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Modern vegetable market to come up in Madurai

Special Correspondent

MADURAI: A state-of-the-art vegetable market, equipped with all amenities to preserve the produce under one roof, would come up at a cost of Rs. 85 crore on a 27-acre land situated in between the integrated bus stand, Maatuthavani, and the wholesale flower market here, said Union Minister for Chemicals and Fertilizers M.K. Alagiri on Monday.

The Minister said that during his electioneering people had appealed for the shifting of the vegetable market located earlier near the Meenakshi Temple as it was congested as well as remained an eye-sore for devotees and tourists.

Following this, a memorandum was submitted to the Chief Minister, M. Karunanidhi, to consider the proposal for establishing a permanent market on a spacious location, where buyers and sellers of various commodities could trade directly, avoiding middlemen.

The Chief Minister had approved the proposal and directed the Agriculture Minister to take appropriate steps for establishing the market.

Through the Tamil Nadu Agricultural Marketing Committee, Rs. 85 crore would be earmarked for the ambitious project,

To be over by 2012

Mr. Alagiri said in a statement and added that in the first phase Rs. 30 crore would be sanctioned with which all preliminary works would commence soon. By 2012 March, the project would be completed.

The balance of Rs. 55 crore too would be released at appropriate stages.

The Union Minister hoped that the market would benefit farmers from southern districts, where they could procure all types of vegetables and fruits under one roof.

Without the interference of middlemen, they would be able to buy and sell their commodities, which would be a dream come true for every farmer.

Moreover, the market would benefit the end consumer who would be satisfied not only with the quality of the commodities but also on the price front.

Above all, Mr. Alagiri said that the huge market was expected to generate employment opportunities for unemployed and qualified persons.

Further, skilled persons would be required as they had tremendous scope.

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Irrigation suspended

MADURAI: Sliding down of slabs in the Link Canal, connecting Vaigai Dam with Periyar Main Canal, led to the suspension of irrigation of 1.50 lakh acres in Madurai, Dindigul and Sivaganga districts from Sunday night.

The suspension was effected on the very second day after the water release began on Saturday. “We have undertaken the work as a precautionary measure. There is no breach in the canal,” Public Works Department, Executive Engineer, S. Vijayakumar, said. He said that water started seeping inside the slabs at M. Vadipatti in Theni district. “The seepage would have minimal effect when the canal is below the ground level. But the canal in this stretch is partly above the ground level. So, we have suspended water to take up the repair works to prevent damage to the structure,” he added. Meanwhile, farmers claimed that the lack of proper maintenance before the irrigation season has led to the current problem. “We have already lost the first crop. Even the irrigation for the second crop has started after a delay of 17 days. Suspension of water release will only do more harm to us,” said M. Buthisigamani, a representative of double crop area farmers. Another farmer, A.N.M. Tirupathi, of Kulamangalam, said that issue of maintenance of canals was taken up during farmers' grievance redressal meetings. He claimed that the structure was damaged only because the PWD engineers allowed rush flow. Water release was resumed in the evening after undertaking necessary repair work.

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Farmers to focus on climate change

Special Correspondent

JAIPUR: A State-level public hearing on climate change being organised here on Tuesday will provide an opportunity to farmers, livestock owners and small producers from different agro-climatic zones of Rajasthan to draw the policymakers' attention to the impact of global warming on their livelihoods.

Climate change has seemingly manifested itself in the desert State through the anomalies such as warming of weather, lengthening of summer season and an unpredictable and highly variable rainfall. This will be the focus of testimonies to be presented at the hearing convened by the Centre for Community Economics and Development Consultants' Society.

Centre's co-director Alka Awasthi said here on Monday that the highly variable rainfall had started playing havoc with agricultural cycles in the State, leading in turn to food insecurity and loss of livelihoods in the rural areas.

“In this scenario, achieving the U.N. Millennium Development Goals for halving of hunger, infant mortality ratio etc. is going to be more difficult in Rajasthan,” said Dr. Awasthi.

The jury to hear the testimonies of selected representatives from all over the State will comprise former Rajasthan High Court judge Panachand Jain, water expert M. S. Rathore, former civil servant L. C. Jain, Sunny Sebastian of The Hindu and Anita Brandon of the Indira Gandhi Panchayati Raj Sansthan.

Dr. Awasthi said the public hearing would also help to sensitise the government departments, research institutions and the agencies working on the livelihood issues to focus on addressing climate change.

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India needs 4 per cent agriculture growth

DEPUTY CHAIRMAN

The Hindu Deputy Chairman of the Planning Commission Montek Singh Ahluwalia. File Photo: V.V. Krishnan

The Plan panel on Monday said four per cent agricultural growth is needed for maintaining the current growth momentum in the country and the government is willing to provide funds for developing the sector.

