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‘Use certified seeds, advanced technology for high yields'

Special Correspondent

Collector distributes farm implements and other inputs

powering production:A. Suganthi, Collector, giving away tiller to a farmer in Pudukottai on Monday.

PUDUKOTTAI: Agriculturists should use certified seeds and apply advanced farming technology for registering higher productivity, said A. Suganthi, District Collector.

Speaking after distributing tractors, farm implements and other inputs sanctioned under the National Food Security scheme and the Rajarajan 1000 cultivation technique programme to the farmers here on Monday, the Collector said the Central and State governments implemented various schemes with a view to enhancing agricultural productivity.

Highlighting the special features of the Rajarajan 1000 technique, the Collector said the technique ensured economic utilisation of irrigational water and seeds.

T. Thangavelu, Joint Director of Agriculture, said implements worth Rs.95 lakh were distributed to a total of 447 farmers in the district under these schemes. The assistance included a subsidy of Rs.38.28 lakh. He also said that the Agriculture Department has chalked out a special plan for the distribution of various implements and subsidy-based assistance to the farmers. He appealed to the farmers to utilise rotavators and power tillers for registering higher yield.

In all, 60 farmers got rotavators worth Rs.56.14 lakh and 20 agriculturists got power tillers worth Rs.27.60 lakh. As many as 340 farmers got inputs under the Rajarajan 1000 technique worth Rs.10.20 lakh.

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Farmers demand release of Cauvery water from Karnataka

Staff Reporter

KARUR: The Working President of the Cauvery Delta Farmers Welfare Association, Mahadanapuram V.Rajaram, has urged the State government to intensify efforts to secure water from Karnataka as per the Cauvery Water Disputes Tribunal Award and not rest with receiving excess water draining off Karnataka dams.

While acknowledging the efforts made in the recent past by Chief Minister M.Karunanidhi in getting water from Karnataka, Mr.Rajaram said the demand of farmers was water for irrigation.

The adamancy of Karnataka in stalling the release of water is regrettable, Mr.Rajaram said in a press release here.

While the reservoirs in Karnataka were nearing capacity those in Tamil Nadu were half empty.

Reminding that more than 10.5 lakh acres of paddy was in need of water supply in the Cauvery delta region, Mr. Rajaram urged the Chief Minister to intensify efforts on all fronts to secure water from Karnataka and save the farmers and their crop.

Though monsoon had set in any shortfall from the present stage to the harvesting period would push the paddy farmers into distress, he observed.

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Poor yield: TNAU approached

Staff Reporter

ERODE: The horticulture department in Erode district has approached the Tamil Nadu Agricultural University (TNAU) to study the problem of poor yield reported by farmers growing cucumber under controlled condition in poly green house.

Over 20 farmers in various parts have established green house to cultivate cucumber under controlled weather conditions. The National Horticulture Mission encourages farmers to adopt modern techniques such as poly greenhouse for cultivation of vegetables and various other crops and a subsidy of 50 per cent is provided for establishing the green house.

But farmers growing cucumber under poly greenhouse have reported poor yield and appealed to the authorities concerned to provide technical assistance.

The problem was raised when Collector T. Soundiah visited Jambai and a few other places recently.

The Collector instructed officials of the department to take the assistance of experts in TNAU to sort it out. He suggested the conduct of adequate training for the farmers to cultivate horticulture crops under the poly green house.

Officials said that a team of experts from the university would be visiting the district after the Diwali festival to study the problem.

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Spinning mills' plea to bring cotton under essential commodities

Special Correspondent

COIMBATORE: The Indian Spinning Mill Owners' Association has appealed to the Central and State Governments to bring cotton under essential commodities.

Association president A. R. Chinnaiyan has said in a release that Tamil Nadu contributed 40 per cent to the country's total yarn production.

However, just five per cent of the country's cotton production was in the State. Cotton prices were ruling at more than Rs. 45,000 a candy now and it was expected to go up to Rs. 50,000 shortly.

The spinning mills were unable to increase the yarn prices to this extent and the entire textile value chain was affected.

The main reason for the price rise was the announcement even before the cotton arrivals started that 55 lakh bales of cotton would be the exportable surplus for this season.

Closure inevitable

The State had about 2,000 spinning mills and most of these were in the rural areas. The Government should take immediate steps to bring down the cotton prices. Otherwise, closure of spinning mills in the State after Deepavali would be inevitable, he said.

Business Standard

Tuesday, Nov 02, 2010

Coffee exports up 67% in October on strong demand

Press Trust Of India / November 02, 2010, 0:46 IST

India's coffee exports rose by 67 per cent to 25,000 tonnes in October, the first month of the 2010-11 crop year, on the back of strong global demand and lower prices. "We have exported 25,000 tonnes of coffee in October, this year, against 15,000 tonnes in the same period in 2009," a senior Coffee Board official said on Monday. Overall, coffee exports during January-October this year have also risen sharply to 251,355 tonnes from 157,824 tonnes in the year-ago period, he said.

The realisation from the export of one tonnes of coffee was Rs 1.07 lakh during October, he added. India shipped higher quantity of coffee bean (including arabica and robusta varieties) in October 2010 because of huge global demand plus Indian prices were ruling lower than Columbian coffee, though slightly higher than Brazil, he said Besides, there was enough supply of coffee in the domestic market, thanks to good crop in the 2009-10 , he added.

Tyre firms buy rubber at record $4.33 a kg

Reuters / Mumbai November 02, 2010, 0:41 IST

Indian tyre makers on Monday bought natural rubber at Rs 192.5 ($4.33) a kg, a record high as unseasonal rains tightened supply in the world's fourth biggest producer, three dealers said.

Tyre makers bought RSS-4 rubber (ribbed smoked sheet) paying as much as Rs 19,250 a quintal at Kottayam, a key spot market in southern state of Kerala, higher than Rs 19,100 they paid last month.

Earlier in the day, the benchmark rubber November contract on the National Multi-

Commodity Exchange (NMCE) hit a contract high of Rs 19,837 a quintal, the highest level for the near month contract since futures trade launched.

“Lower supplies are pushing up prices...rainfall is disturbing tapping. On weekend, Kerala received rains,” said Ibrahim Jalal, treasurer of The Indian Rubber Dealers Federation (IRDF).

