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Krishnagiri tops in SRI paddy cultivation

Staff Reporter

The area under SRI paddy cultivation to be extended during the year 2011-12

Photo: N. Bashkaran.

Briefing:Collector V. Arun Roy (left) addressing the Farmers Grievances' Day meeting in Krishnagiri on Thursday. —

KRISHNAGIRI: Krishnagiri district has topped in System of Rice Intensification (SRI) paddy cultivation, K. Rajan, Joint Director, Agriculture, said here on Thursday.

In reply to a query raised by K.M. Ramagoundar, Vice-President, Tamizhaga Vivasayigal Sangam, at the farmers' grievances day he said the area under SRI paddy cultivation would be extended during the year 2011-2012.

A recommendation in this regard would be sent to the Government very soon, he said.

The markers with the two-wheelers are being supplied to the farmers by the agriculture department instead of a single wheeler, which was rejected by some of the farmers, he added.

Collector V. Arun Roy, who presided over the farmers' grievances day, after hearing the plea of J.P. Krishnan of Sappanipatti instructed an official to prepare a draft recommendation to the Tamil Nadu Medical Plant Farms & Herbal Medicine Corporation Limited (TAMPCOL) for setting up a medicinal plants procurement centre in the district.

In reply to the demand of Vivekanandan of Tamizhaga Vivasayigal Sangam, the co-operative department has been asked to explore a plan to set up a groundnut procurement centre in Krishnagiri, near Uzhavar Santhai.

Mr. Vivekanandan said in the absence of regulated procurement centre, the farmers were being exploited by businessmen at Oldpet.

Groundnut

The groundnut which was sold Rs. 1, 200 per bag was now being procured by businessmen at Rs. 650 a bag.

R. Gnanamurthy of Parandapalli village, near Pochampalli, said that few companies were illegally drawing ground water for their industrial purpose.

Due to this, the ground water level has gone down drastically in and around Parandapalli and Pochampalli area, thus leaving the farmers and public in lurch.

In reply to a complaint from K. Govindan of Kalvehalli, the Joint Registrar of Cooperative Societies, said that cooperative banks in the district had distributed Rs. 1.5 crore as crop loan to farmers. Bank officials have been instructed not to delay in giving crop loans to farmers.

Mr. Ramagoundar said the mobile clinic of the animal husbandry department has not been functioning.

He also demanded a sub-centre for every five km and an animal husbandry dispensary every 8 km as per the guidelines of the department.

Chennaiya Naidu of Mindigiri suggested linking of lakes at the panchayat-level and cleaning water courses that leads to lakes in catchment areas through the Mahatma Gandhi National Rural Employment Guarantee Scheme.

Date:01/10/2010 URL: http://www.thehindu.com/2010/10/01/stories/2010100157290300.htm

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Drought: Naveen announces sops for farmers

Special Correspondent

50,000 private lift irrigation points to be installed by June 2011

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50 per cent subsidy will be provided on purchase of pump sets up to 7.5 HP

2,000 checkdams to be constructed by June 2011

BHUBANESWAR: Chief Minister Naveen Patnaik on Thursday announced a series of sops for the farmers in the drought-hit regions of the State. Deficient rainfall during the past few months had led to drought in several parts of the State.

According to an official release issued by the Chief Minister's Office, agriculture input subsidy will be provided to the small and marginal farmers who have sustained crop loss of 50 per cent or above at the rate of Rs. 2,000 per hectare of land in rain-fed areas and Rs. 4,000 per hectare of land in areas under assured irrigation.

Agriculture input subsidy will also be provided to farmers other than small and marginal farmers at the same rates subject to a ceiling of one hectare per farmer. And in case of successive calamities, the subsidy shall be provided to farmers other than small and marginal farmers up to two hectares per farmer, according to the release.

The government also said that 50,000 private lift irrigation points will be installed by June 2011 under the Jalnidhi Scheme. A subsidy of 50 per cent subject to ceiling of Rs.15,000 will be provided to farmers for procuring plastic/PVC/HDPE pipes for carrying water for irrigation.

Further, the government said 50 per cent subsidy will be provided on purchase of pump sets up to 7.5 HP.

The government also announced that defunct lift irrigation points will be revived to make them operational in the drought-affected areas, and working lift irrigation points will be made operational across the State.

Power connection will be provided to lift irrigation points within three days on payment of 50 per cent of arrears of electricity dues. Secretary of Energy Department and Secretary of Water Resources Department will review the progress of the revival of irrigation points every week.

The government also announced to construct 2,000 check dams by June 2011. Priority will be given to drought affected areas.

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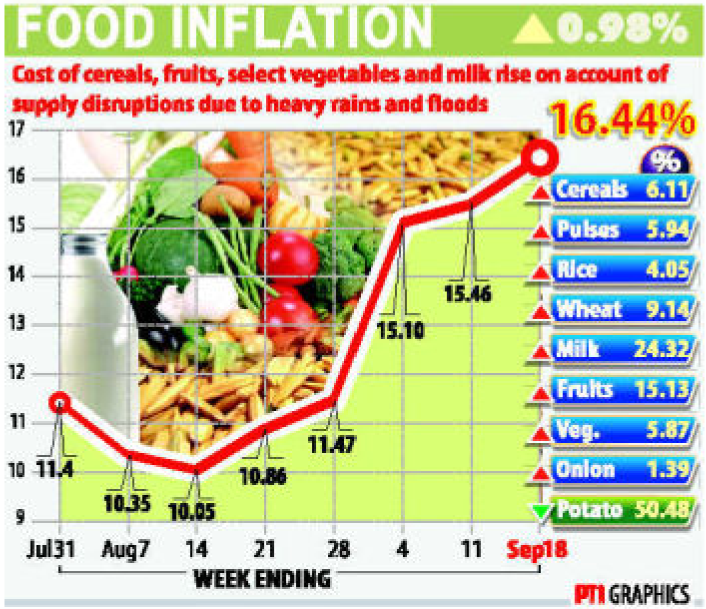
Food inflation surges to 16.44 per cent

Special Correspondent



NEW DELHI: Continuing its march for the fifth straight week, food inflation surged further to 16.44 per cent for the week ended September 18 from 15.46 in the previous week, mainly driven by higher prices of essentials following supply disruptions on account of heavy rains and floods.

Commenting on the nearly one percentage point increase in the Wholesale Price Index (WPI) based inflation data, Finance Minister Pranab Mukherjee expressed concern over the spiralling food prices. “Inflation has increased, and particularly a number of food items like jawar or bajra and pulses, fruits, vegetables, meat, eggs... All these food items' prices have increased. As a result, the WPI on food items has increased by more than half a percentage point. This is an area of concern,” he said.

