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‘Inflation may come down to 5.5 % by March'

Any level of inflation beyond 5 % is uncomfortable, says Rangarajan

C. Rangarajan

CHANDIGARH: Inflation is expected to come down to 5.5 per cent by March 2011, Prime Minister's Economic Advisory Council Chairman C. Rangarajan said on Monday.

Besides, the PM panel sees a GDP growth rate between 8.5 per cent-9 per cent in the current fiscal.

“I think by March (2011), we can expect (WPI) inflation to come down to 5.5 per cent,” Dr.

Rangarajan said on the sidelines of the 93rd annual conference of Indian Economic Association here.

“I think any level of inflation beyond 5 per cent (threshold level of inflation) is uncomfortable,” he said.

The wholesale price index-based inflation stood at 7.48 per cent in November against 8.58 per cent in October while food inflation shot up to 12.13 per cent for the week ended December 11.

Asked about the possibility of hardening of interest rate in January in the wake of double-digit food inflation, Dr. Rangarajan said it would depend on how inflation behaved in the coming weeks.

“It (rate hike) all depends on how overall inflation behave in the coming weeks ... I think if there is further fall in WPI inflation then monetary policy would remain as it is now ... they (RBI) have not made any change in policy rate ... we need to watch the behaviour of overall inflation before monetary authorities can take any decision,” he said while asserting that there was a possibility of moderation in inflation even though food inflation had risen.

Asked about the gross domestic product (GDP) growth, Dr. Rangarajan said against the forecast of 8.5 per cent, the country could achieve higher growth. “We had forecast a GDP of 8.5 per cent we will achieve 8.5 per cent ... perhaps we will do better than that ... I expect the growth rate between 8.5 per cent and 9 per cent,” he said.

Asked about when liquidity situation would ease, he said that liquidity situation would improve in the last quarter of the current fiscal on the back of increase in public expenditure and RBI's recent measures.

“The RBI has already taken some measures to ease liquidity ... to some extent liquidity was strained because of payment of taxes ... I think liquidity situation will considerably improve in the last quarter of this fiscal when public expenditure rises with measures taken by RBI,” he said.

The RBI had kept the repo and reverse repo rates unchanged and reduced statutory liquidity ratio (SLR) from 25 per cent to 24 per cent in last mid-quarter review of policy.

Dr. Rangarajan said though the economy had the potential to grow at 9 per cent, there were two areas of concerns which needed to be looked at.

“Looking at constraints on growth, there are two sectors which must be focussed on first is agriculture and the second is infrastructure, particularly power,” he said.

“Agriculture growth is important from the point of view of reducing poverty and for a more balanced regional development and for food security. In the field of infrastructure, power generation is important and we need to add capacities of sufficient order to enable economy to grow at 9 per cent,” he said.

The economy would become middle income country by 2020, Dr. Rangarajan added.

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17,368 farm suicides in 2009

P. Sainath

Worst figure in six years

Total number of farm suicides since 1997 is 2,16,500

The share of Big 5 States remains very high at 10,765

MUMBAI: At least 17,368 Indian farmers killed themselves in 2009, the worst figure for farm suicides in six years, according to data of the National Crime Records Bureau (NCRB). This is an increase of 1,172 over the 2008 count of 16,196. It brings the total farm suicides since 1997 to 2,16,500. The share of the Big 5 States, or 'suicide belt' — Maharashtra, Karnataka, Andhra Pradesh, Madhya Pradesh and Chhattisgarh — in 2009 remained very high at 10,765, or around 62 per cent of the total, though falling nearly five percentage points from 2008. Maharashtra remained the worst State for farm suicides for the tenth successive year, reporting 2,872. Though that is a fall of 930, it is still 590 more than in Karnataka, second worst, which logged 2,282 farm suicides.

Economist K. Nagaraj, author of the biggest study on Indian farm suicides, says, "That these numbers are rising even as the farmer population shrinks, confirms the agrarian crisis is still burning."

Maharashtra has logged 44,276 farm suicides since 1997, over a fifth of the total 2,16,500. Within the Big 5, Karnataka saw the highest increase of 545 in 2009. Andhra Pradesh recorded 2,414 farm suicides — 309 more than in 2008. Madhya Pradesh (1,395) and Chhattisgarh (1,802) saw smaller increases of 16 and 29. Outside the Big 5, Tamil Nadu doubled its tally with 1,060, against 512 in 2008. In all, 18 of 28 States reported higher farm suicide numbers in 2009. Some, like Jammu and Kashmir or Uttarakhand, saw a negligible rise. Rajasthan, Kerala and Jharkhand saw increases of 55, 76 and 93. Assam and West Bengal saw higher rises of 144 and 295. NCRB farm data now exist for 13 years. In the first seven, 1997-2003, there were 1,13,872 farm suicides, an average of 16,267 a year. In the next six years 1,02,628 farmers took their lives at an average of 17,105 a year. This means, on average, around 47 farmers — or almost one every 30 minutes — killed themselves each day between 2004 and 2009.

Lower their average

Among the major States, only a few including Karnataka, Kerala and West Bengal avoided the sharp rise these six years and lowered their average by over 350 compared to the 1997-2003 period. In the same period, the annual average of farm suicides in the Big 5 States as a whole was more than 1,650 higher than it was in 1997-2003.

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NABARD delaying talks on panel report: Sudhakaran

Special Correspondent

Says the bank has also stopped refinancing farm loans

Says no NABARD official has visited his office in a year

Criticises Milma for deposits in a private bank

G. Sudhakaran says NABARD's attitude will only aggravate the crisis in the agriculture sector of Kerala.

Thiruvananthapuram: Cooperation Minister G. Sudhakaran said here on Monday that the National Bank for Agriculture and Rural Development (NABARD) had not been taking the initiative to hold discussions on implementing the Vaidyanathan committee report on cooperative sector reforms and had stopped refinancing farm loans in the sector.

The Minister also criticised Milma as the milk cooperative's Alappuzha Poonkunnam unit had been depositing its monthly revenue of Rs.3 crore in a private bank instead of any cooperative bank.

Pranab's directive

At a press conference, Mr. Sudhakaran said NABARD had not bothered to hold the discussions despite a directive by Union Finance Minister Pranab Mukherjee to do so.

“The Union Finance Minister's approach was very good, but nothing has come out of it. During the past one year, no official from NABARD had visited my office. How can they, without a clear cut stand on this issue,” he said.

Farm crisis

The bank's attitude towards the State's farm sector would only aggravate the crisis it had been in. But the Cooperation Department went ahead with its farm loan programme, sustaining huge losses.

The Minister said Milma's action, which had been going on for the past six months, was in gross violation of the audit norms.

“The Cooperation Department conducts the audits in Milma and cannot be a silent spectator to this violation,” he said.

He had brought the issue to the notice of Food and Civil Supplies Minister C. Divakaran, who holds charge of Dairy Development.

Mr. Sudhakaran said his department's deposit mobilisation drive from November 1 to December 15 had yielded Rs.3,556.23 crore as against the target of Rs.2,500 crore. With this, the total deposits in the cooperative sector went up to Rs.65,666.94 crore from Rs. 62,112.71 crore. He hoped that deposits would peak at Rs.70,000 crore by March.

Loan recovery scheme

He said the State government had formulated a scheme for recovery of loan arrears as part of its attempt to reduce the non-performing assets of the cooperatives without resorting to court action as far as possible.

For loans up to Rs.5 lakh, penal interest and notice and other charges would be waived.

Some of the loans had been taken at higher interest rates. These would be settled at the existing or the current rates whichever was lower, along with a 10 per cent establishment charge on the interest amount.

In the case of loans between Rs.5 lakh and Rs.10 lakh, an establishment charge of 15 per cent would be recovered, along with the capital and the interest.

For loans above Rs.10 lakh, a committee comprising the Minister and the Registrar of Cooperatives would carry out an examination.

These loans would be eligible for concessions offered under the scheme. The director boards of the agriculture and the rural development banks and the housing cooperatives would formulate separate schemes to settle bad loans.

He said a major achievement of his department was the revaluation of gold loans of Rs.8,780 crore.

Action would be taken against officials who had accepted fake ornaments as security for gold loans.

The department had also detected irregularities in charging higher interest rates for deposits and loans.

The higher amounts would be returned to the cooperative society members who had taken the loans.

Criminal action

He said the Cooperative Department would take criminal action against the officials, the members and the presiding officers of 80 cooperatives which had defaulted on repayments.

He said 37 credit societies, which had 51,995 deposits, could not return deposits of Rs.26.85 crore, while in the case of 43 non-credit societies, the arrear was Rs.17.84 crore spread over 7,400 deposits.

The report seeking criminal action against erring officials would be submitted to the Director-General of Police before January, he said.

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Quality given the go-by at government onion outlets

Gargi Parsai

Central agencies to sell it through their outlets at Rs. 35 a kg

— Photo: Ranjeet Kumar

A recent protest against the high prices of onions organised by the Krantikari Communist Vichar Manch in Patna.

NEW DELHI: With fresh arrivals of onions from Gujarat, Rajasthan and Maharashtra, Central agencies on Monday announced their decision to sell them through their outlets at Rs. 35 a kg, setting it as a benchmark price. The variety, however, was poor in quality and low in quantity.

In the retail open market and retail chains, onion prices remained around Rs. 50 a kg, garlic price was unchanged between Rs. 250 and Rs. 280 a kg, while tomato sold at Rs. 36-40 a kg, which consumers said was "unacceptably high."

While National Agriculture Produce Marketing Federation of India (NAFED) outlets began selling onions from Monday at Rs. 35 a kg, Mother Dairy sold an inferior quality at Rs. 39

and a “packed” variety at Rs. 45 a kg.

The poor quality was attributed to the fact that some farmers in Gujarat have gone in for pre-mature harvest of the late kharif crop, that should normally be done in early January. Arrival of onions from Gujarat improved supplies, but the poor quality hit sales.

According to Azadpur mandi dealers here, lured by the good price that onion was fetching at this time of shortages, some of the farmers had harvested the crop about 20 days in advance. “Either there will be shortages in February as the next rabi crop will come only in April or the government will have to import to augment availability,” sources told The Hindu.

Inquiries from Azadpur mandi, the biggest wholesale distribution centre for fruits and vegetables in Asia, revealed that the pre-mature onions normally fetch lower prices, but at the current price of Rs. 3,700 a quintal in the wholesale market, even the inferior quality was priced “higher than usual” between Rs. 1,200 and Rs. 2,000.

Wholesale dealers said the price of good quality onions appreciated on Monday after supply was hit due to the thick blanket of fog that engulfed parts of north India, affecting movement of trucks and trains. Also, the markets were closed on account of Christmas and Sunday.

According to official sources, 19,000 quintals of onions arrived in Nashik mandis at an average price of Rs. 3,200 a quintal. However, only 600 quintals arrived from Maharashtra to Azadpur compared to 6,000 quintals from Rajasthan and 1,200 from Gujarat.

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Pakistan asks India to keep up promise of cotton export

P. Sunderarajan

Pakistan faced with severe supply crunch of raw cotton due to floods

NEW DELHI: With Pakistan reeling from the after-effects of floods, its textile mill sector has appealed to India to honour the commitments for dispatching raw cotton, in letter and in spirit.

After floods devastated large tracts of farm land, cotton production in Pakistan was affected along with other major crops. In such a situation, Pakistani textile mills not only require the contracted amount of cotton from India, but a liberal gesture in the form of additional raw cotton as well.

Addressing a press conference here, All-Pakistan Textile Mills Association vice chairman Shahzad Ali Khan pointed out that India exported only one lakh bales out of the contracted quantity of 10 lakh bales. What the industry needed was not just the entire contracted amount, but an additional quantity. India had so far exported about 30 lakh bales of cotton to other countries and was in a position to assist the Pakistani textile industry.

