THE HINDU

Online edition of India's National Newspaper

Friday, September 17, 2010

Date:17/09/2010 URL: http://www.thehindu.com/2010/09/17/stories/2010091763861800.htm

---

Food inflation surges to 15.10 % under new series

Special Correspondent

NEW DELHI: With heavy rains disrupting supply of essentials and pushing up prices, food inflation surged to 15.10 per cent during the week ended September 4 under the new Wholesale Price Index (WPI) series which has 2004-05 as the base year.

Even as the price spurt in food items based on the new WPI series having a lower weight assigned to the edibles segment is not comparable to the previous week's inflation figure of 11.47 per cent under the old series with 1993-94 prices as the base, the higher burden on the common man is evident from the fact that food inflation during the like week last year was at 14.64 per cent, as per calculation under the new series.

No gainsaying, therefore, that rising food prices has been one of the government's prime challenges and the Reserve Bank of India hiked its key rates.

In its mid-quarter review of monetary policy, the apex bank said: “Inflation remains [a] dominant concern in macroeconomic management...prices of food articles, which according to the new series rose by over 14 per cent in August are still contributing to the [price] pressure.”

In agreement with the RBI's tight money policy as inflationary pressures are still there in the economy, Finance Minister Pranab Mukherjee said: “I think it [the RBI move] is in the right direction because now the corridor [difference between repo and reverse repo rates] has been narrowed down and still inflationary pressure is there in the system…I think the adjustment of repo and reverse repo will help to mop up additional liquidity.”

Published: September 16, 2010 16:29 IST | Updated: September 17, 2010 00:36 IST New Delhi, September 16, 2010

Food inflation surges to 15.10 % under new series

The Hindu This is the third consecutive week when food inflation has shown an upward movement, after a brief period of moderation in July and first half of August. File Photo: Nagara Gopal

With heavy rains disrupting supply of essentials and pushing up prices, food inflation surged to 15.10 per cent during the week ended September 4 under the new Wholesale Price Index (WPI) series which has 2004-05 as the base year.

Even as the price spurt in food items based on the new WPI series having a lower weight assigned to the edibles segment is not comparable to the previous week's inflation figure of 11.47 per cent under the old series with 1993-94 prices as the base, the higher burden on the common man is evident from the fact that food inflation during the like week last year was at 14.64 per cent, as per calculation under the new series.

No gainsaying, therefore, that rising food prices has been one of the government's prime challenges and the Reserve Bank of India hiked its key rates.

In its mid-quarter review of monetary policy, the apex bank said: “Inflation remains [a] dominant concern in macroeconomic management...prices of food articles, which according to the new series rose by over 14 per cent in August are still contributing to the [price] pressure.”

In agreement with the RBI's tight money policy as inflationary pressures are still there in the economy, Finance Minister Pranab Mukherjee said: “I think it [the RBI move] is in the right direction because now the corridor [difference between repo and reverse repo rates] has been narrowed down and still inflationary pressure is there in the system…I think the adjustment of repo and reverse repo will help to mop up additional liquidity.”

Date:17/09/2010 URL: http://www.thehindu.com/2010/09/17/stories/2010091756930500.htm

---

Farmers to stage demonstration against acquisition

Special Correspondent

Coimbatore: Tamilaga Vivasayigal Sangham will stage a demonstration on September 21 in front of the Red Cross Society Buildings on Huzur Road to oppose the acquisition of land for bypass roads.

A consultative meeting of the farmers would be held on September 19 at Santhimedu Lakhsmi Mahal at 3 p.m. to decide on the further course of action, a release from Sangham President, M.R. Sivasamy said.

Farmers' favour

Mr. Sivasamy demanded that the land acquisition Act of 1894 and 1957 and the legislations thereafter by the Highways Department should be amended in favour of the farmers.

Date:17/09/2010 URL:
http://www.thehindu.com/2010/09/17/stories/2010091761520300.htm

---

Farmers condemn delay in giving power supply

MADURAI: Members of the Tamil Nadu Vivasayigal Sangam would stage a protest in front of the offices of Superintending Engineers of Tamil Nadu Electricity Board in the State condemning an “inordinate” delay in providing electricity supply to farmers.

Talking to reporters here on Tuesday on the concluding day of a two-day State committee meeting of the association, its State general secretary P. Shanmugam said that six lakh farmers had been waiting for almost 20 years seeking electricity supply. “While the Government is citing poor power situation for not giving power supply to farmers, it has been signing memoranda of understanding with private industrialists promising uninterrupted power supply,” he said.

On the proposal of free distribution of electric motor pumps to farmers, the association wanted the Government to ensure the quality of the pumps. Besides, small and marginal farmers must get priority under the scheme. The association wanted the Government to extend the deadline for providing house site pattas to those living in Government poromboke land since 20 lakh more people were waiting for the pattas. Unless the Government relaxed the norms and permitted provision of pattas for those living on defunct water bodies, temple land and objectionable land, all those living on poromboke land cannot be given land.Another resolution sought a ban on conversion of farm lands for other activities to ensure sufficient food production. Mr. Shanmugam said that over 12,000 acres of land had been acquired in the past for special economic zones. Similarly, an unbridled growth of real estate business had rendered around 10 lakh acres of land uncultivable in the recent years.Instead of acquiring fertile land for industrial activities and airport expansion, the Government should make use of fallow land. Increasing the procurement price of sugarcane to Rs. 3,000 a tonne and calling for a tripartite meeting of farmers, sugar mills and government officials were their other demands.

hindustantimes

Press Trust Of India

Email Author

New Delhi, September 16, 2010

First Published: 23:38 IST(16/9/2010)

Last Updated: 23:40 IST(16/9/2010)

Food inflation crosses 15%

Costlier essentials pushed up food inflation to 15.10 per cent in the week ended September 4 as rains disrupted supplies and the new composition of wholesale price index took effect.

The figure is not strictly comparable with the previous week's figure of 11.47 per cent, as it was calculated on a new series based on 2004-05 prices with different weightage assigned to food items in the updated index.

In the corresponding week last year, food inflation was 14.64 per cent, when calculated using the weightages and the basket of the new series.

Finance Minister Pranab Mukherjee meanwhile said that inflationary pressures are still there in the system.

http://www.hindustantimes.com/StoryPage/Print/601017.aspx

Economy to grow by 8.5 pc this fiscal: Pranab

Finance Minister Pranab Mukherjee on Thursday stuck to his conservative estimate of economic growth at 8.5 per cent this fiscal and said the economy will be on the high expansion path at 9 per cent in 2011-12.