Weather department on Monday said Kerala, which accounts for nearly 90 per cent of the country’s output, may get rains in next four days.

Usually rubber supply in India peaks during October-January, but this year unseasonal rains have been hindering any progress in tapping.

India is likely to produce less than 85,000 tonnes of natural rubber in October, down 10.5 per cent from earlier estimate as heavy unseasonal rains adversely affected tapping, industry and government officials said last week.

Jalal sees the current high prices sustainable, if rains continue in Kerala for some more days. “Demand is very good from tyre and other rubber consuming industries,” he said.

The record high rubber prices are hurting margins of local tyremakers that have been struggling to pass on the cost to end-users. Heavy unseasonal rains in key natural rubber producing countries are likely to worsen tight supply situation in October-December, the Association of Natural Rubber Producing Countries (ANRPC) said last week.

NR price may touch Rs 200/kg

George Joseph / Kochi November 02, 2010, 0:40 IST

The erratic rainfall in major natural rubber (NR) growing areas is affecting tapping, affecting production since the last seven-eight weeks. If the rain continues for a couple of more weeks, the price of benchmark grade RSS-4 may cross Rs 200-a-kg mark. The price was Rs 192 a kg today, both in Kochi and Kottayam.

According to growers and dealers, production in October would be around 85,000 tonnes as against 88,775 tonnes in the same month last year.

Market experts indicate the price will touch the Rs 200-a-kg mark in a couple of weeks. This also depends on the trend in the global rubber market. The Bangkok market today quoted Rs 179 a Kg and is poised for a further increase. This will also have an impact on the domestic trading of the commodity. The domestic market is currently facing a serious supply crunch as farmers are not in favour of immediate release of the stock. They are waiting for the price to cross Rs 200. Interestingly, the average price quoted in November 2009 was Rs 113 and it was just Rs 76 in 2008. The price has increased 250 per cent since November 2008 benefiting the one-million-plus growers of Kerala and Tamil Nadu.

Meanwhile, according to the current production trend, output will be lower during the peak production season (October-December) this year. If rain continues in November also, the production and supply will be affected to a large extent. Around 45 per cent of the total yearly production happens in the winter season. A total of 283,125 tonnes were produced during October-December last year.

According to leading traders, if the market is not touching the Rs 200 mark this month it might be delayed further by three-four months.

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Back **Is food inflation finally coming down?**

C.P.CHANDRASEKHAR

JAYATI GHOSH

Food price inflation has been one of the most disturbing recent features of the Indian economy and has also become one of the more significant political problems. Very recent *evidence does point to a possible deceleration in food prices. This edition of Macroscan examines the patterns of changes in food prices and considers the prospects for the immediate future.*

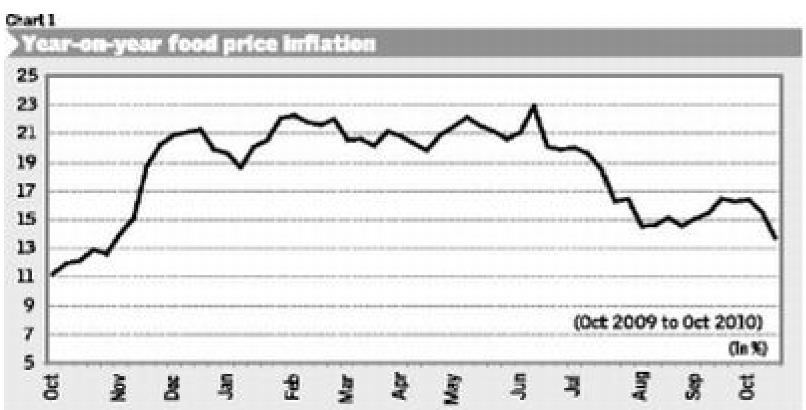
The past three years have witnessed a period of very rapid and sustained increase in food prices, which has very significantly affected the living standards of the bulk of the Indian population. Food price inflation has been in double digits for an extended period, and all the declared policies of the government have done little to reduce it. Indeed, some policies such as the deregulation of petrol prices may well have further contributed to such inflation.

For almost a year now, some important policymakers and spokespersons of the government have been promising that food inflation will come down to 6 per cent within a few months. This claim has been made periodically since last October, yet food prices have continued to rise at very rapid and even increasing rates.

This has also led to a change in the official policy thrust, towards inflation control through monetary policy notwithstanding the negative effect this may have on output and employment.

Thus the Reserve Bank of India is so concerned about the continuing high rates of food inflation (which it interprets as reflecting excess demand) that it is increasingly veering towards putting up interest rates in order to restrict price increases. But there are several reasons why this is not likely to be the appropriate strategy.

Chart 1 shows the year-on-year rate of food price inflation over the past year by week. The rapid increase in the food inflation rate to 20 per cent and more from November 2009 reflected the impact of the poor kharif harvest consequent upon the bad monsoon. This was coupled with the effect of adverse expectations. The food inflation rate remained persistently high for nine months thereafter. It is worth noting that there was no deceleration even after the rabi harvest, which (while not particularly good) was certainly not as bad as the pervious kharif.



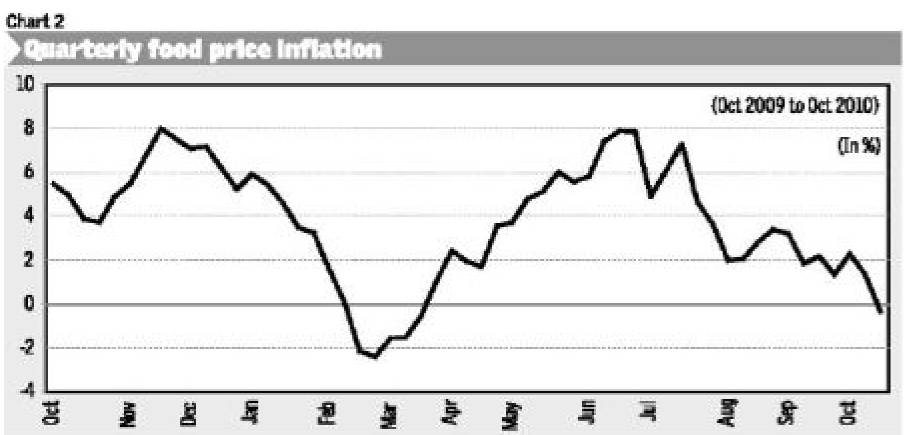
It is only in the past three months that there has been some deceleration in the year-on-year food inflation rate, although it still remains very high at around 15 per cent in annual terms.