Urging India to “help a neighbour,” Mr. Khan expressed the hope that the remaining quantity of nine lakh bales would be shipped at the earliest. Pakistan faces a severe supply crunch on the raw cotton front due to floods in parts of cotton growing areas in the country. Pakistan lost about 25 lakh bales of cotton and faces an overall deficit of 40 lakh bales.

The Pakistan Textile Mills Association, he said, had already submitted a request in this regard to the Indian High Commission in Islamabad. A similar plea has been lodged with the Pakistan High Commission with the hope that it would be followed up with the Indian industry and the government. Desperate for succour from India, the Pakistani textile industry has also taken up the issue with the cotton exporters in Mumbai.

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Jumbos return to damage crops near Hosur

R. Arivanantham

Hosur: A wild elephant herd raided agricultural crops again in a village near Hosur on Saturday night.

The jumbos numbering about 26, damaged millets, corn and tomatoes that were harvested and stored at Upparathammaranapalli village in the vicinity of the Sanamavu Reserve Forests in the Hosur Forest Division.

Sources said it was this herd that raided the tomato farm in Therveethi near Gamonthotti village a couple of days ago and was wandering in the surrounding villages near the Sanamavu Reserve Forests during the night time.

The herd also had the habit of coming out of the forests in the night and after damaging the crops in nearby villages, returned at the break of dawn.

The Forest Department officials were, for the past one-and-a-half months, working overtime as the parent herd, numbering about 200, had entered the reserve forests bordering Tamil Nadu via Jawalagiri forest from Bennergatta in Karnataka.

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Unstable prices of vegetables put consumers in soup

City Bureau

Koyambedu market receives half the normal supply of produce daily

— Photo: S. S. Kumar

Sore at trend: Soaring vegetable prices have forced residents to put a ceiling on everyday consumption.

CHENNAI: Onions and tomatoes have been out of the menu at many households in the city for several days now. The skyrocketing prices of the vegetables have pushed many to consider alternative ingredients.

The prices of many vegetables have been unstable from June this year owing to rains across the State and areas from where the city gets its supply.

For many customers, grocery constitutes a major chunk of their monthly budget. V.Sanjay, a resident of Ayanavaram, says: “I have cut down on my purchase of vegetables by half. Yet, I continue to pay double the amount than my usual purchase.”

Though the cost of onions, sold up to a whopping Rs.100 a kg until a few days ago, came down to Rs.45-50 in the wholesale market on Friday, it still continues to be out of the reach for several customers.

The hike in prices is anything but good news for cash-strapped customers such as M.Bharathi, who works as domestic help in Retteri.

“I am earning Rs.3,000 a month. I am already burdened with loan and house rent. With the cost of vegetables going beyond my reach, my two children and I are forced to eat kanji (rice porridge) for the past 10 days. I used to spend Rs.200 for a week's supply of vegetables," she says.

The Koyambedu market receives only half the normal supply of 400 lorries of produce daily. Even cabbage and brinjal priced at Rs.5 a kg and Rs.10 per kg about two months ago in the wholesale market are sold anywhere between Rs.15 and Rs.20 a kg, traders said.

They denied possibilities of hoarding of produce.

As Rajavelu, a hawker in Vadapalani, puts it, "the prices have given an illusion that we charge as much as supermarkets and big grocery shop do. So many of my customers for whom I deliver it at their doorstep now prefer going to supermarkets to check the prices and end up buying there. It has severely hit my business,"

While some fast food stalls with a broad customer base have increased the prices of dishes to strike a balance, for most roadside eatery owners, such a move would mean loss of customers. "Since the prices are fluctuating, we cannot increase the cost of food. Whatever we earn is spent on the vegetables," says Senthil Sekhar, who runs a roadside eatery.

Use of onion inevitable

According to K. Ajith Kumar, proprietor of Hotel Sri Jaya in Egmore, tomatoes could be substituted with tamarind but the use of onion is inevitable. "Initially, we bought the damp onions as it was cheaper. But as it decomposes fast, we have started using onions of good quality."

Several hotels have either reduced the quantity of onions and other vegetables in dishes or are substituting onions with cabbages. M. Ravi, honorary member of Tamil Nadu Hotels Association, said the hike in fuel and LPG prices has also affected business.

"We have taken removed such as 'onion dosa' and 'raitha' that need a large portion of onions and tomatoes from our menu for the past three days."

A decision regarding the changes in cost of dishes would be taken in January, he says.

Onions apart, the increasing cost of tomatoes, which is being sold at Rs.40 a kg in retail market, is also worrying residents and hoteliers.

Unseasonal rains

According to A.Sankaralingam, Special Officer TANFED, the unseasonal rains in Maharashtra and Karnataka, which are the main cultivators of onion, is one of the prime reasons for the soaring prices.

Backyard garderns

Backyard and kitchen gardens are now coming in handy for a few residents who have substituted ornamental plants with vegetables.

S.Hema, a resident of Adyar, says that vegetables such as tomatoes, lady's fingers, greens and chillies that she grows has helped her during such price hike. M.B.Nirmal, founder of Exnora International, suggests the option of terrace garden to tackle the price rise. "Even discarded materials could be used to grow plants. A thousand sq.ft. of space in terrace is sufficient to supply ten days requirement of vegetables for a five-member family," he adds.

(With inputs from K. Lakshmi, S. Aishwarya and Lavanya M.)

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Permanent measures sought to prevent flood-related damage

Special Correspondent

CPI leader Pandian says State government should seek Centre's help

TIRUPUR: The State government should work out permanent measures to prevent flood-related damage rather than resorting to temporary solutions, State secretary of the

Communist Party of India (CPI) D. Pandian said here on Monday.

“The State has witnessed damage caused by floods seven times since 1967. Six of these happened when the DMK [Dravida Munnetra Kazhagam] was in power,” he told reporters.

Mr. Pandian said that so far Rs.12,000 crore had been reportedly spent in de-silting and cleaning up of canals and Rs.20,000 crore distributed as flood relief. However, the State continued to suffer owing to floods.

It was time permanent damage-prevention measures were worked out. The Centre's help should be sought and an expert committee constituted to carry out this task.

He sought Rs.15,000 an acre as compensation for the crops lost to floods this year. Priority in allocating houses under the Kalaignar Housing Scheme should be given to those who had lost their houses in the floods.

Mr. Pandian alleged that the scheme for providing land to the landless poor remained on paper.

The CPI had written 18 times to the State government on the issue.

In Tirupur district, out of the 300 acres allotted so far, the CPI had restored 30 acres for the beneficiaries to use. He urged officials to join hands with the CPI in implementing the scheme.

The CPI was not opposed to quarrying of sand from riverbeds but only insisted that it should be done as per government guidelines and stringently monitored.

The party would hold its State committee meeting in Tirunelveli from January 20 to 22.

To be attended by national and State-level functionaries, the meeting would also discuss the forthcoming Assembly elections.

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Farmers told to expand area under coconut cultivation

Staff Reporter

Coconut Growers Welfare Board organises interactive session

'Growers should register with the Board to avail of subsidies provided by the State and Central governments'

KARUR: The areas under coconut cultivation in the State must be expanded and the growers should identify potential markets to fetch good revenue by resorting to value addition activities, said Coconut Growers Welfare Board Chairman S.Rajkumar Mandradiyar, here on Monday.

Participating in an interactive session on the welfare of coconut farmers organised by the board, he said the board was determined to relieve the growers of hardships.

A step in right direction

The State government was serious in addressing their concerns and the constitution of the board was a step in this direction.

Mr.Mandradiyar said focus was on introduction of latest techniques, popularising pest control measures, processing of coconut and insuring the crop.

Every grower should register with the board as a member to avail of subsidies provided by the State and Central governments.

Farmers in the region demanded a coconut procurement centre or a regulated market in Karur region.

Board member Raju said coconut growers had been suffering for the past 25 years and lack of proper sale price is one of the reasons.

Increasing costs

He said while the price of coconut has gone over the years, the farmers had to bear the increased cost of agricultural inputs.

As coconut has been reclassified under horticulture the board and the State government must ensure that free power was supplied continuously.

Another member Kandasamy pointed out that implementation of schemes does not help farmers everywhere.

Joint Director of Agriculture K. Jagadeesan and Deputy Director of Horticulture R. Kandasamy spoke.

While the session in Karur was arranged for the growers from Karur, Thanthoni, K. Paramathi and Aravakurichi blocks, another meeting was organised later at Kulithalai for those from Kulithalai, Krishnarayapuram, Thogamalai and Kadavur blocks.

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Sugar mill pays Rs. 1.50 cr. to cane farmers

Staff Reporter

It will pay Rs. 1,900 for every tonne of cane

Photo: K.Ganesan

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ASSURING: Collector C. Kamaraj handing over a cheque to a farmer for the sugarcane procured by the National Co-operative Sugar Mill at Alaganallur in Madurai on Monday.

MADURAI: In a bid to clear the doubts in the minds of cane farmers, the National Cooperative Sugar Mills at Alanganallur on Monday distributed Rs. 1.50 crore to ryots who supplied sugarcane to the mills.

Collector C. Kamaraj gave away cheques to 176 farmers for the 7,921 tonnes of cane crushed between December 15 and 22.

“The mill has adequate funds. This is to encourage the farmers, especially those who have not registered with the mills to register and supply cane to this mills,” told reporters.

Crushing at the cooperative mill began on January 16 with just 1.40 lakh tonnes of registered cane. “We are trying to register the cane grown in another 400 to 500 hectares,” Special Officer R. Nandagopal said.

On the doubts among farmers that distribution of money was inordinately delayed, the Special Officer had said on the day of commencement of crushing that money would be distributed within a week of cutting.

The mills would pay Rs. 1,900 for every tonne of cane excluding the transport charges.

Meanwhile, representatives of mill workers urged the Collector to meet some of their demands, including non-payment of salary to a majority worker when crushing was suspended in the mill few years back.

Even when workers of other Government and cooperative mills were on strike pressing for a charter of demands, the workers here abstained from the protest in the interest of the mills.

Besides promising to look into the issue, the Collector urged the workers to register the unregistered cane and try to increase the cane cultivation area to bring maximum sugarcane to the mill for its continuous operation.

"Otherwise we cannot have cannot operate the co-generation facility to its maximum capacity," Mr. Kamaraj told the workers.

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Rs.12 crore earmarked for crop damage relief

Staff Reporter

Tuticorin: To extend compensation for damage caused to crops following rain recently, the State Government has earmarked Rs.12 crore, according to Collector C.N. Maheswaran.

Compensation for crop damage would be extended through Primary Agriculture and Cooperative Banks at various locations here. Compensation of Rs.10, 000 per hectare of paddy, Rs.7, 500 per hectare of other irrigated crop and Rs.4, 000 per hectare for rainfed crops would be given to farmers who suffered damage.

Additionally, a sum of Rs.21 crore was sought to carry out relief works in the rain-ravaged areas. Restoration works were being taken up at the rain-affected areas to clear waterlogging at lowlying areas.

Briefing the media at the Collectorate here on Monday, Dr. Maheswaran said that a long-term strategy would be worked out by a team of engineering consultants to clear the waterlogging conditions.

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Price rise

It seems that the aam aadmi should prepare a list of items to avoid in his monthly provisions list. It will include onion, garlic and tomatoes for sure.

With their prices skyrocketing, the common man has no choice and nowhere to complain. Neither does the government seem to be in a mood to subsidise him in a crisis like this.

Ramnarayan Natarajan,Coimbatore

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It is not the steep rise in the price of onion alone that is worrying. The cost of vegetables in general has increased manifold in the recent months, making it difficult for even the middle class to buy them. The main reason is hoarding.