"The latest figure released by CSO and the latest industrial production figures clearly demonstrate it would not be difficult to achieve 9 per cent growth as being projected in the

Budget from the 2011-12 and surely this year, our growth would be not less than 8.5 per cent," Mukherjee said.

The Indian economy grew by 8.8 per cent in the first quarter of this fiscal, the fastest growth in around three years.

The Finance Minister added that people think the 8.5 per cent estimate is conservative, given that India's economy achieved 8.8 per cent in the first quarter.

"Indian economy is back on the path of growth," he added.

Industrial growth accelerated to 13.8 per cent in July, after dipping to just a little over 5 per cent in the previous month.

http://www.hindustantimes.com/StoryPage/Print/600803.aspx

New Delhi, September 16, 2010
First Published: 12:23 IST(16/9/2010)
Last Updated: 12:26 IST(16/9/2010)

Food inflation at 15.10 per cent y/y as at Sept 4

India's food price index rose 15.10 per cent while the fuel price index climbed 11.48 per cent, in the year to Sept 4, under a new series with different base year, components and weightings, government data on Thursday showed.

In the prior week, food inflation as measured by the old series with 1993-94 as base year, stood at 11.47 per cent on the year while fuel inflation was at an annual 12.71 per cent.

These figures are not comparable with the latest data release. The primary articles index was up 16.22 per cent in the latest week. It rose 15.40 per cent in the previous week.

The wholesale price index, the most widely watched gauge of prices in India, rose 8.5 per cent in August, the first reading from the new data series.

http://www.hindustantimes.com/StoryPage/Print/600780.aspx

Weather

Chennai - INDIA

Today's Weather

Cloudy

Friday, Sep 17

Max Min

31.8° | 25.5°

Rain: 00 mm in 24 hrs

Humidity: 63%

Wind: Normal

Sunrise: 5:58

Sunset: 18:09

Barometer: 1003

Tomorrow's Forecast

Rainy

Saturday, Sep 18

Max Min

31° | 26°

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Sep 19	**Sep 20**	**Sep 21**	**Sep 22**	**Sep 23**
33° | 26°	33° | 27°	32° | 27°	32° | 27°	33° | 27°
Rainy	Rainy	Rainy	Rainy	Rainy

expressbuzz

By S Raja

16 Sep 2010 03:44:02 AM IST

Sea cucumbers a lucrative catch for fishermen

RAMANATHAPURAM: The netting of banned sea cucumbers has turned into a lucrative business for fishermen in the district and this is evident from the various seizures being made by the authorities.

It may be recalled that a ban on fishing certain species especially sea cucumbers and sea horse has been imposed. The Gulf of Mannar National Marine Park Authority was authorised to preserve these depleting marine wealth and monitor the 21 unmanned Islands between Mandapam and Thoothukudi.

Meanwhile, with fish catch depleting the fishermen try to buttress their meagre income by catching these banned species that fetch them a good price in the black market. The sea cucumber fetches good price in the international market and it is said that one kilo of sea cucumber is being sold for `600 to the agents who sell them for a minimum of `1,000 per kilo to foreign agents.

Around 15 varieties of sea cucumbers are available in the Gulf of Mannar and Palk Bay. Once caught the catch is processed by people living in the coastal area and are packed in the processing units. It is said that these people work on contract basis.

These packets are then taken in boats to mid sea where they are shifted onto boats coming from Sri Lanka. From Sri Lanka they are exported to other countries including China and Taiwan.

It is believed that sea cucumbers possess medicinal power and have aphrodisiac qualities. They are used in soups and also eaten as a delicacy. But as this marine wealth begins to deplete, it is time that the government intensifies patrolling and curbs the smuggling of this species and also creates awareness in this regard among the fisherfolk. Sundara Kumar, Wild Life Warden for GOMNMP said that the fishermen who were caught fishing these banned species should be imprisoned and slapped a heavy fine.

THE TIMES OF INDIA

Food inflation over 15% as rains disrupt supply

PTI, Sep 16, 2010, 12.30pm IST

NEW DELHI: Food inflation reached 15.10 per cent for the week ended September 4 as cereals, select vegetables and milk became costlier after rains disrupted the supplies.

This figure, though not exactly comparable to the previous week's 11.47 per cent because it is calculated on the new series with 2004-05 as the base year, justified the RBI's move to raise its short term lending and borrowing rates at the monetary policy review today.

This is the third consecutive week when food inflation has shown an upward trend, after a brief period of moderation in July and first half of August.

On yearly basis, cereals prices rose by 7.16 per cent driven mainly by higher prices of pulses, rice and wheat, compared to the same period last year.

While pulses became dearer by 6.10 per cent, prices of rice and wheat rose by 5.74 per cent and 10.16 per cent, respectively, during the week under review, on yearly basis.

Among other food items, milk prices soared by 23.41 per cent during the week compared to the same period last year, while that of fruits went up by 8.27 per cent.

Vegetables also became dearer by 3.82 per cent on an annual basis, while potato and onions became cheaper by 45.92 and 4.17 per cent.

17 Sep, 2010, 12.34AM IST, S Sanandakumar,ET Bureau

Cashew prices up on high demand

KOCHI: Cashew nut prices have climbed to record levels ahead of the festival season due to higher demand and lower availability. The prices are so high that they are bound to upset the calculations of even the bulk buyers. Speaking to ET, Mr Madhukar Tikade, materials manager, Haldiram Foods International, said the “prices have gone too high”.

The company’s annual requirement is more than 100 tonne. He said that because of the price rise, the company would keep its requirement at the regular level. He said the cashew processing industry’s estimate of higher festival demand could be correct as the industry had a better picture of market requirement.

Cashew processors expect the demand, which has been rising steadily over the past few years, to witness a 20% increase in the current year. “The feedback from the market this year is that the demand will be robust,” said Mr Babu Ommen, proprietor of the Kollam-based Alphonsa Cashew Industries. The country consumed close to 1.3 lakh tonne of cashew nuts last year, according to rough estimates by the industry. The prices have touched `7,000 per carton for lower white pieces and `8,000 per carton for splits. They stood at `5,000 and `6,000 respectively last year.