“Four per cent agricultural growth will be needed for growing economy like India. It would require more investment... Government is also willing to fund such projects,” Planning Commission Deputy Chairman Montek Singh Ahluwalia said while speaking at a meeting of Vice Chancellors of Agricultural Universities here.

The meeting was attended by the Vice-chancellors of agricultural universities, faculty and

Indian Council of Agricultural Research (ICAR) officials.

He has asked agricultural universities to adopt innovative approach to strengthen agricultural research and education in India.

Mr. Ahluwalia said, agricultural universities can play an important role in this direction by providing research based projects with the help of industry.

Appreciating the role played by the National Agricultural Research System in India he urged the scientists working in agricultural research institutes to re-orient themselves in next 12th five year plan amid the challenges of food security and climate change.

Referring to the gap in agricultural growth rate and land productivity of China and India, he emphasised on the need for more research on these two issues.

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Indian economy needs 4 percent farm growth: Ahluwalia

A growing economy like India needs a four percent growth in agriculture, Planning Commission Deputy Chairman Montek Singh Ahluwalia said on Monday.

"It would require more investment in knowledge management, institutional support and diversification in agriculture. Government is also willing to fund such projects," Ahluwalia said while speaking at a meeting of vice chancellors of agricultural universities in New Delhi.

He asked the universities to adopt innovative approach to strengthen agricultural research and education in the country.

"Agricultural universities can play an important role in this direction by providing research based projects with the help of industry," he said.

Appreciating the role played by the National Agricultural Research System in India, Ahluwalia urged the scientists working in agricultural research institutes to re-orient themselves in the 12th Five Year Plan amid the challenges of food security and climate change.

Referring to the gap in agricultural growth rate and land productivity of China and India, he emphasized on the need for more research on these two issues.

Ahluwalia also suggested a new mechanism to fund research projects instead of funding universities.

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Food: FM spells out what must be done

Oct 05 2010

Finance minister Pranab Mukherjee's concerns on inflation, particularly regarding food items, will be shared by much of this country. Ordinary citizens, particularly the millions in the unorganised sector, have been reeling under the high prices they have to pay for items of daily consumption. Moong, a vital source of protein for the poor, is still in the vicinity of rs 100 per kg, not to mention other pulses and dals. Mr Mukherjee has said overall inflationary pressures have decreased, and that one must now see the rate of growth of the increase. That is fair as prices are bound to rise when supply does not keep up with demand, but it is important to curb the runaway growth in prices.

The agriculture minister's role in this is critical: for unless food production can be increased on a war footing, the situation is not likely to come under control. Unfortunately, though, his role has been found wanting, leaving a lot of unease and frustration in the minds of the people, who feel very little is being done about this matter given the magnitude of the problem. Mr Sharad Pawar has an agricultural background and he has done much to change the face of Baramati in Maharashtra's Pune district, and also in the horticultural sector across the state, and it was expected he would have worked tirelessly to bring about a revolution in the nation's food production. The government knows well in advance when the country's foodgrain production is going to be plentiful, leading to excess procurement, so it should have created matching storage capacity. In fact, though, this was not done, and thus thousands of tonnes of foodgrain, worth around `50,000 crore, were left to rot in the open, with the government also preferring to let it rot rather than distributing it free of cost to the poor. We live in strange times indeed! In an interview published in this newspaper on Monday, Mr Mukherjee quite rightly spoke of the need to increase production in view of the proposed National Food Security Bill. One only hopes that he can goad the agriculture ministry into action, otherwise the entire food security matter will be a failure even before the bill becomes law. If the production falls short of the country's requirements, the government will once again have to go in for food imports, draining our resources and also inviting imported inflation. This in turn would increase the government's subsidy burden. It would be far easier and much more practical to insist that the agriculture ministry take responsibility for providing the groundwork for the success of the Food Security Bill. As Mr Mukherjee put it, "the very basic foundation of food security is production." Even good rains would be meaningless unless sowing takes place and there is a plan to increase food production. Since last year we have seen the Planning Commission deputy chairman and others say that food prices would fall when the rabi crop comes in; subsequently this goalpost was shifted to "if the rains are good", and now till the kharif crop, and so on...

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THE ECONOMIC TIMES
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5 Oct, 2010, 01.52AM IST, Madhvi Sally,ET Bureau

FCI buys paddy from farmers amid protest

CHANDIGARH: The Food Corporation of India (FCI) has made a small beginning by procuring 217 tonne of paddy and making direct payment to farmers in Punjab amidst protests in the state and Haryana by millers and arthiyas (middlemen). Paddy arrivals in the 2010-11 kharif marketing season touched 6.7 lakh tonne at the mandis across the two states till Sunday.

