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FAO warns of further increase in global food prices

Gargi Parsai

Stability in markets will be determined by size of next year's crop

NEW DELHI: The Food and Agriculture Organisation (FAO) has warned about a further increase in global food prices in 2011 if there is no significant increase in production of major food crops.

In the latest edition of its “Food Outlook” report, the agency observed that the rise in global prices, all of which was accruing in the second half of 2010, owing to a mismatch in demand and supply, was pushing the overall food import bill closer to the peak reached in 2008 — the recent crisis year.

The report said the international food import bills could surpass the $1 trillion mark in 2010, with prices of most commodities shooting up sharply since 2009.

The import bills of the world's poorest countries were predicted to rise by 11 per cent and by 20 percent for the low-income food-deficit countries in 2010.

“With the pressure on world prices of most commodities not abating, the international community must remain vigilant against further supply shocks in 2011 and be prepared,” the FAO warned.

Price increases, seen for most agricultural commodities over the past six months, were the result of a combination of factors, especially: unexpected supply shortfalls due to unfavourable weather events, policy responses by some exporting countries by cutting exports, and fluctuations in currency markets.

Contrary to earlier predictions, world cereal production, which was now 2,216 million tonnes, was 2 per cent below the previous year's level, against the anticipated 1.2 increase in June.

Most of the downward revision involving wheat and coarse grains followed cuts in production in major grain producing countries in the Commonwealth of Independent States (CIS) and shortfall in yields in the European Union, Canada and the United States.

World cereals stocks too were expected to be lower by 7 per cent, with wheat reserves plunging by 10 per cent, barley 35 per cent and maize 12 per cent. Only rice reserves were foreseen to increase by 6 per cent, the report said.

Sugar was an important factor that caused the rise in the price of the global food basket in recent months. Sugar prices, which recently surpassed 30-year highs, were elevated and extremely volatile.

In the oilseeds sector, firm prices reflected a relatively slow growth in world production, failing to keep pace with the fast expanding demand, the report stated.

Attention was now on cultivation for the 2011-12 season, as the size of next year's crop would be critical in setting the tone for stability in international markets.

For major cereals, production must expand substantially to meet the demand and to reconstitute reserves.

However, cereals may not be the only crop farmers would try to produce more, as rising prices had made other commodities such as soybean, sugar and cotton, attractive to plant, the report noted.

“This could limit individual crop production responses to levels that would be insufficient to alleviate market tightness. Against this backdrop, consumers may have little choice but to pay higher prices for food,” the report added.

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Centre to recruit 2100 agriculture graduates for extension services

Gargi Parsai

NEW DELHI: Recognising that agriculture extension services is the weakest link in transferring technology and techniques to farmers, the Centre has decided to recruit, in the next one year, more than 2100 farm graduates dedicated to extension services across the country.

The workers, whose job primarily would be to integrate research and extension activities for farmers in every district, would be attached to the Agricultural Technology Management Agency (ATMA), a society of stakeholders in each district working towards sustainable agricultural development.

A major activity of the extension workers would be to spread awareness and facilitate soil testing facility to check the nutrient deficiency in a farmer's field. Every farmer would be provided a soil-health card much in the same manner as a ration card. The farmer will use the soil-health card as a guide for nutrient application.

“At present this service is available in Delhi and in agriculture universities in some States,” Agriculture Joint Secretary (Extension and IT) Sanjeev Gupta told journalists here on Thursday.

The Union Agriculture Ministry has asked State governments to make this facility available at district level within a year, he added.

Mass awareness

To build mass awareness about soil as well as seed testing, the Agriculture Ministry is providing free testing in the hi-tech make-shift laboratory at its pavilion at the ongoing India International Trade Fair at Pragati Maidan here. Normally such a test on the Microcontroller-based Atomic Absorption Spectrophotometer would cost up to Rs. 150 per test.

“Anybody can get their soil tested not only for presence of nitrogen, phosphorous and potash but also micro-nutrients,” Mr. Gupta told journalists at the pavilion.

For the first time, state-of-the-art technology of DNA (Deoxyribonucleic acid) finger printing on seed has also been pressed into service for confirming seed variety. DNA reports are being made available in three days by post.

The new-look pavilion is attracting people to watch the latest developments in the agriculture sector through a pantomime that links farm with climate change and talks about merging the traditional with the modern. The pavilion showcases the entire gamut of agriculture activities from soil testing, water conservation, seed testing to input supply to sowing to plant protection to marketing.

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NABARD plans farmers' club for medicinal plant growers

R. Vimal Kumar

The aim is to improve rural credit flow in Tirupur district

It will be coming up in Mulanur block

The clubs will be utilised as forums to strengthen agricultural extension services

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Tirupur: To improve rural credit flow in the district, the National Bank for Agriculture and Rural Development (NABARD) is all set to open a farmer's club exclusively for medicinal plant growers out of the total 20 farmers' clubs planned for the current fiscal.

“This is for the first time a homogenous farmers' club is being planned among those raising medicinal plants in the district. It will be coming up in Mulanur block," NABARD Assistant General Manager G. Santhanam told The Hindu.

The rest of the clubs will be for farmers engaged in the cultivation of maize, coconut, pulses and sugarcane, among few other crops, spread over various blocks.

Development

The formation of clubs, according to him, is aimed at ensuring farmers' prosperity and overall development of the rural pockets of the district through credit, technology transfer and capacity building.

Each of the clubs to be opened would be extended a grant by NABARD at the rate of Rs. 10,000 per club for a period of three years.

"The amount is towards maintenance expenses and for conducting Base Level Orientation Training Programme as well as for holding two 'meet the experts' programmes in a year," Mr. Santhanam said.

The clubs would be utilised as forums to strengthen the agricultural extension services, production and marketing, and facilitation of technology transfer from the laboratory to the fields as well as for forging better bank-borrower relationship.

Mr. Santhanam said a recent evaluation study conducted by the Indian Institute of Management, Lucknow, on the NABARD's farmer's club programme indicated that club formation had resulted in diversification of lending, decline in non-performing assets and socio-economic development of the villages.

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Price forecast for cumbu, Bengal gram, coriander

Staff Reporter

Price of Bengal gram to hover around Rs. 2,400 to Rs. 2,500 a quintal

Price of coriander to be around Rs. 3,000 to Rs. 3,200 a quintal

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COIMBATORE: The Domestic and Export Market Intelligence Cell of of Tamil Nadu Agricultural University has forecast the price of three important food crops grown in Karthigai pattam.

Bengal gram is sown in November and harvested in February-March. Trade sources reveal that expected arrivals from other countries including the local arrivals will keep its price firm. The price that has prevailed in Udumalpet market for the last nine years show that the price will hover around Rs. 2,400 - Rs. 2,500 a quintal during February-March.

Coriander too is sown in November and harvested in February-March. In Tamil Nadu, it is cultivated in 24,748 hectares. Tuticorin, Virudhunagar, Coimbatore, and Cuddalore are the major coriander growing areas in the State.

After analysing the price of coriander prevailing for the last nine years in the Virudhunagar market, DEMIC has forecast that the price during harvest season will be around Rs. 3,000 - Rs. 3,200 a quintal.

Cumbu is sown in October and also during summer. In the State, Villupuram has the highest area of 15,172 hectares under cumbu cover followed by Tuticorin, Madurai, Thiruvanamalai, and Dindigul. During the last harvest season, cumbu was priced at Rs. 8 a kg. According to the study done at Kovilpatti market, the price of cumbu during February-March is expected to be around Rs. 750 to - 875 a quintal.

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Farmers in Kanyakumari prefer horticulture crops

Staff Reporter

Rs. 2.05 crore allotted for banana plantation

A sum of Rs.3.5 lakh allotted to raise

medicinal plants

Two vermin-compost yards given

a subsidy of Rs.30,000

Nagercoil: The Government had been implementing National Horticulture Mission Scheme, Micro Irrigation Scheme and Integrated Horticulture Scheme for the benefit of farmers in different parts of the district following a very good response among them to horticulture crops than paddy. They could dispose of their produce, other than paddy, for better price in the open market, said the Deputy Director for Horticulture, T.C. Kannan.