The prices have seen a similar increase in the global market mainly due to the fall in the production of raw cashew. The industry estimate of a fall in the production of raw cashew in the country is close to 40%. In West Africa, the leading producer, the extent of fall in production is around 20%. “But our estimates of production and the official estimates do not match,” said the spokesman of a cashew exporter.

The industry’s import of raw cashew has been slightly higher in the January-June period of this year. In 2009, it stood at 7.27 lakh tonne, higher than the 2008 figure of 6.48 lakh tonne. Cashew is also coming into the country through illegal import, say industry spokesmen.

17 Sep, 2010, 12.32AM IST, Madhvi Sally,ET Bureau

Rains wash away retailer margins as veg prices soar

CHANDIGARH: It's raining on the veggie parade. Top grocery retail chains such as Reliance, More, Bharti Walmart and Mother Dairy are struggling to source good quality fruits and vegetables at affordable prices as bad weather in northern India and Maharashtra wipes out crops and washes away profit margins.

Retailers say it has become tough to offer prices below street vendors, who are their single biggest competitors. Offering top-quality vegetables is a big differentiator for retail chains who use them to attract daily customers into stores. With no produce available, vegetable processors who preserve, puree or package them are also sitting idle.

“The rains have led to destruction and yield loss across the country. We are sourcing locally and from mandis. The fruit and vegetable business for modern retail is a loss-making proposition unlike for a handcart or a market seller. We don’t make money and are distributors between farmers and consumers, though we try to work in a positive margin,” said Thomas Varghese, CEO of chain More, owned by the Adiya Birla group, which has over 530 supermarkets and 8 hyper markets.

According to an official in the fruit and vegetable procurement department of a major retail company, all major retailers were buying over 80% of their requirement from the wholesale market yards and not directly from farmers. “Seasonal vegetables prices have gone up by 25-50% in the past one month. As a national player, we have to ensure that the produce is always available on the retail shelf by procuring from across the country. This increases the cost of the produce and definitely lowers company margins,” he said.

For example, cauliflower from Banur area in Punjab is normally harvested in September. But incessant rains have destroyed the crop in over 5,000 acres. That has pushed up wholesale prices of cauliflower to `35 per kg. In the retail market, it is selling for `50 per kg.

Bharti Walmart, which runs three Best Price Modern Wholesale stores in Punjab, is currently sourcing produce from about 1,000 acres across India. “Even though the wholesale price index fluctuated, our company stores offered quality produce at competitive prices. The lack of a sturdy and efficient supply chain at the back-end which ensures the safety and quality of produce and drastically decreases wastage is the major reason for the rise in fruits and vegetable prices,” said a company spokeswoman.

The retailer has not suffered any disruption due to rains in its supply chain, she added. Meanwhile, food processing companies have slowed procurement due to high costs. Frozen vegetables exporter and supplier Pagro Foods Limited managing director Pawan Inder Singh said full operations ought to begin in December. Currently, the company is processing only American sweet corn as it has not been affected by the rains.

In Asia’s largest vegetable and fruit market Azadpur, located in Delhi, vegetables such as brinjal, cabbage, bitter gourd and smooth gourd are arriving from Uttar Pradesh. Tomato is sourced from Bangalore and Maharashtra to compensate for the losses in Punjab, Haryana, Himachal Pradesh and Uttarakhand. Wholesalers say retail traders are making a killing from the shortage.

“In wholesale, we are selling cucumber for `8-12 per kg but retailers are selling for `25 per kg. Tomato is being sold for `12-18 per kg but retailers are selling it for `40-50 per kg. The government needs to regulate prices but that is not happening,” said Azadpur Mandi Vegetable Traders Association president SK Kohli.

Business Standard

Friday, Sep 17, 2010

Cardamom prices fall below Rs 1,000 a kg

George Joseph / Kochi September 17, 2010, 0:35 IST

For the first time since January, the average price of cardamom fell below Rs 1,000 level to Rs 950-970 a kg. A sharp increase in arrivals at various auction centers in Kerala and Tamil Nadu, coupled with strong selling pressure, caused such a steep decline.

In January, the average cardamom price was Rs 1,016 a kg, according to the Spices Board data. Prices went up to Rs 1,513 in June, with the best quality cardamom quoting at Rs 1,750 a kg then. The sudden decline in domestic prices triggered panic selling by the grower fraternity in Idukki district of Kerala. Growers said they had no option but to sell the produce at the prevailing price, as further correction was expected.

Since the harvesting season is at its peak at present, crop arrival at the auction centers is also at the highest levels, and hence, the price depreciation. Market sources told Business Standard that such a decline was never expected, as production had been stagnant for the last two-three years. But, since the local demand for the spice was on a rise, the market expected the average price to be above Rs 1,000 a kg. Cardamom growers want the the Spices Board to come to rescue and announce a floor price for the commodity.

Meanwhile, heavy rain in most of the plantation areas has damaged a lot of crop, which is likely to impact production in the coming months. Fungus infection is also widespread in areas like Vandanmedu, Anavilasam,Udumbanchola and Kattappana. Leading planters said the production would drop around 15 per cent this season. The average cardamom production in India is 13,500 tonnes a year.

Maharashtra expects record cane output, surpassing previous high of 2006-07

Sanjay Jog / Mumbai September 17, 2010, 0:15 IST

Maharashtra’s cane availability and sugar production estimates are showing upward revision, thanks to 122 per cent more than the average rainfall in August and September in the major sugarcane catchment area. However, due to excess rain, the start of the crushing season is likely to be delayed by two weeks, till mid-October.

According to the revised estimate by the state government and Federation of Cooperative Sugar Factories in Maharashtra, 82.5 million tonnes of cane would be crushed, against the original estimate of 75 mt. Similarly, the state would produce 9.5 mt of sugar against 8.6 mt estimated earlier. The largest until now was in 2006-07, when the state had crushed 79.8 mt cane to produce 9.1 mt sugar.

In line with Maharashtra, industry sources said there are similar reports of extended rainfall and better cane health in UP, Karnataka, TN, Gujarat and AP. The present estimate of national production at 23 mt is bound to increase to 25-26 mt, much more than the country needs for domestic consumption.

Prakash Naiknavare, managing director of the Federation of Cooperative Sugar Factories in Maharashtra, told Business Standard, “The prolonged monsoon has drenched the fields, thereby making these unsuitable for manual operations of cutting and harvesting. As a result, the cane will continue to stand in the fields for a longer period, gaining more weight and accumulating more sugar. Thus the delay is a blessing for farmers, as his weight based payment will be higher while the industry will get the advantage of improved recovery.”