Now that a lot of cold storage units, established on subsidised loans, have come up, it has become easy for hoarders to store vegetables and wait for the market to starve before releasing the produce at substantially high prices.

A.G. Rajmohan,Anantapur

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High cotton prices weave woes for industry

Increase in consumption in China, poor harvests in Pakistan due to floods impact

NEW DELHI: High cotton prices spun out enough problems for the $62 billion textiles industry, but weaved gains for growers and traders in 2010.

Amidst pulls and pressures from the conflicting interests, a ministers' group under the guidance of Finance Minister Pranab Mukherjee kept reviewing the price and crop situation, with excessive winter rains playing spoilsport.

The textiles industry pulled out all stops to lobby with the textiles, commerce and finance ministries seeking a ban on cotton exports. But Agriculture Minister Sharad Pawar had a different take — hardening of cotton prices in the global market is a God-send opportunity for the farmers. Why not allow them to avail of it at least till February, Mr. Pawar argued.

Collective ministerial wisdom seems to have prevailed and a middle path was chosen to allow exports of up to 5.5 million bales.

Prices shot up in the international market because of the demand-supply imbalance, driven mainly by an increase in consumption in China and poor harvests in Pakistan due to floods.

The global trend was reflected in the local ‘kapas mandis' as well. The natural fibre has remained in short supply since April, but prices shot up by 90 per cent in the last five months. A cotton candy (356 kg each) was sold at an all-time high of Rs.45,000 in October in the domestic market, according to industry officials. The government intervened by way of capping cotton exports at 5.5 million bales and cotton yarn at 720 million kg. But it did not help cool prices.

The industry found everything wrong with the policy of allowing exports and the apparel units even downed shutters in protest on November 19.

However, it described the developments as good for farmers, many of whom have switched to the genetically modified Bt Cotton variety.

“The year was exceedingly good for farmers, whose production cost had already declined substantially because of the use of Bt Cotton seeds,” Confederation of Indian Textiles Industry (CITI) Director General D. K. Nair said.

Total textiles exports managed to grow by 11.5 per cent to $7.57 billion year-on-year during April-July 2010-11, supported by a pick-up in demand in Western markets, where the bulk of the consignments are shipped.

Exports contribute a little over one-third of the total revenue of the textiles industry. The Textiles Ministry had fixed a $25-billion target for 2010-11 against $22.41 billion in the last fiscal.

Garment exporters, who contribute about half of the total textiles exports, continued to face a demand slump. Apparel exports declined by an annualised 6 per cent to $5.75 billion between April and July. However, things seem to have been improving since August.

“In the first few months of the current fiscal, the trend was negative mainly due to less number of orders from our traditional markets. Although the rate of decline has reduced now, the demand is yet to pick up,” Apparel Export Promotion Council Chairman Premal Udani said.

Despite the problem of high raw material costs, total textiles production rose by 10 per cent to about 70,000 million sq. m. in 2010 as compared to the previous year.

As per the estimates of the Textiles Ministry, cotton production in 2010-11 is likely to be 325 lakh bales. But it remains to be seen whether production can reach this figure in the wake of excess winter rains in the key growing areas of Maharashtra and Gujarat.

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Compensation to rain-hit farmers before Pongal

Correspondent

Minister for Transport Botcha Satyanarayana holds review meet with officials

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9,000 BPL families to get rice from this month

Appeals to farmers not to commit suicide

VIZIANAGARAM: Minister for Transport Botcha Satyanarayana has said that compensation to 1.40 lakh small and marginal farmers whose crops were damaged by JAL cyclone would be paid compensation at the rate of Rs.4,500 per hectare for paddy, groundnut and cotton before Sankranti.

After a review meeting with officials at DRDA Conference Hall on Monday, Mr. Satyanarayana told a press conference that the crop damage on account of the cyclone in October/November was 16000 ha. The government had released Rs. 19.54 crores for disbursement to farmers in the form of cheques.

Due to subsequent rains during the first week of this month the final damage to all crops assessed was 36,291.6 ha. Of which paddy damaged was in 33,465 ha, cotton 697 ha, sugarcane 105ha, maize 581.2ha, black gram 1331.4 ha and groundnut 112 ha. Compensation for the crops damaged during this month was under process and the rate fixed was Rs.6,000 per ha for paddy, groundnut, cotton and sugarcane and for other crops Rs.3,750 per ha.

The government had also appealed to the Centre to increase the input subsidy.

He said that 33 mandals out of 34 mandals, except Gummalakshmipuram, were declared rain-hit.

Mr. Satyanarayana said that 41 purchasing centres for procuring discoloured paddy were opened on 24 {+t} {+h} of this month and the government had agreed to pay Rs. 1030 per quintal (grade ‘A' variety) and Rs. 1000 per quintal (common variety) for damage up to 10 per cent and 1 per cent cut on MSP from thereof up to 50 per cent.

He said that the Centre was asked to accord permission for export of boiled rice and millers were told that they would not incur losses on account of lifting discoloured paddy.

With regard to support price for supply of sugarcane to Bhimasingi Cooperative Sugars, he said that it was fixed at Rs.1,800 per tonne and the growers would be paid, as per their request, every fortnight.

The crushing had begun without any hindrance.

All the 9,000 BPL families whose white ration cards were renewed after scrapping the same during the survey in the past would be supplied rice from this month onwards, he declared.

He appealed to farmers not to commit suicide as the government was taking every measure to do justice to them. Quoting reports of officials, he said that the three deaths reported in the district recently were not suicides on account of crop loss.

He said that the government was committed to implementing every scheme of Y.S.Rajasekhara Reddy government.

The Minister said that the government had released Rs.19 crores (approximately) for Thotapalli displaced families (Rs.13 crores for Vizianagaram district and Rs. 6 crores for Srikakulam district) and Rs. 20.86 crores for Tarakaram Theertha Saga project. Zilla Parishad Chairperson B. Chandrasekhar, Collector M. Veerabrahmaiah, Joint Collector H. Arun Kumar and other officials were present.

Date:28/12/2010 URL:
http://www.thehindu.com/2010/12/28/stories/2010122864070600.htm

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Scientists call for fighting crop-fungus innovatively

Staff Reporter

Focus on need for new approaches to manage emerging fungal diseases

'Genomics is proving to be the cornerstone of plant pathology'

Director of IIHR A.S. Sidhu, Vice-Chancellor of UAS, Raichur, B.V. Patil, S. Nagarajan and former director of Research, HAU, Bhushan L. Jalali looking at the exhibits at an exhibition as part of a symposium in Bangalore on Monday.

Bangalore: Scientists and horticulturalists have expressed concern over the emergence of new fungicide-resistant crop diseases, which they fear are becoming a major constraint to crop production.

At a national symposium organised by the Indian Institute of Horticultural Research (IIHR) on Monday, scientists discussed the need for new approaches to manage emerging fungal diseases, especially through non-chemical means. The four-day conference aims at discussing the potentials of genetic engineering, nanotechnology and other methods to diagnose and tackle crop disease.

B.V. Patil, Vice-Chancellor of the University of Agricultural Sciences, Raichur, said advances in non-chemical control measures of fungal diseases hold promise.

“Already, great advances in molecular plant pathology have been made. Genomics in particular is proving to be the cornerstone of plant pathology,” he said. These methods could help combat the outbreak of blight in potatoes and tomatoes, he added.

“New emerging diseases in crops impact both national and international food security,” said P. Chowdappa, Principal Scientist for plant pathology, IIHR.

He added that the correct management of these diseases, and adequate research, could result in an appreciable increase in food production in India.

S. Nagarajan, former chairman, Protection of Plant Varieties and Farmers Rights Authority, New Delhi, underscored the need for innovation in agricultural research. “Horticultural and cereal crops are affected by two different sets of pathogens. Accurate and reliable diagnosis is needed so that we can counter the spread of the emerging diseases before they cause too much damage,” he said.

Director of IIHR A.S. Sidhu spoke at the conference, where scientists R.P. Tiwari, R.D. Rawal and Jagdeesh Chandra were felicitated.

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http://www.thehindu.com/2010/12/28/stories/2010122859660300.htm

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‘Onion price increase a gimmick'

Special Correspondent

It is caused by Congress leaders, says Nagaraja Shetty

Making a point:The former Minister Nagaraja Shetty addressing presspersons in Mangalore on Monday.

MANGALORE: Chairman of Karnataka Coastal Development Authority B. Nagaraja Shetty has flayed the Congress for creating a shortage of onions and garlic leading to a price rise. The ex-Minister has alleged that Governor H.R. Bhardwaj was acting like an agent of the Congress rather than as Governor of a State.

Mr. Shetty told presspersons that rise in prices of onions and garlic had been caused by a “shortage created” by the Congress leaders. “Within 15 days, they say that the prices have reduced by 50 per cent due to import of a few tonnes of onions from Pakistan. How is that possible? It is a political gimmick,” he said.

Mr. Shetty said India had enough onions but it was getting exported. “First, we have to take care of ourselves and then send the onions for export,” he said. Mr. Shetty said that in case of any contentious issue, a Governor should call the people involved and advise them.

He said, “All elders do that but here, the Governor is politicising issues. The Governor is acting like a Congress agent, not like Governor of Karnataka. This is a major mistake,” he said. He said that thousands of BJP activists were in the field currently appealing to voters and candidates informing them of work that had been done and would be done in the future by the State Government.

Date:28/12/2010 URL:
http://www.thehindu.com/2010/12/28/stories/2010122858980200.htm

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New measures to step up fish production in Haryana

Special Correspondent

Annual growth rate in State is more than the national

CHANDIGARH: Haryana has recorded an annual growth rate of 12.5 per cent in fish production as against the present national growth rate of eight per cent, an official spokesman said here on Monday.

He said the State Fisheries Department had set a target of increasing fish productivity from 5,400 kg per hectare per year in 2009-10 to 5,500 kg per hectare per year in 2010-11. It had also implemented a Rs.50 lakh scheme to impart training and financial help to members of Scheduled Castes to enable them to take up fish farming.

Financial help is being provided to SCs for taking ponds on lease, purchasing cycle and ice-box for retail sale of fish, hiring a private shop or taking one set up by the government in the fish market and for entering into fishing contract in scheduled waters.

He said financial assistance was also provided for digging up new ponds on panchayat land and making improvements in existing ponds. A maximum lease amount of up to Rs.10,000 per hectare or 50 per cent of the actual lease amount, whichever is less, is given to SC young men in the first year, subject to a maximum of Rs.20,000.

Scheduled Caste youths are also given 25 per cent of the contract amount subject to a maximum of Rs.50,000 for entering into a contract for fishing in the scheduled waters and Rs.100 per day as training allowance for 10-day training. A sum of Rs.2 lakh per hectare is also provided for digging up new ponds or improving the existing ponds on panchayat land.

Up to November 2010, 450 SC families had been provided technical and financial assistance and 13,619.54 hectares of water area had been brought under fish culture.

Fish production of 61,493.25 metric tonnes had been achieved during this period, he disclosed.

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Natural rubber prices stable at record level

Rubber import after March 31 will attract 20% duty International prices likely to rise further

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New Delhi: Natural rubber prices remained unchanged on Monday at record Rs.207.5 a kg in Kerala, despite the government's decision to cut import duty to 7.5 per cent to boost the domestic availability.

Last week, the government had cut import duty on natural rubber to 7.5 per cent from 20 per cent for shipments up to 40,000 tonnes till March 31, 2011, to boost domestic supply.

The natural rubber import after March 31, 2011 will attract duty of 20 per cent or Rs.20 a kg, whichever is lower. Natural rubber prices have been on the rise for the past few months due to disruption of production in Kerala, coupled with rally in international prices of the commodity.