He said that under National Horticulture Mission Programme, a sum of Rs.2.05 crore had been allotted in the current year (2010-11) to cover banana plantation on over 1215 hectares in nine blocks including Agastheeswaram, Thovalai, Killiyoor, Rajakkamangalam, Kurunthencode, Thiruvattar, Munchirai, Thovalai and Melpuram. A sum of Rs.7.42 lakh had been allotted to raise mango grafts, Rs.30 lakh to extend the acreage of (target 150 hectares) black pepper plants particularly in Thovalai, Thuckalay, Thiruvattar and Melpuram areas, a sum of Rs.22.2 lakh had been allotted to cover high density mango plants, i.e., 400 plant per hectare and a sum of Rs.36 lakh to cover high density banana plantation on over 150 hectares.

Under Integrated Horticulture Scheme, 50 per cent subsidy would be given to farmers who wanted to raise fruit plants and vegetable seeds.

A sum of Rs.2.5 lakh has been allotted under this scheme to cover 210 hectares. A sum of Rs.3.5 lakh was allotted to raise medicinal plants such as Thippili and Thulasi in all the nine blocks. There were two vermin-compost yards in the district, i.e., one at Melpuram and another one at Agastheeswaram. Each unit had been given the subsidy amount of Rs.30,000.

The department had supported coverage of fruit plants such as mango, gooseberry, sapotta and guava, vegetable seeds and spices such as nutmeg, pepper and clove. The district has ten nurseries of which six were private. Two coconut nurseries were available in the district one each at Puthalam and Kanyakumari.There were also two horticulture farms maintained by the Government at Pechipparai and Kanyakumari.The farmers have shifted from paddy to horticulture crops particularly rubber and banana plantation. The district was known for cultivation of horticulture crops like banana, coconut, mango, vegetables, medicinal plants etc, said the Deputy Director.

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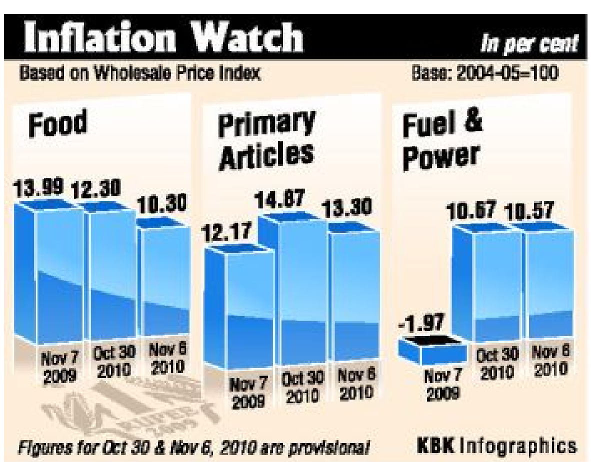
Food inflation slides to 10.3 %



NEW DELHI: Food inflation slipped to its lowest level in three months to 10.30 per cent for the week ended November 6 from 12.3 per cent in the previous week raising hopes of a further moderation to single digit in the months ahead.

The fall in the rate of price rise by two percentage points, as per the Wholesale Price Index (WPI) data released here, marks a steady decline for the fifth straight week owing to a gradual increase in crop arrivals in markets across the country following easing of supply bottlenecks.

The last time around that the food price spiral stood pegged at single digit was during the week ended July 24, 2010, and although the sharp fall in the first week of November has come about after a long gap, the fact remains that the calculation is on a large base as food inflation during the same period last year was at 13.99 per cent.

Be it owing to the high base effect or otherwise, the fall in food inflation to single digit in statistical terms will have a sobering effect on overall inflation which may, as the government expects, ease to 6 per cent by the end of December from the October level of 8.58 per cent.

With industrial growth at a 16-month low of 4.4 per cent in September, the Reserve Bank of India may choose to opt for status quo in key policy rates during its monetary review on December 16, provided the domestic inflation scenario and the global environment remain benign.

However, as of now, there is a hardening trend in global commodity prices and any further spurt will tend to exert fresh inflationary pressure. The WPI data showed that prices of most food articles declined on increased availability or rose marginally. For instance, onions, which had turned dearer following crop damage in Maharashtra, were just 0.63 per cent more expensive during the week.

However, on a year-on-year basis, protein-based food items remained markedly costlier.

While eggs, meat and fish were dearer by over 33 per cent, milk prices were over 25 per cent higher and pulses costlier by 19.4 per cent.

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Farm training

KOLLAM: A district-level free training programme for youth on operation of agricultural machinery will be inaugurated by Agriculture Minister Mullakkara Ratnakaran at Kureepuzha on Friday. Principal Agricultural Officer S. Mohanachandran said training would be given to operate tractors, tillers, combine harvester, transplanting machine.

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Paddy procurement yet to commence in six centres

Staff Correspondent

Government is still to release funds for the purpose, say officials

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Yeddyurappa said to have announced MSP of

Rs. 1,030 a quintal for Sona Masuri

'Government Order on additional Rs. 100 a quintal of paddy still awaited'

DEFUNCT:A paddy procurement centre set up by the district administration in Raichur

Raichur: Paddy procurement centres established in Raichur district have not been functioning so far. As a result, the market price of paddy continues to stay low while traders are taking advantage of the situation and exploiting farmers.

The situation has affected the price of paddy in the market. It was around Rs. 850 a quintal on Thursday in the market and Rs. 1,000 a quintal at the Agricultural Produce Marketing Committee yard here.

Chief Minister B.S. Yeddyurappa, during his visit to Raichur on Novemebr 7, announced a minimum support price (MSP) of Rs. 1,030 a quintal for Sona Masuri paddy and Rs. 1,000 a quintal for B-grade paddy.

He had also announced an additional payment of Rs. 100 a quintal for all varieties of paddy. He had instructed the district administration to take immediate steps to open paddy procurement centres in the district. Responding to another demand by a delegation of farmers for setting up hobli-level paddy procurement centres, the Chief Minister had promised that he would discuss the issue at a meeting of the Cabinet on November 9. The district administration opened two paddy procurement centres in Sindhanur and one each in Raichur, Manvi, Deodurga and Lingsugur on November 8 and the Department of Food and Civil Supplies was entrusted with the responsibility of operating them. But the department has not commenced the procurement of paddy in any of these centres, according to sources.

Inaction

According to official sources, the issue of establishing hobli-level paddy procurement centres in the district did not come up for discussion during the Cabinet meeting held on November 9. The Government has not issued an official order to the district administration to pay the additional Rs. 100 a quintal of paddy announced by the Chief Minister.

The Government has not yet released funds to the department concerned for procurement of paddy from farmers, sources said.

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Protest planned against move to evict farmers

Special Correspondent

SHIMOGA: A conspiracy is being hatched to evict farmers from the land they are cultivating at Belalkatte, Bedarahosalli, Kallagangur, Kommanal and other villages in Shimoga taluk to take up mining there, president of the district unit of Bharata Samvidhana Rakshana Vedike Esuru Lokesh alleged.

He told presspersons here on Tuesday that the farmers had been cultivating the bagair hukum and revenue land in these villages for nearly 200 years.

Efforts were on to grab their land for mining activities.

He said 700 families of farmers would be affected if they were evicted from the land they had been cultivating. Mr. Lokesh said the State Government was ready to award mining contract to the Bhadravati Trading Company which had identified lime stone dolomite quartz and clay minerals on 270 acres of land in these villages.

He said while the farmers did not have any knowledge of the government move, the officials had prepared a false report that they did not object to mining. Mr. Lokesh said that a Congress MLA and some local leaders of the Bharatiya Janata Party were involved.

An agitation would be launched against the proposed mining activities in Shimoga on November 29.

Intellectuals, religious heads, writers and environmentalists would participate in the agitation, he said.

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Steep fall in jute crop area worries experts

Staff Reporter

SRIKAKULAM: Experts and officials expressed concern over the steep fall of crop area of jute in the district while suggesting farmers to adopt new techniques to get more yield.

The crop area was reduced to 30 thousand hectares from 1 lakh hectares in the last four decades as farmers were not keen to grow jute with the non-availability of remunerative prices.

While addressing a meeting, Srikakulam Revenue Divisional Officer Nakka Satyanarayana said the government was providing loans and seeds at subsidised prices to the farmers for growing jute extensively.

Andhra Pradesh Jute Industry Development Centre Vice Chairman and Managing Director B.V. Rama Rao said there were ample opportunities for the young entrepreneurs in the industry.

Srikakulam District Industrial Centre General Manager B.Gopala Krishna said about 14 jute units had been functioning in the district.

