoved as Kalidasa proverbially hacking away at the very branch on which he sat — they would rather let food grains rot than feed the poor. What explains this torpor, this near-comatose lack of response to a long-brewing crisis of increasing hunger? The answer is that they simply fail conceptually to recognise that hunger is growing because of the serious misconception they have regarding the behaviour of cereal demand in a developing economy.

John Maynard Keynes had remarked that the world is moved by little else but ideas. Once a wrong idea gets into the head of a policymaker it is very difficult to get it out. Keynes's argument on the paradox of thrift — if every person saves more, the nation ends up saving less — is still not understood 75 years after the General Theory and Finance Ministers continue to behave like housewives, cutting back spending to balance budgets even though they have to deal with rampant unemployment. Many ill-advised policies we see creating havoc around us arise from incorrect but obstinately held ideas.

The crucial incorrect idea here is that there is nothing surprising about cereal consumption falling — as a country develops and its per head income rises, people diversify their consumption away from ‘inferior' cereals and towards ‘superior' food, including milk, eggs, meat, and so on. Most economists thus believe in what they call a ‘negative income elasticity of cereal demand' and this influences many others, so they actually interpret declining grain consumption in a positive light. Their idea however arises from ignorance and is factually incorrect. It represents a fallacy of composition, in which only a part of total cereal demand — that directly consumed (as boiled rice, chapatti and so on) — is taken into account and cereal demanded as livestock feed converted to milk, eggs, meat, and so on is ignored.

Fifty years of data from the United Nations Food and Agriculture Organization show that as average income rises in a country and diets become more diversified to superior foods, the per head cereal/food grain demand far from falling rises steeply, and average calorie and protein intake rise in tandem. This happens because much more cereals get consumed indirectly as feed converted to animal products.

The higher the average income of a country, the higher is its cereal consumption and the higher the share of the latter, which is indirectly consumed, as the Table shows. The richest country in the world, the United States, consumed nearly 900 kg per head of cereals in 2007 of which only one-eighth was directly eaten and three-fifths used as feed converted to animal products, with the balance being processed. Its cereal consumption was more than five times higher than the 174 kg recorded by India and its normalised calorie intake (namely, deducting 1000 calories as survival level) was two and a half times higher than in India.

China has been raising its income fast — we are talking of purchasing power parity adjusted U.S. dollars — and by now it converts a massive 115 million tonnes of cereal output as feed to animal products, compared with less than 10 million tonnes in India. Its people consume directly as much as Indians do, but owing to more diversified diets they consume nearly 300 kg cereals per head, 115 kg more than we do and their average calorie and protein intake is higher.

Why has India's average consumption declined to such a low level despite rising average income? Since India and China have seen high growth rates, observers as disparate as Paul Krugman and George Bush (wrongly) explained the 2008 global food price rise in terms of fast-rising cereal demand in these countries. They were quite right to expect rising demand in India but quite wrong to think it had actually happened. The fall, which has taken place over the last decade, pushing India below Africa and the least developed countries, is not normal for a country with rising average income, and has resulted from the lopsided, inequitable nature of growth.

Krugman et al did not take account of the adverse changes in income distribution, owing to severely income deflating fiscal policies advised by the Bretton Woods Institutions and faithfully implemented by successive Indian governments after 1991, which sent agriculture in particular into a depression from which it has still not recovered. With unemployment rising, with the fruits of growth going to a tiny minority while the masses suffered income deflation, the effects of dietary diversification by the rich have been swamped by an absolute decline in cereal intake for the majority.

National Sample Survey (NSS) data show for all except two States an absolute fall in average animal products intake as well, along with falling direct cereal intake over the reforms period. No wonder average energy and protein intake have both fallen. People other than the rich are not diversifying diets; even the hungry are forced to cut back and are suffering nutritional decline.

By 2008, the situation was even worse despite good output. A record 31.5 million tonnes of food grains were exported plus added to stocks, reducing domestic cereal supply steeply to 156 kg per head. This happened because the global recession impacted to raise unemployment and food prices spiralled to lower real incomes, so that there was a fresh round of loss of purchasing power.

What is to be done? Bold measures are required, not the timid and reluctant half-measures we see. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) needs to be seriously implemented to raise purchasing power and extended to urban areas that have seen a steep rise in poverty. For example, in Delhi State the percentage of persons not able to afford 2100 calories per day rose from 35 to 57 between 1993-4 and 2004-5 and the situation by now is definitely worse. MGNREGS can be used as well for a crash programme of building storage facilities for food grains now rotting in the open.

Food distribution through the PDS should be universal, freed from targeting, from the shackles of arbitrary and incorrect official poverty estimates. The recent decision to do away with targeting only in some districts will help very little. The government wishes to restrict the food subsidy but fails to realise that a version of the paradox of thrift operates here as well — the more it tries to reduce subsidy by restricting access, the more the subsidy will rise uselessly to finance holding unsold food stocks as now.

This country can afford to feed all its people at a decent level — what is holding it back is not lack of resources but ignorant and incorrect ideas. Will the economists at the highest levels of policymaking abjure dogmas and think the problem through rationally? Or will they inflict more punishment on the people, subjecting this country to the shame of falling even further behind the least developed countries and Africa?

(Utsa Patnaik retired recently as Professor of Economics in Jawaharlal Nehru University. Her area of specialisation is problems of historical transition to industrialisation in agriculture-predominant societies. Her most recent publications are The Republic of Hunger and Other Essays, and (edited) The Agrarian Question in Marx and his Successors.)

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HYDERABAD, September 10, 2010

'Food prices will come down by March'

The Hindu CONFIDENT: C. Rangarajan, Chairman, Economic Advisory council to the Prime Minister, delivering a guest lecture in Hyderabad on Friday. Photo: Nagara Gopal

A 4 % rise in agriculture key for sustaining growth

Economic Advisory Council to Prime Minister Chairman C. Rangarajan on Friday expressed confidence that food prices would start declining by March next as inflation by then was expected to come down to 6 per cent from the current double digit.