The Rubber Dealers Federation said commodity prices in the domestic market could only decline in the event of cooling of international prices, which is also at record level.

“Prices of natural rubber in the domestic market are following global cues and the international prices are going up due to strong demand from China,” Indian Rubber Dealer Federation treasurer Ibrahim Jalal said.

He had said as long as international prices will remain at a high level, there would not be any reduction in the domestic prices of the commodity. According to information available on the Rubber Board's website, international prices may further go up to Rs.224.7 a kg on Monday's trade from the previous closing of Rs.223 a kg on Friday. India's production of natural rubber in 2010 is projected at 8.5 lakh tonnes.

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100 paddy centres by month-end

Staff Reporter

Three lakh tonnes of paddy to be procured

Officials told to make arrangements for storage of paddy immediately after procurement

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SRIKAKULAM: The district administration has made arrangements to open 100 centres by December 31 for the purchase of discoloured paddy from farmers.

The government could open only 20 centres in the last one week and remaining will be opened in the next three days to procure around three lakh tonnes of paddy. Representatives of Indira Kranti Patham and officials of Civil Supplies Department have been instructed to arrange 57 moisture meters in the respective procurement centres.

The district Collector N.Srikanth asked the officials concerned to make arrangements immediately for the storage of paddy immediately after the procurement.

“Farmers are likely to bring their produces from the first week of January.

So, they should not face any troubles at the centres. Godowns have to be ready in all the mandals,” Mr. Srikanth said.

Civil Supplies Corporation District Manager Y.V. Ramana Murthy said about 50,000 gunny bags would come very shortly from Mahabubnagar district as the order was already placed for them.

Project Director of DRDA Rajanikanta Rao informed the Collector that training programmes were being arranged for representatives of Indira Kranti Patham to measure the moisture in the paddy. Meanwhile, the officials of the Horticulture department were asked to assess the damage to vegetable and other crops.

The Collector noticed that employees of the department were not cooperating with the survey teams in assessing the damage to horticulture crops.

He advised all the officials and staff to work wholeheartedly to enable farmers to get input subsidy and other benefits by cooperating with the survey teams.

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Narayana Murthy lauds steps to tackle climate change

Special Correspondent

— Photo: S.S. Kumar

GREEN FACTS:N.R. Narayana Murthy, chairman and chief mentor of Infosys Technologies, delivering a lecture in Chennai on Monday.

CHENNAI: Infosys Technologies Chairman and Chief Mentor N.R. Narayana Murthy on Monday lauded the Union Government, corporate firms and trade bodies for taking constructive steps to tackle climate change and reduce Green House Gas (GHG) emission effect.

Delivering the Besant lecture on ‘Towards a sustainable India,' at the 135 {+t} {+h} International convention of the Theosophical Society, he said that for any of these actions to succeed everyone had to fulfil personal responsibilities to reduce carbon emission, decrease water consumption and produce less waste.

He listed the steps taken by multi-lateral agencies such as introduction of metro rail, small cars and electrical vehicles, asking vehicle operators to switch over to bio-fuel and Compressed Natural Gas.

“Everyone in the planet of about 6 billion people will have to work hard to preserve the planet and give it back to our children in a better condition that we had borrowed it from them. Today, we are grappling with social, economical, political and environment changes. Rising social unrest, political tension, depleting natural resources and worrying environment are all affecting the basic quality of our life. Therefore, we have a responsibility to create a sustainable world when mankind can live in peace and in harmony,” he said.

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Press Trust Of India

New Delhi, December 27, 2010

First Published: 16:12 IST(27/12/2010)

Last Updated: 16:13 IST(27/12/2010)

Inflation may continue to trouble in 2011: Assocham

Industry chamber Assocham on Monday said that 2011 may witness continuation of high inflationary pressures, a view contrary to the government that expects inflation to slow down to around 6 per cent by March next year.

In a paper titled, 'Realising the Objective of Stabilised Inflation', Assocham said, "2011 may continue giving pain to the government on the issue of food inflation and put pressure on the manufacturing sector due to hyper-inflation."

Wholesale price inflation in the country fell to 7.48 percent in November, prompting the government to say that it will go down to around 6 per cent by March 2011.

However, the skyrocketing prices of onion, garlic and tomato have dampened the government and RBI's estimates. Food inflation for the week ended December 24 surged back to double-digit level at 12.13 per cent, after the three weeks' slide towards single-digit level.

"The major drawback of the country's inflation control strategy is that it always considers inflation as a seasonal and temporary problem", it said.

"... besides the domestic climatic conditions, external market conditions, logistics deficiency, unauthorised hoarding and ineffective agriculture policy too have been the major causes of inflation," it added.

Global crude oil prices are also hovering around USD 95 per barrel due to increased demand in Europe on account of an unusually freezing winter.

"The current food inflation needs to be seen from two angles: one, there is a shift in income brackets with the growth of the middle class, as a result of industrialisation and growth of services raising demand pressure" according to the paper.

"The gap between producer prices and consumer prices is widening with retailing at consumer level a highly profitable job as demand pressure increases," Assocham said.

The Assocham papers puts the origins of the present inflationary pressure in food and fuel prices hike in the first half of 2009-10.

"By the second half of 2009-10, mainly helped by the persistent supply side pressures and bad monsoons, it (inflation) was generalised," it said.

Assocham attributed the moderation in food inflation in November to factors like increase in supply due to new crop arrivals in the markets.

"The long-term supply side constraints, coupled with higher level of domestic demand pressure and hardening material and fuel prices in the external markets will not allow the inflation to soften in the near future," it said.

Regarding the industrial sector, Assocham said continued hyper-inflation has been putting pressure on the Indian manufacturing sector.

http://www.hindustantimes.com/StoryPage/Print/643424.aspx

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Tuesday, Dec 28

Max Min

30º | 19.2º

Rain: 00 mm in 24hrs

Humidity: 78%

Wind: Normal

Sunrise: 6:28

Sunset: 17:50

Barometer: 1012.0

Tomorrow's Forecast

Rainy

Wednesday, Dec 29

Max Min

29º | 21º

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Dec 30	**Dec 31**	**Jan 1**	**Jan 2**	**Jan 3**
				
25º | 23º	27º | 24º	27º | 23º	25º | 23º	27º | 23º
Rainy	Rainy	Cloudy	Rainy	Cloudy

DECCAN Chronicle On The Web
Published on Deccan Chronicle (http://www.deccanchronicle.com)

Inflation to tone down by March

Dec 28 2010

Chandigarh, Dec. 27: The Prime Minister’s economic advisory panel on Monday said inflation would reach comfortable level of 5.5 per cent by March-end from about 7.48 per cent currently, notwithstanding the spurt in food inflation noticed recently.

“I think by March (2011), we can expect (WPI) inflation to come down to 5.5 per cent,” the chairman of the Prime Minister’s Economic Advisory Council (PMEAC), Mr C. Rangarajan, told reporters on the sidelines of the 93rd annual conference of the Indian Economic Association here.

The Prime Minister, Dr Manmohan Singh, too while addressing a session of the Congress earlier in the month had exuded confidence that inflation rate would sober down by the end of 2010-11.

While headline inflation came down to 7.48 per cent in November from 8.58 per cent in the previous month, the food inflation soared to 12.13 per cent for the week ended December 11.

On the possibility of Reserve Bank taking monetary steps at its next quarterly review to tame the price rise, Mr Rangarajan said: “Rate hike depends on how inflation behaves in the coming week, I think if there is further fall in WPI inflation then the monetary policy would remain unchanged.

Source URL:
http://www.deccanchronicle.com/business/inflation-tone-down-march-487

By PTI

28 Dec 2010 10:21:06 AM IST

'Inflation to come down to 5.5% by March'

CHANDIGARH: Inflation is expected to come down to 5.5 per cent by March 2011, Prime Minister's Economic Advisory Council Chairman C Rangarajan said today.

Besides, the PM panel also sees the country to achieve a GDP growth rate between 8.5- 9 per cent in the current fiscal.

"I think by March (2011), we can expect (WPI) inflation to come down to 5.5 per cent," Rangarajan said on the sidelines of the 93rd annual conference of Indian Economic Association here.

"I think any level of inflation beyond 5 per cent (threshold level of inflation) is uncomfortable," he asserted.

The wholesale price index-based inflation stood at 7.48 per cent in November against 8.58 per cent in October while food inflation shot up to 12.13 per cent for the week ended December 11.

28 Dec 2010 04:01:46 AM IST

Coffee turns red hot as prices touch new high

SOMWARPET: Your morning stimulant might just be a tad bitter as coffee prices have touched a record high. While it's more bad news for the consumer, already burdened by high onion and tomato prices, growers are ecstatic as the price for 50 kg Arabica Parchment touched `9,100 in the market on Monday, breaking the 200203 record of `8000.

According to the postmonsoon estimation of the Coffee Board, Somwarpet taluk, the largest Arabica coffee growing taluk in the country, would produce only 22,450 tonnes this season against the average 25,000 tonnes, owing to incessant rain in November.

When contacted, Coffee Board's senior liaison officer Tasleem Mohammed told Express that once the harvest is completed, the price would come down. However, traders chose to differ and expect the price to touch `10,000.
Trader K Dayakara says that this year the production has dipped and the arrival of coffee in the international market has dropped due to crop loss in Brazil, a major coffee exporter. He said the price was `8,000 just 10 days ago.
Another grower B K Hoovaiah justifies the high prices saying the cost of production has risen over the last decade. "Wages have increased to `150 for females and `220 for males. Growers are also in distress owing to shortage of labourers and crop diseases."

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THE ECONOMIC TIMES
Tue, Dec 28, 2010 | Updated 09.44AM IST

28 Dec, 2010, 01.47AM IST, S Sujatha,ET Bureau

Usher Agro to extract silica from rice husk ash

COIMBATORE: Mumbai-based Rs 342-crore Usher Agro, a rice and wheat processor that came out with a QIP recently, has procured license for silica precipitation technology developed at the combustion, gasification & propulsion laboratory (CGPL) at the Indian Institute of Science , Bangalore.

The company, which has already planned to increase it power generation capacity 16 times by using rice husk as fuel, will be the first power plant to extract powder silica. It will begin extracting precipitated silica from rice husk ash from its existing 1 mw power plant at Mathura.

The project, expected to go on steam by May 2011, is also entitled for carbon credits under the clean development mechanism. “In rice milling, we have one great by-product called rice husk. It has the best biomass. One kilo rice husk contains 3,300 KCL as like in per kg of coal, which has 3,700 KCL. Compare it with the next competing biomass, one kilo sugar bagasse has only 2,200 KCL,” said Vinod Kumar Chathurvedi, founder and managing director of Usher Agro.

His company, which began producing 1 mw green power from rice husk in 2008, has invested around `85 crore for a 16 mw project near Mathura. It has also entitled Ernst and Young to explore project for silica extraction in the newer power plant, which is expected to be rolled out in June 2011.

Usher Agro has already stuck a power purchase agreement with Tata to sell 12 MW as merchant power at `4.5 per unit. The remaining 4 to 5 mw will be used for captive purposes, said Mr Chathurvedi. The company, which is on expansion mode, will have 5.5 lakh tonne per annum rice milling capacity by January 2011. Usher Agro’s plant will be the first in India to start extracting silica from rice husk ash for commercial purpose, said DN Subbu Krishna, fellow at Advanced
Bioresidue Energy Technology Society, CGPL, IISc. “IISc holds the global patent for this technology and a Finnish company has already taken license for extracting bio-silica in Japan,” he added.