Published: November 18, 2010 21:33 IST | Updated: November 18, 2010 23:59 IST NEW DELHI, November 18, 2010

FAO warns of further rise in global food prices

The Hindu A woman purchases essentials in a shop in New Delhi. File Photo: Sushil Kumar Verma

Stability in markets will be determined by size of next year's crop

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Price increases, seen for most agricultural commodities over the past six months, were the result of a combination of factors, especially: unexpected supply shortfalls due to unfavourable weather events, policy responses by some exporting countries by cutting exports, and fluctuations in currency markets.

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World cereals stocks too were expected to be lower by 7 per cent, with wheat reserves plunging by 10 per cent, barley 35 per cent and maize 12 per cent. Only rice reserves were foreseen to increase by 6 per cent, the report said.

Sugar was an important factor that caused the rise in the price of the global food basket in recent months. Sugar prices, which recently surpassed 30-year highs, were elevated and extremely volatile.

In the oilseeds sector, firm prices reflected a relatively slow growth in world production, failing to keep pace with the fast expanding demand, the report stated.

Attention was now on cultivation for the 2011-12 season, as the size of next year's crop would be critical in setting the tone for stability in international markets.

For major cereals, production must expand substantially to meet the demand and to reconstitute reserves.

However, cereals may not be the only crop farmers would try to produce more, as rising prices had made other commodities such as soybean, sugar and cotton, attractive to plant, the report noted.

“This could limit individual crop production responses to levels that would be insufficient to alleviate market tightness. Against this backdrop, consumers may have little choice but to pay higher prices for food,” the report added.

hindustantimes

Press Trust Of India

New Delhi, November 18, 2010

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Food inflation declines to 10.3%

Food inflation fell by two percentage points to a three-month low of 10.30 per cent in the first week of November on the back of increased supplies following the end of the rainy season, fuelling hopes the rate of price rise will moderate to a single digit shortly.

This is the fifth week in a row that food inflation has fallen on the back of enhanced crop arrivals in markets across the country as supply disruptions caused by heavy rains ended.

It is also the first time after a long gap that food inflation has been lower during a particular period than the corresponding period of the previous year.

Food inflation stood at 13.99 per cent for the corresponding period last year. In fact, the large base last year was another factor that made food inflation for the week ended November 6 seem lower.

"(Generally) You can't have 13 per cent inflation over 13 per cent inflation (last year)," Crisil Chief Economist D K Joshi said.

Single-digit food inflation was last witnessed in the week ended July 24 this year and analysts believe that it will fall below 10 per cent again shortly.

Declining food inflation may also lead to a fall in overall inflation, which the government expects to come down to 6 per cent by the end of the year from 8.58 per cent in October.

This, along with 16-month-low industrial growth of 4.4 per cent in September, may prompt the RBI to ease its monetary tightening stance.

However, Joshi said the RBI may look at other data as well before deciding on the issue, though the probability of a another hike in policy rates at its December 16 policy review is low.

The other parameters that may be taken into consideration by the central bank include the prices of protein-based items, which remained at elevated levels.

Furthermore, global oil and commodity prices might also fuel inflation. The exact impact of quantitative easing steps announced by the United States remain to be seen, Joshi added.

The price of most food items declined during the week on improved availability after the end of the monsoon. Even onions, which have become quite expensive due to crop damage in the major producing state of Maharashtra, rose by just 0.63 per cent during the week under review.

Not a single food item saw a price rise of over 1 per cent during the week. On a yearly basis, however, the price of protein-based food items became significantly costlier.

While the price of eggs, meat and fish rose by over 33 per cent, milk prices jumped by more than 25 per cent and pulses rates shot up by 19.4 per cent.

http://www.hindustantimes.com/StoryPage/Print/627972.aspx

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Friday, Nov 19

Max Min

30.8° | 23.8°

Rain: 15 mm in 24hrs

Humidity: 84%

Wind: Normal

Sunrise: 6:08

Sunset: 17:39

Barometer: 1010.0

Tomorrow's Forecast

Rainy

Saturday, Nov 20

Max Min

30° | 24°

Extended Forecast for a week

Sunday	Monday	Tuesday	Wednesday	Thursday
Nov 21	**Nov 22**	**Nov 23**	**Nov 24**	**Nov 25**
				
29° | 25°	28° | 24°	29° | 25°	28° | 26°	27° | 26°
Rainy	Rainy	Rainy	Rainy	Rainy

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

Food inflation dips further

Nov 19 2010

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THE ECONOMIC TIMES
Fri, Nov 19, 2010 | Updated 08.24AM IST

19 Nov, 2010, 01.46AM IST,Bloomberg

India sugar output may lag behind estimates

NEW DELHI: Sugar production in India, the world's second-largest, may be 8.7% less than predicted as rain, pests and disease reduce yields in Uttar Pradesh, the biggest cane growing state.

Output may total 23.27 million tonne (mt) in 2010-2011, according to interviews with 810 farmers across six states by Geneva-based SGS SA for Bloomberg. The Indian Sugar Mills Association and the Maharashtra State Cooperative Sugar Factories Federation forecast 25.5 mt. The government expects 25 mt, up from 18.9 mt in 2009-2010.

A smaller crop may hinder government plans to end curbs on sugar shipments, reducing global supply at a time of sustained demand from importers. Prices climbed to 33.39 cents a pound on November 11, the highest intraday level in almost three decades as drought and floods ruined crops from Russia to Pakistan.

“There is demand for Indian sugar from Pakistan, China and Russia, and Brazil’s production hasn’t changed,” Abinash Verma, director general of the mills association, said earlier. “There’s no surplus in the international market.” Brazil is the world’s biggest grower.

The global raw sugar surplus may be 2 mt in 2010- 2011, below the 3.22 mt predicted two months earlier, Sergey Gudoshnikov, economist at the London-based International Sugar Organisation, said in an interview last month. India will decide whether to end export restrictions after receiving “dependable estimates” for output, Union agriculture minister Sharad Pawar said in a statement on November 16. The country may have a 3.5 mt surplus, he said last week.

“Our consumption is extremely robust as demand from all bulk users is constantly growing,” Vivek Saraogi, managing director of Balrampur Chini Mills , India’s second-biggest producer, told analysts. “The surplus is a limited quantity.” Shipments from the country may be 2 mt to 2.5 mt, not enough to be a “dampening factor” for global prices, he said. Output may be capped at 25 mt and consumption may be “upwards” of 23 mt, he said on Thursday. “The world market will be determined by Brazil’ and sales from India will happen gradually,” he said.

Raw sugar for March delivery jumped as much as 3.8% to 27.47 cents a pound in after-hours trading on the ICE Futures US in New York. Prices closed at a 29-year high on November 9 and slid 21% in the following three sessions. China said on Wednesday it will offer 200,000 tonne from its reserves on November 22 to stabilise the market and cool prices.

An SGS survey last November predicted production of 17.68 mt in 2009-2010, 11% more than forecast at that time by the country's mills association. The group now estimates the 2009-2010 harvest at 18.9 mt.

The cane harvest in India may climb 28% to 355.32 mt in 2010-2011 from 277.75 mt the previous year, helped by a 25% increase in area and a 2.5% gain in yields, the latest SGS survey showed. The study by five teams between October 16 and November 1 covered states representing 93% of output, including Uttar Pradesh and Maharashtra, the biggest growers.

About 17% of farmers reported damage to cane from heavy rain this year, including 31% of those interviewed in Uttar Pradesh and 1% in Maharashtra, the survey showed. The rains increased infestations in Uttar Pradesh, with 16% of growers reporting severe attacks, up from 3% last year, the survey showed. In Maharashtra, insect and disease outbreaks were less than last year, it said.

"UP will produce less than anticipated," said Balrampur's Saraogi. "Western parts of the state were affected by concentrated rainfall in September. Yields are not going to be very good. Maharashtra will definitely produce more."

Business Standard

Friday, Nov 19, 2010

Slow paddy procurement in Chhattisgarh

BS Reporter / Kolkata/ Raipur November 19, 2010, 0:40 IST

Paddy arrival in the societies set up by the state government to procure the yield at minimum support price (MSP) is yet to take pace in Chhattisgarh.

Procurement of paddy at MSP started across the state from November 1 and will continue till January 31, 2011. The state marketing federation has set up 1587 procurement centres under 1333 primary cooperative societies.

"Paddy arrival is slow in the societies and as of now, about 80,000 tonnes could be procured," a senior official with the federation said. The untimely rains that hit parts of Chhattisgarh early this month had affected the harvesting work that ultimately affected the procurement, the official added.