However, Naiknavare said unless the Centre allows exports in time, this additional production is bound to pressurise sugar prices, which are already below the production cost (ex-mill realisation is Rs 2,450 per quintal against the average production cost of Rs 2,700 per qtl). Currently, sale of each quintal of sugar is resulting in a cash loss of Rs 250.

At present, the Centre is cautiously proceeding in allowing exports. As a first step, it has permitted earlier export obligations to be completed. However, industry sources argued that general exports need to be allowed. The prices, they say, are attractive.

A Mumbai-based analyst, who did not want to be named, said: “India is geographically located to cater to the requirement of Pakistan, Sri Lanka, Bangladesh and Nepal on white sugar, while raw sugar can go to China and Russia at these attractive prices.

The more the quantity that goes out, it will reduce the pressure on domestic sugar prices, thereby helping the cane price to remain stable. This will result in the cane area not drastically going down (next season).”

Food ministry asks FMC to extend ban on sugar futures

Anindita Dey / Mumbai September 17, 2010, 0:11 IST

Asks the regulator to wait till end of festive season to prevent price speculation.

The ministry of food and pubic distribution system has proposed to the Forward Markets Commission (FMC) to extend the ban on trading of sugar futures till the festive season is over.

Officials said recommendations have been sent to the regulator to prevent any scope of speculation in the sugar prices at a time when prices of all commodities on an average are ruling high. However they said a final decision on the issue will be taken only by FMC.

The ban on sugar futures will end on September 30. Currently, it is under review, they said. FMC had banned sugar futures trading in May 2009. Reportedly, it favours the ban to be annulled and trading in sugar futures to start from October 2010.

The ministry is of the view that sugar is an essential commodity and the demand is going to increase in the ensuing festive months.

“Now, food prices are consistently high and full estimate of the harvest (in kharif crops) will be assessed only when rain is over. Distribution to the below poverty line and facilitating availability of the sugar to the mass consumer at an easy price is the priority. Therefore, it is not a appropriate time to start trading," official sources said.

They further added that even if the demand and supply of the commodity is not a problem, starting the futures trading after almost a one year lull may initially destabilise the market which in turn will have impact on the prices," said official sources.

Prior to this, the food ministry, in order to ease supply of sugar in the market, had decided not to extend the deadline for sale of non-levy quota of September for sugar.

The ministry, on August 31, announced release of 1.9 million tonnes (228,000 tonnes of levy and 1.672 million tonnes of non-levy) for September.

Following this decision, sale of non-levy quota (free) sugar for September has to be completed before the end of the month.

The ministry had extended the deadline for sale of non-levy quota of sugar for August till September as lower price of the sweetener had restrained mills to release the commodity.

The government has been following a policy of partial control and dual pricing for sugar under which, a certain percentage of sugar produced by factories is stipulated by the government as compulsory levy at a price fixed by the government in every sugar season for distribution in the Public Distribution System (PDS). The non-levy, (free sale) sugar is allowed to be sold according to the quantity released by the government under the free sale sugar release mechanism.

The government has also taken steps for decontrol. Accordingly, the compulsory levy obligation of the sugar factories has been gradually reduced from 40 per cent to 30 per cent from January 1, 2000. With effect from February 1, 2001, the compulsory levy obligation has been further reduced to 15 per cent and the levy obligation now stands at 10 per cent of the production from. March 1, 2002.

Textile trade works to defer cotton export to cut prices

Komal Amit Gera / Chandigarh September 17, 2010, 0:34 IST

The postponement of registration for exports of cotton (now October 1) has helped to arrest its prices. These have dropped to Rs 3,700 per maund (37.324 kg) from Rs 4,000 per maund after the announcement.

A meeting of the Union ministries of commerce, agriculture and textiles scheduled for September 14 to address the issue of whether exports should be deferred till December due to a delayed harvest has been postponed to September 27.

Textile mill associations across India have been working hard to persuade policymakers to restrict the export. India has a carryover stock of four million bales (a bale is 170 kg) this year as compared to 7.1 million bales at this time last year.

Millers are halting production at many places due to supply constraints and unviable prices. The lesser opening stock, coupled with late arrivals as a result of late withdrawal of monsoon in Punjab, Haryana, Gujarat and Andhra Pradesh, has put textile companies under a squeeze. The Cotton Advisory Council's estimate of the cotton crop this year is 32.5 million bales. The anticipated domestic demand is 26.6 million bales. Insiders in the trade said it was premature to give an estimate of crop, as the monsoon has not withdrawn yet in most parts. If rains discontinue, we may achieve the estimated target of crop. Authentic estimates can be drawn only after mid-October, when the harvest starts.

Irrespective of the crop yield, the prices are likely to remain firm and this curtails the role of state agencies which procure at the minimum support price. The Chairman and Managing Director of Cotton Corporation of India, S C Grover, said that contrary to 2008-09, when they had a lot to do, he expects minimum intervention by CCI, as the prices are likely to remain higher than MSP.

THE HINDU Business Line

Business Daily from THE HINDU group of publications

Friday, September 17, 2010

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091751101600.htm

---

Back **Food inflation surges 15.10%**

Data based on new base year, amended basket of items.

During the latest reported week, the primary articles index was up 16.22 per cent on a year-on-year basis. It rose 15.40 per cent in the previous week.

Our Bureau

New Delhi, Sept. 16

Food inflation, based on the annual Wholesale Price Index, rose 15.10 per cent while the fuel price index climbed 11.48 per cent during the week ended September 4, under a new series with different base year, constituents and weights, the Government data on Thursday showed.

In the preceding week, food inflation as measured by the old series with 1993-94 as base year, was recorded at 11.47 per cent on a year-on-year basis, while fuel inflation was at an annual 12.71 per cent.

These figures are not comparable with the latest data release due to the change in the base year and use of an amended basket of items.

During the latest reported week, the primary articles index was up 16.22 per cent on a year-on-year basis. It rose 15.40 per cent in the previous week.

On a sequential basis, the Primary Articles group index rose by 0.2 per cent during the latest week as the index for ‘Food Articles' group rose by 0.3 per cent due to higher prices of fish-inland (3 per cent) and fruits and vegetables, urad and condiments and spices (1 per cent each).

However, the prices of arhar (5 per cent) and maize, barley and moong (1 per cent each) declined.