Talking to reporters after delivering a talk on ‘The current economic scene and policy options' at the College of Defence Management here, he said agriculture production was expected to grow at 4 per cent as the monsoon was good. The impact of floods would be marginal on agricultural production.

Earlier in his talk, Dr. Rangarajan said food prices were a matter of concern and needed to be addressed. At present there were stocks of 22 million tonnes of rice and 32 million tonnes of wheat, which could be released through the public distribution system to moderate the prices. A 4 per cent growth in agriculture must be achieved to sustain economic growth as even a small decline in agricultural growth could cause distortions in the economy.

Pointing out that infrastructure was of critical importance, he said the power segment needed to grow at a rate higher than the overall economic growth. He said another 50,000 MW had to be added within two years to meet the power generation target fixed for the current Plan period.

Stating that Indian economy performed commendably although affected by the global economic crisis, Dr. Rangarajan said the ‘decoupling theory' that economies of the developing countries were no longer dependent on the developed economies was true to some extent.

On the prospect of recovery of economy globally, he said it was expected to be slow. “The slow growth rate would mean some dampening on the growth rate of Indian economy,” he added. Ruling out double dip recession as symbolised by alphabet W, he said “what we are seeing is a U-shape recovery. It is taking longer than expected."

Replying to questions from senior officers from the defence services, he said it was imperative that Indian economy grew at 8-9 per cent in the next two decades to reduce poverty and ensure reasonable standards of living for the people. He also expressed confidence that the fiscal deficit would be contained at the budgeted level by the Union Government.

DECCAN Chronicle On The Web

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‘Right to food at the heart of right to life’

By Amit Agnihotri

Sep 12 2010

The Supreme Court’s recent order asking the Centre to distribute food grains stored in overflowing government godowns for free to the millions of hungry in the country, instead of letting it rot prompted Prime Minister Manmohan Singh to respond that this could not be done and that the apex court should stay away from policy issues. Noting that the government appears to have forgotten the Constitution, social activist Vandana Shiva tells Amit Agnihotri that the establishment is shying away from its duty.

Do you agree with the Supreme Court's intervention asking the government to distribute foodgrains for free to the poor if it is unable to store them properly?

Yes. Angered at the government's inertia in allowing the shameful paradox of starving people and rotting foodgrains, the Supreme Court instructed Food and Agriculture Minister Sharad Pawar to distribute the grains free instead of letting them rot while people go hungry. The Prime Minister has responded by saying that the government cannot distribute the grains to the poor and that the Supreme Court is interfering in policy matters. This is not correct.

Was the government's response appropriate to the concerns expressed by the Supreme Court?

No, the government's response is misplaced on several counts. Firstly, the right to food is at the heart of the right to life, because without food, people cannot survive. Article 21 of the Constitution obliges the government to protect the right to life of all Indian citizens. It is the Supreme Court's duty to ensure that the government is performing its constitutional duty. No policy can undermine the fundamental rights of the people or the Constitution. The government's refusal to act on the instruction of the Supreme Court to ensure that food does not rot and the poor do not go hungry is aimed only at maintaining the super-profits of agri-businesses. It won't be a surprise if the government, using the crisis of rotting grain, hands over storage to giant corporations like Cargill.
Is the Supreme Court actually interfering in food policy?

I don't think so. In fact, this is a contradiction created by neo-liberal fundamentalist market ideology, where every aspect of life is being commodified and privatised. Aspects vital to life are therefore being transformed into economic policy for commodification. This erroneous economic paradigm cannot be promoted at the cost of people's right to life. The executive with its commitment to push neo-liberalism is crossing the limits of its obligations to the people, especially the poor. The PM's statement that moving out rotting grains from godowns is anti-farmer is false. If the godowns have no space, procurement will not take place and farmers who are ready to harvest their kharif crop will be hurt.

How do we address the food grain storage problem?
An alternative to the corporates hijacking our food system, which has led to the current crisis of

rotting grains and hungry people, is to create a decentralized food security system beginning from the Panchayat upwards with grain banks in every household and village, storage facilities in each state and a national emergency supply.

This decentralisation would encourage diversity and hence nutrition in the food supply system. It would guarantee fair and just markets for farmers, nutrition for the vulnerable through all feeding schemes such as Mid-day meals and Integrated Child Development Services. All this requires a universal PDS system and coherence in all aspects of agriculture policy, food policy and feeding programmes.

Is there a solution to the distribution bottlenecks?
If the government is unable to take up the task of distributing foodgrains to the poor, let it hand stock over to mosques, temples, gurdwaras and churches where the poor are being fed everyday in hundreds of thousands.

If the government cannot respect the sanctity of food and the rights of people, let institutions that have better capacity play a bigger role in this emergency of food distribution. We can use the crisis to address the multiple problems we face on the food front. The government should definitely not use the crisis to further save corporate interests while undermining the people's right to food.

Source URL:http://www.deccanchronicle.com/360-degree/%E2%80%98right-food-heart-right-life%E2%80%99-032

India, China demand pushes up food prices

Sep 13 2010

Sept. 12: Recent environmental disasters — the floods in Pakistan and the drought in Russia have been blamed for the spurt in food prices. International prices of wheat have risen over 70 per cent since early June, from a three-year low. While the current jump is being seen as temporary, there are fears of a long term surge in food prices.

The growing economies of India and China – and the changing dietary patterns – may lead to a multi-year rise in food prices. While demand for food is set to go up as the calorie intake in the world's most populous countries goes up, the supply side is constrained, says Nomura, a brokerage house.

The FAO food price index, maintained by the UN body Food and Agriculture Organisation, is currently at a level of 176 — the highest for the past twelve months. The UN body also expects greater volatility in food prices over the coming years, partly because of 'extreme weather events'. The global body expects this year's global wheat crop at 646 million tons – about five per cent less than last year. The surge in commodity prices from 2003-08 was the longest and the most broadbased boom in commodities ever, says Nomura in a recent report. However, while prices of metals and energy products went up, it was the agricultural goods that saw the most fundamental shift.