Alongside, however, Mr. Mukherjee also exuded confidence that prices would ease after the monsoon and the monetary measures put in place would start yielding dividends. Economic analysts also hold the similar views as the Finance Minister and expect prices to come down once the monsoon withdraws and kharif crops start arriving in the market. “Once kharif output arrives in the market post October, and supply constraints are lessened as rain recedes, inflation will come down,” Crisil's chief economist D. K. Joshi said.

Supply of essentials were disrupted in many northern parts of the country, including Delhi, Haryana, Punjab, Uttar Pradesh, Himachal Pradesh, Assam and Rajasthan which have had torrential rains and floods.

On a year-on-year basis, prices of cereals were up 6.11 per cent owing to higher prices of pulses, rice and wheat. While pulses were dearer by 5.94 per cent, wheat and rice turned costlier by 9.14 per cent and 4.05 per cent, respectively.

Transportation constraints also impacted fruit and vegetable prices which surged by 15.13 per cent and 5.87 per cent, respectively. Likewise, other food items such as milk soared by 24.32 per cent during the week as compared to the same week last year.

Published: September 30, 2010 11:14 IST | Updated: September 30, 2010 00:15 IST September 30, 2010

Getting loans

Apart from banks is there any other organisation or place where I can get small crop loans for my 3 acres?

B. Ranganatha Rao *Mysore*

You can try contacting Micrograam, a company that facilitates micro credit to farmers' at No 427,5th Cross, J P Nagar 3rd Phase, Bangalore: 560078, email:info@micrograam.com,Phone: 080-65791390. The company disburses loans from 5,000 to Rs 25, 000 for seed purchase, fertilizer, organic farming etc.

Published: September 30, 2010 20:18 IST | Updated: September 30, 2010 20:18 IST New Delhi, September 30, 2010

Ban on futures trading of sugar lifted

The Hindu India, the world's second largest producer and biggest consumer, has been importing sugar from February 2009 to meet domestic demand. File Photo: P.V. Sivakumar

Commodity market regulator Forward Markets Commission on Thursday lifted the ban on trading in sugar futures, as retail prices of the sweetener have dropped by 40 per cent since January and also buoyed by expectations of a bumper output in 2010-11.

"We have allowed to lapse the ban on sugar futures trading today," FMC Chairman B.C. Khatua told PTI.

He said FMC would take a decision on launch of new contracts in 2-3 days after consultation with sugar industry and commodity exchanges.

The government had banned futures trading in sugar in May last year to control prices in the domestic market. India, the world's second largest producer and biggest consumer, has been importing sugar from February 2009 to meet domestic demand.

However, the output in 2010-11 (October-September) is expected to rise to 25 million tonnes from 19 million tonnes in the current sugar year, which runs from October to September. Annual demand is 23 million tonnes.

The prices have crashed to Rs. 30-32 per kg in the retail market of Delhi from a record Rs. 48 a kg in the mid-January.

Leading commodity exchanges - Multi Commodity Exchange and National Commodity Derivatives Exchange, on whose platform sugar futures are largely traded, said that they are ready with new contracts and are awaiting FMC approval.

Yesterday, Food and Agriculture Minister Sharad Pawar had said, “The decision to lift ban on sugar futures lies with the regulator. The ball is in the court of FMC.”

At present, sugar prices in India are cheapest in the world, as the wholesale sugar prices are ruling lower at Rs. 24/kg, compared with Rs. 80/kg in Pakistan, Rs. 60/kg in Bangladesh, Rs. 55/kg in Sri Lanka and Rs. 40/kg in Brazil, he had said.

FMC, which oversees the functioning of 23 commodity exchanges, is yet to take a decision on lifting the ban on other food items - rice, urad and tur. The suspension on futures trading in these three commodities has been imposed for indefinite period since 2007.

The size of the commodity futures market is estimated to be more than Rs. 77 lakh crore.

Published: September 30, 2010 14:03 IST | Updated: October 1, 2010 02:10 IST New Delhi, September 30, 2010

Supply disruptions drive food inflation to 16.44%

The food prices continued to rise for the fifth consecutive week August. Photo: Ritu Raj Konwar

Continuing its march for the fifth straight week, food inflation surged further to 16.44 per cent for the week ended September 18 from 15.46 in the previous week, mainly driven by higher prices of essentials following supply disruptions on account of heavy rains and floods.

Commenting on the nearly one percentage point increase in the Wholesale Price Index (WPI) based inflation data, Finance Minister Pranab Mukherjee expressed concern over the spiralling food prices. “Inflation has increased, and particularly a number of food items like jawar or bajra and pulses, fruits, vegetables, meat, eggs... All these food items' prices have increased. As a result, the WPI on food items has increased by more than half a percentage point. This is an area of concern,” he said.

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Transportation constraints also impacted fruit and vegetable prices which surged by 15.13 per cent and 5.87 per cent, respectively. Likewise, other food items such as milk soared by 24.32 per cent during the week as compared to the same week last year.

hindustantimes

HT Correspondent, Hindustan Times
Email Author

New Delhi, September 30, 2010
First Published: 21:48 IST(30/9/2010)
Last Updated: 03:03 IST(1/10/2010)

Food inflation shoots past 16%; interest rates could rise further

Food inflation touched a worrisome 16.44 per cent, rekindling the debate whether another round of interest hike was round the corner as monetary authorities and the government's macro economic managers grope for options to cool prices without upsetting growth in the broader economy.

"Inflation has increased and particularly the number of food items, like jawar or bajra and pulses, fruits, vegetables, meat, eggs. All these food items prices have increased. This is an area of concern," Finance Minister Pranab Mukherjee said.

Food inflation climbed 0.98 percentage points to 16.44 per cent during the week ended September 18, from 15.46 per cent in the previous week.

On Thursday, Punjab National Bank (PNB) increased its base rate by 0.5 percentage points to 8.5 per cent.

A higher base rate, which serves as the minimum floor rate, would increase interest rates for borrowers. "Such hike by PNB is aimed at better transmission of monetary policy rates into the lending rates," PNB said in a statement.

Earlier this month, the Reserve Bank of India raised the repo rate, the rate at which banks borrow from RBI, by 0.25 percentage points 6 per cent. A higher repo rate raises banks' borrowing costs, which in turn would raise interest rate on final home, auto and corporate loans.