The index for ‘Non-Food Articles' group rose by 0.1 per cent due to higher prices of raw silk (13 per cent), raw rubber (3 per cent) and copra (2 per cent).

However, the prices of rape and mustard seed (4 per cent), gingelly seed (sesamum) (2 per cent) and castor seed and fodder (1 per cent each) declined.

Fuel index

On a sequential basis, the Fuel index declined by 0.4 per cent due to lower prices of aviation turbine fuel (5 per cent) and naphtha, bitumen and furnace oil (2 per cent each). However, the price of light diesel oil (1 per cent) moved up.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091751471800.htm

---

Back **Govt okays modified farm insurance scheme**

Private insurers will be allowed to participate.

Our Bureau

New Delhi, Sept 16

The Government on Thursday approved the Modified National Agricultural Insurance Scheme (MNAIS).

Significantly, private sector insurers with adequate infrastructure and experience will also be allowed in the implementation of MNAIS.

"With the introduction of the modified scheme, it is expected that an increased number of farmers will be able to manage risk in agriculture production in a better way and will succeed in stabilising farm income particularly at times of crop failure on account of natural calamities," an official statement said.

Central sector scheme

The Cabinet Committee on Economic Affairs gave its approval for making budgetary provisions of Rs 358 crore for the MNAIS for 2010-11 and 2011-12.

The scheme will be implemented as a Central Sector Scheme on a pilot basis in 50 districts in last two years of 11th Five- Year Plan starting from the rabi season of 2010-11, the statement said.

Keeping in view the risks in agriculture production, the Agriculture Ministry has been implementing the National Agricultural Insurance Scheme (NAIS) as a Central Sector Scheme since rabi season 1999-2000 to insure the farming community against these risks.

It was reviewed after many deficiencies in the scheme were identified during its implementation.

The MNAIS has been formulated, incorporating the necessary modifications in consultation with States to remove the deficiencies and make it more comprehensive and farmer-friendly.

Terms of the scheme

In the MNAIS, actuarial premiums will be paid for insuring the crops and hence the claims liability would be on the insurer.

The unit area of insurance for major crops will be the village panchayat.

Besides, the indemnity amount shall be payable for prevented sowing/planting risk and for post-harvest losses due to cyclone.According to MNAIS, ‘on account payment' up to 25 per cent of likely claims would be released as advance to provide immediate relief to farmers.There will be uniform seasonality discipline for loanee and non-loanee farmers.

It also has a more proficient basis for calculation of threshold yield and minimum indemnity level of 70 per cent instead of 60 per cent.MNAIS with improved features will have two components — compulsory and voluntary.Loanee farmers will be insured under ‘compulsory category' while non-loanee farmers will be insured under ‘voluntary category.'

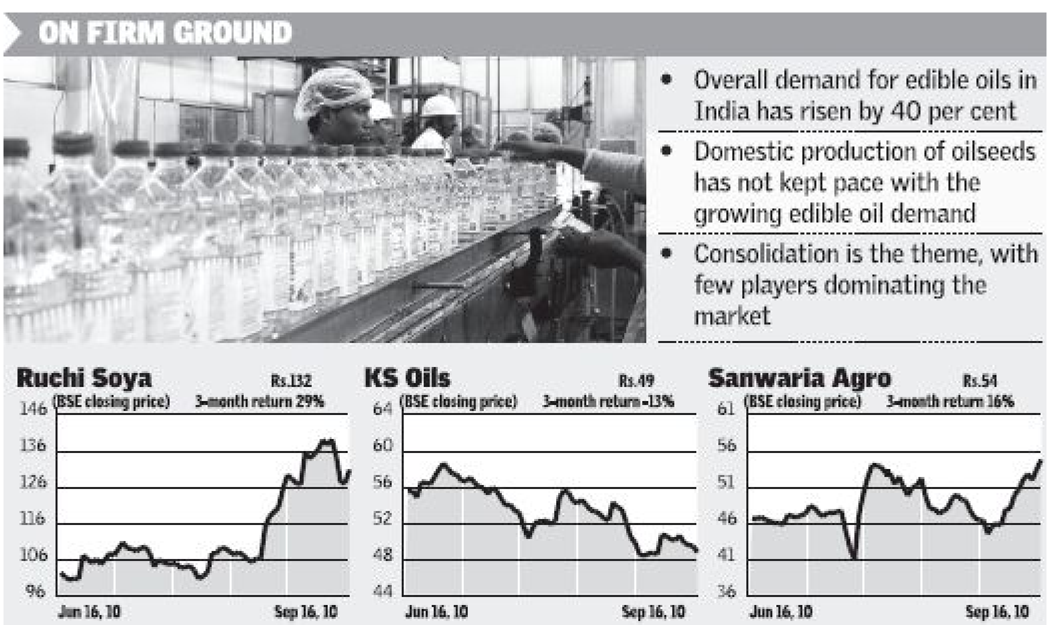
Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091751811000.htm

---

Back

Edible oil cos warming up ahead of festival season

Commodity Corner.



Suresh P. Iyengar

Mumbai, Sept. 16

With the festival season round the corner, companies such as KS Oils, Ruchi Soya Industries, Sanwaria Agro that produce edible oil are likely to see higher business activity.

While the stock of KS Oils declined in the last one month, the other two stocks gained 25 per cent and 14 per cent respectively.

The industry perennially depends on imports as domestic production is pegged at about eight million tonnes against the demand of 16 million tonnes.

Most of the Indian companies import unrefined edible oil as the Government charges higher duty for refined ones.

The sharp jump in import in August underscores the industry's anticipation of a surge in demand during the festival season.

The shift in consumer preference for branded edible oil in the last few years was clearly visible as they turned more quality- and health- conscious.

The development of the retail sector, backed by rising income levels, has provided an opportunity to the branded players to sell packs in smaller quantities, especially in the urban markets.

The branded segment has been growing at 20 per cent annually with sunflower and soya oils leading the pack.

Non-packaged oils account for nearly 50 per cent of consumption. The edible oil industry is expected to grow 6 per cent annually over the next five years.

India relies heavily on imports to meet over 50 per cent of domestic edible oil requirements.

Through the years, domestic production of oilseeds has not kept pace with the growing oil demand.

Vegetable oil imports hit a new record of 1.06 million tonnes in August compared with 650,603 tonnes in the same period last year, registering a rise of 64 per cent.