“Even though we witnessed resistance from arthiyas, we have been able to procure 217 tonne from Kapurthala mandi in Punjab. We are getting the support of farmer unions in the state and expect an increase in procurement,” said Aseem Chhabra, FCI’s deputy general manager for Punjab region.

According to the Punjab Mandi Board, the arrival till October 3 at the mandis and purchase centres was 6.29 lakh tonne compared to 5.13 lakh tonne on October 3 last year. “Agencies have procured 3.2 lakh tonne and daily arrival at the mandis is at 1.76 lakh tonne,” said Punjab Mandi Board general manager SS Randhawa. High moisture content in paddy owing to rains has delayed the arrivals.

In Haryana, arrival till October 3 was 40,021 tonne compared to 3.3 lakh tonne in the previous year. State agencies procured over 27,501 tonne with price varying from Rs 1,000 per quintal for common variety to Rs 1,030 per quintal for Grade A variety as per the Haryana Food and Supply department statistics.

In Khanna, Asia’s largest grain market, a trader said arrival was likely to pick up next week. He said the moisture content was 20% against the permissible limit of 17%. “There is a protest against FCI by the arthiyas and we will ensure not a single paddy bag is procured by them,” he added.

4 Oct, 2010, 01.46PM IST,PTI

Jeera succumbs to profit-booking in futures trade

NEW DELHI: Profit-booking by speculators, anticipating decline in jeera prices on good crop output, led the commodity price to fall by Rs 109, or 0.81 per cent to Rs 13,420 per quintal in futures trading on Monday.

However, tight supply conditions and hopes of overseas demand, capped its losses.
At the National Commodity and Derivatives Exchange, Jeera for October month fell by Rs 109, or 0.81 per cent to Rs 13,420 per quintal, with an open interest of 9,720 lots.
Likewise, the spice for delivery in November traded lower by Rs 90, or 0.66 per cent to Rs 13,545 per quintal in 11,636 lots.
Analysts said profit-booking by speculators after price gains in the previous session, led to the decline in jeera futures prices. However, low stocks in the market due to restricted supplies limited losses, they said.

Business Standard

Tuesday, Oct 05, 2010

Govt may extend edible oil subsidy

Dilip Kumar Jha / Mumbai October 05, 2010, 0:59 IST

The government is considering extending the subsidy on vegetable oil imports until the end of the current financial year, said K V Thomas, Union minister of state for agriculture and food at the sidelines of a recent seminar here.

The government launched a scheme on July 28, 2008, to distribute up to a million tonnes of edible oil at a subsidy of Rs15 per kg, which was enhanced to Rs25 per kg in early 2009. It was stopped in end-March 2009 and then resumed in August 2009 to distribute another million tonnes, till March 31, 2010, later extended to October 31.

A ministry source said a proposal to extend the nil import duty on crude palm oil and 7.5 per cent on refined oil is also under consideration, for extension until January 31, 2011. By then, the crop estimate of both kharif and rabi seasons will be available, the source added. Since the government continues to strive to bring food inflation under control, a further extension in subsidy on edible oil may fetch some relief , an industry official said. Thomas said the agriculture ministry had sent its suggestion to the commerce ministry. Let's hope the decision is favourable, the minister added.

Veg oil industry wants govt to set up central board

Dilip Kumar Jha / Mumbai October 5, 2010, 0:57 IST

Will suggest solutions in consultations with industry representatives.

Saying there's unprecedented delay in decision making, the vegetable oil industry has urged the government to set up a national body to protect the interest of all stakeholders — traders, processors and consumers.

A central body, which could be called the Oil Board, on the lines of the Spices Board, the Coffee Board and Tea Board, is needed to bring up trade-related issues to the government and suggest solutions in consultations with industry representatives, said Dorab Mistry, director of Godrej International.

Talking on the sidelines of a seminar here recently, he said, "Today, every individual meets government representatives but no ministry official pays enough attention to the problem...the issues remain unaddressed and the industry continues to suffer." A central body could negotiate with the government on larger issues like tariff fixation, import and export duties and ways and means for increasing domestic production.

There is already a National Oilseeds and Vegetable Oils Development Board, a statutory body, established in March 1984, with the aim of integrated development of oilseeds and the vegetable oils industry. It is under the administrative control of the department of agriculture and cooperation of the ministry of agriculture. With its headquarters at Gurgaon, it is very unrepresentative in its ambit and functioning, is the complaint.

"We require a central trade body to look after the industry's problems," said B V Mehta, executive director of the Solvent Extractors' Association.

Since 45 per cent of India's vegetable oil consumption of an estimated 15.7 million tonnes annually is met through imports, trade policy issues are quite important. The base price for calculating import duties has remain unchanged for the past five years, says the SEA. Whereas, prices of vegetable oil have almost doubled in that time. A higher tariff would also allow processors to raise prices at home, making the industry more profitable. The SEA is also unhappy at the cuts on import duty on crude and refined palm oil from the level of up to 37.5 per cent two years earlier — it was done to help tame inflation at home, but the industry says their interests were unfairly affected.