Another public sector bank, Indian Bank, is likely to decide on an interest rate hike shortly. "The RBI signalled that the cost of money is going up and this would be passed on to the customers," T.M. Bhasin, chairman and managing director, Indian Bank told Hindustan Times. IDBI Bank has also raised its base rate from 8 to 8.5 per cent.The country's largest lender — the State Bank of India — however, has retained its base rate at 7.5 per cent.

http://www.hindustantimes.com/StoryPage/Print/606591.aspx

express buzz

By PTI
01 Oct 2010 09:20:16 AM IST

Food inflation to moderate by mid-Nov: Montek

NEW DELH: The Plan panel today expressed concern over high milk and fruit prices but exuded confidence that food inflation, which has shot past 16 per cent in mid- September, would moderate by the second half of November.
"It (food inflation) is little high. The high rate of food inflation is mainly on account of milk and fruits. If you see cereals, the inflation rate is coming down. The inflation rate of milk is a matter of concern," Planning Commission Deputy Chairman Montek Singh Ahulwalia told reporters here.
He however added: "I am still hopeful that the base effect (the period with which the figures are compared) would show up in form, of much more moderate inflation not until November. You will see food inflation going down significantly by mid or second half of November,"
Food inflation climbed 0.98 percentage points to 16.

THE ECONOMIC TIMES
Fri, Oct 01, 2010 | Updated 10.45AM IST

1 Oct, 2010, 04.21AM IST, Jayashree Bhosale,ET Bureau

Groundnut oil soars 35%, creates record

PUNE: prices have surged 35% as nut production declined by 25% in 2009-10 due to less rains.

"The historically highest ever price of Rs 96/kg of groundnut oil was recorded on September 13 in market. The prices have come down during the last few days as a new crop is likely to arrive in the market Dusserra onwards," said GG Patel, an oil broker in Rajkot. The wholesale price of groundnut oil in Rajkot on September 30 was Rs 83/kg.

Cargill's Gemini brand refined groundnut oil has an MRP of Rs 135/kg in Pune. However, sources in Cargill said the oil is expected to be sold at Rs 105-110/kg.

Cargill India spokesperson said, "There is pressure on the supply side as it is the end of the season. The prices will start easing when the new season will begin from October end."

Groundnut oil, considered a premium variety, accounts for 7-8% of the total edible oil consumption of the country. Gujarat accounts for 40% groundnut production. The rest is produced by Maharashtra, Andhra Pradesh, Tamil Nadu and Karnataka.

"As groundnut kernels are increasingly being used for direct human consumption, lesser amounts are becoming available for oil extraction," said BV Mehta, executive director of the Solvent Extractors Association of India.

The area under groundnut in 2010-11 has increased by five lakh hectares to 49.44 lakh hectare from 44.24 lakh hectare in the previous year.

The production of groundnut oil is expected to increase from 15 lakh tonne to 16 lakh tonne in 2009-10 to 20 lakh tonnes in 2010-11. The area under the crop remains constant in Gujarat and Maharashtra while it has gone up in Andhra Pradesh, Karnataka and Tamil Nadu.

1 Oct, 2010, 01.02AM IST,ET Bureau

Sugar futures ban lifted on upbeat outlook

NEW DELHI: The commodity market regulator has allowed the ban on to lapse, paving the way for trading, an important step towards lifting all government controls over the industry.

“We have allowed to lapse the ban on sugar futures trading today,” BC Khatua, chairman of (FMC), said on Thursday. A decision on launching new contracts will be taken in 2-3 days in consultation with the sugar industry and commodity exchanges, he said. Shares of sugar companies rallied after the decision.

The launch of new contracts, when it happens, will be a resounding validation of the growing belief that futures trading is not the prime mover of sugar prices. Retail sugar prices had shot up to a record Rs 50/kg in January this year due to very tight production (14.5mt) in 2009-10 when the futures trading ban was in place. Currently, the prices are around Rs 30-32/ kg, close to 40% drop. India is the largest consumer of sugar. Trading in sugar futures was banned for six months in May 2009 to rein in soaring prices. Later, the ban was extended till September-end.

“Futures trading in a commodity is a mechanism for price discovery and price risk management and not a mechanism to control the prices nor is it responsible for price rise in any commodity,” the government had admitted in Parliament in reply to a question on sugar futures. However, lack of clarity on sugar production caused the delay in lifting the ban.

Leading commodity exchanges such as Multi Commodity Exchange and , where sugar futures are largely traded, said they were ready with new contracts and are awaiting FMC approval. “Against the backdrop of projections of bumper sugar production this year, there would be no other option than to allow hedging,” (ISMA) director general Avinash Verma.

The mood among the players is far from one of joy. “This is step towards decontrol of the sector. But the full potential of futures trading in sugar can only be achieved once sugar price is market determined and all government controls are removed,” said Ajit Shriram, director, sugar at DSCL.

The government is yet to dismantle two key speedbreakers to optimum price discovery on futures trading platform. The monthly sugar release system, which continues to remain, is the most powerful weapon for intervention in the market in the event of unusually high sugar prices and relaxation of stock holding strictures on traders.

The Centre can even increase sugar releases mid-month with a view to checking perceived a price rise, curtailing the efficient functioning of the futures market. The FMC decision comes amid forecast of record sugar production in 2010-11 (24mt-25mt) by both the industry and the government. In addition to a carryover of around 5mt of sugar, the availability would be 30mt compared to a home consumption of only 23mt. This has resulted in apprehensions that unless hedging is allowed, the bottomline of sugar mills will plummet in tandem with plunging sugar prices.

FMC, which oversees the functioning of 23 commodity exchanges, is yet to take a decision on lifting the ban on other food items — rice, urad and tur. The suspension on futures trading in these three commodities was imposed in 2007. The size of the commodity futures market is estimated to be more than Rs 77,00,000 crore.

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Business Standard

Friday, Oct 01, 2010

Bajra, jowar continue to slid on fresh arrivals

Press Trust of India / New Delhi September 30, 2010, 17:16 IST

Bajra and jowar prices continued to slid for the third straight day by losing up to Rs 50 per quintal in the national capital today on adequate stocks and good arrivals from producing regions.

Traders said adequate stocks positions on increased arrivals from the producing regions amid reduced industrial offtake mainly led to a fall in wholesale bajra and jowar prices.

Bajra fell further by Rs 50 to Rs 850-860, jowar yellow and white lost another Rs 25 and Rs 50 to Rs 1,100-1,200 and Rs 2,200-2,150 per quintal, respectively.

