THE HINDU

Online edition of India's National Newspaper

Monday, November 01, 2010

Date:01/11/2010 URL:
http://www.thehindu.com/2010/11/01/stories/2010110155170300.htm

---

1.93 lakh tonnes of paddy to be procured in Ganjam

Staff Reporter

BERHAMPUR: Around 1.93 lakh tonnes of paddy is proposed to be procured from Ganjam district during current session.

It was decided at a district-level meeting held at Chatrapur under the chairmanship of Ganjam district Collector, V.K.Pandian. Out of this around 50,000 tonnes of paddy would be procured through the Orissa State Civil Supplies Corporation (OSCSC) and 60,000 tonnes of pady would be procured by the NAFED. The remainder would be procured through general levy route. To check irregularities in the paddy procurement process, it was decided to form peasant committees in every block. No miller would be allowed to provide rice to FCI without the signature of these committees. It was also decided that payments for paddy of over 10 quintal would be only made through online payments.

This year both the Women Self Help Groups (WSHG) and Pani Panchayat bodies in the district would be utilized for paddy procurement process. They would be provided training at block level for the purpose. The peasant committees would also be trained so that they would be able to check corruption inpaddy procurement process in better manner.

This year the procurement price for general category paddy has been fixed at Rs 1,000 a quintal while the grade A paddy would be procured at Rs 1030 a quintal. District administration is planning to have a special monitoring body to check corrupt practices of millers during the paddy procurement process.

Date:01/11/2010 URL:
http://www.thehindu.com/2010/11/01/stories/2010110163041500.htm

---

BJP move to form national alliance of farmers' bodies

Special Correspondent

NEW DELHI: The first tentative moves towards the formation of a representative body of farmers — the National Alliance of Farmers' Associations — were made by the Bharatiya Janata Party at a meeting here over the week-end.

The BJP said it was of the view that efforts must be made to set up a farmers' organisation akin to the Confederation of Indian Industry and the Federation of Indian Chambers of Commerce and Industry that represent industry.

At a meeting of farmer leaders from Maharashtra, Kerala, Bihar, Haryana, and Punjab and other States convened by the former BJP president and former Agriculture Minister, Rajnath Singh, it was felt that interest rates for agriculture loans should not be higher than 4 per cent in any part of the country.

It recommended the example of Madhya Pradesh, where such rates are 3 per cent, and Chhattisgarh, where farmers need to pay just 1 per cent interest.

Mr. Singh referred to the report of the National Commission on Farmers and demanded that it be implemented in full. He said hunger and malnourishment were realities and just under half the world's children who suffered stunted growth because of malnutrition were in India. Increased agricultural productivity and higher remuneration for farmers were necessary to solve the problem.

The high cost of labour in rural areas was another issue raised at the meeting. Several farmers said the Mahatma Gandhi National Rural Employment Guarantee Scheme had pushed up labour costs and, in fact, there was severe labour shortage in some States.

It was decided that initially 21 associations from 15 States that were present at the meeting would become primary members of the new National Alliance of Farmers' Associations and effort would be made to widen the membership and make it a truly representative organisation.

Date:01/11/2010 URL:
http://www.thehindu.com/2010/11/01/stories/2010110161800600.htm

---

Rain brings cheer to farmers

Staff Reporter

Tuticorin: Many parts of the district witnessed widespread rain accompanied by thunder and lightning on Saturday evening. Many roads and low-lying areas here were inundated, throwing vehicular traffic out of gear.

According to sources from Department of Agriculture, since sowing of rain-fed crops, including maize and sorghum, have been completed at the fag end of southwest monsoon itself, farmers are expecting a better yield. Sowing of ‘cumbu' (pearl millet) would be taken up in November.

About 65,000 hectares of pulse crop was expected in the blocks conducive to rain-fed cultivation such as Ottapidaram, Pudukottai, Kovilpatti, Pudur, Vilathikulam and Karungulam. Last year, millets such as maize, sorghum, peral millet and fodder sorghum were raised on 57,000 ha. More acreage was expected this year.

As for cotton, it was 3,000 hectares last year and 1,000 more hectares would be covered this year. Farmers could also opt for Bt. cotton since it would fetch good price in the market, the sources added.

Rainfall

Rainfall recorded at various places in the district (in mm): Tuticorin 68.7; Kadalkudi 71; Ettayapuram 58; Ottapidaram 52.3; Kayathar 50; Keelarasaradi 46; Vilathikulam 35; Kovilpatti 32; Vaippar 26; Surangudi 19; Kadambur 12; Vanchi Maniyachi 12; Vedanatham 12; Kulasekarapattinam 8; and Tiruchendur 1 mm.

Date:01/11/2010 URL:
http://www.thehindu.com/2010/11/01/stories/2010110150470300.htm

---

Palmyra seeds sown

TIRUVANNAMALAI: An initiative to sow 5,000 palmyra seeds on and along the bund of Vengikkal irrigation tank located in front of Tiruvannamalai Collectorate begun here on Sunday. District collector M. Rajendran, who conceived the project, dropped the first seed in a pit dug on the bund. Arunachalam, farmer of Vazhuthalangunam village, collected the seeds for this project and Vengikkal panchayat executes the programme.