Unlike other commodities, the sensitivity of the demand for food to an increase in income is much greater for low-income earners, the brokerage says. This means that most of the extra income at low income levels is spent on food. In low income countries, a 10 per cent increase in income results in a six per cent increase in food production. However, this link starts to fall as incomes cross the lever of $3,000/year and is close to zero for high income countries with average annual income abover $12,000/year. Also, the report says that allowing for inequalities in income, almost 2.2 billion people in Asia fall in the low income category. Also, in the middle income category, as families grow richer, they consume more of foods such as meat. According to a UN estimate cited by the report, growing 1 kg of meat requires 3 kg of grain. There could also be an upward pressure on food prices because of bio-fuels as land that could be used for food production is used to grow fuel instead.

The income redistribution that would happen because of high food prices would hurt the poor the most, says Nomura. It would also push up inflation whose effects would be more severe on the poorer economies. This is because food accounts for almost one third of the total consumer price inflation basket in China and just under half of the basket in India.

Source URL:

http://www.deccanchronicle.com/business/india-china-demand-pushes-food-prices-285

THE ECONOMIC TIMES
Mon, Sep 13, 2010 | Updated 10.29AM IST

12 Sep, 2010, 11.19AM IST,PTI

Kharif pulses production may go up by 1 mn tonne: Report

NEW DELHI: Pulses production in the kharif season of the current crop year is likely to go up by upto one million tonne to around 5.3 million tonnes on higher acreage, a senior government official has said.

"Because of sheer increase in acreage, pulses production is certainly going to go up by 0.5-1 million tonnes higher than last year. However, we are not factoring the increase in productivity," Agriculture Secretary P K Basu told PTI here.

India had produced 4.3 million tonnes of pulses during kharif 2009-10, down from 4.69 million tonnes in the previous year. Overall production during the 2009-10 crop year remained flat at 14.59 million tonnes compared to 14.57 million tonnes in the previous year.

Meanwhile, pulses' acreage has gone up in the current kharif season so far to 110.08 lakh hectres against 90.57 lakh hectares in the same period last year, due to increased sowing by farmers in Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan and Uttar Pradesh.

With the increase in production, the prices of pulses, which have already started a downward trend, are likely to go down further, the secretary said.

"The market has already started behaving and I believe that the price will come down further," Basu said.

11 Sep, 2010, 02.07AM IST,REUTERS

Rising agri commodity prices spark food-led inflation fears

LONDON: Rising prices for a wide range of agricultural commodities are stirring fears of global food-driven inflation, but there should be no repeat of the crisis seen in 2007-08 unless governments start to panic. Analysts cite much higher global stocks of staples such as wheat and a more challenging economic environment as factors which should temper any prolonged rise in food prices.

Some governments have already begun to respond. Egypt, the world's biggest wheat importer, quickly refilled its order book after drought-hit Russia banned exports in a bid to avoid shortages and a rerun of violent protests seen in 2008.

Analysts say, however, governments need to avoid inflaming the situation. Export bans and stockpiling, can help keep a lid on domestic prices but also risk global market turbulence. "We could see behaviour by governments which would put us in a more difficult situation," aid Karen Ward, senior global economist at HSBC Bank.Riots in Mozambique, in which 13 people were killed, showed the potential dangers for governments if domestic prices are not kept in check. A 30% rise in the price of bread — linked to soaring global wheat prices — had to be quickly reversed.

Surging agricultural commodity prices in 2007-08 led to a sharp rise in the cost of basic food staples, sparking riots in several countries. In some cases, governments responded by banning exports in a bid to stem food price inflation. It took a global economic downturn to end the crisis.

Wheat futures in Chicago raced to a two-year high of $8.41 a bushel in early August after Russia, suffering its worst drought in more than a century, banned wheat and flour exports. The rally ran out of steam, however, well short of the peak of $13.34-1/2 a bushel set in February 2008, partly due to abundant global stocks.

The International Grains Council estimates global wheat stocks at the end of the 2009-10 season (July-June) were 197 million tonnes, up more than 60% from two years earlier, following the two largest crops in history in 2008 and 2009.
“The situation is totally different from 2007 as, following the very good harvests in 2008 and 2009, there are significant global and European stocks,” Roger Waite, agriculture spokesman for the European Commission, said. Prices for another food staple, rice, have been climbing after the worst floods in history damaged more than 30% of the rice crop in Pakistan. They remain, however, far below 2008 peaks. The benchmark 100% B grade Thai white rice prices are trading around $490 per tonne, less than half the record $1,050 in May 2008 when fears of global shortages drove the market higher, stoking food inflation.

Traders said prices were not expected to climb much further even if Pakistan banned rice exports.

“Pakistan is still going to export rice but there was some talk that they may be looking at imposing restrictions,” said a trading manager with an international trading company in Singapore. “Even if they do have a ban on exports, prices are not going to move up anywhere close to 2008 level. The price might go up to around $550 a tonne if there is no rice coming out of Pakistan.”

The US agriculture department said last month that US food prices in 2010 could rise at their slowest pace since 1992 despite the recent surge in raw commodities prices. Some private analysts, however, said the forecast may be too conservative, with meat prices particularly firm. The average US wholesale pork price hit a record high last month amid strong exports and six-year low pork stocks. Beef prices are historically high amid the smallest July 1 cattle herd on record.

“The meat supply is smaller and demand is coming from both exports and a lack of imports and the US consumer seems to be coming back, demanding more meat," said Len Steiner, a principal at the food consulting firm Steiner Consulting. "As this economy turns around all of a sudden we could see the meat prices go flying up," he added.