Following are today's quotations in Rs per quintal:

Wheat MP (deshi) 1,650-1,750, wheat dara (for mills) 1,235-1,240 chakki atta (delivery) 1,240-1,245, atta Rajdhani (10 kg) 175, Shakti bhog (10 kg) 175, Roller flour mill 660-680 (50 kg)

Maida 760-790 (50 kilos) and Sooji 870-890 (50 kg) Basmati rice (Lal Quila) 9,300, Shri Lal Mahal 9,300, Super basmati rice 9,000, Basmati common 5,500-5,600, rice Pusa-(1121) 4,500-5,000

Permal raw 2,005-2,055, Permal wand 2,080-2,230, Sela 2,305-2,355 and Rice IR-8- 1,835-1,860, Bajra 900-910, Jowar yellow 1,100-1,200, white 2,100-2,150, Maize 1,100-1,110, Barley (UP) 1,070-1,090 and Rajasthan 1,080-1,090

Sugar rises on good retail demand

Press Trust of India / Mumbai September 30, 2010, 17:13 IST

Sugar prices rose moderately at the Vashi wholesale market here today on firm domestic demand amid higher stockists buying ahead of the coming festive season.

Small sugar quality (S-30) strengthened by Rs 30/31 per quintal to Rs 2,656/2,691 from yesterday's closing level of Rs 2,625/2,661.

Medium sugar quality (M-30) also gained by Rs 30 per quintal to Rs 2,700/2,781, as against Rs 2,670/2,751.

Following are today's closing rates per quintal, with previous rates in brackets:

Small sugar (S-30) quality Rs 2,656/2,691 (Rs 2,625/ 2,661) and Medium sugar (M-30) quality Rs 2,700/2,781 (Rs 2,670/2,751)

Ban on futures trading of sugar lifted

Press Trust of India / New Delhi September 30, 2010, 16:05 IST

Commodity market regulator FMC today lifted the ban on trading in sugar futures, as retail prices of the sweetener have dropped by 40 per cent since January and also buoyed by expectations of a bumper output in 2010-11.

"We have allowed to lapse the ban on sugar futures trading today," FMC Chairman B C Khatua said.

He said FMC would take a decision on launch of new contracts in 2-3 days after consultation with sugar industry and commodity exchanges.

The government had banned futures trading in sugar in May last year to control prices in the domestic market. India, the world's second largest prodcuer and biggest consumer, has been importing sugar from February 2009 to meet domestic demand.

However, the output in 2010-11 (October-September) is expected to rise to 25 million tonnes from 19 million tonnes in the current sugar year, which runs from October to September.

Annual demand is 23 million tonnes.

The prices have crashed to Rs 30-32 per kg in the retail market of Delhi from a record Rs 48 a kg in the mid-January.

Food inflation will moderate once monsoon is over: Pranab

Press Trust of India / New Delhi September 30, 2010, 14:36 IST

Attributing high 16 per cent food inflation to the monsoon and supply shortfalls, Finance Minister Pranab Mukherjee today exuded confidence that the price line will slide after the rainy season and on the strength of monetary policy.

Expressing confidence that RBI measures to mop up excess liquidity will tame food inflation, Mukherjee said, "I do feel that after the monsoon period is over, and I do feel it would over in a few days, there would be some moderating influence and the monetary policy which we have adopted will also mop up the excess liquidity from the market."

Food inflation increased in the week ended September 18 as the prices of cereals, fruits, select vegetables and milk rose on account of supply disruptions caused by heavy rains and floods.

"Inflation has increased and particularly the number of food items, like jawar or bajra and pulses, fruits, vegetables, meat, eggs... All these food items prices have increased. As a result, the WPI on food items has increased by more than half a percentage point," Mukherjee said.

Most parts of the country received good rains this season, except in the eastern and northeastern regions, which are reeling under drought conditions.

To tame inflation, the Reserve Bank earlier this month raised key policy rates by up to 50 basis points for the fifth time this year.

As part of its first mid-quarterly review of monetary policy, the RBI had upped its key short-term lending (repo) rate by 25 basis points and borrowing (reverse repo) rate by 50 basis points to 6 per cent and 5 per cent, respectively.

Mentha oil futures slip on profit-taking

Press Trust of India / New Delhi September 30, 2010, 14:00 IST

Mentha oil prices traded slightly lower by Rs 1.50 to Rs 875.60 per kg in futures trading today, as speculators indulged in profit-booking amid fall in spot market demand.

Increased arrivals at spot market from the producing belts of Uttar Pradesh also influenced the trading sentiment.

At the Multi Commodity Exchange counter, mentha oil for November-month declined by Rs 1.50, or 0.17 per cent, to Rs 875.60 per kg in just one lot.

Similarly, the oil for delivery in October eased by Rs 0.70, or 0.08 per cent, to Rs 866 per kg in single lot.

arket analysts said profit-taking by speculators due to fall demand at the spot market mainly led to a decline in mentha prices at futures trade.

With amended FCRA, farmers to get space on futures platform

Rajesh Bhayani / Mumbai October 1, 2010, 2:55 IST

With the Union Cabinet clearing a Bill to amend the Forward Contracts (Regulation) Act, introduction of options and index futures could be a reality. This will, however, take some time as after parliamentary passage, the regulator will have to prepare the rules and regulations.

Options will help farmers hedge. They will also help the corporate and agri commodities segment grow. The derivatives market reduces the risk involved.

At present, only futures trading has been allowed. But hedging there is costlier and involves paying a daily mark to market (revaluing assets at market prices) margin. Options can make hedging cheaper, as the risk here is confined to the premium paid for buying the option. It also helps reduce risk and cost by deploying several strategies.

"An options facility is useful, as apart from reducing the cost of hedging, it reduces the risk. Several companies are waiting for these instruments to hedge their risks in commodities," said Gnanasekar Thiagarajan, director at Commtrendz Research, which advises several companies. An exchange official explained on condition of anonymity that, "We have already started working on how options will work and are studying what are the global practices and will soon start taking market feedback to find out the suitability of these products for India."

How it works

There are two options: A call option (you buy this if you are bullish or see prices moving up) and a put option (if you expect prices to come down or are bearish). The buyer of the option has the right to exercise it. His risk is confined to the premium paid. The seller of the options has to bear all the risk and is known as the option writer. His risk is not limited but he gets a premium when he sells the option. At the settlement time, he has to pay a premium, even if it is higher. Banks, brokers and physical market traders who have the capacity to give or take deliveries can become option writers.