P. Vadamalai, Assistant Director of Agriculture, told TheHindu “apart from preventing soil erosion and giving green cover to the tank bund the panchayat could get revenue from palmyra produce in the long run”. District Revenue Officer C. Kadiravan, Vengikkal panchayat president Kumarasamy, Agriculture Officer Sathiyaraj and Village Administrative Officer V.K. Mani participated.

Date:01/11/2010 URL:
http://www.thehindu.com/2010/11/01/stories/2010110154160300.htm

---

Farm work begins —PHOTO: G. KARTHIKEYAN

For cultivation:Buoyed by the recent rains, a farmer ploughs his field at Narasingapuram village near Dindigul.

hindustantimes

Press Trust Of India

Jangipur, October 31, 2010

First Published: 14:51 IST(31/10/2010)

Last Updated: 14:53 IST(31/10/2010)

RBI to balance growth, inflation at monetary review: Pranab

Finance Minister Pranab Mukherjee on Sunday said the Reserve Bank of India (RBI) will try to strike a balance between growth and inflation at its monetary policy review next week.

"The RBI is trying to find a balance between the need of growth and the need to contain inflation," Mukherjee told reporters after laying the foundation stone of IFCI-promoted Management Development Institute's new campus here.

However, he refused to give any guidance on the steps likely to be taken by the central bank at its November 2 monetary policy review.

"We have to wait till monetary review by RBI," he said.

The RBI is expected to increase short-time lending and borrowing rates by 25 basis points each at the forthcoming quarterly monetary policy review.

The economy is giving conflicting signals, with inflation still at high levels, whereas core sector growth has slowed down considerably.

Despite moderation, the high levels of inflation have emerged as a major political issue. Overall inflation was 8.6 per cent in September. However,for the week ended October 16, food inflation stood at a high 13.75 per cent, even though this was down 1.78 percentage points vis-a-vis the previous week on the back of improved food supplies.

The Finance Minister said that prices of certain items generally go up in the rainy season,
but admitted that this time around, the upward spiral had persisted for a longer duration than usual. "No doubt, inflation is a concern."

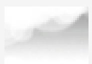
However, he added that the inflation numbers have started coming down and all three consumer price indexes and wholesale price-based inflation numbers were in single digits for the first time in sixteen months.He asked states to revamp the public distribution system to protect the poor from inflation.Mukherjee said the government programme for providing subsidised rice and wheat to 6.5 crore below poverty line (BPL) families, including 2.5 crore Antyodaya Anna Yojana (AAY) cardholders, can be successfully implented only if the public distribution system is revamped.

http://www.hindustantimes.com/StoryPage/Print/620321.aspx

Weather

Chennai - INDIA

Today's Weather



Cloudy

Monday, Nov 1

Max	Min
30.8°	23.6°

Rain: 00 mm in 24hrs	Sunrise: 6:02
Humidity: 94%	Sunset: 17:43
Wind: Normal	Barometer: 1009.0

Tomorrow's Forecast

Rainy

Tuesday, Nov 2

Max	Min
26°	23°

Extended Forecast for a week

Wednesday	Thursday	Friday	Saturday	Sunday
Nov 3	**Nov 4**	**Nov 5**	**Nov 6**	**Nov 7**
				
29° | 24°	28° | 25°	28° | 26°	30° | 26°	28° | 24°
Rainy	Rainy	Rainy	Cloudy	Rainy

THE ECONOMIC TIMES
Mon, Nov 01, 2010 | Updated 08.34AM IST

1 Nov, 2010, 12.47AM IST,ET Bureau

Maharashtra protests on cane pricing may spread to UP, Karnataka too

PUNE/LUCKNOW/BANGALORE: Protests over sugarcane prices by a political outfit representing farmers have brought crushing operations in Kolhapur, Sangli and Satara districts of Maharashtra to a standstill.

The situation in Uttar Pradesh and Karnataka is equally tense and awaiting a trigger.

Activists of the Kolhapur-based Swabhimani Shetkari Sangathana led by Raju Shetty, a parliament member, have intensified violent protests in the past week, bursting tyres of trucks carrying sugarcane and stopping trains.

Mr Shetty said, “We have demanded that farmers be paid `2,200/tonne of cane excluding harvesting and transport charges of Rs 300/tonne. Till we don’t get a reasonable rate, we won’t let the crushing begin.”

In UP , cane growers and millers are set for a faceoff with both sides sticking to their demands regarding cane price. The situation thus seems headed for an agitation which may delay crushing.

“Last season’s cane prices were driven by market forces as sugar prices had gone through the roof and mills found it possible to pay prices much higher than the rate fixed by the government. But this time around we are in no position to pay such high prices,” said a miller.

In northern Karnataka, cane crushing is yet to begin. This region accounts for close to 65% of the state's sugar production. While mills begin crushing around early November, the ongoing festivity coupled with a dithering by mill owners is expected to delay crushing.