Quarterly rate

Another way of tracking the seasonal movement of food prices is to look at the quarterly rate, that is, the rate of increase in food prices relative to the previous quarter (13 weeks previously). Chart 2 provides this information, and suggests that there was some effect (although muted) of the incoming rabi harvest on overall food prices, which actually fell in March and part of April.

It is also evident from Chart 2 that the most recent kharif season has been associated with a deceleration in inflation (though not yet an absolute decline in prices) as the effects of a munificent monsoon in large parts of peninsular India are felt. This is notwithstanding the relatively poor rainfall that has affected much of the eastern region.

Looking at the quarterly pattern allows us to compare the current year with two recent years that have been associated with very different patterns of price movement: 2007 (which was a very good year in terms of agricultural output in both kharif and rabi seasons) and 2009 (which turned out to be a very poor year for kharif and only a moderate year for rabi).

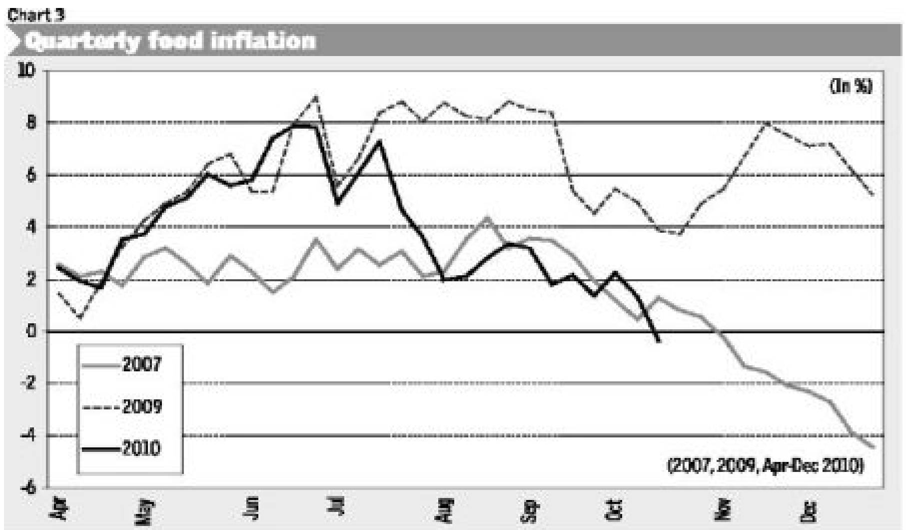


In 2007, quarterly food inflation rates were moderate but positive until October, and then even turned negative from October, indicating absolute price declines (which are quite normal in periods of good harvests).

In 2009, by contrast, quarterly food inflation rates rose quite sharply between May and July, and then stayed very high until October. The slight deceleration in October and November was not sufficient to ensure any real decline in the year-on-year inflation rate, as was observed in Chart 1.

And of course the poor kharif harvest in that year meant that the quarterly inflation rate then rose sharply in the last two months of 2009, ensuring the very high annual rates in excess of 20 per cent that were observed from then onwards.

Current fiscal

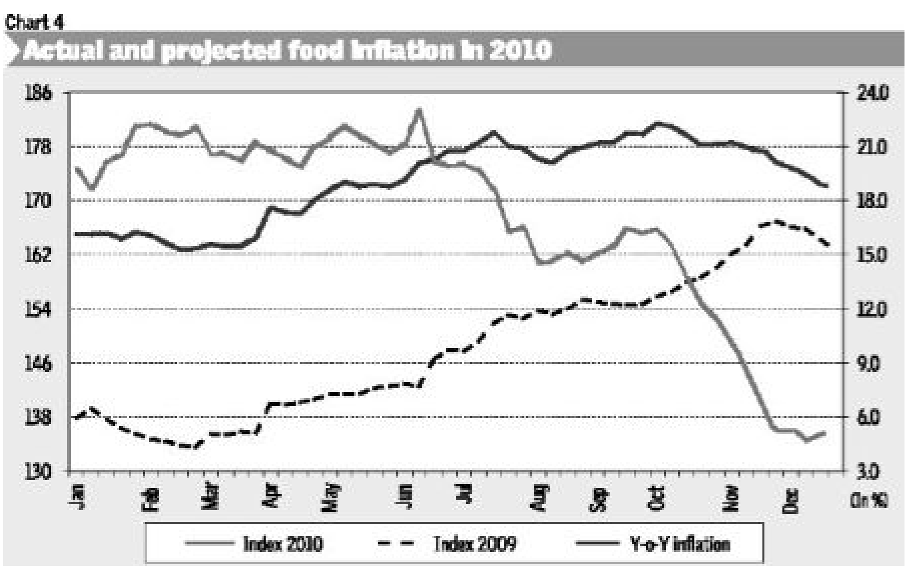


What is particularly interesting about Chart 3 is the food price behaviour that is indicated for the current fiscal year. For the first four months of fiscal 2010-11, the quarterly food inflation rates have looked very similar to those that prevailed in 2009, which as we have seen was a bad year in terms of agricultural output. However, since late August the pattern appears to have changed, and the pattern of price movements much more closely tracks the price behaviour of 2007, which was a good harvest year. Since all indications are that the current year will witness a good kharif harvest, there is sufficient reason to expect that the quarterly inflation rate may turn negative post-harvest, as had occurred in 2007 for example.

If this does actually transpire, then it may well be that the rate of food price inflation will decline in the near future. Chart 4 projects the price behaviour noted from Chart 3 onto the coming months of this year, in terms of the possible implications for the year-on-year food inflation rate. If the seasonal price pattern tracks the movements in 2007, which may be expected because of the good kharif harvest, there is likely to be a decline in the year-on-year food inflation rate to just below 6 per cent in the coming months. This in turn means that heavy handed monetary policy measures designed to curb such inflation, especially those affecting the base interest rate, are likely to be excessive and even unnecessary given the likely movement of food prices.