For example, if a farmer wants to hedge today, he will have to pay daily mark to market margins, which he will not be comfortable with. A cotton farmer may fear that prices will fall when the crop comes to the market and hence sell cotton in the futures market today, the contract maturing when he expects the crop. However, when options are allowed, he can simple buy a put option maturing in the month when he expects the crop to be harvested.

So, if prices are higher when the crop comes, he can let the put option expire and forget the premium he has paid. If prices are low when he harvests, the premium on his put option would have increased. This means he will get a lower price for his produce but increased premium on the put option.

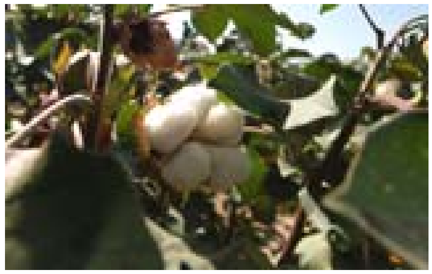
Similarly, a textile mill would like to buy cotton cheaper and hence would buy a call option. So, if prices fall when the crop comes, it will buy at a cheaper rate from the market and forget the premium paid; if prices are high, it will pay a higher price for cotton but will get a higher premium, as the call premium goes up when prices rise. Who will sell or write options? There will be market makers, investment bankers who will write options. Generally, traders or market makers sell or write options, as these are for hedging and generally squared off.

Globally, the settlement date for options in commodities is a few days before the futures settlement. Before the settlement date, one has to square off the position or it is transferred to a futures and option holder.

The regulator is working on how options will be introduced. Says Forward Markets Commission Chairman B C Khatua: “It is expected that introduction of options will facilitate participation of farmers on the futures platform, which has been the endeavour of FMC and the government all these years. It would enable the market to reach a higher level of sophistication and impart greater efficiency in both price discovery and risk management processes.”

Textile firms rush to complete year's cotton buying

Chandan Kishore Kant / Mumbai October 1, 2010, 2:53 IST



A mid uncertainty on cotton export and anticipation of further price rise, textile majors are thinking of doing all or the bulk of their procurement during the initial part of the season.

The Indian cotton year, which runs from October to September, begins today. Companies say they would prefer not to procure on a month-to-month basis. R K Dalmia, president of Century Textiles and Industries, part of the B K Birla group, told Business Standard, “We will buy cotton in the first few months only, as prices are likely to go further up and there are concerns on quality of the crop.”

Industry leaders at the recent annual general meeting of Confederation of Indian Textile Industry said mills had no cotton stocks. There are also reports that quality has suffered due to excessive rain in Punjab and Haryana.

According to Sunil Khandelwal, chief financial officer of Alok Industries, "Globally, there are supply constraints as the crop in China and Pakistan has suffered. Prices in the domestic market move with the international prices, which are rising.” Alok would, he said, finish cotton procurement for the main season during November-February.

The CFO of Arvind Ltd, chose not to disclose the buying plan but said, "There is a general caution on cotton prices presently."

Normally, the new crop starts arriving by the first week of October. This year, say industry players, arrival would get delayed by a month. “We expect cotton arrival this year to be around the last week of October or first week of November,” said Dalmia.The price of the Shankar-6 variety is Rs 38,000 a candy (a candy is 356 kg). The country is expecting an over all production of 29.2 million bales against 29 million bales last year.

Business Line

Business Daily from THE HINDU group of publications

Friday, October 01, 2010

Date:01/10/2010 URL: http://www.thehindubusinessline.com/2010/10/01/stories/2010100152391800.htm

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Back **Costlier pulses, onions drive food inflation to 16.44%**

Good harvest may ease pressure, say analysts.

Our Bureau

New Delhi, Sept. 30

Food inflation, based on the annual Wholesale Price Index, continued its upward trend.

Data released on Thursday showed the food price index during the week ended September 18 increased 16.44 per cent, higher than the 15.46 per cent annual increase recorded in the previous week, on higher prices of pulses, onions and vegetables.

Fuel rises, slowly

It was the second straight surge under a new data series — with a different base year of 2004-05, new components and weightings — that was introduced in the week to September 4. Analysts widely expect food inflation to ease on the back of good harvests. The fuel index gained 10.73 per cent, slower than the previous week's annual rise of 11.48 per cent.

On an annual basis, the Primary Articles index was up 18.31 per cent, compared with 16.80 per cent in the previous week.

According to the data, on a sequential basis, the Primary Articles group index rose by 1.2 per cent as the index for ‘Food Articles' group increased 0.8 per cent due to higher prices of arhar, fruits and vegetables and pork (3 per cent each), barley, jowar, gram and maize (2 per cent each) and fish-marine, masur and milk (1 per cent each).

However, the prices of fish-inland, rice and condiments and spices (1 per cent each) declined.

The index for ‘Non-Food Articles' group gained 3.6 per cent due to higher prices of raw cotton (20 per cent), castor seed (8 per cent), raw silk and coir fibre (4 per cent each), mesta (3 per cent), copra (2 per cent) and gingelly seed (sesamum) and tobacco (1 per cent each).

However, the prices of sunflower (8 per cent) dropped.

Date:01/10/2010 URL:
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Back **Turmeric bounty turns growers into big spenders**

As much on cars & gold, farmers spending on better seeds and fertiliser.

M. R. Subramani

Recently in Erode

Kodumudi, a village in Tamil Nadu's Erode district, is a place that doesn't have proper State transport bus connections.

But at least 150 cars vroom the village now, thanks to the bounty that turmeric has showered on the growers this year.

The Maruti Suzuki dealer in Erode says that he sells 200 cars a month now compared with

125 eight months ago.

Gold jewellers too say that they are seeing better movement of their products than the last couple of years.

wrong assumption

But it would be wrong to assume that the turmeric growers are splurging their newfound wealth. Farmers are investing more in their fields to improve soil fertility and productivity.

Vadivelu, a farmer from the Kodumudi area, has bought hybrid turmeric seeds this year and doubled the area under the crop to four hectares.

Usually, farmers tend to use the withheld crop as seeds.

“I have 10 acres. Last year, turmeric was sown on two acres. This time, I have sown it on four acres. More than that, I have invested on other things such as fertiliser and manure. I have invested at least Rs 2.5 lakh this year on the seeds, manure and fertiliser,” he says.