Sources in the Karnataka chapter of the South India Sugar Mills Association (SISMA) did admit to ET that some sugar mills are reluctant to pay high prices for cane in the ongoing sugar year. Northern Karnataka mills pay higher prices than their counterparts in the southern parts of the state on account of the higher recovery rate.

(By Jayashree Bhosale, Man Mohan Rai & Arun Iyer)

Business Standard

Monday, Nov 01, 2010

Futures trading of Tur may restart this year

BS Reproter / Kolkata November 1, 2010, 1:58 IST

Futures trading of Tur may restart this year, subject to a good crop production.

The commodity market regulator, Forward Markets Commission (FMC), may approach the government to lift the ban of futures trading to Tur by November, as initial reports suggest good production this year.

"The futures trading of Tur may be restarted this year, as initial reports are positive (on crop production). By November we will get a clearer picture about the production, and then a decision can be taken," said B C Khatua, chairman, FMC, on the sidelines of seminar here last week.

However, the FMC will wait till crop sowing in the Rabi or (winter crop) to assess the ban on lifting the ban on Urad.

The government had banned futures trading in tur, urad, wheat and rice in 2007. Wheat was relisted on the exchanges in May 2009.

Apart from Tur and Urad, futures trading on rice is also banned in the FMC. The only active futures trading in pulses in India today is for chana dal whose prices have been stable. The Centre had banned futures trading in sugar last year in view of surging domestic prices and the suspension period lapsed on September 30.

Sugar prices dropped significantly since January this year, buoyed by expectations of a bumper output in 2010-11.However, in case of Urad and Tur, there was no sunset clause on the ban, and hence the FMC will have to approach the government to restart its trading on the exchanges.The regulator will also meet the stakeholders to restart sugar futures contracts on exchanges after the festival season. "We will meet stakeholders after Diwali to finally discuss about the re-launch of sugar futures contracts on the exchange platforms," said Khatua.

In India, pulses production falls short of demand and to meet the shortfall, imports have to be made. Government agencies were, therefore, directed to step up imports. In 2008-09, 2.48 million tonnes of pulses were imported.

THE HINDU Business Line

Business Daily from THE HINDU group of publications

Monday, November 01, 2010

Date:01/11/2010 URL: http://www.thehindubusinessline.com/2010/11/01/stories/2010110150261700.htm

Back Food Security Act — humungous, but welcome challenge

Herculean task: A file picture of trucks loaded with wheat in front of the Food Corporation of India's depot in Pipli, Haryana. The Central and State agencies have to step up procurement to over 62 million tonnes to meet the needs of the proposed Food Security Act.

G. Chandrashekhar

At no time after the early success of the Green Revolution in the 1960s has food been the focus of the Government's attention as it is now; and the reasons for enacting the proposed Food Security Act are justified today as never before.

Rapid economic growth of the last six-seven years has resulted in sharp increase in personal incomes of a large number of people. Together with demographic pressure, rising purchasing power has robustly expanded the demand for food, especially primary food articles such as cereals and pulses, cooking oil and sugar. As domestic output growth continues to trail demand growth, dependence on imports, higher open market prices and food inflation are the outcome.

Food inflation hurts the poor the most and erodes their already fragile purchasing capacity. Worse, inaccessible and unaffordable food is now seen leading to pervasive malnutrition and under-nutrition, especially among unacceptably large number of women and children, which has long-term adverse consequences on human health and well being.

It is this most vulnerable section of the population that deserves to be supported with low-priced nutritious food in order to fight creeping nutrition insecurity. No price is too big for achieving food and nutrition security for the country.

No wonder, the proposed Food Security Act, that seeks to cover over 800 million persons mainly in rural areas and partly in urban areas, is admirable for its vision and aim of assuring subsidised food to the unfortunate millions battling food and nutrition insecurity. While a universal scheme would have been ideal, the Government in its wisdom has made it slightly restrictive to cover a vast majority – but not the whole – of the population.

While the innovative proposal is truly laudable, the ability of the Government to manage the task is open to challenge. A quick calculation shows that the numbers and processes, not to speak of associated costs, are truly daunting. The Act seeks to cover about 18.6 crore families – 9.7 crore in priority beneficiaries and 8.9 crore general beneficiaries, according to the latest numbers going around – which will involve an outgo of nearly 62 mt of foodgrains (rice, wheat and millet) a year.

The quantum represents a third of the country's fine cereal output. It will, of course, be in addition to official buffer stocks and needs of welfare schemes. In order to ensure success, it is important to recognise the limiting factors for the grand scheme and work towards addressing them. The first and foremost is the operating capacity of the procurement agencies. Currently, the Central and the State agencies are struggling to cope with the task of procuring, preserving and distributing 50 mt-55 mt of rice and wheat.

They have to step up procurement to well over 62 mt in order to meet FSA supply targets and other needs such as for welfare schemes. Huge investment in creating scientific warehousing space and trained personnel to manage the humungous quantities is necessary. Systems and processes have to be transparent. Public-private partnership could be the way forward.