SEA also complains that vegetable oil output in India has been stagnant for several years, at 6.5-7 million tonnes. Since domestic consumption has witnessed a steady increase over the years, India's import reliance has moved up. This, it says, is a dangerous trend. All these problems will be sorted if a central trade body puts these up before the government and suggests suitable measures, said Mehta.

Turmeric arrivals dip in Andhra markets as season ends

B Krishna Mohan & D Gopi / Hyderabad/ Vijayawada October 05, 2010, 0:10 IST

Turmeric stocks with traders in Nizamabad market are drying up in markets in one of the major turmeric producing state, Andhra Pradesh.

Arrivals have been steady at the Duggirala market in Guntur but soon dried down. This is mainly because the season started on schedule in Nizambad and got delayed in Guntur due to rain last year. However, turmeric at both markets is fetching about Rs13,000 a quintal.

Turmeric farmers however have made their fortunes this season as they fetched good gains but for the next season they have to rely on volumes to see a repeat of the current season. Reports so far suggest the next season sowing could be 10-15 per cent higher and prices could fall to Rs10,000 a quintal.

In all, the Duggirala market saw 59,740 quintal arrivals as against 63,000 quintal last crop season. The peak arrival was in April (17,894 quintal), with 14,541 quintal arriving in May and 14,882 quintal in June. Traders expect some more arrivals till October.

On the other hand, arrivals at the Nizamabad market have almost dried up now as the season started early due to favourable conditions.

With prices touching new highs this season, many farmers held back stocks anticipating a further rise in the price. However, as the season has come to an end, the prices have normalised at around Rs13,000 a quintal. Farmers kept an additional 100,000 quintal as seed for the next crop.

According to Nizamabad Market Committee secretary Bansilal, there is a 10-15 per cent increase in the sowing area for the next crop. Normally, about 10,000 hectares is under turmeric cultivation in Nizamabad and this has gone up to 11,500 hectares.

In the entire state, the area under turmeric cultivation is 67,500 hectares. Of this, Telangana, including Nizamabad, accounts for over 50,000 hectares and the remaining is in Andhra and Rayalaseema regions, with Duggirala as the key market.

The production in Telangana is around 600,000 quintal and in Andhra-Rayalaseema regions this is 150,000 quintal. For the 2011 crop, the yield is expected to be over 850,000 quintal.

Revival of coffee marketing unit evokes mixed reaction

Debasis Mohapatra / Bangalore October 5, 2010, 0:08 IST

The revival of the India Coffee Marketing Co-operative (Comark) has evoked a mixed reaction from industry experts and coffee board officials.

Industry experts are of the opinion that coffee market is vibrant enough to take care of the small and medium growers in this sector. But, Coffee Board officials are of the view that this will help provide the right prices to small and medium planters.

“Revival of Comark is expected to help the small and medium planters in getting right price for their produce,” a top Coffee Board official said on condition of anonymity. However, it should be well-managed and should cater to small planters across board, he added.

Comark had been founded in early 1990’s to provide marketing assistance to small and medium growers. The mandate of the organisation is to provide right price to the planters who are otherwise exploited by brokers due to less knowledge about the global market. However, the marketing federation was closed after some years of functioning due to unsustainable debt level.

Recently, Comark has been revived with the support of Karnataka government which has extended a grant of Rs10 crore to this co-operative. As a result of the state government’s assistance, Comark is expected to increase its procurement facility from the present levels.

It is also likely to increase the ware housing facility to store the produce for better prices. “Co-operative federation will help in disseminating the information that has been released by the coffee board,” the official added.

However, some of the industry experts have different opinion about this matter.

“Coffee market is proactive to take care of small and medium planters and planters have enough knowledge to sell their produce at right price. So, co-operative marketing federation will solve less purpose in this regard," Ramesh Rajah, president of Coffee Exporters Association said.

He, also, said that co-operatives should be financially viable to operate and assist the small planters.

As part of the marketing assistance, Coffee Board is providing information regarding prices in the global and domestic market, export scenario, market analysis with possible price movement on a daily basis to all stake holders.

"Information provided by Coffee Board is more than enough to have a view of the market and get right price for the produce," Rajah said.

Referring to loan facility and other financial support, he said that there were enough financial institutions to give loans to the planters and there was no need to depend on a co-operative marketing federation for any kind of debt.

A small planter from Karnataka, however, supported the formation of Comark.

"The revival of co-operative marketing federation will definitely help small planters as we will be able to get right price for our produce," a small planter from Karnataka said.