Analysts said a thus-far tepid US economic recovery could hold back food inflation a bit as cash-strapped consumers, worried about high unemployment, spend less. But the developing world is increasingly steering commodities markets, they cautioned. "Everybody is pretty gloomy about the US numbers. But a lot of the developing countries are seeing decent strong GDP numbers and they are the market-makers right now in a lot of these commodity markets," Michael Swanson, agricultural economist with top agricultural lender Wells Fargo, citing Brazil, China, India and other fast growing economies.

hindustantimes
Mon,13 Sep 2010

Weather

Chennai - INDIA

Today's Weather

Cloudy	**Monday, Sep 13** Max Min 29.6° | 23.7°
Rain: 00 mm in 24hrs	Sunrise: 5:58
Humidity: 94%	Sunset: 18:13
Wind: Normal	Barometer: 1007.0

Tomorrow's Forecast

Rainy	**Tuesday, Sep 14** Max Min 33° | 24°

Extended Forecast for a week

Wednesday	Thursday	Friday	Saturday	Sunday
Sep 15	**Sep 16**	**Sep 17**	**Sep 18**	**Sep 19**

31º | 26º	30º | 26º	29º | 26º	31º | 26º	31º | 26º
Rainy	Rainy	Rainy	Rainy	Rainy

Business Standard

Monday, Sep 13, 2010

Cashew rises on fresh buying

Press Trust of India / New Delhi September 11, 2010, 18:27 IST

Cashew prices rose up to Rs 15 per kg in the national capital today largely on pick up in buying activity on firm demand.

Tight supplies from growing regions also supported the upside in prices.

Cashew kernel No 180, No 210, No 240 and No 320 rose up to Rs 15 to conclude at Rs 545-555, Rs 495-500, Rs 440-460 and Rs 410-420 per kg, respectively.

Marketmen said increased buying by retailers and stockists, against tight supplies from growing regions mainly pushed up cashew prices.

Following are today's quotations in Rs per 40 kg:

Almond (California) new Rs 11,000 Almond(gurbandi-new) Rs 4,600-4,700 almond (girdhi) Rs 2,400-2,500 and Abjosh Afghani Rs 7,000-16,000.

Almond kernel in per kg (California) Rs 380-385,almond kernel (gurbandi-new) (kg) Rs 300-375.

Sugar closes unchanged in thin trade

Press Trust of India / New Delhi September 11, 2010, 17:43 IST

The wholesale sugar prices continued to rule steady in the national capital today on sufficient stocks position, compared to the ongoing demand.

Marketmen said adequate stocks position in the face of ongoing heavy festival season demand mainly held sugar prices unaltered.

Following are today's rates in Rs per quintal:

Sugar ready M-30 2,750-2,850 and S-30 2,740-2,840.

Mill delivery M-30 2,575-2,725 and S-30 2,565-2715.
Sugar mill gate prices (excluding duty): Kinonni 2,690, Asmoli 2,680, Mawana 2,640, Titabi 2,630, Thanabhavan 2,600, Budhana 2,600 and Dorala 2,630.

Gur prices remain steady on restricted trading

Press Trust of India / New Delhi September 11, 2010, 17:38 IST

Dull conditions persisted in the wholesale jaggery market at national capital today as prices ruled flat on alternate bouts of trading and settled at last levels.

Muzzafarnagar and Muradnagar gur market also finished on last levels in the absence of buying support.

Mareketmen said small buying support and reduced arrivals held gur prices unaltered.

Following are today's quotations in Rs per quintal:

Chakku Rs 2,850-2,900, Pedi Rs 3,000-3050 and Dhayya N.T., shakkar Rs 3,100-3,200.

In Muzaffarnagar: Raskat Rs 1,750-1,850, chakku Rs 2,550 -2,650 and Khurpa N.T.

In Muradnagar: Pedi N.A. And Dhaya N.A.

Bajra, maize up on increased industrial offtake

Press Trust of India / New Delhi September 11, 2010, 17:11 IST

Bajra and maize traded up to Rs 20 per quintal higher in the wholesale grains market today on increased industrial offtake amid restricted arrivals from the producing regions.

Traders said increased industrial offtake, against restricted arrivals due to heavy rains, influenced bajra and maize prices.

Bajra rose by Rs 20 to Rs 980-990, while maize added Rs 10 to Rs 1,100-1,110 per quintal.

Following are today's quotations in Rs per quintal:

Wheat MP (deshi) 1,650-1,750, wheat dara (for mills) 1,210-1,215 chakki atta (delivery) 1,215-1,220, atta Rajdhani (10 kg) 175, Shakti bhog (10 kg) 175, Roller flour mill 630-650 (50 kg), Maida 750-780 (50 kilos) and Sooji 875-895 (50 kg).

Basmati rice (Lal Quila) 9,300, Shri Lal Mahal 9,300, Super basmati rice 9,000, Basmati common 5,500-5,600, rice Pusa-(1121) 4,500-5,000, Permal raw 2,000-2050, Permal wand 2,075-2,225, Sela 2,300-2,350 and Rice IR-8- 1,825-1,850, Bajra 980-990, Jowar yellow 1,200-1,300, white 2,300-2,350, Maize 1,100-1,110, Barley (UP) 1,080-1,100 and Rajasthan 1,080-1,090.

Rajma chitra up in thin trade

Press Trust of India / New Delhi September 11, 2010, 17:05 IST

In restricted activity, rajma prices edged higher by Rs 50 per quintal in the wholesale pulses market today on retailers demand.

Trading activity remained restricted as traders were in festive mood.

Marketmen said scattered demand from retailers led to a rise in rajmah chitra prices.

Rajma chitra (Pune) and (China) and red varieties were up by Rs 50 each to 3,450-4,050, Rs 3,550-4,050 and Rs 3,450- 3,550 per quintal.