28 Dec, 2010, 01.36AM IST, PK Krishnakumar,ET Bureau

Harrisons Malayalam to quit packet tea biz

KOCHI: South India’s largest tea producer Harrisons Malayalam Ltd (HML), an RPG group company, is moving out of the consumer packet tea business to focus on plantations in India and abroad. Unlike Hindustan Unilever (HUL) and Tata Tea (the earlier avatar of the present Tata Global Beverage) who quit plantation business to concentrate on tea marketing a few years ago, HML has decided to devote its attention to plantation business. Apart from tea, HML is also the largest producer of rubber in the country.

HML managing director Pankaj Kapoor reckons that plantation is the core competency area of the company. “There is no point in being a fringe player in consumer packet tea business. The effort to raise the division to a higher level has not succeeded. So we decided to quit the sector,” he told ET.

Surya and Mountain Mist are the two popular brands of HML sold primarily in south India. In addition, the company has a presence in premium teas, super premium teas and tea bags. Surianalle and Harrison’s Gold are its well-known super
premium tea.

Tea sector accounts for just over half of the `330-crore turnover of the company. It annually churns out 20,000 tonne tea from its 6,000 hectares spread over Kerala, Tamil Nadu and Karnataka. Bulk of its production is bulk tea which goes for auction. The consumer packet division, started over a decade ago, hasn’t much of an income earner for the company.

According Mr Kapoor, HML has been investing `2-3 crore annually in the division for the promotion without much dividends. While its rivals HUL and TGB have been dominating the consumer packet tea segment, HML ended up suffering a loss of `50 lakh. On the other hand, a spurt in the rubber and tea prices has led to a better income for the company from plantations.

With the aim of becoming a major force in the plantations field, HML has initiated an ambitious re-plantation programme to increase the output. Most of its tea plants are over 80 years old. The company replanted 35 lakh bushes last year and an equal number is slated for re-plantation this year. “We expect to complete re-planting our entire tea plants in the next 3 to 4 years,” Mr Kapoor said.

HML’s interest in plantations is not limited to India. The company is on the lookout for plantation acquisition in Africa and Southeast Asia. “Our teams are visiting various countries. We haven’t finalised anything yet. We are looking at large and organic plantations,” Mr Kapoor said. The re-plantation exercise will help raise the productivity of tea gardens from the present 2,300 kg per hectare to over 3,000 kg per hectare. The company has also planned a revamp of its 12 tea factories during the period.

28 Dec, 2010, 12.47AM IST, Prabha Jagannathan,ET Bureau

Sugarcane payments to rise 20% to 55k cr in 2010-11

NEW DELHI: Sugarcane farmers could be earning up to 55,000 crore in the 2010-11 sugar year, almost one-fifth more than the 46,000 crore they received in the previous year, thanks primarily to higher support prices and a rise in crop area in key producer states of Maharashtra, Uttar Pradesh and Karnataka.

Of the total, three-fifths of the payments would be from mills in UP and Maharashtra. In 2007-08 crop year, which runs from October to September, farmers received payments totalling 29,000 crore.

Output of sugarcane in 2009-10 was 274 mt. Millers bought much of that at an average 230 a quintal, producing 18.5mt of sugar. Cane production in the current crop year is estimated at 346 mt and mills are expected to crush over 20% more and produce around 25.5 mt. The recovery-percentage of sugar extracted from cane-is expected to be 10.1% if the industry buys around 250 mt (at an average 210 a quintal).

The Centre has announced the cane FRP (fair and remunerative price) of 139 per quintal this year compared to 129.85 in 2009-10. The better payment to cane farmers is not just on account of higher production.

The SAP (State Advised Price) in UP, top sugarcane producer state, witnessed a record hike of 40/qtl this sugar year to between 205-210/qtl. In the two other top sugar states, Maharashtra and Karnataka , where sugar mills thus far paid farmers even lower than the FRP announced, sugarcance farmers have currently launched a huge agitation under the aegis of the National

Alliance for Farmers Associations or NAFA) and will now be paid an average 210/qtl of cane.

In the 2009-10 sugar year, too, sugarcane prices paid by some mlls hit a record level of upto 280/qtl in UP despite a much lower FRP and an SAP set between 165 and 170/qtl, mainly on the back of poor cane output. That set off competition among mills to acquire cane.

Business Standard

Tuesday, Dec 28, 2010

Cotton prices weave woes for industry, rich harvest for farmers

Press Trust Of India / New Delhi December 28, 2010, 1:29 IST

High cotton prices spun out enough problems for India's $62-billion textiles industry, but weaved gains for growers and traders in 2010.

Amidst pulls and pressures from the conflicting interests, a ministers' group under the guidance of Finance Minister Pranab Mukherjee kept reviewing the price and crop situation, with excessive winter rains playing spoilsport.

The textiles industry pulled out all stops to lobby with the textiles, commerce and finance ministries seeking a ban on cotton exports.

But Agriculture Minister Sharad Pawar had a different take — hardening of cotton prices in the global market is a God-sent opportunity for the farmers. Why not allow them to avail of it at least till February, Pawar argued.

Collective ministerial wisdom seems to have prevailed and a middle path was chosen to allow exports up to 5.5 million bales. Prices shot up in the international market because of the demand-supply imbalance, driven mainly by increasing consumption in China and poor harvests in Pakistan due to floods.

The global trend was reflected in the local ‘kapas mandis’ as well. The natural fibre, the raw material for 60 per cent of the 35 million people industry, has remained in short supply since April, but prices shot up by 90 per cent in the last five months. A cotton candy (356 kg each) was sold at an all-time high of Rs 45,000 in October in the domestic market, according to industry officials.

The government intervened by way of capping cotton exports at 5.5 million bales and cotton yarn at 720 million kg. But it did not help cool prices.

“The capping has not helped the domestic textiles sector much in the backdrop of soaring international cotton prices. It has encouraged speculation by traders and creation of artificial scarcity,” ratings agency Fitch has said.

The industry found everything wrong with the policy of allowing exports and the apparel units even downed shutters in protest on November 19.

However, it described the developments as good for farmers, many of whom have switched to the genetically modified Bt Cotton variety.

“The year was exceedingly good for farmers, whose production cost had already declined substantially because of the use of Bt Cotton seeds,” Confederation of Indian Textiles Industry (CITI) Director General D K Nair said.

Within the industry, garment makers and exporters bore the brunt of the hit, while the overall trend was helped by a global revival of demand in 2010 after a troublesome 2009.

Total textiles exports managed to grow by 11.5 per cent to $7.57 billion year-on-year during the April-July period of the 2010-11 financial year, supported by a pick-up in demand in Western markets, where the bulk of the consignments are shipped. Exports contribute a little over one-third of the total revenue of the textiles industry. The textiles ministry had fixed a $25 billion target for the 2010-11 period, compared to $22.41 billion in the last financial year.

Garment exporters, who contribute about half of the total textiles exports, continued to face a demand slump.

Apparel exports declined by an annualised six per cent to $5.75 billion between April and July. However, things seem to have been improving since August. “In the first few months of the current fiscal, the trend was negative mainly due to less number of orders from our traditional markets. Although the rate of decline has reduced now, the demand is yet to pick up,” Apparel Export Promotion Council Chairman Premal Udani said.

Despite the problem of high raw material costs, total textiles production rose by 10 per cent to about 70,000 million square metres in 2010 compared to last year.

As per the estimates of the textiles ministry, cotton production in 2010-11 is likely to be 325 lakh bales.

But it remains to be seen whether production can reach this figure in the wake of excess winter rains in the key growing areas of Maharashtra and Gujarat.

Soya industry gets VAT breather in MP

Shashikant Trivedi / New Delhi/ Bhopal December 28, 2010, 0:58 IST

Soya industry has now more room to breathe in domestic market as the Madhya Pradesh government today exempted de-oiled cake (DoC) from value added tax.

The domestic soya crushing units will be given full input tax rebate on de-oiled cake, though Madhya Pradesh hardly has any share in Indian de-oiled cake market.

The entire state production of de-oiled cake roughly at 36-40 lakh tonnes per annum goes to international market.

Soyabean Processors Association (Sopa) said the state would now be able to participate and compete with the industries of neighbouring states like Maharashtra and Rajasthan.

“We had a long-pending demand of full input tax rebate as it was tough to compete in the domestic market as neighbouring states do not levy any tax. The decision will boost participation in domestic market. We welcome this step of rationalising the taxation system,” said Rajesh Agrawal, Sopa spokesperson.

At present soya crushing units, more than 70 in number, pay 7.5% tax that includes 2.2% mandi tax and 1% entry tax on both seed and oil. “In fact, there were losses to soya crushing units. A number of units had been either closed or the workers had migrated to neighbouring states like Maharashtra and Rajasthan due to growing tax evasion incidences. Moreover, this decision will boost prospects of raw material availability for soya de-oiled cake units,” a government spokesperson said confirming the report of this decision, which was taken by the state Cabinet today.

However, Agrawal said the industry wants to abrogate entry tax and mandi tax to make the industry viable as crushing capacity is just double of total seed production.

The state produces 50-60 lakh tonnes of soya and has combined crushing capacity of 125 lakh tonnes.

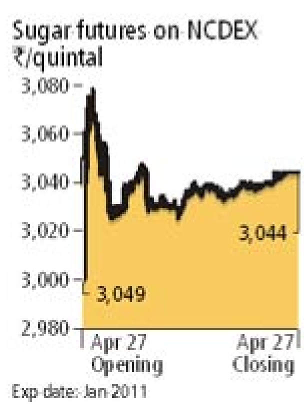
DoC prices are hovering around Rs 18,500 per tonne in the domestic market.

Sugar futures relaunched

BS Reporter / New Delhi December 28, 2010, 0:58 IST

The relaunch of sugar futures trading at a time when international prices are at a 29-year peak was received with enthusiasm by domestic traders and speculators. The government had banned sugar futures in May 2009 to help control soaring prices.

At the Multi Commodity Exchange, sugar contracts for January delivery shot up by Rs 166, or 5.44 per cent, to close at Rs 3,216 a quintal, with a business turnover of 452 lots. Likewise, sugar for delivery in February gained Rs 159, or 5.11 per cent, to Rs 3,269 a quintal, with an open interest of 307 lots. Contracts for March delivery ended higher by Rs 142, or 4.48 per cent, to Rs 3,312 a quintal and a turnover of 165 lots.



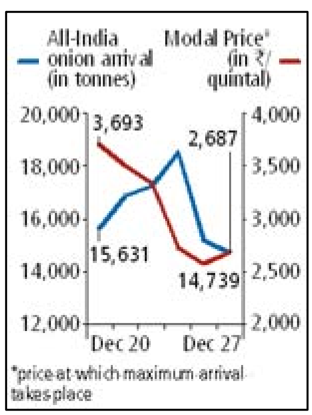
At National Commodity Exchange, too, volumes were close to the six-month daily average of around 19,000 tonnes prior to the ban. “One should avoid judging anything based on first-day volumes. There is enthusiasm, but it may be short-lived, as corporates are not participating and the interest is primarily from speculators,” said Gnanasekar Thiagarajan, director at Mumbai-based Commtrendz Research.

According to official estimates, after a gap of two seasons, the country is estimated to see higher production of 24.5 million tonnes of sugar in the 2010-11season. This is higher than the annual demand of 23 million tonnes. The second-largest sugar producer after Brazil was forced to import large quantities, after farmers diverted land to alternate crops.

The government is now reversing measures taken to control high sugar prices. It has allowed sugar exports and removed the weekly release mechanism. Retail sugar prices, which touched a high of Rs 50 a kg early this year, is now selling at around Rs 35 a kg.