However, this does not mean that there is any justification for complacency on the food price issue, nor does it suggest that the question of food security for the population is any less pressing. Note that much of the decline in food inflation rates that may appear shortly is because of the base effect of very high food prices in the previous year. Also, money wages of most workers (both wage workers and self-employed) have certainly not kept pace with the food price increases.

Global prices



A further factor must be borne in mind. India continues to be affected by global prices of important food items, and there are clear indications of another price upsurge in food markets in global trade. For example, wheat prices in the Chicago market (which is the typical benchmark for the global trade price) have increased by more than 70 per cent in the three months up to late September.

There is once more evidence of speculative activity in the commodity futures markets, driven by index traders. What makes the problem more pressing for India is that the Indian government has once again allowed futures contracts in wheat from May 2009, having lifted the ban specifically for this commodity.

If the global speculative pressures affect India, including through the impact on the local futures market, this may provide a source of food price inflation that is unrelated to local supply factors. In such a case, any bets on future food price movements would be off.

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Back **Grains grow on procurement**

What is commendable about the initiatives is that they provide an alternative remunerative marketing channel for farmers, who hitherto had little motivation to produce more.

That Eastern India, with its relatively abundant water resources, holds the key to the country's future food security is today an acknowledged reality. Till recently, the only State to demonstrate the possibilities offered by the region was West Bengal, which, through the eighties and the subsequent decade, doubled its rice output to around 15 million tonnes (mt). Much of it came from institutional reforms, creating incentives for cultivators to invest in high-yielding varieties, fertilisers and micro-irrigation that enabled raising a second boro winter crop.

But there is now good news emanating from others too, particularly Chhattisgarh and Orissa. Both have, since 2000-01, recorded notable increases in rice production — the former, from roughly 2.5 mt to 4.5 mt, and the latter, from 4.5 mt to 7 mt. The impetus for this has primarily been the conscious efforts at grain procurement by the two State Governments. Official agencies currently buy about 40 per cent of Orissa's rice and a remarkable 80 per cent of Chhattisgarh's, which was not the case a few years back. The fact that these purchases are largely in direct paddy form, as opposed to ‘levy' rice sourced from mills, means the intervention is probably benefiting farmers. Another State, though not from this region, that has done something similar for wheat is Madhya Pradesh. There again, the Government is procuring a third or more of the crop — good enough to influence open market prices.

What is commendable about these initiatives — incidentally from Opposition-ruled States — is that they provide an alternative, remunerative marketing channel for farmers, who hitherto had little motivation to produce more. They have set an example for others — not the least, Uttar Pradesh, Bihar and Jharkhand — to emulate. But this is only the start. Per hectare paddy yields are still just 2-2.5 tonnes in Chhattisgarh and Orissa, against Punjab's 6 tonnes or even West Bengal's 3.9 tonnes. Their average fertiliser consumption too is below a third of Punjab's and half of West Bengal's.

There is enormous scope to also raise cropping intensity by harnessing groundwater, whether through shallow tube-wells a la Bengal or, even better, installing sprinkler/drip irrigation systems. All this requires large investments in rural electrification alongside sensible pricing of water. The emergent granary States should, moreover, not make the mistake of Punjab and Haryana to shut out private trade through exorbitant mandi levies and taxes. On the contrary, having helped create a market for farmers' produce, they must seek to further widen it and stimulate private investment in modern milling, warehousing and hybrid seeds development.

The Centre has an equally catalytic role to play here. But that cannot happen unless the States take the initial lead, allowing complementary backstop intervention from the Food Corporation of India and other Central agencies. That some of them are doing so is most welcome.

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Back RBI data show decline in credit flow to agriculture

'Credit flow to industry up but not broad-based'.

Deployment of gross bank credit

(in Rs crore)

Sector	April-September 25, 2009	April-September 24, 2010
Agriculture and allied activities	-1,760	-13,481
Industry	84,982	1,07,386
Personal loans	3,836	29,170
Services	5,281	39,130
Total non-food gross bank credit	92,341	1,62,206

Our Bureau

Mumbai, Nov 1

There has been a significant pick up in credit flow to industry, services and personal loan segments during the current financial year. However, credit flow to agriculture has declined further, data released by the Reserve Bank of India as part of Macroeconomic and Monetary Developments Second Quarter Review 2010-11 shows.

While credit flow to industry was highest at Rs 1,07,386 crore, credit flow to agriculture contracted by Rs 13,481 crore during the first six months of this fiscal, according to data on sector wise deployment of credit.

The drivers

Though the credit flow to industry has improved, it is not yet broad-based, RBI said.

The credit growth is mainly driven by flow of credit to infrastructure, iron and steel, chemicals and chemical products, other metal and metal products and engineering industries.

Infrastructure cornered the largest share of credit with Rs 87,499 crore flowing into the sector in the period between April-September 24, as against Rs 48,659 crore in the same period last year. Credit contracted to sectors such as petroleum, coal products and nuclear fuel and the construction industry.

Personal loans

In the personal loans segment, there was a pick-up in housing loans with banks lending Rs 16,195 crore in the first six months of this year, substantially higher than Rs 7,891 crore in the corresponding year-ago period.

Loans for consumer durables also saw a pick-up in the period under consideration. Education loans saw some slowdown with banks lending Rs 4,060 crore during the year, as against Rs 4,557 crore in the year-ago period.

In the services segment, credit to commercial real estate saw a huge jump with banks lending Rs 9,604 crore to the sector. In the same period last year, banks had lent only Rs 1,766 crore to the sector.

Credit to transport operators, professional services and non banking finance companies also witnessed an increase. However, credit for trade saw some slowdown this year.

Under priority sector lending, banks lent Rs 19,343 crore to micro and small enterprises in the first six months of the year, a small dip from Rs 20,808 crore in the year ago period.

Bank-wise data

According to bank-wise data on credit flow, the momentum in credit growth was seen across all public, foreign and private banks, with private banks showing the highest growth rate at the beginning of the third quarter of 2010-11.

While public sector banks lent Rs 4,24,171 crore in the year as on October 8, private banks lent Rs 1,24,213 crore and foreign banks Rs 17,979 crore. Public sector banks accounted for 74 per cent of the incremental credit off take on a year-on year basis as of beginning October 2010, RBI said.

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Back India's variable pulse

SUBIR GOKARN

Protein availability is becoming a major problem for macroeconomic management.

Pulses aresubject to relatively high production volatility.