The country imported 1,000,942 tonnes (612,898 tonnes) of edible oils and 64,699 tonnes (37,705 tonnes) of non-edible oils.

The low inventory, coupled with expectation of festive demand, boosted imports.

The recent financial crisis followed by poor harvests and cut in import duties on edible oil, had seen many small-scale solvent extractors and refiners either shutting shop or selling out to larger players. The number of solvent extractors has fallen from 766 to 711 and refiners from 800 to 600 since 2005.

Consolidation

The consolidation trend may continue as larger players have key advantages such as ability to take on price war, access to cheaper credit, market reach, lower production cost and the possibility of backward integration.

Larger players are more likely to achieve positive crushing margins, even if the price of oils and meals correct severely, according to industry experts..

The per capita consumption of vegetable oils in India has been on the rise in the last few years and touched 13 kg this year against 10 kg in 2001.

The scope for edible oil companies looks bright as the per capita consumption still lags significantly below the world average of 22 kg a year. It compared poorly with that of other developing countries such as China and Pakistan at 20 kg a year.Overall demand for edible oils in India has risen by 40 per cent to about 15.6 million tonne an annum, second only to China at 27 million tonnes.

Date:17/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/17/stories/2010091751201900.htm

---

Back **Karnataka plans grassroots network for farm sector**

Knowledge is power: A file photo of a farmer in Bolmandoddi village in Raichur.

Anil Urs

Hubli, Sept. 16

The Agriculture Department in Karnataka will get a State-wide area network (SWAN) for data collection at the grassroots level and for speedy dissemination of policy-related information.

The Department has roped in the National Informatics Centre (NIC) to develop the SWAN software at a cost of Rs 50 lakh.

SWAN will link about 745 Raitha Sampark Kendra (RSK) in 30 districts, 176 offices of the Department at taluk, district (joint director offices) and State levels, and the DATC to the Commissionerate, Secretariat and the Ministry.

‘Comprehensive'

Dr Baburao Mudabi, Karnataka Agriculture Commissioner, told Business Line, “This comprehensive network is being created for effective monitoring of agriculture-related issues/ policies up to the grassroots (farmers) level in real time.”

“The network will also help us gather information at the grassroots to facilitate formulation of policies at the secretariat and Ministry levels," he added.

Pilot basis

The Department plans to launch the network on a pilot basis in four RSKs in the revenue divisions of Belgaum, Mysore, Bangalore and Gulbarga, on Rajyotsava Day (November 1) this year.

"At the end of two months of trials, we plan to scale up to cover 745 RSKs, 176 offices of the Agriculture Department at all levels — taluk, district and State," said Dr Mudabi.

BOT project

"For implementation of SWAN, the State Government is planning to rope in a private partner on Build Operate and Transfer (BOT) basis. The cost of the project will be known when we float the Request for Proposals (RFP) in January," he added.

For the smooth running of SWAN, the Government plans to provide the software to the private partner, which in turn is expected to bring in the hardware and manpower to operate, service and maintain the network.

"Karnataka believes in transparent and responsive administration. This all-comprehensive network will also be useful for effective coordination with other departments like horticulture, watershed, animal-husbandry and finance," said Dr Mudabi.

E-governance

The State Government has implemented several e-governance projects such as Mukya Vahini — a decision support system for the Chief Minister, and Bhoomi — computerisation of land records.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091752081700.htm

---

Back **Wheat gains as arrivals from U.P. peter out**

Our Correspondent

Karnal, Sept. 16

Low arrivals from Uttar Pradesh lifted the prices of the dara variety by Rs 50 a quintal from their lower levels and the variety was quoted at Rs 1,150-1,160 a quintal. Following the slack demand and bad weather the prices had dropped to the levels of Rs 1,100 a quintal at the start of this week, the lowest for the season. The fine variety was quoted at Rs 1,180 a quintal.

Mr Sewa Ram, a wheat trader, said there was no arrival from Uttar Pradesh on Wednesday and just around 100 quintals arrived on Thursday. Sudden drop in the prices of wheat is the prime reason for the low arrivals, he said.

Some recovery was also seen in the market of desi wheat varieties. Prices rose by Rs 20-30 a quintal. Tohfa variety ruled at Rs 2,180 a quintal; Lok-1 at Rs 1,800; Kitchen queen new marka around Rs 2,000; Parley-G variety at Rs 2,100 and the Nano at Rs 2,020-2,030 a quintal.

On the other hand, because of the heavy loss of fodder, Chokar prices witnessed a good rally and prices rose by Rs 40 for a 49-kg bag. On Thursday, Chokar prices ruled at Rs 540 (49-kg bag) while the 30-kg bag was at Rs 315.

Paddy prices drop

Only around 7,000 bags of early-variety paddy arrived at several mandis of Karnal district. Following the high moisture in the stock, prices of the Govinda early variety paddy broke its lower levels, dropped to the lowest of the season and was quoted at Rs 700-950 a quintal. Around 1,500 bags of Govinda variety arrived.

About 700 bags of High Bread PR arrived in the mandi and the variety was quoted at Rs 800-850 a quintal. Because of low quality, the prices were low.

According to a trader, heavy stock of PR was expected on Thursday but because of the previous day's rainfall the harvest work wasn't done because of which the arrival was low. The stock was lifted by the rice millers.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091751511800.htm

---

Back **Upasi exchange gets licence for e-auction of tea**

M.R. Subramani

Coonoor, Sept 16

A commodities exchange set up by the United Planters Association of Southern India (Upasi) has got the Tea Board's licence for holding electronic tea auction.

UCEL or Upasi Commodities Exchange Ltd, incorporated four years ago, is in the process of establishing the electronic platform and incorporating the core values of e-auctions, said Mr T.V. Alexander, the outgoing President of Upasi, during his address at the 117 {+t} {+h} annual conference of the association here.

According to Upasi officials, the Tea Board gave licence to UCEL to hold auctions earlier this year. The association has entrusted A.F. Ferguson, an arm of Deloitte, the job of giving a report on the pros and cons in holding the auctions.

“It will be conducting a study on how to go about (with regard to electronic auctions). In fact, it will go into the whole gamut of holding e-auction,” said an official.

UCEL was formed since Upasi as a charitable organisation cannot be involved in profit-generating activities.

Upasi is holding talks with various players in the industry to start the auction process.

Transparency

Mr Alexander said Upasi has been consistently supporting the e-auction initiative of the Tea Board since it is convinced that the electronic system will ensure a transparent auction platform.