Second, the carrying costs of the State agencies are exorbitant (higher by at least 50 per cent as compared with the private trade). This raises serious doubts about the actual costs incurred by the agencies. If anything, they ought to be enjoying economies of scale and ought to be incurring lower carrying costs than the private sector. These ballooning costs have to be brought down to reasonable levels.

Distribution

The third but most formidable challenge is distribution. How does the Government propose to reach the targeted 18.6 crore families across the country? Though vast, the reach of the existing public distribution system is still limited. Even now, a large number of consumers are geographically far removed from their nearest fair price shop. How to reach the unreached? Can the services of the private trade – the unorganised kirana shops in remote areas – be utilised?

Last, but not the least, is that the agriculture sector must perform. Foodgrains output must break out of its low growth rate syndrome and rise to a higher level so as to meet additional consumption demand. In a country such as ours, higher agricultural productivity and production does not happen through miracle; conscious and sustained efforts are necessary to raise output consistently to meet the food needs of the people.

So, the FSA requires a associated food production plan that takes a comprehensive look at agriculture and strengthens the production base through investments and farm reforms.

Growers would only be too happy to produce grains to sell to the government at procurement price, but buy the same grains at subsidized rates under FSA. It is a great incentive for farmers. As agriculture is a State subject, it is imperative the State Governments stay as committed as the Central Government in making the landmark FSA a success.

Admittedly, the challenges are huge and the task daunting. They are sure to test the Government's mettle and courage. Success of FSA calls for tremendous commitment and strategic planning after thinking through all the connected issues. Will UPA II be equal to the task?

Responses are invited from readers. They may be sent to agri-biz@thehindu.co.in

Date:01/11/2010 URL: http://www.thehindubusinessline.com/2010/11/01/stories/2010110150271700.htm

---

Back **Barley, the next big opportunity**

COMMODITY FOCUS

Fourth important cereal crop:A file picture of a labourer cleaning barley at a grain market.

Barley (Hordeum vulgare L.) (Hindi name: Jau), a cereal grain belonging to the Poaceae family, is considered to be the fourth most important cereal crop in the world after rice, wheat and maize.

It is one of the most fundamental plants in human nutrition and has been known to man for more than 12,000 years. The crop originated in West Asia and in the lands of modern-day Ethiopia.

Breweries, distilleries, bakery and confectionaries, pharmaceuticals are the main end users of barley. The barley malt and malt extracts are used in production of beer, whisky, biscuits, baby food, tonics, health foods, pet foods etc.

In 2009, the total global area and production of barley stood at 54 million ha and 150 million tonnes (mt)respectively, of which 70 per cent being contributed by the European Union (EU-27), Russia and Ukraine. EU-27 is also the largest exporter of barley, with a share of 24 per cent of the total global export of approximately 17 mt in 2009-10. Other major exporters of barley include Australia, Russia and Canada.

Saudi Arabia is the largest importer of barley with a share of 43 per cent of the total.Other important import destinations include China, Iran, Japan and Syria, collectively accounting for about 30 per cent of global imports.

Barley balance sheet

Attribute	2006-07	2007-08	2008-09	2009-10
Area Harvested	700	770	750	780
Beginning Stocks49	49	31	61	
Production	1220	1330	1230	1500
Imports	0	0	0	0
Total Supply	1269	1379	1261	1561
Exports	0	348	200	29
Feed & Residual	100	100	100	150
FSI* Consumption	1120	900	900	1300
Total Consumption	1220	1000	1000	1450
Ending Stocks	49	31	61	82
Total Distribution	1269	1379	1261	1561
Yield (MT/Ha)	1.74	1.73	1.64	1.92

(Area in 000'Ha & Volume in 000'MT)
FSI- Food, Seed & Industrial Products
Source: USDA, UNCOMTRADE, YES Bank Analysis

India is a minor contributor in the global barley production with a total of 1.5 mtcultivated across 0.78 million ha area (year 2009). The average domestic productivity is 1.92 mt/ha, which is approximately 30 per cent lower than the global level (2.78 mt/ha).

In 2000, total barley production was at 1.43 mt, which dropped to the level of 1.2 mt (2004-05) and then touched 1.5 mt in 2009-10.

In the last decade (2000-2009), the country's barley production has registered the CAGR of one per cent. In India, major barley producing states are Rajasthan, Uttar Pradesh, Haryana, Punjab and Madhya Pradesh.

Together, these account for about 90 per cent of the total domestic production. Rajasthan is the highest barley producing State, contributing about 45 per cent of the total production.

For the 2009-10 crop season, the minimum support price (MSP) of barley was Rs 750 a quintal, which was Rs 80 more than that in the previous year (2008-09).

Domestic trade is mostly controlled by Rajasthan and Madhya Pradesh. Kota, Ramganj mandi and Baran are the three largest markets leading the barley trade in country.

In 2009, barley price (spot market) was in the range of Rs 730 (March) to Rs 1,500 (December) a quintal, with annualaverage price of approximately Rs 960 a quintal.