Increasing cost of production a concern for growers globally

Press Trust Of India / New Delhi October 05, 2010, 0:04 IST

An increase in the cost of cotton production by 17 per cent to $1.22 a kg of lint in the last three years is a big concern for all growers across the world, the International Cotton Advisory Committee said.

"The rising cost of production is a major concern to all producers around the world. Lowering the cost of production is a complex challenge, and there is no easy solution appropriate for all regions," the ICAC said in a statement.

The major contributors to the cost of production vary on the basis of the production system, level of technology and the rising cost of labour and inputs, it said. A recent survey conducted by ICAC, however, highlighted that the lower yield in 2009-10 compared to 2006-07 was the main factor for the rise in production costs.

According the survey, India has the lowest production cost for cotton worldwide because of the recent increase in yield and the high value of seeds. The value of cotton seeds in India was 3 to 4 times greater than the cost of ginning, it added.

On the contrary, the US, Colombia and China had the highest costs of production. The average net cost of output in Asia and West Africa was about $1.15 a kg, it said. The average cost of production of cotton lint globally rose to $1.22 a kg in 2009-10, 18 cents more it was three years ago. The cost of production of seed cotton, too, increased to $0.43 a kg in the review period. ICAC said labour costs are increasing even in developing countries and some countries are encouraging mechanisation and the use of herbicides.

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Back **Cane output estimate raised further by 21 mt**

Surplus seen in market on production touching 346 mt.

G. Chandrashekhar

Mumbai, Oct. 4

In a short period, the Indian sugar market fundamentals have undergone a metamorphosis.

Earlier expectation of a tightly balanced market has now given way to emergence of an inexorable surplus in 2010-11. The dramatic transformation has been caused primarily by the Government's latest revision of acreage and cane output estimate.

In a meeting early last week, cane commissioners revised the cane output estimate upwards to 346 million tonnes (mt), from the first estimate of 325 mt and last year's 277 mt. This has the potential to take the sugar market fundamentals to a different level.

Interestingly, the Ministry of Agriculture has revised cane acreage for 2010-11, upwards. As of September 30, area planted to cane stood at 5.06 million hectares (mh) from the previous estimate of 4.80 mh and last year's 4.23 mh.

The conclusions from these figures are inescapable. There is strong rebound in cane acreage and, in turn, cane production. By implication, the country's sugar production during 2010-11 is set to exceed domestic consumption, creating a surplus and scope for some export. Let's look at specific numbers.

Utilisation

It is safe to assume utilisation of about 100 mt of cane for non-sugar purposes, that is, for traditional sweeteners such as gur and khandsari as also for direct consumption, which would leave about 240 mt of cane for sugar production.

It is known that during times of large cane output, diversion for traditional sweeteners actually declines. Based on crushing and recovery trends, it can be safely estimated that sugar production for 2010-11 would be not less than 26 mt, with potential for a further increase of 0.5 to 1.0 mt.

However, the cane commissioners have estimated sugar production at 24.5 mt based on a drawal rate of 68 per cent. The basis of drawal rate is, of course, unclear.

It is well known that gur demand has been declining and currently gur stocks are high. Therefore, actual consumption of cane for non-sugar purposes may turn out to be lower than the assumed 100 mt.

It is likely that the cane commissioners wanted to be seen on the safe side by pegging sugar production at 24.5 mt. This deserves review and revision. What are the implications of sugar production in excess of 26 mt?

With opening stocks of about 4 mt and consumption demand likely to be around 24 mt, the country may be headed for a modest surplus which is likely to pressure domestic sugar prices.

Internationally, sugar is currently trading at about 24-25 cents/ pound following problems in Pakistan (floods) and Russia (drought). Forward prices are, of course, lower by a fifth.

Based the aforesaid numbers and assuming they won't change for the worse, it would make immense commercial sense for India to export about 2 million tonnes of sugar to take advantage of high global prices.

The case for exports stands strengthened with the latest revised numbers. It would considerably ease burdensome stocks that are likely to accumulate over the next 3-4 months. If need be, India can re-import the quantity at a later date at lower prices.

The policymakers will have to take a call on allowing sugar exports without delay.

Exports will support domestic market prices. At the same times, there is demand for reviving futures trading in sugar. Entry of speculative capital in the sugar market may prove counter-productive. We are seeing the adverse effects of speculation in the market prices of a number of commodities, including wheat and cotton.

Physical trade

Policymakers must encourage and facilitate physical trade that will support producers and consumers, rather than fan speculative fervour in the market.

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Back **Coffee exports to Japan may overcome pesticide barrier**

Tokyo feels lindane residue could have been flushed out by now.