“We have insisted that the e-auction should leverage the inherent advantages of the system possesses,” he said.

Currently, electronic tea auctions are conducted at Kolkata, Siliguri, Guwahati, Kochi, Coonoor and Coimbatore. Manufacturers, warehouses, buyers and auctioneers have been provided access to various functionalities of the system.

According to Ms Roshni Sen, Deputy Chairperson, Tea Board, the board is bearing the costs for holding the electronic auctions. It will bear the expenses till next year after which the industry will have to foot the costs, she said.

Futures

UCEL was set up initially to hold tea futures. But grading of teas led to problems and therefore, there is no plan “as of now” for futures.

“In view of the grading problems, we wanted to get into indexing. It was not allowed then. But now indexing is allowed. We will have to see how we can go about it,” said an Upasi official.

Besides tea, UCEL can trade in other commodities too. The e-auction centre is likely to come up either at Coonoor or Coimbatore.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091752091700.htm

---

Back **Rains in North perk up egg prices**

Gayathri G

Chennai, Sept. 16

Poultry producers have reasons to cheer this week. The trade, which was battered by seasonal uncertainties, has received a boost from the Tamil Nadu Government's announcement of increasing egg supply under the noon-meal scheme from the present three a week to five.

Added to this is the incessant rains in the North that have pushed the egg prices up.

Accordingly, Namakkal-based National Egg Coordination Committee has increased the prices to Rs 2.35 a piece today from last week's Rs 2.30. Prices are set to escalate further, say NECC sources.

Dr P. Selvaraj, Chairman, NECC Namakkal Zone, told Business Line, “All these factors (the State government's announcement and the rains in the North) will play a crucial role in demand and price scenario. The production last year was at 2.37 crore eggs a day and this year (till August) it is 2.57 crore. This surplus 20 lakh would be lapped up by the noon-meal centres. The prevailing weather in the northern parts of the country will push up the egg consumption and prices as well.”

NECC's layer rates for birds of 1.3 kg have increased from Rs 37 to Rs 40 while Palladam-based Broiler Coordination Committee has slashed the rates of cull birds to Rs 56/kg from last week's Rs 62.

Namakkal and Palladam are the hubs of poultry and broiler trade respectively and the prices prevailing there are considered the benchmarks for the country.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091751491800.htm

---

Back **Options may boost sagging investor interest**

Our Bureau

Mumbai, Sept 16

The Government decision to approve the FCRA Amendment Bill may boost the sagging investor confidence after a series of ban on futures trading in commodities such as sugar, rice, urad and tur. These commodities were banned to rein in the soaring prices.

Some of the commodities such as wheat, rubber, potato and soyoil which were reintroduced after a ban attract investor interest but uncertainty still lingers. Mr Lamon Rutten, MD & CEO, MCX, said the much-awaited development would strengthen India's position on the global commodity map and put it on par with China.

“It will permit many new products that will strongly support India's development. For instance, options which allow protection against price risk just by paying an insurance-like premium and products that can provide protection against risks related to, for example, rainfall or freight costs. We are in complete readiness to start offering these products after necessary approvals,” he added.

Mr Sanjay Chandel, CEO, Indian Commodity Exchange, said, once the Bill is passed and enacted by Parliament, FMC as a regulator will get autonomy, and thus, the power to effectively regulate the market. Introduction of new intangible products such as indices, options trading, weather derivatives along with structured products through PMS (portfolio management services) will boost the confidence of existing market participants. “It's a very positive development as big players like banks, FIIs and MFs may be allowed to participate in the commodity futures market now, taking markets to the global standard.

suresh@thehindu.co.in

ICEX is in the process of scaling up infrastructure to meet the needs of these potential players," he said.

Mr Badruddin, Senior Research Analyst, Angel Commodities, said the market may witness the re-launch of trading in banned commodities in the next couple of months. "Commodity markets will add new clients as existing players in equity might shift some of their investible surplus to commodities," he added.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091752121700.htm

---

Back **Arabica near 13-year peak; cocoa up a tad**

Reuters

London, Sept 16

Arabica futures firmed and were within sight of a 13-year top on Thursday.

ICE cocoa rose but upside was limited by favourable prospects for crops in West Africa, the world's premier cocoa growing region.

The strengthening of the dollar after yen intervention by the Bank of Japan, sparked a sell-off in soft commodity futures on Wednesday, including raw sugar which had rallied over 12 per cent to almost 25 cents a lb in the previous four sessions.

Arabica futures firmed in slim volumes, but traders said a test of the psychological $2 a lb mark was on the cards soon. ICE December arabica coffee futures were up 0.03 per cent at $1.942 a lb, within sight of a 13-year peak of 1.9865 cents touched on September 8.

Liffe November robusta coffee was up 2 per cent at $1,663 a tonne .

“The coffee target is 200 cents, maybe 210, but it doesn't really make sense to go high – because soon we will have a big Brazilian crop,” a London-based coffee futures dealer said.

The trade continued to monitor arabica-robusta premium levels which stayed near multi-year highs. Cocoa futures rose in slim volumes bolstered by a softer dollar against a basket of currencies, after Liffe's September cocoa contract expired on Wednesday with a small delivery.

ICE cocoa prices traded above a 14-month low set earlier this week. NYSE Liffe reported on Thursday that 29,910 tonnes of cocoa were delivered against the September contract.

ICE December cocoa was up 1 per cent at $2,718 a tonne in moderate turnover of 2,337 lots.

Liffe December cocoa was 1.1 per cent higher at 1,874 pounds a tonne.

Date:17/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/17/stories/2010091752071700.htm

---

Back Sugar turns sweet on low inventory

Our Correspondent

Mumbai, Sept. 16

Sugar prices on Thursday bounced back after declining Rs 10 at the Vashi market in the morning session . In the evening, prices were quoted higher by Rs 5-10.

Local retail demand and buying by neighbouring States supported the sentiment. Arrivals and lifting in the markets were at nominal levels.

Mr Tokershi Dedhia, a wholesale trader, told Business Line that in the last two days, 5-6 rail rakes have been sold by Maharashtra mills. Most of the buying was from West Bengal .

More than 1.50 lakh bags were sold by Pune, Baramati and Sangli mills in the price range of Rs 2,530-2,550 for the S-grade while M-grade was sold at Rs 2,570-2,630 a quintal. The neighbouring States of Gujarat and Madhya Pradesh also bought on Wednesday.