When we break down recent food inflation into contributions by different items, a striking feature is the role played by key sources of protein. The dominant source of protein in Indian diets is pulses, which of course vary quite significantly across regions and, to some extent, between income groups. Milk and milk products also figure quite prominently and then we have eggs, meat and fish.

Food inflation, as measured by the new index, is noticeably higher than that measured by the old one. The primary reason for this is that alternative protein sources along with some others, have higher weights in the new index, which, of course, suggests that the price of proteins has been increasing relatively faster than other food items.

The price levels of pulses began accelerating in 2005 and have continued to do so since then. There is a sustained divergence between the pulses index and the overall food index, which suggests a structural change in relative prices. Pulses are clearly becoming more and more expensive and, contrary to widespread perceptions, this does not appear to have much to do with the performance of the monsoons.

Let us assume that the point of inflection reflects the expenditure level (in 2004-05 prices) at which diets shift decisively towards higher consumption of proteins. Between 2004-05 and 2009-10, per capita incomes grew by about 39 per cent. With this growth, how many people are likely to have reached this threshold by 2010? Assuming that the distribution itself remains constant, the simulation reveals that about 220 million — 180 million in rural areas and 40 million in urban areas — people would have reached the threshold level of MPCE (monthly per capita expenditure) over this five-year period. In addition to this, people who were already above the threshold in 2004-05 would, as a result of rising incomes, presumably also increase their consumption of these items.

Effect of affluence

At the aggregate level, this analysis presents a dramatic picture of how increasing affluence is impacting the spending on protein sources. This pattern is in complete conformity with global historical precedents, a point to which I shall return in the discussion of ‘big picture' issues. This is exactly the kind of dynamic that has been seen in the Indian economy for products such as two-wheelers, automobiles, various consumer durables and a host of others.

But, unlike in food items, the massive expansion of demand for these products was not accompanied by a sharp surge in prices. The obvious reason for this was that the supply response in these markets was strong enough to keep pace with demand. A combination of large new capacities, free trade and scale economies and technological progress has helped increase supply even while costs have fallen. Unfortunately, the same powerful supply response is yet to manifest itself as far as proteins are concerned.

Let us take a brief look at the supply scenario in each of these protein sources. It is a story of long-term decline in availability, in which production has not been able to keep pace with population growth, let alone increasing affluence and, consequently, greater demand for both pulses as a whole and tur in particular.

Heavy rain dependence, small holdings and weak rural infrastructure seem to be preventing any breakthrough surges in productivity in the way that massive increases in cereal production were achieved.

As regards production and yield, there is a reassuring trend towards stable growth during the past couple of years at the aggregate level. However, the disaggregated picture shows that individual pulses are subject to relatively high production volatility which, given the relatively low degree of substitutability that is visible in pulse consumption, inevitably contributes to price volatility.

Overall, if the very recent trend in aggregate production is sustained, supply constraints will ease. Going by the past record, however, there do not appear to have been persistent phases of output growth, which indicates the difficulty of achieving a breakthrough.

One option is to import pulses. Since very few other countries produce and consume significant quantities of this item (and certainly, tur is virtually unique to India), this would have to be in the form of contract farming arrangements.

While this may be feasible in terms of actual production, transportation costs are likely to neutralise any benefits from such arrangements as a way of meeting demand while keeping prices in check.

Meanwhile, the growth rate of milk production is declining and volatile. Two, returning to the demand perspective, milk is the most significant source of protein in expenditure terms for most households. Since it is directly related to the age composition of households, the preponderance of growing children and young adults is likely to boost demand for milk, all other factors remaining equal.

With a sustained increase in demand, slowing growth and volatile production will clearly have an impact on prices. The picture for eggs, meat and fish is generally similar to that of milk. The bottom line is that the price dynamics of this category of proteins are entirely consistent with an emerging structural imbalance between demand and supply.

Monetary policy

From a monetary policy perspective, the conventional view of food prices is that surges are temporary, driven by supply disruptions that at worst last one season. As conditions return to normal, as they usually do, the price surges are expected to recede.

Transmission lags in monetary policy are generally seen to be longer than the typical agricultural season, so, if monetary instruments are used to deal with such price shocks, they have no impact on the immediate cause of the problem, while possibly doing damage to growth prospects down the road.

However, if the economy is at or close to full capacity utilisation, even a temporary price shock can aggravate inflationary expectations, which may justify a monetary response even though the shock is temporary and will die out before the actions take effect. But, when we begin to consider the impact of structural food price shocks, such as the ones we appear to be experiencing in the Indian context, the policy implications become complex.

Do we see these trends as a threat to overall price stability because there are really no substitutes for protein and increasing prices of its sources will immediately translate into higher wages and, through them, to generalised inflationary pressures, which certainly warrant a policy response?

Rapid economic growth is contributing to the emergence of persistent demand-supply imbalances which, in turn, are making proteins more expensive.

In the absence of a significant positive supply shock, this might result in the weakening of the economy's most productive resource — its people.

(The author is Deputy Governor, RBI.)

Excerpted from the speech delivered at the Special Conference in honour of Dr Kirit Parikh at IGIDR, Mumbai, on October 26.

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Back **Higher inflow hits rice**

Our Correspondent

Karnal, Nov. 1

Good arrivals of new rice and sluggish demand in the market pushed down prices of aromatic and non-basmati rice.

Prices of Pusa-1121 steam (new) ruled around Rs 5,000 a quintal while the old variety ruled at Rs 5,100-5,150 and Pusa-1121 sela (new) ruled between Rs 4,050 and Rs 4,100 whereas the old variety was around 4,200-42,50.

Pusa-1121 raw (new) ruled around Rs 5,000-5,050 while the old variety quoted at Rs 5,100-5,150. Pusa (sela) quoted around Rs 3,200 and Pusa (raw) at Rs 4,050.

Basmati sela ruled at Rs 5,900-6,000, while basmati raw around Rs 6,900-7,000.

Prices of PR (old) ruled between Rs 2,000 and Rs 2,180, while the PR (new) ruled between Rs 1,900 and Rs 1,970 a quintal.

Sharbati sela (old) ruled between Rs 2,500 and Rs 2,675 and Sharbati steam (new) at Rs 2,600-2,770.

The Permal sela (new) variety ruled at Rs 2,000-2,140 a quintal.