Ajay Modi / New Delhi December 28, 2010, 0:56 IST

After touching a high of Rs 80 a kg last week, onion prices are now heading southward following government action and improved arrivals. The retail price of onions has nearly halved to Rs 45 a kg, though it remains significantly higher than last year’s corresponding price of around Rs 25. Experts anticipate a further softening in prices.



“Onion harvesting is normal in Maharashtra and Gujarat. Some farmers are also harvesting the crop prematurely to cash in on the high prices,” said Rajinder Sharma, general secretary of Azadpur Onion Merchants’ Association.

In a concerted effort, central and state agencies are selling onions at Rs 22-40 a kg. While Nafed has onions at Rs 35 a kg, Mother Dairy, Kendriya Bhandar and National Consumer Cooperative Federation are selling onions at Rs 40 a kg through their respective outlets. In Lucknow, the district administration is opening 25 outlets to sell onions at Rs 22-24 a kg.

The sharp spurt in onion prices last week was attributed to crop damage because of excessive rains in Maharashtra and Karnataka, which together account for 40 per cent of the country’s total production of 12 million tonnes.

The Centre has banned onion exports and abolished customs duty on its import to rein in prices, which have since then fallen 50 per cent in wholesale markets of Nashik to Rs 32-35 a kg.National Horticultural Research & Development Foundation Director R P Gupta said wholesale prices are declining by Rs 100-150 a quintal daily.Onions have a weight of just 0.09372 per cent in the wholesale price index.

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Back **Demand soars for bank loans against property**

Cautious banks lend only 50-60% of market value.

Priya Nair

S. Shanker

Mumbai, Dec. 27

Encouraged by the growing demand for loans against property as collateral, banks are trying to revive this business.

But they are guarded, want to avoid the risk of over-valuation.

They lend not more than 50 per cent of the market value of the property and that too at 2-3 percentage points higher than the normal home loan rate of interest.

The demand is prompting banks to look at reviving this product, which was earlier beset by problems of fake documents and excessive valuation.

The demand for such loans is coming mainly from micro, small and medium entrepreneurs, and are typically in the range of Rs 5-10 lakh.

Borrowing against property usually happens only when the borrower has exhausted most other sources of funds, said an SBI official.

Mr R. Sampath, General Manager, Retail Banking, Bank of India, said: "We are reviving loan against property for our existing customers. These are businessmen whose annual turnover is in the range of Rs 30-40 lakh.

They usually don't have regular cash flows and may not have audited balance-sheets. In such cases, we go by their income-tax statements."

BoI's loan against property portfolio is Rs 1,535 crore.

Banks insist on a higher margin for such loans, that is, they will give only 50-60 per cent of the value of the property as loan. (For a normal home loan, banks give 80-90 per cent of the property value as loan.)

These loans are normally given for no more than three years as real estate prices can see correction of 20-25 per cent and banks do not want to be saddled with a property whose value has declined considerably, said the senior SBI official.

"The interest rates are slightly higher than home loan rates, but lower than unsecured personal loans, as in this case there is collateral," the official said.

Flagship products

Mr Uday Sareen, Head, Retail Banking, ING Vysya Bank, said: "Our loan against property is turning out to be one of our flagship products. About one third of our incremental home loans are loans against property. Even salaried professionals take loans against property."

While there have been instances of delays in repayment, cases of defaults are few as the property acts as a security, and the fear of losing the property ensures that the borrower services the loan, Mr Sareen said.

Central Bank of India is looking at a special product for educational institutions, as there is good demand from institutes planning to expand, said a senior official from the bank. Educational institutes have money by way of capitation fees, but face problems when it comes to regular cash flows, he said.

On banks insisting on higher margins for loans against property, Mr Anand J. Gupta of the Builders Association of India, said that while the note of caution by the central bank is understandable, nowhere has the RBI said that banks should give only 50 per cent of the property value or charge higher interest, he said.

Property prices are a function of demand and supply - market forces - and it is known that there is no better mortgage than that on property in terms of security. It is also known that the default rate on property loans is very low.

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Back **Sugar futures back after 19 months**

Turnover lower than pre-ban period.

Kicking off*

	NCDEX	MCX
Jan	22,280	4,250
Feb	4,250	3,070
Mar	1,000	1,650
Turnover (in Rs cr)	80	30

*Contracts in tonnes

Our Bureau

Mumbai, Dec. 27

Sugar futures resumed after 19 months on Monday on the commodity exchanges with officials of the NCDEX and MCX saying the contracts were well-received by traders.

January contracts on the NCDEX recorded a volume of 22,280 tonnes, while on the MCX it was 4,520 tonnes. February and March contracts saw 4,250 tonnes and

1,000 tonnes traded respectively. The total turnover on the NCDEX was Rs 83 crore.

On the MCX, February contracts totalled 3,070 tonnes and March 1,650 tonnes. The turnover was Rs 30 crore.

Though the daily turnover on the NCDEX was lower compared with Rs 200-250 crore recorded before sugar futures were banned in May 2009, it was `very encouraging' given the fact that traders have to take a call without previous day's guidance, said Mr G. Harish, Head of Research, JRG Wealth Management.

"It will take at least a month's time for traders build their books and turnover reaches previous levels," he said.

The sugar (medium) January contract on the NCDEX opened at Rs 3,049 a quintal and closed marginally lower at Rs 3,044. February and March contracts closed at Rs 3,107 and Rs 3,160 a quintal respectively. NCDEX sugar contracts are deliverable at Kolhapur.

On the MCX, the January contract, deliverable at Delhi, opened at Rs 3,065 a quintal, touched a high of Rs 3,234, low of Rs 3,065 before closing at Rs 3,214 a quintal. February and March contracts on the MCX closed at Rs 3,268 and Rs 3,307 a quintal respectively.

The huge difference between the near and far month contract signals the possibility of price increase following production shortage in the global markets, said an analyst. Sugar for March delivery on the Intercontinental Exchange in New York touched 34 cents a pound, highest since 1981.

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Back **Post-monsoon coffee output seen 2.92% lower**

Board pegs production at 2.99 lakh tonnes.

Weather effect

(in tonnes)

States	Post-Monsoon	Post-Blossom
Karnataka	2,11,815	2,19,625
Kerala	64,700	65,775
Tamil Nadu	16,475	16,500
Non Traditional areas	5,865	5,950
North Eastern region	145	150
All India	2,99,000	3,08,000

Source: Coffee Board

Our Bureau

Hubli, Dec. 27

The country is likely to see 2.92 per cent dip in coffee production for the crop year 2010-11. Coffee Board has forecast post monsoon coffee crop at 2,99,000 tonnes as against its post blossom estimate of 3,08,000 tonnes.

Of the 299,000 tonnes production, the arabica is said to be 95,000 tonnes and robusta is 204,000 tonnes.

“This coffee crop year, Arabica production is said to decline by 4.52 per cent (4,500 tonnes) while robusta too declined by 2.16 per cent (4,500 tonnes) over the post blossom forecast,” said a Coffee Board release.

According to the release, the majority of the decline in production is said to be in Karnataka, flowed by Kerala.

Crop estimate for Karnataka is placed at 2,11,815 tonnes with a break-up of 75,525 tonnes of arabica and 136,290 tonnes of robusta.

Reason

The key reasons for reduction in coffee output are the normal berry drop during monsoon rains. The loss of crop to the certain extent is also reported due to unusual and continuous rains during October and November. These rains not only resulted in crop loss but is also hampering harvesting and processing of coffee especially arabica.

In Karnataka, in all the three districts, the production is expected to decline. Chikmagalur district experienced 4.36 per cent decline or 3,350 tonnes (Arabica 2,350 tonnes and robusta 1,000 tonnes), followed by Kodagu at 2.93 per cent (3,300 tonnes) and Hassan 2.93 per cent (1,160 tonnes) over the post blossom forecast. Major crop loss is seen in Balehonnur (9.40 per cent), Gonibeedu (7.33 per cent) Aldur (6.80 per cent) Mallandur (6.06 per cent) Giris (4.23 per cent) and Mudigere (4.12 per cent) zones of Chikmagalur district, Sanivarasanthe (9.45 per cent), Napoklu (7.38 per cent), Gonikoppal (5.27 per cent) and Suntikoppa (3.67 per cent) zones of Kodagu district and Rayarkoppal (11.76 per cent), Yeslur (8.18 per cent) and Sakleshpur (4.69 per cent) zones of Hassan district.

Berry development

Due to favourable monsoon conditions in Kerala, the berry development was normal and not much adverse effect on crop was reported with a marginal decline in Wayanad (1.76 per cent) and Travancore (1.22 per cent). Therefore the post monsoon forecast is placed at 64,700 tonnes with a marginal decline of 1,075 tonnes (1.63 per cent) from the previous post blossom estimate of 65,775 tonnes.

Production for Tamil Nadu is forecast at 16,475 tonnes against 16,500 tonnes of post blossom estimate. The off-seasonal effect of the region is already accounted during post-blossom estimate period, therefore only a marginal decline in production of 25 tonnes is observed in the Nilgiris region.

In Non-Traditional areas of Andhra Pradesh and Orissa and North Eastern Region, the post-monsoon estimate is placed at 6,010 tonnes with a decline of 90 tonnes (1.48 per cent) from the earlier forecast of 6,100 tonnes.

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Back **Edible oils flare up on demand, global cues**

Our Correspondent

Mumbai, Dec. 27

Edible oil prices increased sharply on cues from Malaysian and CBOT markets. Imported palmolein rose Rs 12 and soya refined oil by Rs 28 for 10 kg.

Rapeseed oil, cotton refined oil and sunflower oil also rose by Rs 10–12. The volume also picked up on expectation of fresh demand for new month. Prices rose despite lower exports from Malaysia during December 1-25.

A wholesaler said, taking cues from bullish sentiment groundnut oil at main producing centre Saurashtra went up by Rs 35 for a 15-kg tin and Rs 20 for 10 kg, but in Mumbai limited demand from stockists and brand makers kept groundnut oil price steady at the previous level.

At Rajkot, groundnut oil prices were Rs 1,165 (Rs 1,130) a tin and Rs 750 (Rs 730) for a 10 kg loose.

In Mumbai market, about 400-500 tonnes of palmolein were traded in ready in resale and about 1,800-2,000 tonnes were traded for forward delivery.

Refineries have increased their rates for palm oil products and soya oils. Stockists were active buyers on expectation of good fresh demand from retailers from next week. Brand makers were active buyers in cotton oil and sunflower oil at producing centres he added.

In Malaysia, Bursa Malaysia Derivatives crude palm oil futures closed higher by over 100 ringgits to a 30–month high and crossed 3,800–ringgit mark, on short covering and supportive supply fundamentals as traders expect a 10-15 per cent fall in December output.

China unveiled plans to restock agriculture commodities at a time when erratic weather globally may curb supplies.

Malaysia's BMD and NBOT futures: Malaysia's BMD CPO futures closed higher with January contracts MYR 3835 (3730), February at MYR 3791 (3696).

Mumbai commodity exchange spot rate (Rs/10kgs): Groundnut oil 760 (760), Soya refined oil 600 (572), Sunflower expeller refined 660 (660), Sunflower ref 725 (715), Rapeseed ref oil 632 (624), Rapeseed expeller ref. 602 (594), Cotton ref. oil 575 (565) and Palmolein was 578 (566).

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Back **Demand, tight supplies push up cardamom**

Arrivals declining as peak harvesting period ends.

G.K. Nair

Kochi, Dec. 27

Good demand amid declining trend in arrivals pushed up cardamom prices at auctions held last week in Kerala and Tamil Nadu.

Upcountry dealers were actively covering cued by the declining trend in the arrivals.

However, exporters were covering very little quantity because of the rising prices. “At the current rates, there won't be buyers for our cardamom in West Asian markets,” export sources said. According to them, cardamom from Guatemala is available at $25 a kg in these markets.