Chhattisgarh government had set a target to procure 5 million tonnes of paddy during the kharif marketing season 2010-11. Officials felt that the target could be easily achieved as the state recorded a good rainfall this year. Last year, about 4.4 million tonnes of paddy had been procured in the state.

Chief Minister Raman Singh has announced a bonus of Rs 50 per quintal on paddy over the minimum support price (MSP). Farmers selling their produce in the state-run societies will now get Rs 1030 for a quintal of common variety of paddy and Rs 1060 for grade-A paddy as MSP.

The government earmarked Rs 5,000 crore for purchasing paddy from farmers through the village-level cooperative societies for the kharif marketing season 2010-11. It sought cash credit limit (CCL) from the Reserve Bank of India (RBI) for procuring paddy in the state.

Tobacco growers to take up alternative curing methods

Press Trust Of India / Chennai/ Bangalore November 19, 2010, 0:24 IST

Karnataka has decided to urge the Central Tobacco Board to extend financial aid to tobacco growers in the state to take up alternative curing methods to put an end to use of fuel wood, which has led to massive deforestation.

Minister for Forest C H Vijayashankar told reporters here that the Board has about Rs 150-crore funds, which it got as penalty from licensed and unlicensed tobacco growers in Karnataka over the years, but remained unspent. He pointed out that India has given an undertaking to the World Health Organisation (WHO) that tobacco cultivation has to be given up by the year 2020.

He said 53,000 licensed growers and 30,000 unlicensed growers in four taluks annually produce 1,700 tonnes of virginia tobacco and use about 85,000 truck loads of firewood to cure it. The Board, which used to provide coal to cure tobacco, has suspended it, the minister said and pointed out that there are alternative methods like use of LPG for this purpose.

He said efforts are on to revive four corporations under the Forest Department — Cashewnut Development Corporation, Karnataka Forest Development Corporation, Forest Industries Development and Cashew Board as these were not doing well.

Vijayashankar said he has asked officials to submit a report in 30 days outlining the measures to be initiated to revive these sick units.

Synthetic rubber use up 26.6% in April-July

George Joseph / Kochi November 19, 2010, 0:14 IST

Reasons: High natural rubber prices, low stock.

The steep rise in natural rubber (NR) prices has resulted in a sharp increase in the consumption of synthetic rubber (SR) in the country. The consumption of SR was up 26.6 per cent during April-July period of the current fiscal year, compared to 4.9 per cent growth in the same period of 2009-10, latest data by the Rubber Board showed.

In volume terms, total SR consumption increased to 132,925 tonnes in April-July as against 104,955 tonnes in the same period of the last financial year.

There has been a deviation in the consumption pattern of rubber-based industries in India, especially by tyre manufacturers. A 32.6 per cent increase was recorded in the consumption of SR by tyre companies during the period at 93,503 tonnes against 70,513 tonnes in the same period last year. Though the consumption of NR by tyre producers during the period increased only 5.1 per cent.

With NR prices almost doubling in the last 15 months and poor stock position led to a supply crunch which forced the industry to depend on SR.

More SR was routed to India through imports as domestic production was only 27 per cent of the total requirement. The price advantage of imported SR compared to NR also caused the increase in its consumption.

Certain segments of tyres like car radials especially meant for export purpose need more SR which is preferable in the overseas markets, according to experts. Traditionally Western countries use SR mainly for production of tyres while Asian countries largely use NR.

The consumption ratio of NR and SR in India was 76:24 few years back, which is now 74:26 in favour of SR. There was an improvement in the domestic production of SR. In April-July period, production increased 2.2 per cent while there was negative growth of 4.4 per cent in the same period of the last financial year. Total SR production increased to 35,144 tonnes as against 34,392 tonnes in April -July of 2009-10.

More grain storage areas soon

Komal Amit Gera / Chandigarh November 19, 2010, 0:12 IST

An investment of Rs 4,500 crore is in pipeline by private entrepreneurs for setting up covered storage area of 15 million tonnes (mt) for foodgrain in India.

The country has a total of 42 mt covered capacity storage. But it has been falling short due to the increasing output in the last few years.

The new capacities are to come up in 19 states and the majority of them would be set up in Punjab, Haryana and Uttar Pradesh. These three states would add over 11 mt of new scientific storage for foodgrain of the total of 15 mt.

“Additional capacities are created in producing states as the movement of foodgrain is dependent on the availability of rakes from railways. As the harvesting is done in short time it is difficult to move huge stock of foodgrain simultaneously. So, producing states need to have larger space for storage,” a senior FCI official said. This despite the fact that escalating land prices in this pocket are a big factor dissuading investors from using land for storage than as a real estate asset.

Private players have come forth under the PEG (private enterprenuer guarantee scheme) of FCI under which 7-year guarantee and 10-year guarantee is provided to the private investors for offering scientific storage for foodgrain.

Tenders (technical) have already been opened in Punjab, Rajasthan, Jammu and Kashmir, Himachal Pradesh, Jharkhand, Andhra Pradesh, West Bengal and Orissa.

Last time, in 2001, under the same scheme the rent was pre-determined at Rs 2.40 per square feet per month. But, rates are open this time and response is better.

The Chairman and Managing Director of FCI Siraj Hussain said the Planning Commission of India is pursuing a study on creation of silos (the most scientific method of foodgrain storage with humidity and temperature control) at various locations in the country. It will determine the capacity and other parameters and submit its report to the government, he added.

Presently silos are put up by Adani group in Punjab and Haryana with a capacity of 200,000 tonnes each at Moga and Kaithal used for wheat storage.

Rice output to rise 12%: FAO

Dilip Kumar Jha / Mumbai November 19, 2010, 0:10 IST

India’s rice output is likely to rise 12.36 per cent this year, on favourable pattern of monsoon and higher acreage area, according to the United Nations’ Food and Agriculture Organisation’s (FAO’s) latest food review forecast released yesterday. The agency estimated India’s total milled rice output at 100 million tonnes (mt) this year, as against 89 mt the previous year.

Global rice production is estimated to reach 467 mt, compared with 472 mt foreseen at the beginning of the season in June. It is still 11 mt above the 2009-10 level. The downgrading of the global rice production outlook is due to the La Niña weather anomaly that has prevailed since mid-2010.

Despite higher production, rice availability for world trade will be limited, due to restrictions imposed by several countries, including India and Egypt. India banned premium rice exports last year to control inflation.

In 2011, global rice utilisation, including food, fodder etc, is anticipated at 460 mt, which is 1.6 percent, or 7 mt, more than the current 2010 estimate. The bulk of the total rice utilisation will be used for human consumption, which is foreseen at 394 mt, as compared to 388 mt this year. Where volume of rice fodder will remain unchanged at 12 mt, others (including seeds, non-food industrial usage and waste) are forecast at 54 mt, as against 53 mt in 2010.

According to FAO, world rice production in 2010-11 would exceed global rice utilisation by 7 mt, which is expected to beef up global rice carryover stocks from 126 mt in 2010 to 133 mt in 2011, the highest-ever since 2002. Much of the increase will accrue to China and India, the two largest rice holders, with a combined 71 per cent of the total. Expectation of larger 2010-11 crops is much behind the anticipated build-up of 2011 inventories.

Unless India relaxes the ban, world supply for trade may remain limited, at least till 2010-11 secondary crops are harvested in March-April next year. Until then, world rice prices were likely to remain on a rise, especially in context of firm agricultural commodity prices and weak dollar, FAO said.

The current estimate of 472 mt puts global production is 2.4 per cent more than in 2009-10, when adverse weather conditions depressed rice output in Asia.

Spices exports rise 8.1% in April-Sept

Press Trust Of India / New Delhi November 19, 2010, 0:08 IST

Driven by a surge in garlic, ginger and chilli shipments from the country, India's spice export jumped over 8.11 per cent to 273,000 tonnes in the first six months of the current financial year.

The total shipment of spices in the corresponding period of the last fiscal were around 253,000 tonnes, the Spices Board said in a statement.

In terms of value, the exports of spices has increased by 15.7 per cent to Rs 3,095.35 crore in the April-September period of the current fiscal, as against Rs 2,675.13 crore in the corresponding period last fiscal, the board said.

According to spices' board data, shipments of garlic have increased more than three fold to 14,750 tonnes in the first half of current fiscal. In value terms, garlic export achieved a five-fold increase to Rs 55.65 crore during the six months, largely due to global shortage of the commodity.