Brokens such as Tibar ruled around Rs 3,450, Dubar at Rs 2,470 and Mongra around Rs 1,770.

Mr Tara Chand Sharma, a paddy trader, told Business Line that the arrivals of fresh paddy were low in the market on November 1.Traders expect paddy prices to witness a good rally in November, he said. Prices of PR varieties can witness the levels of 1,100 a quintal.Around 1.45 lakh bags of paddy varieties arrived at the Karnal grain market terminal. The entire stock was lifted by agencies and rice millers.Around 10,000 bags of PR-13 arrived and ruled between Rs 980 and Rs 1,000. Grade-A variety arrived in 90,000 bags and ruled between Rs 1,025 and Rs 1,060. Around 2,000 bags of RS-10 were quoted at Rs 1,325-1,350.

About 10,000 bags of Sharbati also arrived and ruled between Rs 1,450 and Rs 1,500. Sugandha-999 arrived in about 5,000 bags and quoted at Rs 1,550-1,600.Around 10,000 bags of Pusa (duplicate basmati) arrived and quoted at Rs 2,000-2,200. Around 15,000 bags of Pusa-1121 quoted at Rs 2,000-2,300. About 3,000 bags of the paddy of pure basmati rice arrived here and quoted at Rs 2,500-2,600.

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Back **Cardamom recovers on lower supply**

G.K. Nair

Kochi, Nov. 1

Cardamom prices last week gained as demand improved on decline in arrivals and reports of limited availability from Guatemala, the lone competitor of the commodity.

As a result, the individual auction average price, which dropped to below Rs 800 the week before last, recovered and vacillated between Rs 800 and Rs 830 a kg last week at the auctions held in Kerala and Tamil Nadu.

The regulated release of material by the growers was evident from the fall in arrivals last week despite being the peak harvesting season.

If this kind of market intervention exercise persist, prices may not fall and stabilise at some moderate levels, trade sources said.

As prices started falling sellers withdrew and resorted to regulated release of their produce which squeezed supply.

Reports of thin supply from Guatemala this year also activated the market, they said.

The fall in arrivals gives the impression that the growers are holding back their produce as they do not want to part with it at lower rates, Mr P.C. Punnoose, General Manager, CPMC, told Business Line.

He said last week arrivals dropped to below 200 tonnes, despite being the peak harvesting season, from over 300 tonnes the previous week.

Sunday arrivals at the KCPMC stood at 42 tonnes and the maximum price was at Rs 921 and minimum was Rs 611.

The auction average price was at Rs 813.37 a kg.

Exporters last week bought about 10 tonnes, the trade said.Arrivals during the season from August 1 to October 31 stood at 3,032 tonnes. Of this, 2,999 tonnes of cardamom were sold.

Weighted average price as on October 31 was Rs 1,064.80 per kg, up from Rs 681.22 per kg in the same day last year.

Prices for graded varieties in rupees per kg on Monday were AGEB 940-950; AGB 830-840; AGS 810-820; AGS1 780-790.

Prices quoted in the open market in Bodinayakannur per kg in Rs were AGEB 925-940; AGB 810-820; AGS 795-805; AGS 1 760-770. Bulk was fetching Rs 550-Rs 850 a kg.

The weather conditions in the growing areas are ideal for the crop as these areas are receiving good rains at nights while the days are sunny.

Date:02/11/2010 URL: http://www.thehindubusinessline.com/2010/11/02/stories/2010110250872200.htm

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Back **Coonoor tea auction remains subdued**

P.S. Sundar

Coonoor, Nov. 1

Prices declined Rs 3 a kg at Sale No: 43 of the auctions of Coonoor Tea Trade Association as the demand was inadequate to absorb the teas at high prices.

Teas worth Rs 83 lakh remained unsold with 11.5 per cent of the 11.21 lakh kg on offer withdrawn for want of buyers.

In CTC dust market, Homedale Estate Teas, auctioned by Global Tea Brokers, topped at Rs 128 a kg. “Our Pekoe Dust (PD) fetched Rs 128 – the highest among all teas from bought-leaf factories this week. In all, our three marks got Rs 102 and more,” Homedale Managing Partner, Mr Prashant Menon, told Business Line.

In CTC leaf market, Vigneshwar Estate topped at Rs 118.50. “In all, our six grades got Rs 116 and more,” Vigneshwar Managing Partner, Mr Ramesh Bhojarajan, said.

Among others, Darmona Estate got Rs 126.50, Kannavarai Estate Rs 122 and Hittakkal

Estate Rs 121. In all, 54 marks fetched Rs 100 and more.

Among orthodox teas from the corporate sector, Chamraj got Rs 202, Prammas Rs 158, Havukal Rs 155 and Kairbetta Rs 152. In all, 35 marks got Rs 100 and more.

"In the leaf market, orthodox lost Rs 2-5 and CTC, Rs 2-4 a kg. In the dust market, primary orthodox dust sold Rs 5-10 lower. CTC dusts eased Rs 2-4. Some cleaner blacker sorts, however, gained Rs 1-2," an auctioneer said.

Quotations held by brokers indicated bids ranging Rs 41-46 a kg for plain leaf grades and Rs 80-118 for brighter liquoring sorts. They ranged Rs 44-52 for plain dusts and Rs 90-122 for brighter liquoring dusts.

On the export front, Pakistan bought selectively at Rs 43-59 a kg and the CIS, in a wide range of Rs 41-91.

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Back **Sugar turns sweeter on festival demand**

Our Correspondent

Mumbai, Nov 1

Prices on Vashi sugar market shot up by Rs 30-40 a quintal on lower free sale quota for November and higher retail demand for Diwali.

Last Friday, the Government declared 16.15 lakh tonnes (lt) , which is less than 19.98 lt for October. Last year, quota for November was 17.14 lt. Freight rates also increased by Rs 15-20 because of shortage of trucks at producing centres.

Volume was high as demand for Diwali festival from retailers as well bulk consumers were on top.Mr Jagdish Rawal, Joint. Secretary of Bombay Sugar Merchants Association (BSMA), told Business Line, “Demand for Diwali is on top. Demand from local stockists and upcountry buyers continues to support bullish sentiment. Mills were not keen to sell. About 2.25-2.5 lakh bags of sugar were sold to local stockists and two rakes (about 54,000 bags) were sold to eastern States.Mills sold M-grade in the range of Rs 2,700-2,730 and S-grade in the range of Rs 2,680-2,730 (excise added).