Influencing factors

Robust demand from beer and feed industry is the main influencing factor in the Indian market. With the increasing urbanisation and changing food habits, the demand for beer in urban India has shown significant increase and led to surge in demand for barley malt from Indian beer manufacturing units.

It is likely that in the coming years, India will be importing significant volume of barley to meet the industry's demand, which, in turn, will influence domestic supply-demand dynamics.

With the robust growth of Indian beer market at 15-18 per cent a year coupled with the entry of several international manufacturers into the Indian beer market, barley cultivation is well poised to become the next big opportunity.

Date:01/11/2010 URL:
http://www.thehindubusinessline.com/2010/11/01/stories/2010110150611200.htm

---

Back **Adani Wilmar to launch branded basmati rice**

Pulses launch

Adani Wilmar, a joint venture between the $6-billion Adani Group and $23-billion Wilmar International of Singapore, will launch its branded pulses with the setting up of a 600 tonnes a day dal mill at a cost of Rs 100 crore within a year.

Amit Mitra

Hyderabad Oct. 31

Leading edible oil player Adani Wilmar is all set to take a bite into the branded commodity market with the pan-India rollout of its first product in this category, basmati rice, under the brand name 'Pilaf', next month.

After Pilaf (Persian word for pulao), the Rs 6,000-crore company, will follow-up with branded and packaged dal and besan in the next few months. It will first launch the packaged rice product in Bangalore and Pune and later extend it to other markets.

"For Pilaf, initially we will use third-party rice mills in Punjab and Haryana, but we have plans to set up our own rice mill within a year. We will be looking at a facility with a capacity of 25 tonnes per hour, which would require an investment of about Rs 150 crore," Mr Angshu Mallick, Chief Operating Officer, told Business Line.

Branded pulses

Similarly, Adani Wilmar, a joint venture between the $6-billion Adani Group and $23-billion Wilmar International of Singapore, will launch its branded pulses with the setting up of a 600 tonnes a day dal mill at a cost of Rs 100 crore within a year. “For the dal mill, we will select either Kolkata or Kanpur as the location,” Mr Mallick said.

With its entry into the branded commodity market, Adani Wilmar will be competing with established players such as ITC, Hindustan Lever and Marico in the domestic processed food market, which is estimated at $100 billion, including value-added food products. The market for basmati rice in India is currently pegged at 14 lakh tonnes, with a clutch of regional players competing with established players.

In tandem with the move to enlarge its basket of offerings, the company is ramping up its distribution network this fiscal. “We will also be adding 1,000 new rural distributors to the existing network of 3,800 to focus on the rural market,” he said.

Olive oil products

Adani Wilmar also plans to add to its portfolio blended oil and olive oil products within a year. “We are currently working out the combinations for the blended oil product. As for olive oil, we will import our partner's (Wilmar's) Olive Oila brand for local distribution,” Mr Mallick said.

The company expects to nearly double its soyameal production to 10 lakh tonnes this year (soyabean season is from October to November), with expectations of bumper production. Domestic soyabean production is likely to exceed 10 million tonnes this year.

Date:01/11/2010 URL:

http://www.thehindubusinessline.com/2010/11/01/stories/2010110150661800.htm

---

Back **Godrej Agrovet empowers farmers through tech**

Suresh P. Iyengar

Mumbai, Oct 31

Godrej Agrovet has used technology effectively to connect with over 18,000 farmers on palm plantations in Andhra Pradesh, Karnataka, Tamil Nadu and Goa.

It has a centralised database of farmers who grow palm in 37,000 hectares across four States and expects to progressively reach its target of 200,000 hectares.

Typically, a palm tree takes three to four years to begin yielding fruit. Of the 37,000 hectares covered, 13,000 already yield fruits while 8,000-9,000 hectares will begin doing so soon.

RFID Cards

The company has issued RFID (radio-frequency identification) cards that can store information relating to farmers' personal details, history of land ownership, soil condition and data of yields.

The cards also help it pay for fresh fruit palm bunches bought from farmers directly into their bank accounts.

Godrej Agrovet collection centre updates farmers' details using the hand-held device as and when they come to deliver the fresh fruit palm bunch. The quality and quantity are analysed instantly with the past data available.

Mr S. Varadaraj, Executive Vice-President, said the company advises farmers on remedial measures to be taken if there is a sharp variation in quality or yield.

“This is also applicable to the animal feed business where raw material is to be acquired from various sources to achieve a preset quality in the end product. We have managed to achieve this with SAP in 45 facilities across divisions such as animal feed, agriculture input, oil palm plantation and poultry,” he said.

Integration

Godrej invested Rs 2 crore to implement SAP with Hewlett-Packard. “Today, integration drives efficiency and profitability. SAP has played a pivotal role in sales, costs and margins across locations and products. It has also improved efficiency with automated produce tracking and payment processes for farmers,” said Mr Varadaraj.

Variables such as sales forecasts and ingredient costs are entered on an optimiser available on the SAP platform which generates a dynamic bill of materials.