Ginger exports from the country also rose during the period by over two fold to 4,450 tonnes in volume terms and in 98 per cent to Rs 32.47 crore in value terms.

Chilli shipments rose by 28 per cent in the first half of the fiscal to to 117,500 tonne.

According to the industry experts, the drop in Chinese chilli production this year has also aided in better realisation for Indian exporters.

Malaysia, Sri Lanka, Bangladesh and Indonesia are main buyers of Indian chilli. India has exported 4,500 tonnes of garlic in the same period last fiscal, the board said.

THE HINDU Business Line

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Back **Food inflation eases on cheaper cereals, pulses**

Fuel and Power Index at 10.57%; non-food articles dearer.

The RBI has raised its key lending and borrowing rates by 150 and 200 basis points respectively since mid-March to anchor inflationary expectations.

Our Bureau

New Delhi, Nov. 18

Food inflation, based on the annual Wholesale Price Index, eased for the fifth straight week in early November. The Food price index rose 10.3 per cent for the week ended November 6, sharply down from the 12.3 per cent reported in the previous week, with cereals, vegetables and pulses contributing to the drop, government data on Thursday showed.

The Fuel and Power index rose 10.57 per cent during the latest week, compared with the prior week's 10.67 per cent reading, data released by the Government on Thursday showed.

RBI move

The Reserve Bank of India has so far raised its key lending and borrowing rates by 150 and 200 basis points respectively since mid-March to anchor inflationary expectations.

According to the data, the annual rate of inflation, calculated on point to point basis, was recorded at 13.30 per cent for the latest week as compared to 14.87 per cent a week earlier.

On a sequential basis, the index for the Primary Articles group declined by 0.1 per cent as the index for ‘Food Articles' group dipped by 0.6 per cent due to lower prices of fish-inland (7 per cent), urad (4 per cent), barley (3 per cent), jowar (2 per cent) and milk, bajra and arhar (1 per cent each). However, poultry chicken (2 per cent) and moong (1 per cent) moved up.

Non-food articles

The index for ‘Non-Food Articles' group rose by 1.5 per cent due to higher inflation in products including marigold (33 per cent), rose (18 per cent), fodder (10 per cent), jasmine and niger seed (6 per cent each), raw silk (4 per cent), raw rubber (3 per cent). However, the prices of raw jute (8 per cent), sunflower (3 per cent), groundnut seed and linseed (2 per cent each) and copra (1 per cent) declined.

The Fuel and Power index rose by 0.1 per cent on a sequential basis due to higher prices of light diesel oil (3 per cent) and bitumen and aviation turbine fuel (1 per cent each).

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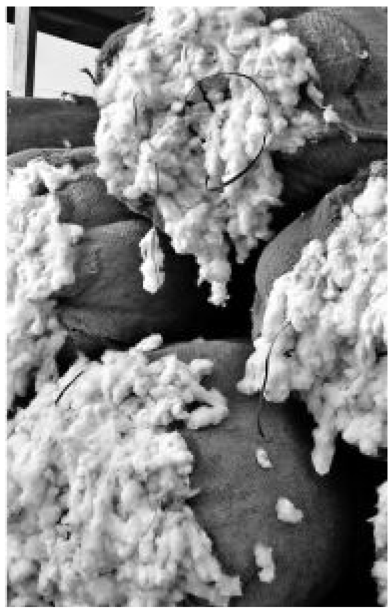
Back **Cotton exports in a tangle**

M.R.SUBRAMANI



There is a Malayalam saying vadi koduthu adi vanguga, which means giving someone a stick and getting thrashed, in the bargain. This aptly describes the government's decision to allow cotton exports.

Has the Centre asked for a thrashing after giving its competitors a stick in the form of cotton exports? This is how it looks, as over 90 per cent of the 55 lakh bales (170 kg each) of cotton exported from the country from November 1 heads towards India's main competitors — China, Bangladesh, Pakistan and Indonesia.

While garment manufacturers struggle to execute their orders for Christmas and the New Year, sky-rocketing raw material prices have made things difficult for them. Cotton export is drawing flak from all quarters. When the Government initially decided to allow exports, it had talked of ensuring good prices for growers.

Unfortunately, even as the ban on cotton exports — clamped in April — was removed, global developments in the market overtook it. First, floods in Pakistan and China affected the cotton crop in both countries. Both are now scouting for cotton, mainly from India. Second is the uncertainty over the US cotton crop. These have put the Government in the dock, and makes one feel that it had not taken into account all factors before taking a decision.

INVENTORY POSITION

According to Cotton Outlook, global production this year is expected to be 25.15 million tonnes against 21.90 million tonnes (see Table 1). Consumption is estimated at 25.83 million tonnes, against 24.9 million tonnes last year. This, in turn, will reduce the carryover stock by 778,000 tonnes. Last year, the drawdown of stocks was 3.09 million tonnes. This drawdown, particularly from a lower US crop, is behind the market's bullishness. Prices of the commodity ran up to 140-year high of $1.44 a pound last week before dropping to $1.2415 this week on profit-booking.

Table 1

World raw cotton production estimates

(in tonnes)

Producer	2009-10	2010-11
China	6,950,000	6,400,000
India	5,015,000	5,865,000
U.S.	2,654,000	4,071,000
Pakistan	2,032,000	1,920,000
Brazil	1,150,000	1,550,000
Uzbekistan	850,000	1,100,000
African Franc zone	481,000	555,000
Turkey	380,000	525,000
Australia	363,000	772,000
Others	2,024,000	2,300,000
World production	21,899,000	25,058,000
Major consumers		
China	10,150,000	10,488,000
Indian subcontinent	7,730,000	8,004,000
Turkey	1,250,000	1,300,000
Brazil	975,000	975,000
U.S.	740,000	784,000
Others	4,147,000	4,260,000
World Consumption	24,992,000	25,836,000
Net change in stock	-3,093,000	-778,000

Source: Cotton Outlook

According to the International Cotton Advisory Committee, cotton stocks have been regularly dropping since 2006-07, when they were 12.79 million tonnes. Last year, they dropped to 8.96

million tonnes. This is reflected in India as well, with prices of Shankar-6 cotton firming to Rs 43,500 a candy (356 kg) despite higher arrivals.

Indian cotton production this year is estimated at 325 lakh bales (of 170 kg), though a section of the trade pegs it around 350 lakh bales.

Carryover stocks from last season (October 2009-September 2010) have been pegged at 40.50 lakh bales by the Cotton Advisory Board (CAB), while in the current season they are projected to be 55 lakh bales (see Table 2). This projection is on the ground that exports would be lower at 55 lakh bales this season, against 83 lakh bales last season, besides the higher output.

Table 2

Cotton balance sheet

(in lakh bales)

Item	2010-11	2009-10
Supply		
Opening stock	40.50	71.50
Crop size	325.00	295.00
Imports	5.00	7.00
Total availability	370.50	373.50
Demand		
Mill consumption	246.00	207.00
Small-Mill consumption	-	23.00
Non-Mill consumption	20.00	20.00
Total consumption	266.00	250.00
Exports	49.50	83.00
Total disapperance	315.50	333.00
Carry forward	55.00	40.50

Source: Cotton Corporation of India based on August 27 meeting of CAB

BAD TIMING

Why, then, should domestic prices skyrocket? The reason is the export move has been timed wrongly and handled poorly. One problem is that the carryover stocks from last season may not actually be 40.50 lakh bales. The second is allowing the export of 55 lakh bales within 45 days (until December 15).

This year, cotton arrivals have been delayed as the first flowering of the crop was affected by rain. Arrivals began peaking this year only around Diwali, instead of the normal second week of

October. Therefore, only about 60-65 lakh bales of cotton will hit the market by the end of this month. If the carryover stock of 40.50 lakh bales is added, the availability is about 100 lakh bales. But if the 55 lakh bales meant for export is subtracted, the actual availability for domestic mills is just about 45 lakh bales. Going by the CAB's projection, domestic consumption is around 23 lakh bales a month (266 lakh bales for the season). This is a clear indication of where the Centre could have gone wrong.

EXPORT NORMS

The crisis has been aggravated by the Centre permitting exports on a cash-against-document (CAD) basis. At least 70 per cent of the export authorisation registration certificates (EARCs) were issued on a CAD basis. This has upset even a section of exporters. Rarely is cotton traded on a CAD basis as it is a sale on credit without any security or guarantee. Some exporters and exporting firms do ship on CAD basis to their agents or offices abroad, but the industry is piqued that the exports are intended to meet demand that could emerge months later.