Following are today's quotations in Rs per quintal:

Urad 5,600-6,150, Urad chilka (local) 6,000-6,400, best 6,800-7,100, Dhoya 6,900-7,000, Moong 4,800-5,200, Dal moong chilka local 5,700-6,100, Moong Dhoya local 6,200-6,400 and best quality 6,600-6,800.

Masoor small 3,400-3,600, bold 3,600-3,850, Dal Masoor local 4,000-4,100, best quality 4,300-4,600, Malka local 3,900 -3,950, best 4,050-4,150, Moth 5,000-5,300, Arhar 3,800-3,900, dal arhar dara 4,800-5,200.

Gram 2,225-2,250, gram dal (local) 2,475-2,500, best quality 2,600-2,700, besan (35 kg) Shakti bhog 1,050, Rajdhani 1,050, Rajmah chitra Pune 3,450-4,050, China 3,550- 4,050, red 3,450-3,550, kabli gram small 4,200-5,400, dabra 2,700-2,800, imported 4,500-4,900, lobia 3,700-3,800, peas white 1,900- 2,000 and green 2,100-2,300.

Coconut oil rises on retailers demand

Press Trust of India / New Delhi September 11, 2010, 15:54 IST

In restricted activity, coconut oil traded Rs 25 per tin higher on the wholesale oils and oilseeds market today, in line with firming trend at producing belts and pick up in local demand.

Elsewhere, other edible as well as non-edible oils traded in a narrow range in the absence of worthwhile activity, and settled around previous levels.

Marketmen said rise in coconut oil prices was mostly attributed to firming trend at producing belts amid pick up in local demand.

They said, however, activity remained restricted due to absence of demand from neighbouring states.

Coconut oil prices rose by Rs 25 to Rs 1,125-1,155 per tin of 15 litre.

Following are today's quotations in Rs per quintal:

Oilseeds: mustard seed 2,500-2,600 and groundnut seed 2,100-2,850.

Vanaspati ghee (15 litres tin) 750-860.

Edible oils: Groundnut mill delivery (Gujarat) 8,750, groundnut Solvent refined (per tin) 1,520-1,530, Mustard Expeller (Dadri) 5,270, Mustard Pakki ghani (per tin) 705-860, Mustard kachi ghani (per tin) 860-960, Sunflower 6,300, Sesame mill delivery 5,850, soybean Refined mill delivery (Indore) 4,900 Soyabean degum (Delhi) 4,700, Crude Palm Oil (Ex-kandla) 4,170, Cottonseed mill delivery (Haryana) 4,550, Palmolein (RBD) 4,880, Rice bran (phy) 3,750 and Coconut (per tin) 1,125-1,155.

Non-edible oils: Linseed 4,150, Mahuwa 4,000, Castor 7,900-8,000, Neem 3,800-3,900, Rice bran 3,300-3,400 and palm fatty 3,225-3,300.

Oilcakes: groundnut de-husk 800-850, sesame 950-1,150, Mustard (new) 1,025-1,050, Mustard 1,200-1,210 and Cottonseed 1,075-1,175.

Domestic oilseed output expected to rise 10%

Dilip Kumar Jha / Mumbai September 11, 2010, 0:15 IST

Edible oil consumers are unlikely to get any breather from an estimated 10 per cent rise in India’s oilseed production this year, as prices of this globally sensitive commodity are forecast to rise in months to come due to a supply shortage worldwide.

Production may rise to 34.6 million tonnes (mt) for 2010-11, against last year’s figure of 31.7 mt. The rise has been market in groundnut and cotton seed.

Vegetable oil production is estimated at 7.6 mt, almost equivalent to the 7.2 mt of last year. This is perhaps for the first time when both, domestic production as well as imports, have a near 50 per cent contribution each to the country’s total estimated consumption of around 15 mt.

As on August 20, the area under kharif oilseed crop showed an increase of about 400,000 hectares (ha) during the week and was at 16.14 million ha compared with 15.32 million ha during the same time last year. In case of groundnut, there was a sharp increase in the acreage in Andhra Pradesh, Karnataka and Tamil Nadu.

In case of soybean, the area in Madhya Pradesh marginally increased by 280,000 hectares. However, Maharashtra has shown a decline. The area under castor seed increased over last year due to the high prices received by farmers, which encouraged them to expand the area.

The progress of the monsoon across India has been favourable and the vulnerability of oilseeds remains low, according to a study by NCDEX. Meanwhile, the US Department of Agriculture lowered its global oilseed production for 2010-11 estimates in August. Global production for 2010-11 is now projected at 439.74 mt against 440.74 mt projected in July.

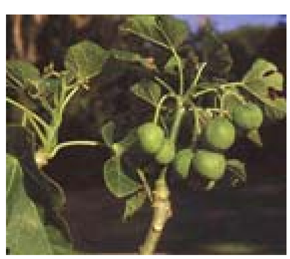
The gap between global production and consumption is estimated to further tighten in 2010-11 because of moderate production from key producing countries, especially Brazil, where the production is estimated at 68 mt against 71.46 mt last year. Also, production from China and Argentina is expected to come down. At the same time, consumption has shown a northward movement.

Global vegetable oil production for 2010-11 is projected at 146.16 mt, up from 138.92 mt last year. However, the gap between the supply and demand would remain tight.

Palm oil production is projected at 49.34 mt against the 45.75 mt last year. For rapeseed oil and soybean oil, the production is projected at 40.82 mt and 21.95 mt against 38.06 mt and 22.3 mt respectively, as seen last year.

Guar seed production to surge 50% on favourable monsoon

Dilip Kumar Jha / Mumbai September 11, 2010, 0:09 IST



Guar seed output is likely to rise 50 per cent this year due to a favourable monsoon season in the major producing states of Rajasthan, Gujarat, Haryana and Punjab.

According to an estimate by the National Collateral Management Services, an agri warehousing company and subsidiary of NCDEX, total output will be at a record 637,000 tonnes during the current crop year, against 420,000 tonnes in the previous year.