Sugar futures opposed

Meanwhile, the Mumbai Sugar Merchants Association, has opposed the Government's move to start futures trading in sugar.

In a letter to the Union Ministry, the Association has argued that, “On the basis of our experience for the last eight years of the operations conducted on the Futures Exchanges in sugar, we would make bold to state that none of the avowed objectives — such as price discovery, hedge and arbitrage facilities, farmers guidance, etc — of permitting futures trading in that commodity are being fulfilled by these operations.” According to the Association, spot rate for S-grade was Rs 2,628-2,680 (Rs 2,630-2,680) and M-grade was Rs 2,660-2,760 (Rs 2,675-2,771).

Naka delivery rates for S-grade was Rs 2,600-2,620 (Rs 2,600-2,640) and M-grade was Rs 2,640-2,690 (Rs 2,650-2,710).

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091752111700.htm

---

Back **Better offtake boosts chana**

Our Correspondent

Indore, Sept. 16

Chana prices that were down to Rs 2,100 a quintal on Wednesday on account of stock selling and better crop prospects for kharif pulses, made a recovery on Thursday with spot prices quoted at Rs 2,120 a quintal, up Rs 20.

With the weather clearing up, chana saw reasonable purchasing both in spot and future, pushing up prices in both by Rs 20 at the close of trading.

Chana prices had touched Rs 2,250 a quintal last month. Since then, they have witnessed a downtrend, with prices dipping to Rs 2,100 a quintal on Wednesday. The decline in prices of other pulses due to fresh arrivals also had a spill-over effect on the chana market. Besides higher stocks , poor buying interest in the spot market is also keeping the market in the red, trade sources said.

In futures, chana rose by 0.76 per cent. Chana September and October futures closed at Rs 2,110 and Rs 2,197 respectively on the NCDEX. The local mandi received 742 bags of desi chana and its mandi rate was quoted at Rs 1,600-2,470 a quintal.

On the other hand, prices of dollar (kabuli) chana or chickpea remained steady because of increased arrivals and a lukewarm response in the export market. In the spot, dollar chana was quoted at Rs 4,500-Rs 4,800 a quintal.

In the spot, moong was quoted Rs 50-Rs 100 down at Rs 3,600-Rs 3,700 a quintal. Urad and masur remained steady at Rs 4,500-Rs 5,000 and Rs 3,425 a quintal.

Date:17/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/17/stories/2010091752101700.htm

---

Back **Cotton stable at Rs 39,000/candy**

Our Correspondent

Rajkot, Sept. 16

Cotton prices are seen stable at Rs 38,500-39,000/candy level in Gujarat as mills continue to buy for stock. Forward trading also supported this price level.

In Gujarat, Sankar-6 traded at Rs 39,000/candy (1 candy = 356 kg).

Price at Manavadar mandi of Saurashtra region was Rs 38,500/candy.

In Maharashtra, cotton traded at Rs 38,000/ candy. Raw cotton price at Rajkot was Rs 750-917/20 kg.

Delayed season

According to traders, the price will not come down in the present condition as the new season has been delayed and some damage to the crop is feared in Gujarat and Punjab due to excess rain .

Also, quality is one of the factors that is not allowing the price to come down.

Textile mills are worried there may not be enough cotton to meet demand and that tight supplies will raise domestic prices as world cotton prices soar to 15-year peaks.

In August, the Government estimated the domestic crop at a record 32.5 million bales (1 bale = 170-kg) for 2010-11, though the textile industry expects the output to be lower.

Wet weather

Cotton fields have been hit by wet weather, which has delayed the harvest and could lead to quality issues if the fibre gets soaked.

Recent dry, clear conditions, however, may alleviate these concerns and speed up the start of harvest, traders say.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091750311900.htm

---

Back **Pepper futures steady with marginal decline**

G K Nair

Kochi, Sept. 16

Pepper futures closed nearly steady with a marginal decline in all the contracts.

Investors were ready to buy exchange delivered pepper at September trading price, and then proposed to sell October. Weak long position holders, under pressure from bear operators liquidated, while some of the investors switched over.

There was no selling pressure on the spot, as physical pepper was not available.

Unusual rains in North India slowed down upcountry demand, which used to pick up from mid-August. Since the weather showed signs of improvement there, domestic demand is expected to go up in the coming days.

According to growers, the domestic market is so strong that it can sustain prices at the current levels, provided materials imported for value-addition and re-export are not pumped into the internal market using the long rope available to them. They added that the time given for value-addition and re-export should be reduced to 60 days.

“Those who sold the imported material on the domestic market are pulling down prices so as to cover for their export commitments,” growers said. “In fact, these people are depriving us of good prices,” they added.

On the spot, some small quantity of farm-grade pepper from the plains was traded at Rs 195 a kg. However, high-range pepper was quoted at Rs 200 a kg.

September contract on NCDEX declined by Rs 22 a kg to close at Rs 19,812 a quintal.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091751461800.htm

---

Back **Worth the price**

— P. V. Sivakumar

Drink your fill: Large tender coconuts from Ravulapalem in East Godavari district of Andhra Pradesh being unloaded on the outskirts of Hyderabad. They are priced a shade higher, selling at Rs 1,200 for hundred coconuts, but buyers are not complaining considering the quantity of coconut water. This variety also comes to the city from Bangalore, according to traders.

Date:17/09/2010 URL: http://www.thehindubusinessline.com/2010/09/17/stories/2010091751411800.htm

---

Back **Global tea supplies up 13%**

P.S. Sundar

Coonoor, Sept 16

Global tea supplies have increased by 13.24 per cent due to higher production in almost all producing countries.

An analysis of the information available with the Tea Board and various trading organisations shows that production in different countries during the latest period ending July totalled 1,035.45 million kg (mkg) against 914.4 mkg in the corresponding period of last calendar. The bulk of the increase of 76.62 mkg has happened in Kenya, where the production in the first seven months has peaked to 237.41 mkg. Since Kenya exports 94 per cent of its tea, its supplies to world market has increased significantly. Holding about

22 per cent share of global tea exports, Kenya is the world's largest tea exporter. Most of its teas belong to CTC category. The second highest increase of 37 mkg has come from Sri Lanka, where the production has risen to 195.1 mkg. Sri Lanka is world's second largest producer but exports about 96 per cent of its tea, accounting for about 19 per cent of global exports. Most of its tea belongs to orthodox category.