In the evening, tender prices were quoted higher by Rs 5-10. Good quality was in demand by sweet/chocolate makers. States, where sugar prices have gone up sharply, may increase their demand/buying in Maharashtra. Prices may go up further by Rs 20-25 a quintal because of higher demand and lower quota/supply.”On Monday, total arrivals in Vashi markets were 70/80 truck loads (of 10 tonnes each) and lifting was for 68/70 trucks.According to BSMA, spot rates forS-grade were Rs 2,748-2800 (Rs 2,730-2761) and M-grade at Rs 2,776-2831 (Rs 2,750-2,811).Naka delivery rates for S-grade were Rs 2,630-2,760 (Rs 2,700-2,760) and M-grade Rs 2,755-2,800 (Rs 2,740-2,760).

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http://www.thehindubusinessline.com/2010/11/02/stories/2010110251122100.htm

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Back **Bullish global cues heat up edible oils**

Our Correspondent

Mumbai, Nov. 1

In the edible oil markets, spot prices after showing weak trend during the day, firmed up later taking cues from higher closing of the Malaysian market. Due to higher arrivals and weak reports from Gujarat, groundnut oil continues to decline along with other indigenous edible oils .

Groundnut oil was down by Rs 10 and soya refined oil declined by Re 1 for 10 kg. Volume was higher on fresh retail demand for Diwali. Importers/refineries were quoting higher rates which kept direct trade (with them) at bay. Only resale trade took place in palmolein.

Malaysian BMD CPO futures closed higher by 40 ringgits to fresh 27-month high on fresh buying and short-covering.

In line with foreign market in India, Indore NBOT soya oil futures also bounced back from low level. Speculators were active buyers at low level.At Rajkot, groundnut Telia tin rate sharply declined to Rs 1,060 (Rs 1,080) and loose Rs 670 (Rs 680) for 10 kgs.In the Mumbai market, fresh demand of retailers in palmolein kept volume in resale around 500 tones in the price range of Rs 482-485 ex-JNPT port. For Mumbai resalers were quoting at Rs 488-489.

Malaysian BMD CPO

Malaysia's BMD CPO futures for November, closed at MYR 3,080 (3,040), . Indore NBOT soya oil futures Novemberwas at Rs 530 (Rs 530) and December-10 was Rs 542.60 .

Mumbai commodity exchange spot rate (Rs/10kg)

Groundnut oil 720 (730), soya refined oil 517 (518), sunflower expeller refined 635 (635), sunflower refined 670 (670), rapeseed refined oil 580 (580), rapeseed expeller refined 550 (550), cotton refined oil 517 (517) and palmolein was 488 (488).

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Back **Bulk purchases lend colour to turmeric**

Our Correspondent

Erode, Nov. 1

Spot turmeric sales have started increasing due to the price increase in futures. The prices are fluctuating, but showed an increase of Rs 200 a quintal.

In futures, turmeric was quoted at Rs 13,309 a quintal on Monday and this supported the spot prices.

At the Erode Turmeric Merchants Association sales yard, the finger variety was sold at Rs 9,317-14,189 a quintal and root variety at Rs 9,199-14,069 . Out of 1,927 bags , 615 were sold.

At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 13,689-14,370 a quintal, the root variety Rs 13,589-14,169. Out of 406 bags that arrived, 267 were sold. The prices are up by Rs 190 a quintal.

At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 13,981-14,389 a quintal, the root variety at Rs 13,970-14,199 a quintal.

In the Regulated Market, the finger variety was sold at Rs 13,096-14,219 a quintal, the root variety fetched Rs 13,996-14,149. Out of 1,348 bags that arrived, 1,331 were sold.

There was an increase of Rs 200 a quintal for the spice.

“Demand for turmeric has increased, which has reflected in the bulk purchase. Buyers expect a further rise upon bulk purchases. The same price, with fluctuation of about Rs 100 a quintal will remain for another few days. Next week, the sales will increase further, as the season is nearing closure”, said Mr R.V. Ravi, President, Erode Turmeric Merchants Association, on Monday.

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Back **Organic India to rope in AP farmers for mango cultivation**

G Naga Sridhar

Hyderabad, Nov. 1

Organic India Ltd is planning to rope in farmers in Andhra Pradesh for cultivation of mango.

“We already have agreements for organic farming with over 20,000 farmers across the country. Andhra Pradesh being a good region for mango crop, we are in the process of closing agreements with some farmers here,” Mr Krishan Guptaa, Chief Executive Officer of Delhi-based Organic India, told Business Line here.

Andhra Pradesh was a key market for the company as it had recently set up a factory near Chittoor for making dried mangoes with an annual capacity of 200 tonnes .

“We have invested about Rs 50 crore in the facility and will take up expansion in next one year after roping in farmers here for mango cultivation,” Mr Guptaa said. The other facilities of the company are located in Lucknow and Rajasthan.

The company, which had a turnover of Rs 60 crore during last financial year, would be launching ‘pure desi ghee' and some nutrients foods soon, he said.

At present, it manufactures the Tulsi Tea collection, organic chyawanprash and other organic foods.

Organic India is also planning to launch about 15 exclusive retail stores in different parts of the country shortly.

At present, it has six outlets in Delhi, Chandigrah, Hyderabad, Bhopal, Nagpur and Lucknow.

With its own distribution subsidiary in US and Israel, the company would ramp up its exports to US, he added.

“We are now exporting our products to over 15 countries,” Mr Guptaa said.

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Back **Profit booking crushes soya**

Our Correspondent

Indore, Nov. 1

Soyabean prices at the Indore mandi quoted Rs 20 down at Rs 2,040-2,125 for 100 kg on weak foreign support and decline in futures on account of profit booking where November futures at the National Commodities and Derivatives Exchange closed Rs 50 down at Rs 2,199 and December futures closed at Rs 2,235 respectively.

Besides, decline in arrival and lack of purchasing by plants at higher rate also added to the bearish sentiment.

Country-wide arrival on Monday was 9-10 lakh bags, of which 3.50 lakh bags arrived in various mandis of Madhya Pradesh.

Arrival of soyabean in Indore was 15,000 bags.