Since it's a rain-fed crop, its yields are highly susceptible to the way the monsoon behaves in the top growing regions, which are in the country's arid regions. This year, Rajasthan and Haryana in particular witnessed an abundance of rain, resulting in a sharp rise in crop area. In Haryana alone, sowing area this season rose 42 per cent to 244,000 hectares (ha), compared to 171,000 ha in the previous season. Sowing area in Rajasthan, the leading producer, rose 8.7 per cent from 1.72 million ha to 1.87 million ha.

OUTPUT ESTIMATES				
States	Area (lakh hectares)		Production (lakh tonnes)	
	2009-10	2010-11	2009-10	2010-11
Rajasthan	17.24	18.74	2.94	4.46
Gujarat	2.05	2.56	0.46	0.70
Haryana	1.71	2.44	0.50	0.76
Punjab	0.22	0.44	0.13	0.19
Others	1.03	1.10	0.17	0.25
Total	22.25	25.28	4.20	3.37

As a result, total acreage under guar seed shot up 13.6 per cent to 2.53 million ha this season, from 2.225 million ha in the previous season. Unlike other agricultural commodities, guar seed is relatively less perishable. So, there is largescale stocking when the market is reeling under low prices. Traders can retain stocks for more than three years and wait till the time they get higher prices.

But volatility in prices is likely to continue through this season. Guar seed prices are expected to first decline to Rs 1,800 per quintal from nearly Rs 2,000 per qtl now. However, global short supply and emergence of demand from the user industry is expected to push prices up to hit the benchmark of Rs 2,800 per qtl by December, said Hanish Kumar Sinha, head, trade and commodity intelligence group, NCMSL.

Guar seed prices zoomed by 84 per cent during the 2009-10 crop season because of crop failure. It was the second-worst ever guar production after 1998-99 in India. However, prices did not touch the record of 1998-99 as there was less demand for guar products from western countries in the wake of global slowdown.

Approximately 90 per cent of the guar crop is used to produce guar gum and the rest is used for culinary purposes and cattle feed. Demand for guar split and guar gum from foreign markets – used majorly in crude oil extraction and as a natural stabiliser - would be another major factor that drive domestic guar seed prices.

According to a study by Way2Wealth, guar gum exports are expected to be higher than the 233,000 tonnes during 2009-10. Indian guar product demand is showing a positive trend and may move up in 2010-11, as economic concerns are expected to be ease.

Inflation dip not to bring respite to consumers

Dilip Kumar Jha & Anindita Dey / Mumbai September 10, 2010, 0:26 IST

None of the food items shows signs of softening in the near term, say experts.

A drastic dip in food inflation is unlikely. There are indications that fundamentals will support food prices for the next few months.

Planning Commission Deputy Chairman Montek Singh Ahluwalia recently forecast that food price inflation would decline to six-seven per cent by December. On Thursday, he said this might not happen so soon. The wholesale food inflation rate for the week ended August 28 rose to 11.47 per cent from 10.86 per cent in the previous week.

COOKING UP A BILL				
Commodity	Weightage	Price in Jan '09	Price in Sep '10	Change (%)
Rice spot#	2.449	26-28	34-36	23.08
Wheat#	1.384	1182	1227	3.82
Fruits and vegetables **	2.916	4130	13000	214.77
Milk @	4.367	18	23	27.78
Oilseeds^	2.666	2550	2600	1.96
Sugar^^	3.618	1978	2720	37.51
Edible oils*	2.755	500	560	12
Liquified petroleum gas	NA	297.95	313.45	5.20
# Rs / qtl; * Price of sunflower oil per 20 kgs; ** Ginger bleached Rs per 50 kgs; @ Rs /litre; ^sunflowerseed (Rs /qtl); ^^M 30 (Rs /qtl)				

After hitting a high, coarse foodgrain prices have eased a bit, but are still quoting higher. Rice (MP, average quality), after hitting Rs 32-34 per kg in the Vashi wholesale market about two months earlier, has eased to Rs 30-31 per kg. It was Rs 24-26 per kg in January 2009.

Similarly, wheat for near-month delivery on NCDEX is 3.8 per cent higher at Rs 1,227 per quintal as against Rs 1,182 per quintal in January 2009.

Sugar, oilseeds and pulses are still trading at alarmingly high levels. Inflation may not ease until supply adequately surpasses demand and the trend sustains for some time.

“Inflation falling to six per cent by December is not important if absolute prices are still high. On an inflated base, we should not draw solace from inflation coming down. The question is whether prices will revert to the early 2009 levels. In a way, the WPI (wholesale price index) inflation numbers have lost relevance,” said Madan Sabnavis, chief economist, Care Ratings.

Officials in the Commission for Agricultural Costs and Prices say prices are expected to remain high till the supply of foodgrain, especially wheat and rice, is eased further. “Supply constraints and higher raw material costs are primarily responsible for the rise in prices. Labour costs have gone up, along with the cost of irrigation, which is driven by diesel prices. Fertiliser prices are also higher, especially of urea, whose prices rose up to 10 per cent recently,” they added.

Control issues

However, sources in other departments in the agriculture ministry feel market prices are disproportionately higher than the cost of production. They said in rice and wheat, where the government dominates trade, the bigger concern is distribution in the market. The rise in prices of rice and wheat is more due to mismanagement of foodgrain distribution than any cost factor, they say.

Another reason is the ever-increasing minimum support price (MSP), kept higher to keep a few crops lucrative for farmers. Rice, wheat and pulses have a higher weight in primary food articles, which contribute 15 points to the total inflation index. Market prices cannot rule below the MSP, they add.

Officials in the consumer affairs ministry say in the short term, they expect prices of pulses, rice and wheat to remain steady, with a bias towards softening. However vegetable and fruit prices are expected to be volatile for the time being. In oilseeds, even if prices have come down, any forecast is difficult, as the market is dictated by international trends, said officials.