“By running the optimiser on a weekly, rather than monthly, basis we can now take better advantage of latest market pricing,” he said.All this has led to Godrej Agrovet bagging the SAP Ace award for improving farm productivity using the enterprise resource planning package.The company produces over 730,000 tonnes of feed and nutrition products for dairy cattle, poultry and aquaculture.The agriculture input division produces innovative agrochemicals including plant growth promoters, soil conditioners and cotton herbicides.

Date:01/11/2010 URL: http://www.thehindubusinessline.com/2010/11/01/stories/2010110150651600.htm

---

Back Pepper turns hot on strong demand

G. K. Nair

Kochi, Oct 31

Pepper market was buoyant during the week with spot and futures prices shooting up on good domestic and export demand.

Currently, firmer prices in other origins, especially Indonesia and Brazil, implies earlier predictions that limited availability in the closing months of the year would push prices up are being vindicated now.

Overseas buyers who had not adequately covered for the winter, Christmas, and New Year, anticipated falling prices after the Indonesian crop hit the market in July/August, followed by the Brazilian crop.

Now, it seems the crop in Brazil or Indonesia were not enough for the market.

It has been evident for some time from the overseas price trend that has not fallen below $4,000 a tonne for the Asta grade during the year.

Demand vis-à-vis production

Demand for pepper has been on a steady growth in recent years with rising per capita consumption.

At the same time, there has not been a corresponding rise in production.

Even in India, domestic demand is growing and this huge market absorbs about 45,000-50,000 tonnes of pepper a year.

In fact, Indian production, instead of growing, corresponding to the rise in consumption, has been almost stagnant hovering at around 55,000 tonnes for some years now.

As such, the exportable surplus has narrowed down paving way for more and more imports, mainly for value addition and re-export, and for the extraction industry.

Indian imports of pepper have now overtaken exports.

The sharp fall in Indian production is attributed to the non-remunerative prices that have prevailed for about a decade at a time when prices of other crops such as rubber and cocoa have shot up.

Change in crop pattern

Consequently, many pepper growers have either switched over to these lucrative crops or neglected their existing pepper vines, leading to lower production.

Meanwhile, in some of the major growing areas such as Wayanad, vast stretches of land that were/are under pepper have been converted/left to be converted for commercial activities orreal estate business; mainly tourism because of the region's geography and ideal climate, traders told Business Line.

Sharp rise in prices of white pepper alsoappears to be squeezing the availability of bold black pepper berries in the South-East Asian producing centres, because of its conversion into white pepper at a comparatively lower cost.

prices

All the contracts on the National Commodity and Derivatives Exchange shot up during the week on strong demand amid tight supply.

November, December, and January contracts increased by Rs 1,429, Rs 1,368 and Rs 1,369 to Rs 21,118, Rs 21,348, and Rs 21,560 a quintal at the weekend close.

Total turnover during the week went up by 37,065 tonnes to close at 94,847 tonnes.

Total open interest moved up by 777 tonnes to 13,450 tonnes.

Spot prices also shot up by Rs 1,400 to close on the weekend at Rs 20,700/100 kg (MG1) and Rs 20,200/100 kg (ungarbled).

Price indications in Vietnam, according to an overseas report from there on

Saturday, were firmer with faq 500 g/l at $4,500 f.o.b and faq 550 g/l at $ 4,780 a tonne (f.o.b).

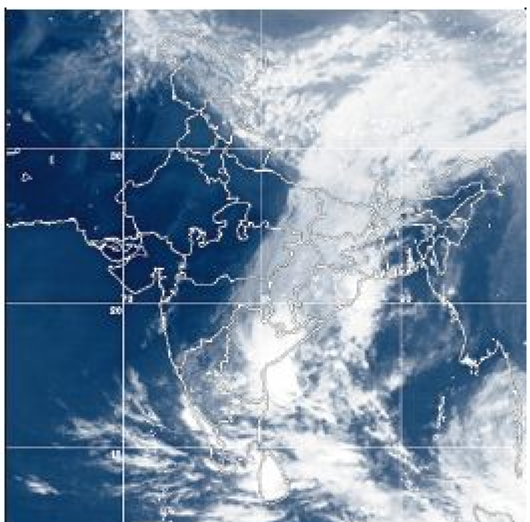
White pepper double-washed was at $6,800 a tonne (f.o.b).

Lampong Asta was quoted at $4,700 a tonne (f.o.b), while Brazil asta at $4,550-$4,700 a tonne (f.o.b).

Date:01/11/2010 URL: http://www.thehindubusinessline.com/2010/11/01/stories/2010110150711800.htm

---

Back **North-east monsoon consolidating along south-east coast**



India Meteorological Dept satellite picture at 16-00 hrs

Vinson Kurian

Thiruvananthapuram, Oct 31

Two days into its onset, the north-east monsoon has been steadily consolidating its presence along the country's south-east coast.

The seasonal weather system has been riding piggyback on an upper level cyclonic circulation, which has since moved southward along the Tamil Nadu coast to a perch over Southwest Bay of Bengal.