Under CAD, there is a risk of deals being cancelled or the exporter not getting orders. This could have a series of effects, finally leading to a crash in prices. The Government could, perhaps, have made the production of letters of credit (LC) the sole criterion to permit cotton exports. This would have ensured that the entire quota of 55 lakh bales would not get exhausted in 10 days. There are complaints that the EARCs are not in the proper format, as they do not contain the name of the buyer, details of LC and expiry of shipment contract.

This has led to a slew of complaints, leading to fear of misuse of EARCs. The Centre's fault, possibly, lay in not fixing a monthly cap on exports. It could have been fixed at 5 lakh bales, or a little more. This would have given the industry a little respite. Domestic prices are now above global rates and exporters are reported to be seeking a premium.

ALTERNATIVES

The Centre could have delayed exports and followed a carrot-and-stick policy. The carrot is to postpone exports as long as the industry pays for cotton on par with global rates. The stick could have been allowing exports if prices were to be kept on a leash. Or, given the demand for cotton in the international market, the Cotton Corporation of India could have been asked to procure it at a higher price and export it.

Though the Textiles Minister, Mr Dayanidhi Maran, has ruled out further exports, there is little to save the Government from the wrath it is facing from the textiles industry.

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Back **Mills seek formula-based pricing for sugarcane**

Want Nandakumar panel recommendations implemented.

Our Bureau

New Delhi, Nov. 18

The Indian Sugar Mills Association (ISMA) has sought a 'de-politicised', 'formula-based' pricing of sugarcane, linked to factories' realisations from sale of sugar and primary by-products.

"A formula-based cane pricing on the lines suggested by the Nandakumar Committee is what we must ultimately move to. That is how the industry in Brazil and Thailand works," said the ISMA Director-General, Mr Avinash Verma.

The committee headed by former Union Food Secretary, Mr T. Nandakumar, had recommended a formula, wherein mills would pay cane growers 70 per cent of their average realisation from sugar multiplied by a specific recovery factor. The recovery factor, in turn, represents the sugar recovery of a particular factory (or the average for its zone, whichever is higher) divided by the all-India average sugar recovery.

Thus, if the average realisation from sugar was Rs 2,500 a quintal and the all-India average sugar recovery at 10 per cent, a factory in Maharashtra recording a 13 per cent recovery would pay its growers Rs 227.5 for every quintal of cane. If the recovery for a factory (and the zone in which it is located) was only 9.5 per cent, the corresponding cane price would come to Rs 166.25 a quintal.

"This kind of a formula is acceptable to us, though the exact proportion of sugar price to be shared (whether 70 per cent or 65 per cent) can always be worked out separately. The important thing is to agree for cane pricing to be formula-based and not be fixed on political considerations," Mr Verma told Business Line.

UP row

Mills in Uttar Pradesh are currently at loggerheads with the State Government's decision to fix a price of Rs 205 a quintal for normal quality cane supplied by farmers during the current sugar season (October-September) as against Rs 165 a quintal in the 2009-10 season.

Uttar Pradesh's Rs 205/quintal State 'advised' price (SAP) works out higher than the Centre's fair and remunerative price (FRP) of Rs 139.12/quintal, linked to a sugar recovery of 9.5 per cent. Mills have been seeking an end to the powers of State Government to announce SAPs over and above the Centre's statutory minimum price, which has, since last year, been replaced by an FRP.

On May 5, 2004 a five-judge Constitution Bench of the Supreme Court, by a 3:2 majority, upheld the power of States to announce SAPs on grounds that these were complementary to the reservation orders issued by them, binding growers in an area to supply cane to particular mills to which that area has been assigned.

"The only way to challenge the right of States to fix SAPs would be to get the May 5, 2004 ruling to be viewed by a larger seven-judge Constitutional bench of the Supreme Court. Although the Allahabad High Court, in subsequent judgments, has quashed the SAPs announced by the UP Government, it has done so only by citing the arbitrary way in which these have been fixed. The right of the State Government to declare the SAP has not been questioned", an industry source admitted.

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Back **Wheat perks up on trickling inflow**

Our Correspondent

Karnal, Nov. 18

Prices of Dara variety wheat continued to rule firm, while the prices of Nokia variety, Desi wheat rose Rs 50 a quintal. The former was quoted between Rs 1,210 and Rs 1,220 a quintal. Mill delivery was quoted at Rs 1,225 a quintal.

Mr Sewa Ram, a wheat trader, told Business Line that due to constant demand prices of Dara ruled firm, whereas low arrivals lifted prices of Nokia. About 350 quintals of Dara were offloaded at flour mills in Karnal on Thursday.

Prices of other desi wheat varieties continued to rule firm on low arrivals. Desi wheat prices have been witnessing a rally since the beginning of this week. Prices of Tohfa variety ruled at Rs 2,450 a quintal, Lok-1 at Rs 1,970, Aaj Tak at Rs 2,400; Nokia at Rs 2,400 against Rs 2,350 quoted at the start of this week.

Due to steady trend in wheat market, flour prices continued to rule firm, ruling at Rs 1,240/90-kg bag. Similarly, Chokar prices ruled steady and were quoted at Rs 615 for a 49-kg bag.

Downtrend in basmati

Prices of pure basmati paddy continued to witness a downtrend. About 18,000 bags of the paddy of pure basmati rice arrived here and quoted at Rs 2,000-2,750.

Around 4,000 bags of PR-13 arrived and ruled between Rs 1,000 and Rs 1,040. Grade-A variety arrived in 75,000 bags and ruled between Rs 1,020 and Rs 1,050. PR-14 arrived with a stock of 10,000 bags and ruled at Rs 1,100. Around 5,000 bags of RS-10 were quoted at Rs 1,380-1,430. About 5,000 bags of Sharbati also arrived and ruled between Rs 1,480 and Rs 1,500. Sugandha-999 arrived in about 8,000 bags and quoted at Rs 1,600-1,675.

Around 12,000 bags of Pusa (duplicate basmati) arrived and quoted at Rs 1,800-2,200. Around 15,000 bags of Pusa-1121 quoted at Rs 2,000-2,400. The entire stock was lifted by agencies and rice millers.

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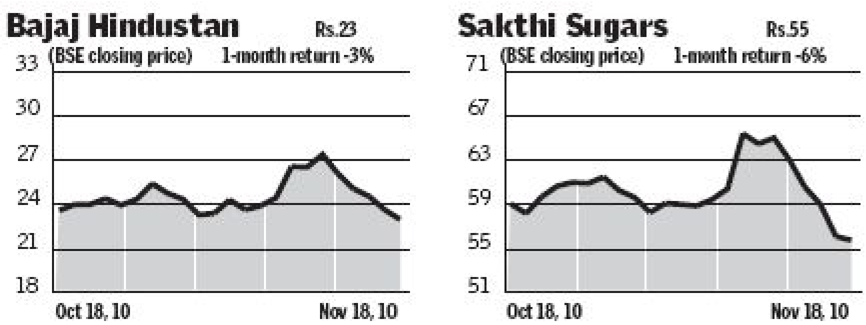
Back

Fate of sugar stocks hinges on policies of the Centre

Focus on decision to export the commodity.



M.R. Subramani

Chennai, Nov. 18

Stocks of sugar companies are ruling much lower than at the start of the year. In fact, most of them are quoting at least 10 per cent lower than in the beginning of January.

No doubt, some of the sugar companies have not reported good results this quarter as prices have dropped from the high witnessed at the beginning of the year.

Sugar prices have declined mainly on hopes of higher production this season. Estimates of sugar production vary between 24 million tonnes and 25 million tonnes.

SAP MOVE

There are reasons for sugar stocks being bitter for investors, especially since States such as Uttar Pradesh and Tamil Nadu have increased the State Advised Price (SAP) for sugarcane to around Rs 200 a quintal.

For example, in Uttar Pradesh, the hike is 40 per cent and it is seen as hitting the bottomline of sugar companies.

But the interesting fact is that sugar stocks have tended to rule low despite global prices for white sugar hitting a record $800 a tonne last week.

Global sugar prices have pared the gains but are still ruling above $680 a tonne on fears that the Indian sugar production may be lower than estimates and problems with Brazil cane.

On Thursday, a bullish sentiment was seen in Mumbai sugar market but the stock market seems to be oblivious to it.

What are the chances for sugar stocks to turn sweet? The first one will be the Centre allowing the commodity's exports.