A Srinivas

Bangalore, Oct 4

Japan, the world's fourth largest coffee consumer, may be willing to take a more positive view of Indian coffee; this is after a controversy over lindane residue about five years ago led to a drop in exports from about 6,000 tonnes to less than 1,700 tonnes at present.

Positive response

At a recent event organised by the Specialty Coffee Association of Japan, the hosts said that a period of five years was perhaps a good enough time for lindane — whose use has been banned since — to be flushed out of the Indian ecosystem.

A delegation of the Coffee Board officials, grower-exporters of specialty coffee, quality experts and export houses said that the response was positive for both washed arabicas and, notably, washed robustas. The Monsoon Malabar variety was appreciated as well. “However, we do ensure that the residue levels are taken care of, as the Japanese are very particular. It can be a huge loss for us if consignments are rejected,” one of the grower-exporters said.

However, Japan pays a premium. In 2008-09, the country's exported coffee realised an average unit price of Rs 114 a kg, whereas Japan paid Rs 138 a kg. In 2009-10, Japan paid Rs 132 a kg, compared to Rs 106 a kg by other importers.

Industry sources said that the lindane issue came up earlier on account of water contamination. This showed up in the washed robustas, with water being used during the fermentation. “However, the use of lindane has stopped since then, and is not reflected in the samples conducted by the Coffee Board,” they said.

‘Core' of a blend

Ms Sunalini Menon, CEO, Coffee Labs Pvt Ltd, said: “It was a good exposure for Japan to the nuances of India's estate-branded coffees. They realised that Indian coffee can form the ‘core' of a blend or act as a ‘highlighter' rather than be a mere ‘filler'. The Indian delegation understood the nuances of taste that the Japanese were looking for."

India's washed robustas are considered a premium variety for use in expresso blends, the delegation members said.

Mr M.P. Devaiah, General Manager, Allanasons Ltd, said: "Japan is a buyer of both India's arabica and robusta. There has been a drop in their purchases, following exaggerated fears over the levels of certain pesticides in Indian coffee. It should be remembered that Japan's permissible pesticide limits are far more stringent than world levels. It is hoped that Japan will adopt a more flexible approach towards Indian coffee after this event. Japan is a potential market for both specialty and commercial coffees."

Mr Ashok Kuriyan, Managing Director, Balanoor Plantations and Industries, said: "This time, there was a special interest in Japan for Indian coffees, both washed arabica and washed robusta. Japan pays premium prices. It may not be difficult to break into the Japanese market, when the quantities being sold are low, as the buyer does not have to re-order his purchasing decisions. It remains to be seen to what extent the interest and inquiries translate into orders."

Mr V. Murali, Wholetime Director, Lingapur Estates, said: "The response was encouraging. We'll have to see how it translates into business. After the season starts, we'll have to send samples and see what happens."

Mr Anil Bhandari, Member, Coffee Board, said: "Japan can be a tough market to break into. The decision-making process of the Japanese can be slow. Besides, they are over-sensitive on pesticide issues. Lists on permissible pesticide levels are changing so rapidly that it can be difficult for a farmer to adjust his practices. However, specialty coffee producers are trying to make inroads."

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Back Tackling volatile food prices

By exporting part of surplus wheat and rice, India could augment global food availability, relieving price pressures around the world.

Indian policymakers need to heed the warning from the UN Food and Agriculture Organisation (FAO) that price volatility is a threat to food security. Although global cereal demand and supply appear balanced and there is no indication of a food crisis, market prices have spurted in recent weeks for a variety of reasons, including an unexpected crop failure in some important exporting countries (because of wet weather in Canada and drought in Russia), and the consequent embargo on export (in Russia). Speculative markets have accentuated the price movement. Since July, international wheat prices have soared by 60-80 per cent and corn (maize) by about 40 per cent, putting food importing poor countries to tremendous hardship. Experts have called for new measures to check food price volatility and manage associated risks.

Despite its growing integration with the global market, the Indian domestic market has not been really affected by global cereal price spikes. A rebound in domestic cereal output, the large stocks with the government and a continued embargo on exports (mainly wheat and non-basmati rice) have ensured that global price cues are not transmitted to the domestic market. But there is little justification for the Government holding cereal stocks far in excess of the country's genuine needs. Instead of allowing them to rot, such excess stocks should be liquidated, preferably in the domestic market, at prices affordable for the poor. Some quantities may be exported too, to take advantage of the high international prices. Importantly, if India decides to export wheat and rice (say 2-3 million tonnes each) it would go some way in augmenting global export availability and relieve the upward price pressures around the world. India cannot be sitting on unconscionable levels of inventory that benefit neither domestic nor overseas consumers. If anything, we owe it to the world, especially to food importing poor countries.