Officials said Food Corporation of India had already started open market intervention in wheat. It has floated tenders for distribution to private traders for both small consumers (three to five tonnes) and bulk consumers. Similar schemes will be soon announced for rice. These will moderate prices, they said.

However, D K Joshi, chief economist (agri research), Crisil, said: “It really does not matter for consumers if inflation goes up or comes down. What matters is the real price of commodities. Barring a few, most are unlikely to decline despite the government’s forecast of inflation falling to six per cent by December from the current level of 10.86 per cent. However, the rate at which commodity prices rose last year would certainly come down with the growth in kharif foodgrain output. A decline in commodity prices will cause a fall in inflation.”

Excess rain may affect cotton, cane harvest

Bloomberg / September 10, 2010, 0:32 IST

Cotton and sugar cane harvests in India, the second-biggest producer of the two commodities, may be delayed because of an extended monsoon season, tightening global supplies and bolstering prices, industry officials said.

The monsoon, the main source of irrigation for India’s 235 million farmers, may beat a previous forecast as the withdrawal of the rain-bearing clouds has been delayed, the weather bureau said on Thursday. That’s hindered cotton harvests, pushing up domestic prices to a record, said D K Nair, secretary general of the Confederation of Indian Textiles Industry.

A delay in Indian harvests may fuel gains in cotton prices, which reached a 15-year high this week on concern that crops in the US and China are being damaged by heavy rain. Sugar prices have surged 67 per cent since reaching a 13-month low on May 7 on rising demand from Asian buyers and speculation that dry weather will lower production in Brazil, the biggest producer.

“Cotton has caught fire in India as there’s a delay in arrival of fresh crops,” Nair said from New Delhi. “If rains continue for another two weeks, it could even lower the nation’s output.” Production may be a record 32.5 million bales.

Prices of Shankar-6, a medium staple cotton variety, jumped to Rs 38,000 a candy yesterday after rains delayed arrival of crops, Nair said. A candy weighs 355 kg.

Cotton futures in New York reached 91.18 cents a pound on September 7, the highest closing price in 15 years. The December- delivery contract settled at 90.56 cents yesterday.

India will resume registration of cotton shipments starting September 15, the Textiles Commissioner said yesterday. Exports will be capped at 5.5 million bales in the year starting October 1. China is the top buyer of Indian cotton.

Retreat

The rainfall may be as much as 103 per cent of the 50-year average as the monsoon weather system may begin to retreat from northwest parts of the country only from the third week of this month, Ajit Tyagi, director general of the India Meteorological Department, said from New Delhi. The monsoon normally draws to an end starting September, the last of the four-month season.

Gujarat, Maharashtra and Madhya Pradesh, the main cotton, sugar and soybean-producing states, may get heavy rain until September 12, the weather bureau said.

Sugarcane processing in Maharashtra, the nation’s biggest producer, may be delayed, Prakash Naiknavare, managing director of the Maharashtra State Cooperative Sugar Factories Federation, said September 7. Mills may not begin crushing from October 1 as planned if rains continue, he said.

"Prospective buyers of Indian sugar will have to wait if there's a delay in crushing," said Nirmal Shah, an analyst at Alchemy Share & Stock Brokers Pvt. Still, the "continued rains may increase overall yield and output."

India's sugar output may be 26 million tonnes in the season starting October 1, eight of 10 producers, traders and consumers said last week in a survey. The country may ship as much as 2 million tonnes in the 2010-2011 season, Yatin Wadhwana, managing director of Sucden India Pvt. said September 2 in New Delhi.

THE HINDU Business Line

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Monday, September 13, 2010

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Back **Branded US green peas to hit Indian retail stores**

To be marketed under the brand name Emerald Empire.

G Chandrashekhar

Great Falls, Montana (US), Sept. 12

Pulses consumers in India can now look forward to buying retail-packed and branded top quality green peas of US origin.

The largest exporter of US pulses (dry peas, lentils) to India, Columbia Grain, has just finalized plans to launch its branded product in Mumbai and is in talks with a well-known supermarket chain run by a mega Indian corporate.

A leader in the marketing of North American agricultural products, the $700 million Columbia Grain has strong agribusiness interests covering grains (a range of wheat, corn, soyabean, barley and feed grains, to name a few) as well as pulses. The company is the largest exporter of US origin pulses.

The extent of its operations may be gauged from the fact that Columbia Grain owns and operates over 45 grain handling facilities with a total storage capacity of over one million tonnes.

Upbeat on India

Sounding upbeat about marketing prospects in India, Mr Jeff Van Pevenage, Vice-President and General Manager, told Business Line that he proposes to ship out container loads of green peas to India, where the material would be packaged under a brand name and distributed.

“We are in talks with Reliance Retail for distributing our branded pulse through their retail network,” Mr Jeff said, adding the first consignment of US green peas (a container load) will leave for India soon. Columbia Grains' green peas will be marketed under the brand name Emerald Empire.

India is, by far, the world's largest producer, importer and consumer of a wide variety of pulses. Imports take place mainly from Australia, Canada and Myanmar, in addition to the US. Shipments into India are either break-bulk or container loads.

Merchandise

Owned by the Japanese trading giant, Marubeni Corporation, the three decade-old Columbia Grain has established an effective backward linkage. It has cultivated an excellent network of growers who deliver to the company crops that the market wants. The company's merchandisers purchase grains and pulses from several thousand producers.

“As principals, we are in control of our product from the farm gate to the destination. We serve end-users throughout the US and over thirty foreign countries,” Mr Jeff asserted.

Located in the Port of Portland, the world's largest wheat loading port, Columbia Grain's Terminal 5 is one of the most automated and integrated grain export facilities in the world.

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http://www.thehindubusinessline.com/2010/09/13/stories/2010091350721100.htm

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Back **Pepper futures end higher on tight supply**

G K Nair

Kochi, Sept 12

Pepper futures during the week witnessed the usual “tug of war” between the bull and bear operators and after remaining volatile throughout the week on the exchanges, all contracts ended above the previous weekend closing.