Indian prices ruled above this rate, they said. At the same time, landed cost of cardamom imported from Guatemala, in the Indian markets would not be economically viable as the prices would remain above the domestic price when import duty is added, they said. Therefore, the domestic dealers would have to depend on the indigenous produce.

Squeeze in availability in Guatemala is also pointed out as a reason for its high price.

Untimely rains

According to growers, the untimely rains this year for a longer period did not help in reproductive functions in the plants and instead it had helped the vegetative growth. Consequently, it has only helped the plants' overall growth and not in productivity. This might become beneficial to the next crop. “The late crop, therefore, is unlikely to show any improvement as anticipated,” they said.

The decline in arrivals and the long lean period from January 2011 to the next crop harvesting in June/July appears to be compelling the domestic stockists to cover whatever arrives at the auctions/markets, they said. Good demand amid declining supply has pushed up the prices. The individual auction average from last Monday to Sunday ranged from Rs 1,230 and Rs 1,460 a kg. From Tuesday onwards, the daily auction average remained above Rs 1,310 a kg.

On Friday, it shot up to Rs 1,457.37 to decline to Rs 1,379.71 yesterday.

Total arrival at the Sunday auction for the KCPMC dropped to 65 tonnes from the previous Sunday's 77 tonnes. The maximum price was at Rs 1,621 and the minimum Rs 1,050, Mr P.C. Punnoose, General Manager, CPMC, told Business Line. Shift to small cardamom by end users of large cardamom because of the latter's short supply and high prices also pushed up the demand for small cardamom raising its prices, he said.

Fourth round of picking has commenced. The peak harvesting period of the season ended and, hence, the arrivals started showing a declining trend, he said.

Arrivals last week declined to 331 tonnes from 345 tonnes the previous week, he said.

Total arrivals during the current season from August 1 to December 26 stood at 5,715 tonnes. Of this, 5,605 tonnes were sold. Arrivals and sales in the same period of the previous season were 5,791tonnes and 5,645 tonnes respectively.

Weighted average price as on December 26 was Rs 1,205 per kg, up from Rs 796 the same day last year.

Prices for graded varieties Monday (Rs/kg) were: AGEB 1,470– 1,480; AGB 1,360 – 1,470; AGS -1,325 - 1,425; AGS1 - 1,350 - 1,375. Prices in the local market at Bodinayakannur were (Rs/kg): AGEB 1,450- 1,550; AGB 1,350 - 1,450; AGS 1,300 - 1,400; and AGS 1 - 1,325 – 1,340.

In Bodinayakannur, today 8mm green colour bold is being sold at Rs 1,650 –Rs 1,700 a kg, while bulk at Rs 1,390– Rs 1,425, trade sources told Business Line. But, availability of this 8mm colour bold is less than 15 per cent of the total arrivals, they said.

The weather conditions in the growing areas remained favourable but without any rains during the week, growers said.

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Back **Minister bats for contract farming to tackle rising onion prices**

Our Bureau

Kolkata, Dec. 27

Revoking the Agricultural Produce Market Committee (APMC) Act and introducing contract farming will help control the spiralling onion prices in the country, the Union Food Processing Minister, Mr Subodh Kant Sahai, said here on Monday.

The Union Minister was speaking at a seminar on ‘Food processing and allied sectors in West Bengal' at the Industrial India Trade Fair (IITF).

“Demand-driven farming or contract farming should be promoted to tackle spiralling onion prices in the country. The APMC Act has to be replaced by the Contract

Farming Act," Mr Sahai said.

Upward movement

An upward movement of onion prices in the city markets while they remained low in periphery areas indicated that hoarders were pushing up the price of the commodity.

He added that contract farming will push up production of a commodity as small time farmers will get access to different technologies.

This would also necessitate an increase in investment in the sector which would come from larger organisations and the private sector.

APMC Act

Reiterating the need to revoke the APMC Act, Mr Sahai said the Act was only benefiting "certain" bureaucrats and middlemen.

Commodities were being double taxed under it and despite several requests from the Centre no action was being taken to amend it.

Contract farming

Citing West Bengal as an example, Mr Sahai blamed poor policy making by the State Government for not allowing organised retail trade and contract farming here.

He pointed out that contract farming will benefit small and marginal farmers and would have allowed them a steady income.

He added that despite the State's objection to organised retail and contract farming, both the practices were being carried out by multinational companies here.

Grey areas

Meanwhile, reacting to the remarks made by Mr Sahai, the State Food Processing Minister, Mr Mortaza Hossain, said: "There are certain grey areas in the Act that have to be sorted out. While the Centre is aggressively pursuing for contract farming we are opposed to it.”

He added that contract farming will put small farmers at the mercy of multinational companies while the land holding pattern will not suit contract farming here.

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Back **Garlic exports ebb in Nov; spices exports rise**

C. J. Punnathara

Kochi Dec. 27

While the domestic price of garlic has skyrocketed, garlic exports have dwindled.

Spices exports , meanwhile, grew by six per cent in volume to 3,61,650 tonnes (3,41,950 tonnes) and 15 per cent in value to Rs 4,320.88 crore (Rs 3,770.10 crore) during April-November 2010.

In dollar terms, spices exports surged 20 per cent to $946.23 million against $785.29 million during the first eight months of last fiscal.

Garlic export dropped sharply from 1,300 tonnes in November 2009 to 35 tonnes in

November.

Although garlic production is expected to be good, Chinese production was much below expectations, and global prices surged, triggering a price spiral in Indian markets, sources in the Spices Board said. As the prices in the Indian markets surged, garlic exports from the country also plunged.

Volume of exports

Even though garlic exports had almost doubled in volume during the first eight months of the current fiscal taking the value realisation also to a substantially higher level, volume of exports have been on a declining trend in recent months, sources said.

During April-November 2010, export of chilli, ginger, fennel and garlic increased in volume and value, compared with the corresponding period a year ago.

Although there has been a small drop in the volume of mint oils and mint products, it has been more than compensated by a substantial increase in value realisation. Similarly, while the export volume of spice oils and oleoresins has remained more or less stagnant, the unit value and value realisation made handsome growth.

These two items remain the pillars of the country's spices exports, constituting over 30 per cent of the total value realised.

In the case of small cardamom and large cardamom, turmeric, fenugreek and mint products, the increase has only been in terms of value only.

Registering decline

Other spices like pepper, cumin, celery, mustard, aniseed, ajwan seed, mutmeg, nutmace and curry powder have registered a decline in both export volume and value.

The positive feature being that a large number spices including pepper, small and large cardamom, turmeric, cumin, celery and fenugreek have all revealed increase in unit value realisation during the year, with some of them close to double that of last year.

With the good track record in spices exports, the country has been able to achieve 78 per cent of the export target volume, 85 per cent of the targeted rupee realisation and 84 per cent of the foreign exchange earnings target.

The spices export target for the current fiscal has been pegged at 4,65,000 tonnes valued at Rs 5,100 crore and $125 million in foreign exchange.

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Back **Untimely rain mars cocoa prospects**

G.K. Nair

Kochi, Dec 27

Untimely incessant rains this year during the period of flowering/pollination in the cocoa growing areas have not only reduced the cocoa output but also deteriorated the quality thereby pulling down the prices of dried beans.

According to growers, because of the poor quality dried beans were fetching only Rs 155 a kg where as it was at Rs 170 a kg the previous season. The crop loss, they claimed, is estimated at 30-40 per cent.

Rains affected flowering and pollination resulting in an adverse impact on the second crop in November-December this year, official sources of Campco, the Mangalore-based major procurement agency, told Business Line. They said if the weather remained good the farmer would get out of 100 kg of wet beans 30-32 kg of dried beans. But, this time it was just 15-17 kg. Besides, the quality has been deteriorated and as such the procurement price of dried beans was in the range of Rs 155-165 a kg, they said.

However, if there is good summer rains in February the next Apr-May crop might turn out to be good, they predicted. The recovery rate of dried beans from wet beans in the high ranges of Idukki used to be 2 per cent higher than that from the plains and midland of Kerala, they said. Heavy rains have disrupted flowering and pollination also in other growing areas in south India pulling the output down, according to official sources.

Production

Total Indian production is estimated at around 13,000 tonnes from 20,000 hectares in 2009-10, they said. Efforts are underway to increase the production of cocoa in the country so as to remove the dependence on imports. At present 40-50 per cent of the industry's requirements are met by imports, official sources said. They said that Directorate of Cashew and Cocoa Development (DCCD) has introduced schemes to raise the area under Cocoa so as to increase the production to 16,000 in the next two years. Total consumption in the country according to them is estimated at 20,000-25,000 tonnes. The total Indian confectionery market is valued at Rs 4,500 crore with a volume turnover of about 2,25,000 tonnes an annum, according to industry sources.

Government subsidy

According to officials of the Directorate of Cashew and Cocoa Development (DACCD), with the government increasing the subsidy for cocoa farming by almost Rs 10,000 for a hectare from April 1 this year, the area is likely to increase by 30-40 per cent in the next two years. Last year, around 600 hectares came under cocoa in Tamil Nadu and 1,800 ha in Karnataka.

DACCD plans to bring another 75,000 hectares under cocoa cultivation in the next five years. Focus of the cocoa crop expansion programme will be Andhra Pradesh, Tamil Nadu and Karnataka, with the Directorate spending Rs 77 crore under the 11th Plan.

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http://www.thehindubusinessline.com/2010/12/28/stories/2010122852061900.htm

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Back **Pepper hits second ceiling on strong buying support**

G K Nair

Kochi, Dec. 27

Pepper prices hit the second ceiling levels on Monday, on strong domestic demand and export buying aided by bullish sentiments.

All the contracts increased sharply and that, in turn, caused the spot prices to shoot up.

Reports of an empty pipeline in the main centres of consumption in North India, led to brisk covering by dealers on the exchange.

The exporters, in turn, realising the tight supply position, also started covering for their pending commitments.

As a result, there was a situation where demand outweighed supply, keeping the futures market sharply at higher levels throughout the period of trade.

Taking a cue from this trend, the spot market also moved up as all the sellers/growers withdrew from the market.

At the same time, the arrival of new crop, which was to hit the market in late November, continued to remain very thin and is yet to pick up.

This phenomenon also activated the buyers to cover whatever was available, market sources told Business Line.

There was no material available in the physical counter.

Meanwhile, though the US markets will remain closed till January 3, buyers in Europe are said to be active from today. Therefore, some demand is anticipated for

MG 1.

Those who are looking for material when all other markets and origins are closed for New Year holidays, might turn to India.

These hopes are also fuelling the bullish sentiments.

January contract on NCDEX shot up by Rs 879, to close at Rs 22,836 a quintal. February and March increased by Rs 890 and Rs 899 respectively, to close at Rs 23,128 and Rs 23,351 a quintal.

Total turnover increased by 5,037 tonnes to close at 11,910 tonnes.

Total open interest increased by 465 tonnes, indicating good additional purchases.

January open interest dropped by 139 tonnes to 10,698 tonnes, while that of February and March increased by 537 tonnes and 60 tonnes respectively, to close at 1,917 tonnes and 328 tonnes.

Spot prices

Spot prices shot up by Rs 600 a quintal, to close at Rs 21,200 (un-garbled) and Rs 21,700 (MG 1) a quintal.

Indian parity in the international market is at $5,250 a tonne (c&f). The prices of other origins are not available.

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Back **Sugar futures check spot bears**

Our Correspondent

Mumbai, Dec. 27

Sugar prices on the Vashi wholesale market ruled steady on Monday despite announcement of higher quota for January and month-end sluggish retail demand.