New Delhi must consider with due seriousness the FAO warning about speculative capital driving food prices higher. India is a regular importer of edible oils and pulses, and occasionally an importer of sugar and wheat; the agricultural policies and implementation of farm programs in recent years have not delivered the desired results. Even now, despite large public stocks and the expected rebound in production, food inflation is still at elevated levels. Farm policies and programmes must result in production of genuine surpluses. In a shortage economy, infusion of speculative capital exerts a disproportionately large impact on market prices, with no guarantee of primary producers reaping any benefit from the price behaviour.

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Back **Govt-millers row hits paddy purchase; aromatic rices drop**

Tough call:A vexed farmer sitting in the Karnal grain market with his produce.

Our Correspondent

Karnal, Oct. 4

The dispute between the Government and rice millers is getting serious by the day., As a result, there was no procurement of rice on Monday too.

The new rice reason started on October 1. But following the dispute, there has been no purchase by the rice millers and agencies.

Farmers — who had been waiting at the grain market with their produce for the last four days — lost patience and blocked NH-1 on Sunday and Monday, protesting against the lack of procurement.

Protest

The farmers also locked the office of the Market Committee at the Karnal grain market.

Due to the issue, the market of aromatic and non-basmati varieties witnessed a downtrend.

Pusa-1121 (steam) ruled at Rs 5,200-5,300 a quintal; Pusa-1121 (sela) at Rs 4,200-4,300; Pusa-1121 (raw) at Rs 5,200.

Pusa (sela) quoted at Rs 3,200-3,250 a quintal and Pusa (raw) at Rs 4,000-4,100.

Prices of Basmati sela ruled around Rs 6,100 a quintal, while basmati raw was quoted at Rs 7,100-7,150.

The Sugandha-999 sela was quoted at Rs 2,700 and PR14 (old) was around Rs 2,200. The PR14 (new) was at 2,150, Sharbati sela at Rs 2,680 and Sharbati steam at Rs 2,800-2,850. PR11 sela was around Rs 2,160, PR11 (raw) at Rs 2,135 and PR (steam) at Rs 2,250 a quintal.

Mr Tara Chand Sharma, a rice trader, told Business Line that since no trade has taken place in the past four days, there is a stock of over 2.50 lakh bags in several mandies in Karnal district. Stocks in Karnal mandi itself are around 1.30 lakh bags, he added.

Following the halt in purchases, arrivals of paddy varieties dropped to 10,000 to 15,000 bags on Monday.

The only reason behind the arrival in such condition is that the crop has matured and farmers can't wait anymore.

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Back **Poor demand weakens edible oils**

Our Correspondent

Mumbai, Oct. 4

Edible oil spot prices continued to decline on the back of weak overseas markets and lower domestic demand. Arrivals of oilseeds for the new season have already started in producing centres and will increase sharply in the coming days. This will pressure the prices further, said market players.

On Monday, most of the edible oils declined by Rs 5-6 for 10 kg in the absence of local demand in spite of Navaratri/Durga Puja festival starting this weekend and amid weak reports from the Malaysian market. In foreign markets, investors took cues from Friday's sell-off in CBOT soya oil futures and booked profits on Bursa Malaysia Derivatives (BMD) crude palm oil CPO futures. CPO October futures were down by 50 ringgits (MYR) and November futures by 77 ringgits. In Indore, soya oil futures declined sharply on increased arrivals.

In the Mumbai market, about 150 tonnes of palmolein were traded in resale in the range of Rs 444/445. Refineries reduced their rates, but lack of fresh demand kept the trade volume low. There was no demand for indigenous oils such as groundnut, cottonseed, soya, sunflower and so on, as new arrivals have started in producing areas. Of the total arrivals of soyabean of 5-5.50 lakh bags, in Madhya Pradesh accounted for about 4 lakh bags. Groundnut seed arrivals in the Gujarat-Saurashtra region were about 75,000 bags. By the end of this month, sharp increase in arrivals of oilseeds is expected. Meanwhile, Malaysian palm oil stocks stood at 1.7 million tonnes. Malaysia's August palm oil stocks jumped 22.6 per cent to their highest in six months on strong output recovery and large imports from Indonesia.

On BMD, CPO futures for delivery in October closed lower at 2,690 MYR and November at 2,652 MYR. Indore NBOT soya oil futures October was quoted at Rs 475.50 (Rs 483) and November was at Rs 483.80 (Rs 492).

Mumbai commodity exchange spot rates (Rs/10kg): Groundnut oil 850 (850), soya refined oil 467 (472), sunflower expeller refined 545 (550), sunflower refined 590 (595), rapeseed refined oil 570 (568), rapeseed expeller refined 540 (538), Cotton refined oil 488 (493) and palmolein 446 (452).

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Back **Bulk buying helps turmeric gain**

Our Correspondent

Erode, Oct. 4

Turmeric prices ruled almost stable with prices increasing Rs 100 a quintal on the first day of the week.