While some mills have obligation to export, there is also scope for exports of sugar this year.

Business Line reported on October 24 that the Centre is mulling to allow exports of 10 lakh tonnes with a few riders.

The Union Minister for Food and Agriculture, Mr Sharad Pawar, has said exports will be allowed after the sugarcane crop is properly assessed. However, on Thursday, the Union Minister for Commerce and Industry, Mr Anand Sharma, said a group of ministers will soon decide on the move.

What one has to watch out is if any sugar company has tied up to export.

For example, one of the sugar firms told the Bombay Stock Exchange last week that it has significant export orders to fulfil. If the orders had been contracted at last week's price, then surely sugar firms will stand to gain.

Until now, there are no firm reports on any export taking place with the industry awaiting the Centre's decision.

According to the Indian Sugar Mills Association, the country can spare 20 lakh tonnes of sugar to importing nations.

The other aspect that could trigger a rally in sugar stocks is the Government opening up the sector fully. However, this is unlikely to happen as of now.

Having said this, there are other problems that the industry is facing currently.

The first and foremost is the unseasonal rain that is lashing across the country, particularly in Andhra Pradesh, Karnataka, Maharashtra and Tamil Nadu.

Yet another issue to watch out will be the SAPs fixed by various governments. Mills in Uttar Pradesh have filed a writ in the Allahabad High Court. On the other hand, there has been no agreement over the cane price in northern Karnataka.

RAIN EFFECT

The rain will have two effects on the industry. One, crushing of sugarcane will be affected as farmers delay harvest. Second, the wet weather will affect recovery of sugar from the cane. This is likely to lead to further problems for sugar mills. Already, crushing so far is lower compared with the same period a year ago.

In these circumstances, sugar stocks can be expected to gain only if the Centre comes up with a concrete measure that will improve the industry's health. mrsubramani@thehindu.co.in

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Back **Pepper futures surge on buying support**

Exporters, who had made commitments to overseas buyers when there were favourable exchange rates in recent days, had covered good quantity of November delivery.

G.K. Nair

Kochi, Nov. 18

Pepper futures shot up on Thursday due to good buying interest shown by exporters amid limited availability, according to trade sources.

There was good switching over to December as the difference between November and December had widened. Similarly, there was good additional buying.

Exporters, who had made commitments to overseas buyers when there were favourable exchange rates in recent days, had covered good quantity of November delivery. This has resulted in the futures market shooting up. Besides, it is expected that exporters might jump for November delivery, which is maturing on Saturday. About 1,500 tonnes are likely to come up for delivery and once that is taken care of by exporters then there might be a squeeze in availability and that, in turn, could make the market highly volatile, market sources told Business Line.

Meanwhile, spot sellers went into hiding from the rising market. Hence, there was no activity in terminal and primary markets.

Domestic demand was also there, albeit low, for the winter, Christmas and New Year season but it was slow, given the rising prices.

November contract on the NCDEX shot up Rs 743 to close at Rs 22,051 a quintal. December and January were up Rs 820 and Rs 756, respectively to close at Rs 22,658 and Rs 22,846 a quintal.

Total turnover increased by 4,953 tonnes to 17,588 tonnes. Total open interest also increased by 850 tonnes to 14,715 tonnes indicating good additional buying.

November open interest dropped by 811 tonnes to 1,602 tonnes. December shot up by 1,259 tonnes to 11,313 tonnes while January moved up by 355 tonnes to 1,178 tonnes showing good switching over.

Spot prices in tandem with the futures market and limited availability went up by Rs500 to close at Rs21,100 (ungarbled) and Rs21,600 (MG 1) a quintal.

Indian parity in the international market was at $5,100 a tonne (c&f) and remained almost in line with the other main competitor Indonesia, they said.

According to an overseas report from the West market, there remained unchanged with most of the buyers preferring to keep away at the moment.

Prices quoted for black pepper of different origins in dollar a tonne c&f New York were MG 1 asta – 5,000-5,100; Lampong asta –

4,850-4,900 (f.o.b.); Lampong 550g/l – 4,800-4,850 (f.o.b.); Lampong 500g/l – 4,700-4,750 (f.o.b.); Vietnam faq 500g/l – 4,950-5,000 (f.o.b.); Ecuador 525g/l – 4,850-4,875 (f.o.b.); Brazil 500g/l – 4,800-4,825 (f.o.b.); Spot MLSV asta treated – 5,400 ex warehouse New York/New Jersey.

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Back **Global market lights up soyabean**

Our Correspondent

Indore, Nov. 18

Soyabean and soya oil prices gained on Thursday on correction in the global market, especially Malaysian crude palm oil futures.

Soya refined that declined to Rs 520-525 in the spot on Wednesday gained Rs 12- 15 to quote at Rs 532-540 for 10 kg on Thursday evening. In the morning, soya refined (loose) quoted at Rs 522-530, up Rs 2-5, and it further gained Rs 8-10 by evening. In resale, soya refined prices quoted at Rs 522-530.

Similarly, soya solvent prices also perked up by Rs 5-10 at Rs 500-510 for 10 kg on improved global cues. A positive global trend also helped soya oil prices gain on the National Board of Trade where December contract, after opening at Rs 563.80, increased to Rs 577.20 before closing at Rs 575.40 for 10 kg.

Similarly, soyabean gained marginally with the spot quoting at Rs 2,060-2,100 a quintal. A decline in arrivals and rise in soyabean futures on the National Commodities and Derivatives Exchanges where the soybean December contract ended at Rs 2,210, leading to marginal gain in soyabean. Similarly, plant deliveries of soyabean gained marginally at Rs 2,170-2,200 a quintal. On the whole, soyabean prices in the mandis here are still Rs 100 lower compared with prices that ruled a few days ago.

In Indore, the arrival of soyabean was recorded at a mere 3,000 bags against 3.50 lakh bags at the State level. Soyameal (Kandla) also gained marginally at Rs 18,400 with slightly improved export demand. A few days back, soya DOC prices had toucheda high of Rs 18,700 a tonne.

Improved soyameal demand from traditional buyers in Japan and China, has been offering firm support to soyabean.

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Back **Hosiery industry rues cotton exports**

Workers plan strike today.

Our Bureau

Kolkata, Nov. 18

The Union Government's decision to allow exports of raw cotton would push up the prices of cotton and yarn further, thereby affecting the domestic textile and hosiery industry, according to Mr K. B. Agarwala, President, Federation of Hosiery Manufacturers Association of India.

Cotton prices, over the past year, increased almost 75 per cent to Rs 40,000 from just about Rs 23,000 a candy, Mr Agarwala said. He said that the prices of yarn also moved up by more than 80 per cent, thereby increasing the prices of fabric and garments.

The Hosiery Industry and Trade in West Bengal along with other hosiery associations such as Federation of Hosiery Manufacturers Association of India, South India Hosiery Manufacturers Association and West Bengal Hosiery Association, among others, have therefore decided to observe a one-day token strike by shutting down their units on November 19, to register their protest against the Government move.

Export of raw cotton

“The increase in price is not because of a shortage of cotton crop as was the case with sugar, pulses or rice, but because the Government is allowing export of raw cotton . There is a need to stop cotton exports immediately till sufficient buffer is created,” Mr Agarwala said. The closing stock of cotton in the country was at an all time low of 40 lakh bales, and was even lower than the Government's own stated objective of 50 lakh bales.

The stock-to-use ratio was just 15 per cent against the world average of 40 per cent, he said. The Government has allowed export of around 55 lakh bales of raw cotton, at present.

“The registrations are over and the crop has started moving out of the country from November 1. The Agriculture Minister has gone on record that in December they may increase the quota to 80 lakh bales, which will further lead to fuelling of prices,” he said.

Cotton farmers are selling their produce at 50 per cent over the Minimum Support Price set by the Government.

This has caused the prices of hosiery items to increase by more than 25 per cent over the last one year.

“The hosiery industry, which forms an integral part of the textile industry, is one the largest industrial employers in the country. The implementation of defective policies is likely to affect the livelihood of millions of workers. Many small and even medium size units have already started shutting their units while others are on the brink of closure,” he said.

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Back **Retail buying sweetens sugar**

Our Correspondent

Mumbai, Nov. 18

Spot sugar prices firmed up further on Thursday by Rs 20–25 on fresh retail demand and continuing bullish trend at mills level with the support of upcountry buying.

Naka delivery rates were higher by Rs 30 as also mills tender rates by Rs 30-40 a quintal.