Resumption of futures trading at higher quotes arrested the decline in spot prices, traders said.

Mr Mukesh Kuwadia, Secretary of Bombay Sugar Merchants Association (BSMA), said: "On Friday, Government declared 17 lakh tonnes of free sale sugar (excluding levy quota) quota for the month of January, higher than December-2010 quota of 15 lakh tonnes and 14.3 lakh tonnes last January. Traders were expecting a sharp fall in prices due to sluggish month-end retail demand. But the re-launch of sugar futures arrested the bearish mood and price movement in the ready market was range-bound. January futures were higher by over Rs 100 a quintal compared with spot. Because of the higher quota, fresh demand from mills also decreased sharply.

On Friday-Saturday, only half of the mills managed to sell about 8,000-10,000 bags to the local stockist. Neighbouring States were also not buying. Sentiment was weak, but all will now depend on the futures market."

Arrivals were high at about 58/60 truckloads (each 100 kg), dispatches to local retail traders were at 52/55 truckloads.

Last mills sold small quantity in the range of Rs 2,860/ Rs 2,910 for S–grade and Rs 2,900-2,950 a quintal. The offer remained open on poor response and lack of demand.

According to BSMA, spot rates were: S–grade Rs 2,950-3,021 (Rs 2,960-3,016) and M–grade Rs 2,993-3,061 (Rs 2,991-3,061).

Naka delivery rates were: S–grade Rs 2,940-2,970 (Rs 2,940-2,960) and M–grade Rs 2,970-3,010 (Rs 2,970-3,010).

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Back **Turmeric gains Rs 200 despite poor demand**

Our Bureau

Erode, Dec. 27

Spot turmeric prices increased Rs 200 a quintal on Monday but poor demand kept the volume of trade low.

“The price of spot turmeric has increased slightly by Rs 150-200 a quintal. But the sales were poor on Monday. This may be due to want of proper demand as buyers purchased limited stocks,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said, “Twenty bags of Mysore variety and 20 bags of Number 8 variety arrived at the market on Monday. The unpolished Mysore variety was sold around Rs 14,000-14,100 a quintal. The Number 8 variety would be auctioned only on Thursday.

New crop

“Gradually, the new crop will arrive in small quantities, but after January 15, new crops will arrive in the market. Till the arrival of new crop, the current price trend will continue for turmeric.”

In the Erode Turmeric Merchants Association sales yard, the finger variety was sold at Rs 9,609-16,997 a quintal, he root variety Rs 9,575-16,960 a quintal. Out of arrival of 1,186 bags, 650 were sold.

In the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 14,890- 17,159 a quintal, the root variety Rs 14,501-16,929. All the 128 bags arrived were sold.

In the Erode Cooperative Marketing Society, the finger variety fetched Rs 16,509-

17,191, the root variety Rs 16,739-17,109. Out of arrival of 564 bags, 521 were sold.

In the Regulated market Committee, the finger variety was sold at Rs 16,900-17,010, the root variety Rs 16,840-17,050. Out of arrival of 840 bags, 802 were sold.

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Back **Lower rice offtake affects paddy**

Our Correspondent

Karnal, Dec 27

Low buying in the rice market has begun to reflect on paddy trading at the Karnal grain market terminal.

Mr Tara Chand Sharma, a paddy and rice trader, said rice millers were unwilling to buy fresh paddy following the lower offtake, leading to farmers' reducing arrivals to the market. Just around 25,000 bags of different paddy varieties arrived on Monday.

With lukewarm trading in the market, prices of aromatic and non basmati varieties ruled flat and maintained previous levels. Pusa-1121 steam (new) ruled at around Rs 5,200 a quintal, while the old variety sold around Rs 5,250. Pusa-1121 sela (new) was at Rs 4,150; old variety around Rs 4,300.

Pusa-1121 raw (new) ruled between Rs 5,050 and Rs 5,100, while the old variety was quoted around Rs 5,200.

Pusa (sela) ruled at Rs 3,200 and Pusa (raw) around Rs 4,200. Basmati sela quoted at Rs 6,000 basmati raw at Rs 7,000. Brokens such as Tibar was at Rs 3,100, Dubar Rs 2,300 and Mongra Rs 2,000.

Prices of non basmati continued to rule flat. Permal sela ruled at Rs 2,000-2,200, while Permal steam ruled around Rs 2,200 a quintal. Sharbati sela sold around Rs 2,750 and Sharbati steam around Rs 3,000 a quintal.

Paddy trading

Around 5,000 bags of PR were sold between Rs 1,025 and Rs 1,030.

About 1,000 bags of Sharbati ruled between Rs 1,500 and Rs 1,550. Sugandha-999 arrived in about 5,000 bags, and quoted at Rs 1,650-Rs 1,700.

Around 2,000 bags of Pusa (duplicate basmati) quoted at Rs 2,000-2,200. Around 10,000 bags of Pusa-1121 ruled at Rs 2,000- 2,350.

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Back **Futures boost soyabean oil**

Our Correspondent

Indore, Dec. 27

Soya oil prices hitting the roof aided by bullish foreign market and speculators' grip over futures market. With Malaysia palm oil futures on Monday closing up, soya oil January contract on the National Board of Trade here on Monday witnessed Rs 617.90 after opening at Rs 608.50. With prices zooming to Rs 617.90, future trading in soya oil was halted on NBOT with traders preferring to go out of the market.

Soya oil January contract on NBOT on Saturday had closed at Rs 603.30 after opening at Rs 600.50 for 10 kg.

Supported by bullish foreign market, soya oil futures on NCDEX edged higher with its January and February contracts closing at Rs 624.20 and Rs 639, respectively.

On strong global cues and improved domestic demand, soya oil prices in the physical market saw a steep gain. Prices of soya refined oil in the morning after opening at Rs 575 for 10 kg, perked by Rs 10 to Rs 585 on positive buying sentiments.

As compared with soya refined prices in the spot on Saturday, the prices have gone up by Rs 15. On Saturday, soya refined quoted at Rs 565-570 for 10 kg.

With support from the buyers, soya solvent also traded higher with its prices in the spot on Monday quoted at Rs 550, while in the delivery, it was quoted at Rs 560. As compared with Saturday, soya solvent rate has also witnessed a gain of Rs 15.

Plant deliveries of soya seeds also edged higher at Rs 2,310-2,320 a quintal.

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Back **Mills' buying keeps cotton stable**

Our Correspondent

Rajkot, Dec. 27

Buying by mills kept the cotton price stable on Rs 41,500-41,800 a candy on Monday. With this, arrival of cotton has come down due to bad weather in Gujarat.

Cotton Sankar-6 variety was traded at Rs 41,500-41,800 a candy of 356 kg in Gujarat at the beginning of the week. At Rajkot, price of raw cotton was Rs 860 to 930 for 20 kg. About 65,000 bales of cotton arrived in Gujarat against about 85,000 bales last week. Arrivals in India were about 1.90 lakh bales (2.20 lakh bales).

“Exporters are waiting for the date announcement by the Government. That's why they are not entering the market. Export buying is very nominal at present. When date is announced, exporters will start buying,” said Rajkot-based Samir Broker.

According to industry sources, so far in Gujarat around 35 lakh bales arrived in the market. Farmers also are looking for best price. Prices may come down during this week as demand is slowly coming down.

An untimely heavy downpour have destroyed the cotton crop in Orissa's Rayagada District. Farmers lamented that the rain has damaged cotton flower and its seeds.

Approximately, 13,291 hectare of cotton has been affected.

Our Chennai Bureau reports: Arrivals in Andhra Pradesh kept the prices stable. In markets such as Karimnagar and Adibalad, raw cotton was quoted around Rs 4,000 a quintal. Arrivals in both markets were around 100 tonnes each.

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Back **Sweet sales**

— P.V. Sivakumar

Contract farming:A vendor selling ‘American' sweet corn kernels in Hyderabad on Monday. It is produced on a large scale through contract farming in the north-eastern parts of the US. Food processing companies in Himachal Pradesh and Meghalaya import the corn. The product is priced at Rs 100-120 a kg.

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Back **Cotton body pegs output at 308 lakh bales**

L.N. Revathy

Coimbatore, Dec. 27

The South India Cotton Association (SICA) has estimated the cotton crop for the 2010-11 season at 308 lakh bales (of 170 kg each). This is lower than the Cotton Advisory Board's (August 2010) estimate of 325.48 lakh bales.

The SICA estimate is higher than the estimate made at the Group of Secretaries meeting held in mid-December.

At that meeting, the Group envisaged a production of 290 lakh bales during the 2010-11 cotton season.

“The erratic monsoon and floods in the major cotton producing States such as Andhra Pradesh, Maharashtra and parts of Gujarat have seriously affected cotton production. We expect the production to hover around 290 lakh bales,” textile industry sources told this correspondent 10 days ago.

Drop in projection

The SICA sources concede to a drop in production estimate, but feel that it would not drop to the extent of 290 lakh bales.

The SICA Board met here last week to review the current cotton scenario.

A re-look revealed that the all-India arrivals crossed the 100-lakh-bales-mark (as on December 19), which was almost at the same level as at last season. “Damage due to unseasonal rains, flooding in cotton tracts and heavy wind could have damaged the standing crop. Now, winter has started,” said Mr K.N. Viswanathan, Honorary Secretary, SICA.

A comparison of the CAB estimate with the cotton association's estimate revealed a drop in production estimates in every cotton growing State except Punjab, Haryana and Rajasthan, where the CAB had estimated the crop size at 36.77 lakh bales, while SICA's current year's estimate is higher at 44 lakh bales.

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Back **Frost may pull down Nilgiris Dec tea crop**

P.S. Sundar

Coonoor, Dec. 27

Due to frost, tea production this month in the Nilgiris, the largest tea growing district of South India, will decline by 15 per cent over December 2009 numbers.

Since a week, night temperature has been in single digits in many areas. Frost has affected tea fields in low-lying belts.

“Last week, night temperature hit minus four degrees Celsius in Korakundah causing tea to suffer from extreme frost. Kundah, Kil Kotagiri and Kullakamby tea belts have also suffered frost bite. In areas where temperature dropped to below thee degrees Celsius, mild to moderate frost-bite has occurred,” Dr B. Radhakrishnan, Assistant Director, UPASI Tea Research Foundation, told Business Line.

“In all, about 500 hectares of tea in our membership area have suffered frost-bite. Tea leaves have been scorched. In some cases, barks have been split. Top hamper of the severely affected bushes has dried up. Depending upon the extent of the damage, it will take one to four months for bushes to commence normal production.

“We have advised planters of the frost-management measures. Already, due to blister blight, December crop will be down by 15 per cent over December 2009. We are estimating the extent of crop loss due to frost. For the present we reckon that frost will bring down production by another 15 per cent.”

Further frost cannot be ruled out. “In the Nilgiris, frost is an annual affair inflicting heavy crop loss. Frost can be experienced anytime between November and February. This year, frost came late. Low night temperature (minus four to plus three degree Celsius) and low relative humidity of 25 per cent (less than 45 per cent is injurious) prevailed on December 23 and 24 causing frost damage in many estates,” he added.

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Back **Seminar on millet-based products**

Madurai, Dec. 27

The Maditssia Business Information Centre (BIC) is organisng a one-day seminar on millet-based value added products at the Maditssia Hall on Wednesday. Mr N.Somasundaram, President, Madurai District Tiny and Small Scale Industries Association (Maditssia), in a release to the press said the role of millets as food grain has been declining over the years, affecting the farming regions. However, with consumers realising the importance and the health benefits of millets, they are turning to ready-to-eat convenience foods which is not available in the market. This has given rise to an increase in demand for these crops. The seminar is being arranged, taking this emerging trend into consideration .