Venkataraman, also from Kodumudi, says he has spent nearly Rs 1.5 lakh on one acre of his land to lay a pipeline that will drain excess water from his fields. According to Mr K.V. Ravishankar, President of the Erode Turmeric Merchants' Association, the price of turmeric increased to Rs 13,569 a quintal on November 18 from Rs 4,381 on January 30 last year. “It has been a jump that no one has seen in their lifetime,” he says, adding that a grower could have easily made a profit of Rs 1.5 lakh had he sold when prices were at their peak.

side effects

“One acre could yield two tonnes of turmeric. That would have fetched the farmer Rs 2.6 lakh. Even accepting that the farmer would have spent some Rs 1 lakh on his crop, the rest would be the profit he would have made,” he said.

But the rise in turmeric prices has had its side-effects. “Manure now costs Rs 25,000 an acre from Rs 20,000 last year,” says Murugesan of Modakurichi village.

“Even the wages for farm labour has increased to Rs 120 a person from Rs 100,” he says.

Sivaguru of Kodumudi says that the labour for harvesting increased to Rs 14,000 this year from Rs 7,000 last year.

“Next year it could cost us Rs 25,000. As it is, they are quoting Rs 20,000,” he says.

The harvest of turmeric entails plucking the crop, cleaning the root crop and then washing it.

“It is a cumbersome procedure. Even after paying a higher wage, we have to provide the workers transportation, tea and snacks in the afternoon,” says Nallathambi of a village near Erode.

Most of the farmers in the district say that they have doubled the area under the crop. But Murugesan says it is not the case with the Lower Bhavani Project areas.

“We are not assured of continuous water supply. So, some shift crops are grown. Only those whose fields are covered by the Kalingarayan canal have increased the coverage,” he says.

The Lower Bhavani Project has two canals, with each canal getting irrigation in turns once in six months.

“Farmers have to reinvest in their fields. Only that ensures better productivity. Now, even if turmeric prices fall next year, higher productivity will surely help,” said Venkataraman.

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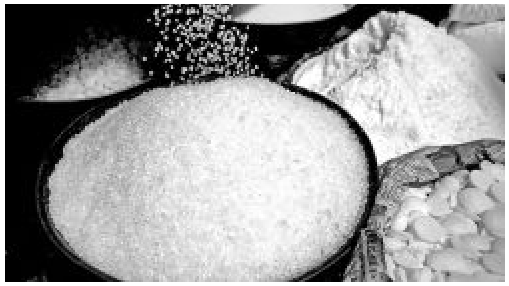
Back **Lower October quota sweetens sugar**



Our Correspondent

Mumbai, Sept. 30

Sugar prices on the Vashi wholesale terminal market shot up by Rs 30-40 a quintal on Thursday on reports of lower quota for October.

Support of retail and upcountry demand for festival season, mills' higher rates pushed up the prices sharply. Fresh tender offer from mills were expected at higher rates as they managed to sell good quantity to neighbouring States.

Further, shortage of trucks at producing level, worsened the loading from mills, resulting in price rise in naka delivery at local level. Naka price shot up by Rs 35-40.

A wholesale trader said on Thursday that due to the Ayodhya verdictand shortage of trucks, arrivals were limited. The Vashi sugar market will remain closed on Saturday and Sunday. Demand for Navaratri festival will pick up from next week.

The Government has declared lower October sugar quota at 17.50 lakh tonnes (lt) against September's 19 lt. The market was expecting 19/20 lt.

With many festivals in October(Navaratri, Dusserra and Diwali), mismatch between demand and supply will definitely support the price rise, if Government does not increase the supply position, he added.

Total arrivals at Vashi market were 40-42 truckloads (10 tonnes each) and lifting was 38-40 truckloads. On Wednesday 5-6 mills sold nearly 75-80 thousand bags in the range of Rs 2,560-2,580 for S-grade and Rs 2,630-2,650 for M-grade.

There was a good demand from Kolkata buyers at higher rates. About 2-3 rail rakes were sold to them. Some quantity was sold to stockists on condition of October 5 delivery.

On Thursday traders were expecting higher tender rates at S-grade: Rs 2,560-2,590 and M-grade: Rs 2,630-2,650 a quintal from mills, as they are witnessing good buying support from the markets, sources said.

According to the Sugar Merchants Association, spot rates were: S-grade: Rs 2,656-2,691 (Rs 2,625-2,661) and M- grade: Rs 2,700-2,781 (Rs 2,670-2,751).

Naka delivery rates were: S-grade: Rs 2,630-2,660 (Rs 2,600-2,620) and M-grade: Rs 2,670-2,720 (Rs 2,640-2,680).

Date:01/10/2010 URL: http://www.thehindubusinessline.com/2010/10/01/stories/2010100152611900.htm

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Back **Edible oil slips on thin demand**

Our Correspondent

Mumbai, Sept. 30

Edible oil spot prices continued to decline on thin demand. Concerns over the Ayodhya verdict affected the sentiment and kept buyers at bay. Most of the market participants closed shut shop early. The volume was negligible. No one was interested in fresh buying.

On Thursday, groundnut oil was steady, but other edible oils declined in the range of Rs 3-7 a 10-kg.

Imported oils such as palmolein and soya refined declined by Rs 2-3, inspite of recovery in Malaysian market. Foreign market's firm trends were not reflected in local market.

Refineries were quoting higher rates, wherein resale prices were quoted lower. Very little trade took place in the early session in palmolein by retail stockists. Exchange was closed early in absence of active players.

A commodity analyst said that “BMD CPO futures rose as some investors went long on better palm oil export data, fresh buying interest, firm soya oil and spot demand underpin.” In line with foreign market, Indore NBOT soya futures also recovered from lower level and closed higher, he added.

On Malaysia's BMD CPO futures October closed higher by 27 ringgits (MYR) at 2,737 MYR, November up by 23 MYR at 2,723 MYR.

Indore NBOT soya oil futures October was higher at Rs 485.50 (Rs 483.10) and November was at Rs 493.50 (Rs 490.50).

Mumbai commodity exchange spot rates (Rs /10 kg): Groundnut oil-840 (840), soya refined oil-473 (475), sunflower expeller refined-550 (550), sunflower refined-595 (600), rapeseed refined oil-565 (572), rapeseed expeller refined-535 (542), cotton refined oil-495 (497) and palmolein-455 (458).

Date:01/10/2010 URL: http://www.thehindubusinessline.com/2010/10/01/stories/2010100153062000.htm

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Back **Coffee exports up 52% on higher output, better prices**

Anil Urs

Hubli, Sept 30

Coffee exports surged 52.24 per cent this coffee crop year that ended on Thursday and touched 2.71 lakh tonnes, compared with last year's (2008-09) exports of 1.78 lakh tonnes.