According to Mr Nirabh Desai, a trader, soyabean prices traded range-bound on lack of fresh fundamentals.

According to another trader, in the next 8-10 days, soyabean prices are unlikely to go up unless and until it gets the foreign support. In the next few days, arrival will decline because of closure of mandis on account of ensuing Diwali festival.

Plant deliveries of soyabean also declined by Rs 20 at Rs 2,130-2,160 because of selling pressure.

Soya solvent also declined by Rs 2-3 at Rs 450-460. Soya DOC continued to witness a downtrend on Monday because of decline in export demand.

Soya DOC (Kandla) quoted Rs 100 down at Rs 18,500. In the past few days, soya DOC prices have declined by over Rs 200.

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Back **Spot rubber improves on short-covering**

Aravindan

Kottayam, Nov. 1

The physical rubber prices hit record highs on Monday. The market seemed to be moving in tune with the domestic futures ridden by supply concerns on fresh buying and short-covering.

According to sources, certain tyre manufacturers were buyers on RSS 4 up to Rs 192.50 a kg at Kottayam. Sheet rubber flared up to Rs 193 from Rs 190 a kg in the main marketing centres.

The grade increased to Rs 192 (190) a kg both at Kottayam and Kochi, according to the Rubber Board.

The November series improved to Rs 196.25 (194.45), December to Rs 199.34 (197.39), January to Rs 201.72 (199.64) and February to Rs 203.15 (201.83) a kg for RSS 4 on the NMCE.

RSS 3 slipped at its November futures to ¥316.7 (Rs 175.20) from ¥317.5 during the day session but then remained inactive in the night session on TOCOM. The grade (spot) closed marginally higher at Rs 179.13 (178.96) a kg at Bangkok.

Spot rates were (Rs/kg): RSS-4: 193 (190); RSS-5: 182.50 (180); ungraded: 178.75 (176); ISNR 20: 189 (187) and latex 60 per cent: 125.50 (125).

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Back **Rubber institute plans 1-day training programme**

Aravindan

Kottayam, Nov 1

The Rubber Training Institute, in collaboration with the Indian Rubber Institute, is conducting a one-day training programme in non-tyre automotive rubber components at Kochi on November 9.

The programme aims at addressing the challenges and issues faced by this sector at the national and international level, and will focus on issues such as technical updating, quality control, and cost reduction both in the original equipment and replacement markets.

The faculty includes renowned experts from the industry.

The training fee of Rs 2,000 can be remitted as a demand draft in favour of the Director (Training), Rubber Board, Kottayam, on or before November 6. For details contact: 09496413731.

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Back **Strong demand for pepper futures**

G.K. Nair

Kochi, Nov 1

Pepper futures continued to rule hot on strong export demand hitting the upper circuit levels Monday and on bullish reports from Europe and South East Asia.

An estimated 125 tonnes of farm grade pepper were traded to different directions. Local arms of multinational companies with multi-origin operations covered good quantities and that activated the market strongly, market sources told Business Line.

Primary market dealers were selling the material through terminal market dealers at Rs 208, Rs 209 and Rs 210 a kg.Some quantities were covered by domestic market buyers also.

Tight supply

Bullish reports from all the major production and consuming centres, at least to some extent, pointed towards a tight supply scenario in the world market, they said.November contract on the NCDEX shot up by Rs 672 to close at Rs 21,790 a quintal. December and January contracts increased by Rs 682 and Rs 725 respectively to close at Rs 22,030 and Rs 22,176 a quintal.

hindustantimes
Tue,02 Nov 2010

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Tuesday, Nov 2

Max	Min
31°	24.6°

Rain: Trace	Sunrise: 6:02
Humidity: 84%	Sunset: 17:42
Wind: Normal	Barometer: 1007.0

Tomorrow's Forecast

Rainy

Wednesday, Nov 3

Max	Min
26°	23°

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Nov 4	Nov 5	Nov 6	Nov 7	Nov 8
29° | 24°	28° | 25°	28° | 26°	30° | 26°	28° | 24°
Rainy	Rainy	Rainy	Cloudy	Rainy

Deccan Chronicle On The Web
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Long-standing use hits TMV-2 groundnut crop

Nov 01 2010

Anantapur, Oct. 31: The groundnut seed variety, TMV-2, is not promising bumper yields to farmers in the district from the last seven years due to various reasons. The district is known for groundnut cultivation over a larger extent than any other in the country.
Erratic rainfall coupled with prolonged dry spells forced farmers to cultivate groundnut crop since three decades. On an average, farmers cultivate groundnut crop over 24 lakh acres but longstanding use of TMV-2 variety seed has resulted in successive crop failures due to adulteration of variety and vulnerability to pests and diseases.

During introduction of the variety, the agriculture officials assured that TMV-2 would yield 800 kilograms per hectare but only 375 to 400 kilograms per hectare yield has been registered in the district so far. In spite of continuous crop failures with TMV-2, the farmers are compelled to sow this as there is no alternate seed variety to mitigate prevailing drought conditions.
Agriculture research stations have reportedly failed to produce an alternate variety for TMV-2, except for discovering a variety by the Kadiri research station. The Kadiri variety has also not assured a good yield to farmers during prolonged dry spells. Seed agencies such as APMarkfed, Oilfed, AP state seed Development Corporation and others are procuring adulterated TMV-2 variety from farmers to meet the demand.

Most seeds lacked genetic vigour and disease resistance capacity due to adulteration. Farmers deliberately sowed this variety even after the sowing period in August last year, to get crop compensation and insurance. Farmers are now accu-stomed to sow this variety despite crop failures. The International Crop Research Institute for Semi-Arid Tropics (Icrisat) produced a new variety, ICGV 91114, under the aegis of scientist Dr Shyam N. Nigam to increase yield in the district. But the agricultural university and department of agriculture reportedly ignored this variety due to professional jealousy. The Rural Development Trust’s sustainable agriculture dep-artment head Mr K. Abdul Kareem said that there was need to improve other varieties as farmers were suffering huge groundnut crop losses since seven years.

The agriculture minister, Mr N. Raghuveera Reddy, agreed to suspend TMV-2 variety seed distribution from the next khariff and directed agriculture officials as well as scientists to explore alternate varieties during a meeting in Anantapur on Saturday.