RAIN ALERT

According to the UK Met Office weather model, the system was expected to cross land and the South Peninsula towards Coastal Karnataka over the next few days.

A weather warning issued by India Meteorological Department (IMD) on Sunday said that isolated heavy to very heavy rainfall would occur over Coastal Andhra Pradesh during the next two days.

It would be isolated heavy over Tamil Nadu, Interior Andhra Pradesh, South Coastal Orissa and Kerala during this period.

The 24 hours ending Sunday morning said that widespread rainfall was reported from Coastal Orissa and Andhra Pradesh while it was fairly widespread over the rest of South Peninsular India.

‘LOW' BREWING

The IMD said that the first full-fledged low-pressure area of the season may emerge over South Andaman Sea by Wednesday.

This would be remnant of a tropical depression located across India's territorial waters in the Gulf of Thailand on Sunday.

It was headed in a west-northwest direction to move for its onward hop into the South Andaman Sea.

A number of weather models surveyed - including Canadian Meteorological Centre, US National Centres for Environment Prediction/Global Forecast System and European Centre for medium-Range Weather Forecasts – indicated its generally west-northwest track and intensification into a likely depression.

DIFFERING VIEWS

The models differed in their outlook for its landfall, positing it along the Southeast Coast at any point from Central coastal Tamil Nadu to the Coastal Andhra Pradesh.

The US Navy's NGP proved the odd model out by suggesting that the system might track straight to the west, cross northern Sri Lanka and weaken but proceed to curl into extreme South Indian Peninsula.

The International Research Institute (IRI) for Climate and Society at Columbia University said in its six-day outlook ending Thursday that very heavy recorded rainfall is likely over South Coastal Andhra Pradesh, Central Tamil Nadu coast and adjoining interior.

ABOVE NORMAL

The region around Chennai and South Coastal Andhra Pradesh may receive up to 60 per cent above the normal rainfall during this six-day period, it said.

‘Wetter than normal conditions' have been forecast for North Coastal and Interior Tamil Nadu.

But the Climate Prediction Centre of the US National Weather Services indicated that monsoon northeasterlies and easterlies over the Bay of Bengal would give way to a burst of westerlies turning southeasterlies from Friday.

This might rob the Tamil Nadu coast some of the rains, though they are expected to fall over Kerala as the southeasterlies mop up moisture from the Bay and blow in as westerlies to northwesterlies to complete the circulation in the larger trough.

CLOUD IMAGERY

On Sunday, satellite imagery showed convective clouds over parts of West-central, Northeast and Southwest Bay, South Andaman Sea, Southeast Arabian Sea, Orissa, South Chhattisgarh, Andhra Pradesh, Kerala and Tamil Nadu.

This is expected to trigger widespread rain or thundershowers over Coastal Andhra Pradesh.

It would be fairly widespread over Tamil Nadu, Andhra Pradesh, Kerala, Coastal Orissa, South Chhattisgarh and Andaman and Nicobar Islands.

Scattered rain or thundershowers would occur over South Karnataka and Lakshadweep on Monday and increase thereafter.

Isolated rain or thundershowers would also occur over the Northeastern States on Monday and increase thereafter.

An extended forecast until Friday said that fairly widespread rainfall activity would occur over Andhra Pradesh, Karnataka, Tamil Nadu, Kerala and Andaman and Nicobar Islands.

Date:01/11/2010 URL: http://www.thehindubusinessline.com/2010/11/01/stories/2010110150871900.htm

---

Back **Pokkali rice cultivation**

— H. Vibhu

Tourists attraction: A view of the Pokkali rice fields in Kumbalangi tourist village in Ernakulam district. There has been an upsurge in Pokkali cultivation in the village in recent years and tourists make it a point to visit the organic rice fields.

Date:01/11/2010 URL: http://www.thehindubusinessline.com/2010/11/01/stories/2010110151041900.htm

---

Back **'Dye house sludge of coir industries is non-hazardous waste'**

Our Bureau

Kochi, Oct 31

The Kerala State Pollution Control Board (PCB) has declared that the dye house sludge of coir industries is a non-hazardous waste and, therefore, it does not come under the purview of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

The PCB notification, issued in the wake of an earlier Supreme Court directive to some coir exporters and small-scale producers involved in bleaching and dyeing of coir fibre/ yarn without proper sludge disposal system, to adhere to the PCB norms within a specified time limit, comes as a great relief to the industry as a whole.

This followed strenuous efforts made by the Coir Board to get the sledge tested in various laboratories for detailed analysis, including at the Central Coir Research Institute (CCRI) of the Board at Kalavoor, Alappuzha, the Industrial Toxicology Research Centre, Lucknow, and the Sriram Institute of Industrial Research, Bangalore, over a period of four years.

The satisfactory test analysis of the laboratories prompted the PCB to clear the sledge as a non-hazardous waste, the Coir Board Chairman, Mr V.S. Vijayaraghavan, said.