The industry attributes the surge to increased coffee production.

Growers also got remunerative prices in the last three months.

According to Mr M. P. Devaiah, General Manager, Allanasons Ltd: “Exports have been reasonably good during the year. Exports were slow for the first five months of the crop year, but volumes picked up sharply in the last three months.”

“Coffee prices are better this year. For reasons unknown, robusta parchment prices were low. But arabica prices were reasonably good,” he said. Coffee exports in rupee terms were also up 42.61 per cent at Rs 2,787.23 crore in 2009-2010, as against Rs 1,954.37 crore in 2008-09.

In dollar terms, exports are up 44.37 per cent at $584.98 million as against $405.19 million.

However, in terms of unit value realisation, Indian coffee fetched Rs 1,02,524 a tonne, as against last year's realisation of Rs 1,09,224 a tonne.

Among the exporters of Indian coffee, NKG Jayanti Coffee tops the list at 31,238.7 tonnes, as on September 30.

According to Coffee Board statistics, the following are the top 10 exporters: NKG Jayanti Coffee total exports 31,238.7 tonnes (arabica 9161.3 tonnes, robusta 22,077.4 tonnes); CCL Products-India only robusta 20,177.1 tonnes; Amalgamated Bean Coffee 20,006.6 tonnes (arabica 5,449.5 tonnes, robusta 14,557.1 tonnes); Allanasons Ltd 19,481.4 tonnes (arabica 7,427.4 tonnes, robusta 12,054.0 tonnes); Nestle India only robusta 17,219.3 tonnes; Ned Commodities India 14,312.9 tonnes (arabica 704.4 tonnes, robusta 13,608.5 tonnes); Olam Agro India 14,252.9 tonnes (arabica 5,149.7 tonnes, robusta 9,103.2 tonnes); Tata Coffee 13,899.8 tonnes (arabica 943.3 tonnes, robusta 12,956.5 tonnes); SLN Coffee 12,315.2 tonnes (arabica 840.1 tonnes, robusta 11,475.1 tonnes) and ITC Ltd

9,401.5 tonnes (arabica 1,363.1 tonnes, robusta 8,038.4 tonnes).

Date:01/10/2010 URL:
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Back **Pepper futures gain in thin trading**

G. K. Nair

Kochi, Sept 30

Pepper futures witnessed high volatility with prices moving up to the highest level and falling to the lowest level in the afternoon session between 3 p.m. and 5 p.m.

On very thin trading, all contracts moved up marginally.

Though investors were offering farm grade and validity expired graded stocks at Rs 2 to Rs 3.5 a kg below the October price, there were no buyers because of the half yearly closing of the banks on Thursday .

Besides, it was not possible to deliver the material on Thursday and since they would have to wait till Monday, it would involve additional spending on rental and insurance. Hence, only very few transactions were concluded on Thursday.

Bears' efforts to hammer the counter failed as available pepper is farm grade and validity expired graded pepper and that is only with the investors and the exchange, trade sources claimed. There were no growers or dealers in the primary markets selling pepper.

Hence, even traders from the primary markets were trying to buy farm grade pepper from the investors, market sources told Business Line.

“Some new generation investors, who got goods at the exchange warehouse, were also trying to liquidate. But buyers were asking for much higher discount and hence they also withdrew,” they said.

October contract on NCDEX moved up by Rs 51 to close at Rs 18,914 a quintal.

November and December were up by Rs 61 and Rs 8 respectively to close at Rs 19,106 and Rs 19,270 a quintal.

Total turnover dropped by 2,292 tonnes to 9,178 tonnes. Total open interest fell by 253 tonnes to 15,987 tonnes.

October open interest dropped by 297 tonnes while that of November moved up only by 44 tonnes. December declined by two tonnes.

Spot prices in the absence of trading activities remained unchanged at previous levels of Rs 18,700 (ungarbled) and Rs 19,200 (MG 1) a quintal.

Indian parity in the international market moved up to $4,525 a tonne (c & f) not because of the marginal rise in the futures market but because of the strong rupee against the dollar, they said.

An overseas report from the US said markets were steadier except for Brazil which was eased a bit.

Prices quoted for black pepper of different origins in dollar a tonne c & f New York Sep/Oct shipments were MG 1 asta — Rs 4,500; Vietnam asta — Rs 4,375- Rs 4,400 (Feb/Mar); Lampong 500g/l — Rs 4,100 (f.o.b); Lampong asta — Rs 4,350; Ecuador asta — Rs 4,300-4,325; Sri Lanka 500g/l — Rs 3,950 (f.o.b); Sri Lanka 550g/l — Rs 4,000-4,050 (f.o.b).

Brazil B2 500g/l — Rs 3,950 (f.o.b); Brazil B1 560g/l — Rs 4,000 (f.o.b) and Brazil asta — Rs 4,100 (f.o.b); and Spot US — Rs 4,400 ex-ware house New York/New Jersey.

Prices quoted for white pepper Vietnam and Muntok were $6,350-6,400 and $6,050-6,100 a tonne (c & f) respectively.

Date:01/10/2010 URL: http://www.thehindubusinessline.com/2010/10/01/stories/2010100152541900.htm

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Back **Rally continues in flour; wheat mixed**

Our Correspondent

Karnal, Sept.30

Wheat prices on the Karnal grain market terminal witnessed a mixed trend on Thursday.

Prices of dara wheat variety dropped marginally by Rs 5-10 a quintal and ruled around the levels of Rs 1,185-1,190. The fine quality ruled between Rs 1,200 and Rs 1,210 a quintal.

Mr Subhash Chander, a wheat trader, told Business Line that heavy arrivals and slack demand kept the prices of dara variety down. About 200 quintals of dara wheat arrived from Uttar Pradesh and a stock of around 150 quintals was also offloaded by the local stockist on Thursday.

On the other hand, with no fresh arrival of desi wheat varieties, prices of fine qualities rose by Rs 30-50 a quintal. Tohfa variety ruled at Rs 2,250 a quintal; Lok-1 at Rs 1,850; Kitchen queen new marka at Rs 2,060; Parley-G variety around Rs 2,150 and Nano at Rs 2,100 a quintal. Despite heavy arrivals , flour prices continued to witness an uptrend and rose by Rs 10 for a 90-kg bag. Flour was quoted at Rs 1,210 (90 kg bag). Chokar prices again rose by Rs 5 (a 49 kg bag) to the season's highest around Rs 550 (a 49 kg bag).