Mills were not ready to sell at a lower price and they kept tender rates higher.

Transportation charges increased by Rs 5-10 a bag due to shortage of trucks. The sentiment was bullish, said traders.

Mr Jagdish Rawal of B. Bhogilal and co said: “Reseller's selling pressure eased and mills are getting good response to tenders from upcountry buyers. This continues to weigh on the market sentiment. Arrivals at Vashi were lower than demand.

The gap between naka and mill tender rates widened due to the absence of resellers. On Wednesday/Thursday, about 9-10 mills came up with the tender offers and sold about 80,000-90,000 bags in the range of Rs 2,870-2,900 for S–grade and Rs 2,890-2,930 for M-grade (excise paid) to State/local traders.

Demand from neighbouring States was normal. Total arrivals in Vashi markets was 38–40 truck loads (10 tonnes each) and lifting was 45–48.

According to the Bombay Sugar Merchants Association, spot rates were: S-grade: Rs 2,891-2,921 (Rs 2,831-2,900) and M–grade: Rs 2,911-2,981 (Rs 2,890–2,961).

Naka delivery rates were: S–grade Rs 2,880-2,900 (Rs 2,850-2,890) and M-grade: Rs 2,930-2,960 (Rs 2,890-2,930).

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Back **Poor volumes pull down edible oils**

Mumbai, Nov. 18

Spot prices of most edible oils declined by Rs 10–15/10 kg despite gains on the global market.

Malaysia crude palm oil rebounded, erasing early losses as concern eased on China's intention to curb rising food prices.

On Thursday, imported oils such as palmolein and soya oil dropped Rs 12 and Rs 15 respectively.

In line, rapeseed oil, sunflower oil and cottonseed oil declined in the range of Rs 10–13.

Heavy unseasonal rain in Gujarat lifted groundnut oil prices by Rs 10 on fears it will affect arrivals and may lead to crop loss.

In Rajkot, groundnut oil rose by Rs 10.

Sources said unseasonal rain in Gujarat will impact oilseeds and cotton crops.

Farmers are worried about the yield and quality.

In the absence of fresh demand the volume of trade was thin.

After Diwali, the volume in Mumbai market has dropped to about 200/250 tonnes a day.

On Thursday, crude palm oil futures closed higher by 64 ringgits (MYR).

Crude palm oil December contracts closed at MYR 3335 after touching a low of MYR 3173 (3271) and January contracts closed at MYR 3,333.

Mumbai commodity exchange spot rate (Rs/10kgs): Groundnut oil 750 (740), Soya refined oil 550 (565), Sunflower expeller refined 665 (675), Sunflower refined 710 (710), Rapeseed refined oil 592 (605), Rapeseed expeller refined 562 (575), Cotton refined oil 545 (555) and palmolein 518 (530).

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Back Egg eases a tad on buyer resistance

Gayathri G

Chennai, Nov. 18

After ruling at a record high of Rs 2.90 a piece last week, farmgate prices of egg this week continue to rule firm at Rs 2.80 mainly on buyer resistance.

“At the retail level, this comes to Rs 3.25 or even Rs 3.50 a piece and we are facing resistance among consumers. Hence, we decided to slash farmgate prices,” an NECC spokesperson told Business Line. However, sources in the industry told that the reduction is also partly to pep up consumption.

“Egg prices have also moderated due to stabilising feed prices and low consumption in recent weeks,” said Mr R Nallathambi, President, Tamil Nadu Poultry Farmers Association.

He said prices would rule at the current levels at least this month.

Prices of poultry feed that comprises soyameal and corn have declined from Rs 20,400-20,600 a tonne a year ago to Rs 18,400-18,600. This has moderated feedmeal prices for the poultry industry.

To save poultry farms from possible accumulation of stocks, Palladam-based Broiler Coordination Committee has decided to cut the wholesale price of live-birds to Rs 48 a kg from last week's Rs 52.

NECC's layer rates (for birds of 1.3 kg) too have come down this week to Rs 38 from Rs 40 a kg last week.

Namakkal and Palladam prices are the benchmarks for eggs and chicken respectively in the country.

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Back **Turmeric touches Rs 15,000/quintal** Erode, Nov. 18

Turmeric futures increased Rs 1,000–1,500 a quintal on Thursday, lifting spot prices in turn.

Spot prices for the third time this year touched Rs 15,000 a quintal. Prices increased by Rs 1,000 on a single day.

In June and July, the turmeric was sold at around Rs 15,000 and then prices started decreasing and was sold at Rs 14,000 to Rs 14,200 till November 15.

In the Erode Cooperative Marketing Society, the finger variety sold at Rs 14,835-15,250. The root variety Rs 14,825-15,227. There was an increase of Rs 750 a quintal.

In the Regulated Market, the finger variety was sold at Rs 15,139 to Rs 15,405, root variety Rs 15,199 to Rs 15,498. There is an increase of Rs 1,100 a quintal. Of 1,839 bags for sale, 1,795 were sold in bulk.

“It is only due to speculative market, prices have increased to around Rs 15,000;they will remain at these levels for the next two days,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association on Thursday.

“The increase of Rs 1,000 a quintal of turmeric within a day is due to demand from North India and the bulk buyers quoted higher prices as rates gain in futures,” said Mr Ravishankar.

He said that the contract for the month in the futures expire on Saturday. Fresh contract starts from Monday.

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Back **Mixed trend in rubber**

Aravindan

Kottayam, Nov. 18

Spot rubber showed a mixed trend on Thursday. The undercurrent was firm following gains in the domestic and international futures but most grades remained unchanged as traders were reluctant to expand their commitments towards the weekend. The market continued to suffer from short supplies as widespread rains disrupted tapping in almost all major plantation areas.

Sheet rubber improved to Rs 196 (195) a kg according to traders. The grade closed firm at Rs 195.50 (195) a kg both at Kottayam and Kochi as reported by the Rubber Board.

Futures gain

The December series flared up to Rs 202.40 (196.87), January to Rs 204.80 (198.84) and February to Rs 207.90 (202.94) and March series to Rs 211 (205.82) a kg for RSS 4 on the National Multi Commodity Exchange.

RSS 3 bounced back at its November futures to ¥358 (Rs 194.77) from ¥348.4 a kg during the day session and then to ¥361.9 (Rs 196.92) in the night session on the Tokyo Commodity Exchange. The grade (spot) weakened to Rs 196.30 (197.24) a kg at Bangkok.

Spot rates were (Rs/kg): RSS-4: 196 (195); RSS-5: 185.50 (185); ungraded: 180 (180); ISNR 20: 192 (192) and latex 60 per cent: 130 (130).

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Back **Jeera prices gain on unseasonal rain**

Our Correspondent

Rajkot, Nov 18

Unseasonal rain in major growing areas in Gujarat triggered strong buying in jeera market in Thursday's trading. Jeera futures increased over Rs 550 a quintal. The contracts hit the four per cent upper circuit on the National Commodities and Derivatives Exchange (NCDEX).

On the NCDEX, jeera November future increased Rs 549 to Rs 14,258 a quintal with an open interest of 1,380 lots. Jeera December future rose Rs 566 to Rs 14,704 with an open interest of 13,011 lots. Jeera at Unjha mandi was traded at Rs 2,100-2,745 for 20 kg.

According to Angel Commodities report, rains in Gujarat and Rajasthan, major jeera growing regions may further delay sowing by farmers and they may shift to other crops such as ginger and wheat. “Too much moisture is not good for the sowing of jeera. This will support prices to strengthen in the medium term,” the report said..

Total arrivals of jeera were around 2,500 bags at Unjha against 2,000 bags on Wendnesday.

Reports say that jeera sowing in Gujarat is down 45 per cent. As on November 15, 2010 sowing of jeera has been covered over an area of 39,000 hectares against 71,100 hectares in the same period previous year.

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Back **Ornamental fish exports**

Shillong, Nov. 18

The North-East, a global hotspot of freshwater biodiversity, accounts for a whopping 82 per cent of the total ‘ornamental' fishes exported by India, the Indian Council of Agricultural Research (ICAR) today said. The ICAR Director (North-Eastern Region), Mr S.V. Ngachan, stressed the need for introduction of better technology for the benefit of fish farmers at a function here. “Ornamental fish production has a great future in the region, which has plenty of water resources. It is a multimillion dollar industry,” observed Mr Madan Mohan, Assistant Director General of the ICAR, New Delhi.