However, the sledge accumulating at the effluent treatment plants of the sledge house still required to be tested and certified as non-hazardous waste, according to the norms of the PCB, since the effluent treatment process also involved additional usage of chemicals, he added.

Date:01/11/2010 URL: http://www.thehindubusinessline.com/2010/11/01/stories/2010110150681800.htm

---

Back **Kochi to host global pepper meet from Nov 8**

To discuss quality issues and consumption.

Our Bureau

Kochi, Oct. 31

Over 150 delegates from 24 pepper producing and trading countries, besides 170 Indian delegates, are expected to participate in the 38 {+t} {+h} session of the International Pepper Community (IPC) meeting scheduled to begin in Kochi on November 8, 2010.

The IPC is an inter-governmental organisation of pepper-producing countries such as Brazil, India, Indonesia, Malaysia, Sri Lanka, and Vietnam as full time members and Hainan Province of China and Papua New Guinea as associate members, the Spices Board said.

The current Chairman is Mr V. J. Kurian, also the Chairman of the Spices Board.

Quality issues

The meeting is expected to deliberate on issues relating to quality improvement and production of pepper in member countries and consumption patterns in importing countries.

Representatives from the US Food and Drug Administration, European Spice

Trade Association, and American Spice Trade Association will present papers.

Technical session for farmers

Pepper farmers from different states will be able to participate in the technical session this time, the Spices Board said.

The IPC Secretariat, located in Jakarta, Indonesia, that was established under the auspices of the United Nations' Economic and Social Commission for Asia and Pacific maintains close contact with UN organisations and its special agencies.

In carrying out its functions smoothly and effectively, the community consults and seeks assistance from experts in these organisations.

The Union Minister of State for Agriculture, Mr K. V. Thomas is scheduled to inaugurate the session.

Date:31/10/2010 URL: http://www.thehindubusinessline.com/2010/10/31/stories/2010103150190600.htm

---

Back **Palm oil may test support, rise**

Malaysian palm oil futures ended lower on Friday on profit-taking after reaching multi-year highs. Rally in the edible oil market is likely to continue as demand for soya oil has pushed prices higher, encouraging price-sensitive buyers to switch to palm oil. CPO futures are moving perfectly in line with our expectations.

Direct rise above 2,960-70 Malaysian ringgit (MYR) a tonne has increased the chances of bullishness towards 3,125 MYR/t. Near-term resistance is strong at 3,085 MYR/t. Support is seen at 3,027 MYR/t being an important mark earlier in 2008. We anticipate a correction initially towards 2,965 MYR/t followed by 2,920-25 MYR/t also being a rising trend line support point.

Direct rise above 3,125 MYR/t could cause doubts on this view. Such a rise could even aim for 3,195-3,200 MYR/t. As mentioned in the previous update the soy complex is displaying a sustained uptrend. Some exhaustions signs are noticed here as well and we favour a corrective dip to 48.20 or even lower to 47.10 with the upside potential curtailed to 50.85/51.00c. Only a drop below trend line support at 2,885 MYR/t could postpone the bullishness. Such a fall could target 2,800-10 MYR/t levels too, also being a price gap made earlier in the month, which looks unlikely at present.

We believe the impulse that began from 1,427 MYR/t, which hit 4,486 MYR/t ended and a prolonged corrective move has possibly ended at 1,335 MYR/t. The fresh impulse move, which we have been anticipating towards 3,200 MYR/t could be in progress. This view now gains momentum only on a close above 2,865-70 MYR/t.

RSI is in the neutral zone now, indicating that it is neither overbought nor oversold. The averages in MACD are still above the zero line, indicating the bullish trend to be intact. Therefore, look for palm oil futures to test the supports and then rise. Supports are at MYR 3,027, 2,970 and 2,956. Resistances are at MYR 3,085, 3,125 and 3195.

Gnanasekaar .T

(The author is the Director of Commtrendz Research and also in the advisory panel of Multi Commodity Exchange of India Ltd (MCX). The views expressed in this column are his own and not that of MCX. This analysis is based on the historical price movements and there is risk of loss in trading. He can be reached at nanasekar_thiagarajan@yahoo.com.)

Date:31/10/2010 URL: http://www.thehindubusinessline.com/2010/10/31/stories/2010103150180600.htm

---

Back **Spot rubber rules steady**

Aravindan

Kottayam, Oct. 30

Spot rubber closed unchanged on Saturday. The weekend session was comparatively inactive and cool as it lacked quantity buyers and sellers on either side to set the trend. Sheet rubber closed steady at Rs 190 a kg both at Kottayam and Kochi according to dealers as well as Rubber Board.

In futures, the November series improved to Rs 194.45 (193.31), December to Rs 197.39 (196.27), January to Rs 199.64 (198.38) and February to Rs 201.83 (201.00) a kg for RSS 4 on the National Multi Commodity Exchange. Spot rates were (Rs/kg): RSS-4: 190 (190); RSS-5: 180 (180); ungraded: 176 (176); ISNR 20: 187 (187) and latex 60 per cent: 125 (125).