Chokar and flour prices had witnessed a good rally in the month of September. On the present levels, flour is ruling around Rs 1,210 against the levels of 1,170 in the beginning of the month. In the same manner, Chokar prices witnessed a rally of Rs 60-70 (49 kg bag). Thursday's levels were Rs 550.

Karnal mandi continued to witness low arrivals of paddy. Around 30,000 bags of different paddy varieties arrived on Thursday. PR-13 variety was quoted at Rs 850-950 a quintal; PR-47 at Rs 970-1,050, PR-14 at Rs 980-1,080 a quintal, while the PR-11 ruled at Rs 1,000-1,100.

Prices of the Sharbati variety ruled between Rs 1,250 and Rs 1,500 a quintal, while the RS10 variety ruled at Rs 1,250-1,300. Sugandha-999 prices ruled between Rs 1,300 and Rs 1,500. Rice millers lifted the new arrival.

Date:01/10/2010 URL: http://www.thehindubusinessline.com/2010/10/01/stories/2010100152621900.htm

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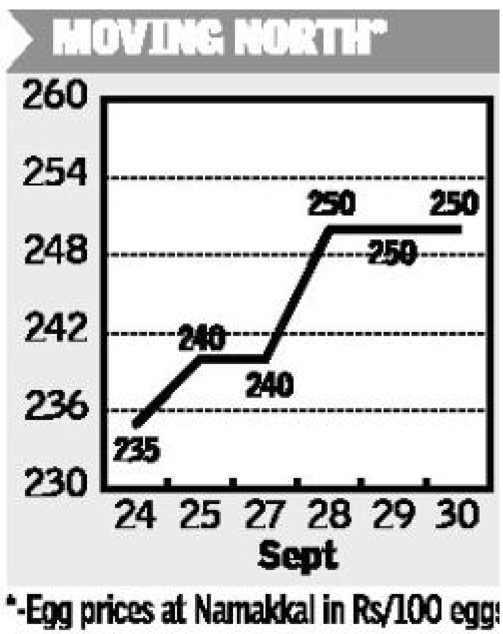
Back Egg price heading north on low output



Gayathri G

Chennai, Sept. 30

With the torrential rains lashing the North, egg prices are set to rise further in the coming days. Cut in production, too, has resulted in egg prices moving up across the country.

Lower supply, rising input costs and sudden increase in consumption due to cold weather on the back of continuous rains in northern parts of the country are seen as the reasons for hike in prices.

“The cold wave prevailing in the North has increased the egg consumption pushing up the prices,” NECC's Namakkal zone Chairman, Dr P. Selvaraj, told Business Line.

In Namakkal, Tamil Nadu's poultry hub, egg prices increased to Rs 2.50 a piece from last week's Rs 2.35.

Meanwhile, the Palladam-based Broiler Co-ordination Committee (BCC) has slashed the rates of cull birds by Rs 6/kg to Rs 44.

Layer rates down

NECC's layer rates (for birds of 1.3 kg), too, have been slashed this week to Rs 36 from Rs 38 a kg last week. Namakkal and Palladam prices are the benchmarks for eggs and chicken respectively in the country.

“While the egg prices are rising, broiler prices are likely to be pruned in the coming days because of the approaching Navaratri festival in the South – a major consumer of these products,” an NECC source said.

Exports slide

On the export front, there is no rebound since the last two years even after the government declared the zone as avian flu-free. West Asia is still wary of importing eggs from India. The country has been facing stiff competition from Brazil and Poland due to their uniform and bigger size apart from cost competitiveness.

Date:01/10/2010 URL: http://www.thehindubusinessline.com/2010/10/01/stories/2010100152631900.htm

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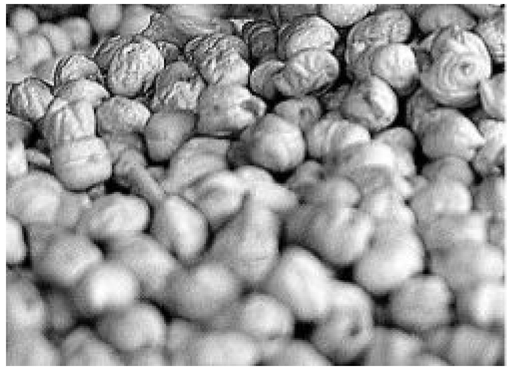
Back **Chana gains amidst limited trading**



Our Correspondent

Indore, Sept. 30

Trading in Indore mandi remained disrupted on Thursday ahead of the Ayodhya verdict with majority of traders preferring to shut down their business establishments apprehending trouble.

Moreover, very limited trading was witnessed at those establishments which had remained opened till the afternoon. In the limited trading, chana was quoted Rs 10 higher at Rs 2,170-Rs 2,180 a quintal on the back of rise in futures.

Chana October and November futures on the NCDEX in the afternoon increased two per cent at Rs 2,155 and Rs 2,300 respectively.

Dollar (kabuli) chana or chickpea remained steady at Rs 4,700-Rs 4,800 a quintal. Against arrival of 2,500 bags of dollar chana on Wednesday, merely about 500 bags arrived on Thursday.

Compared with Wednesday, urad in local mandi gained Rs 100 at Rs 4,200 a quintal . Prices of both moong and masoor remained steady at Rs 3,800 and Rs 3,400 a quintal respectively.

Date:01/10/2010 URL: http://www.thehindubusinessline.com/2010/10/01/stories/2010100152551900.htm

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Back **Forward trade pushes up cotton**

Our Correspondent

Rajkot, Sept 30

With the Centre deferring export of cotton to November 1, the natural fibre's price increased by Rs 300-500 a candy (of 356 kg) on Thursday on the heels of fresh demand, especially for forward trade.

Gujarat Sankar-6 price for forward trade is Rs 37,000-37,500 a candy.

Cotton price in Gujarat reached Rs 37,500-38,000 a candy last week.

Arrivals of new raw cotton have started since the last week. About 5,000-7,000 quintals of raw cotton arrive every day in the various mandis in Gujarat. The price of the new crop is Rs 650-800 for 20 kg and old cotton is traded on Rs 800-900 for 20 kg.

A Rajkot based broker said: “We have had some fresh export demand in the market which has pushed up the price of cotton. However, there will not be any further price rise as a new crop is expected from October 10.”

The government has fixed an export cap of 55 lakh bales for 2010-11 but the Agriculture Minister has said that there is a scope for increasing it to 75-80 lakh bales.