The fundamentals were strong and it was evident from the price trend so far in other origins.

Vietnam, which has already sold out much of its crop, is not offering Asta grade pepper.

The upsurge in the white pepper price, which is taking it to over $6,000 a tonne, is said to have prompted the Vietnamese growers to convert the bold berries into white pepper.

The conversion cost there is comparatively much lower, when compared with other producing countries, and hence, it was considered as a lucrative proposition, market sources told Business Line.

Consequently, stocks of Asta grade black pepper in Vietnam are said to be already depleted.

Therefore, Vietnam has been quoting higher.

Indonesia is reported to have sold out much of its new crop while the growers are not ready to sell at the current rates, which they claim are at lower levels, and hence, the prices are likely to move up, International Pepper Community (IPC) reported.

Brazil, where harvesting is underway, is also reportedly firm.

Indonesian market is closed for Ramzan/Eid-ul-Fitr holidays till Tuesday. US markets are also partially closed on account of the Jewish New Year.

The north Indian market during the week was on a holiday mood because of various religious festivals.

However, demand from domestic and overseas markets would emanate in the coming days for the festival and winter season, Christmas and the New Year.

Squeezed

Pepper availability, at present, in India is said to be only on the exchange platform. Physical pepper supply from the primary markets is totally squeezed.

It is either because of non-availability or because those holding the iron stocks do not want to sell at the current price. They may probably be hoping that the prices might touch Rs 300 a kg.

Those who are holding such stocks have already liquidated five to six year-old stocks, when the prices were ruling at around Rs 160 a kg early this year, and hence, what ever they have in their warehouses currently is from the new crop, traders in the primary markets said.

Meanwhile, the Indian pepper output, of late, is nearly stagnant at around 50,000 tonnes and it is likely to be less this year also.

According to a major pepper grower in Wayanad, which produces around 10,000 tonnes of pepper, the output this year is going to be lower by around 30 per cent. The reasons attributed by a farmer, Mr Sainalubdeen of Meenangadi, are deficient monsoon rains, diseases such as quickwilt and yellowing of leaf. He said that the revival programmes launched by the Centre had not yielded any positive result so far.

According to growers in Wayanad district, conversion of vast tracts of land under the crop on the highway sides for more lucrative commercial purposes has led to shrinkage of pepper plantations, as its cultivation, of late, is found to be a loosing proposition.

A similar situation is emerging in Pathanamthitta and Idukki districts also, where pepper is replaced with highly remunerative rubber and cocoa, Mr Joshua Daniel, a major pepper grower who had converted 25 acres of pepper plantation to rubber recently, told Business Line.

High cost of production in Kerala, mainly because of the exorbitantly high labour cost and other inputs, apart from high land price, has made pepper cultivation economically unviable even at the current price of Rs 200 a kg, growers claimed. At the same time, “gambling in the futures market has been depriving the growers of better prices”, they alleged.

If the present trend continued, Kerala would be losing its position as a major grower of pepper, as happened in the case of cashew and coconut, they said.

The September, October and November contracts were up by Rs 329, Rs 239 and Rs 289, respectively, to close at Rs 20, Rs 772, Rs 20, Rs 881 and Rs 21,022 a quintal at the weekend close.

Total turnover dropped by 52,026 tonnes during the week to close at 57,806 tonnes. Total open interest increased by 1,448 tonnes to 18,105 tonnes.

Spot prices increased by Rs 200 during the week to close at Rs 19,900 (un-garbled) and Rs 20,400 (MG1) a quintal at the weekend close.

Indian parity in the overseas markets was at $4,650 a tonne (c & f) and remained slightly above other origins.

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Back **Festival holidays drag down Coonoor tea prices**

P.S. Sundar

Coonoor, Sept. 12

Prices fell Rs 2 a kg at Sale No: 36 of Coonoor Tea Trade Association auctions held on Thursday, as the demand was inadequate to absorb the year's lowest volume of 11.89 lakh kg at high prices.

Only low-priced medium and plainer teas fetched more prices.

Teas worth Rs 65 lakh remained unsold because 10 per cent of the offer was withdrawn for want of buyers.

“Demand was less due to market holidays in many States for Ramzan and Ganesh Chathurthi festivals,” a buyer told Business Line.

This week, only 72 marks fetched Rs 100 and more against 83 last week.

“Our Pekoe Dust (PD), auctioned by Global Tea Brokers, topped among all CTC leaf and dust teas fetching Rs 135 a kg. Our Broken Orange Pekoe (BP) topped leaf market with Rs 130. In all, our 4 grades got Rs 120 and more,” Mr Prasant Menon, Managing Partner, Homedale Tea Factory, said.Among orthodox teas from corporate sector, Chamraj got Rs 190, Curzon Rs 170, Kodanaad Rs 162.5, Kairbetta Rs 160, Highfield Estate Rs 158, Quinshola clonal Rs 157, Havukal Rs 156.5, Glendale Rs 152 and Sutton Rs 150. In all, 33 marks got Rs 100 and more.“Orthodox leaf market was generally lower by Rs 1-2 a kg, but whole leaf grades gained Rs 2-3.High-priced CTC leaf lost Rs 5-10 and better mediums Rs 2-4, but plainers, especially cleaner blacker smaller sorts, gained up to Rs 10. Primary orthodox dusts eased Rs 3-5.

Better medium CTC dusts lost Rs 1-2 but plainers gained up to Rs 15,” an auctioneer said.

Quotations held by brokers indicated bids ranging Rs 32-38 a kg for plain leaf grades and Rs 80-122 for brighter liquoring sorts.They ranged Rs 33-43 for plain dusts and Rs 90-130 for brighter liquoring dusts.On the export front, Pakistan bought in a wide range of Rs 42-75 a kg and the CIS, Rs 31-85.Some teas were bought for European ports for Rs 52-67.