At the Erode Turmeric Merchants Association Sales yard, the finger variety fetched Rs 9,019-14,525 a quintal on Monday. The root variety was sold at Rs 9,011-14,376.

Out of 1,931 bags that arrived, 639 were sold. Prices of finger variety increases Rs 96 a quintal compared with the weekend prices, the root variety was sold Rs 146 higher.

In the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 13,238-14,669, root at Rs 12,796-14,619 Of the 285 bags that arrived for sale and 246 were sold. .

In the Erode Cooperative Marketing Society, both finger and root were sold at Rs 13,800-14,500. Out of arrival of 1,120 bags, 942 were sold.

In the regulated market, the finger variety was sold at Rs 14,079-14,493, the root variety Rs 14,170-14,596 a quintal.

Out of arrival of 1,257 bags, 1,186 were sold. Bulk buyers showed keen interest as they have received orders from the North.

“Both supply and demand are equal in Erode on Monday, if the demand increases, certainly the prices will go up. We are expecting more demand from upcountry traders in a couple of days”, said a senior turmeric trader, Mr R.K. Viswanathan.

“In the morning, the futures increased to Rs 13,950 a quintal and this reflected in the auction of spot turmeric sale. In the afternoon, prices dropped Rs 50–100 in futures but it did not affect the sale, as by that time, the sales were completed in Erode,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said till Dussrah, prices of turmeric will rule stable.

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Back **Mixed trend in spot sugar**

Our Correspondent

Mumbai, Oct. 4

On the Vashi wholesale terminal market, spot sugar prices showed a mixed trend on Monday. S-grade was up Rs 5 and M-grade dropped Rs 5. Naka delivery rates were steady as resale selling pressure eased. Market was steady with range-bound price movement. The undertone was bullish. The demand from bulk consumers was lacking. Upcountry buying was limited, said traders.

Mr Mukesh Kuwadia, Secretary of Bombay Sugar Merchants Association, told Business line that the “The Government's announcement of October total sugar quota of 19.98 lakh tonnes (lt) (compared with September quota of 19 lt), includes 1.52 lt of white/refined sugar processed from imported raw sugars and one lt of last month's (in September 10 total quota, 3 lt were included as a carryover) carryover of non-levy quota.

While announcing the quota, the Government also said that the validity period for sale and dispatch of the non-levy sugar quota of September had been extended by 15 days. This is confusing.”

Expecting increase in demand for sugar this year, the quota for current month may be prove hand to mouth.

Traders are expecting mills tenders for Monday evening to be Rs 2,540-2,570 a quintal for S-grade and Rs 2,580-2,620 for M_grade. This includes excise duty.

Total arrivals at the Vashi market were at 55–60 truck loads (10 tonnes each) and lifting was lower at 48/52 truckloads, said sources.

According to Sugar Merchants Association, spot rate for S-grade was Rs 2,645-2,686 (Rs 2,640-2,686) and for M–grade Rs 2,680-2,771 (Rs 2,686-2,776). Naka delivery rates were: S–grade Rs 2,620-2,640 (Rs 2,620-2,650) and M–grade Rs 2,660-2,690 (Rs 2,670-2,700).

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Back **Domestic demand pegs cashew exports lower**

G. K. Nair

Kochi, Oct 4

Export of cashew kernels continued to be lower last week, due to strong domestic demand that has also pushed up the prices in the internal market above the overseas markets.

“Indian domestic demand and prices continue to be very firm and this situation is likely to continue at least till the end of the year,” Mr Pankaj N. Sampat, a Mumbai-based major dealer, told Business Line.

He said the cashew market continued to remain quiet during the week, with very little export activity for over six weeks . The internal prices for graded varieties range from Rs 250-1,200 a kg and it finds place in the shelves of small, medium and major supermarkets in the cities and municipal towns in Kerala, and the major towns/cities and metros in other States, industry sources said.

Buyers

There are buyers for the regional and national-branded products, depending upon the strength of their wallets and economic status, Mr Thomas, a supermarket manager, said. .

However, some processors in Vietnam have been selling at lower levels like W240 at around $3.5 and W320 at around $3.25-3.3 (f.o.b), but volume has been limited, he said.

The large processors in Vietnam and India are at least 10 cents higher and they are able to make some sales at the higher levels, he said. Processors in Brazil are very quiet. In the last few days, there have been reports of some importers offering at lower levels for 2011 deliveries, but origins are not prepared to follow.

According to Mr Pankaj, American and EU buyers seem to be content with buying limited quantities “according to their requirements.” They are reluctant to take forward positions due to uncertainty of demand trend — especially because of higher prices of the long-term range.

Regular sales

Processors also are comfortable with regular sales of small quantities, as they have seen prices moving up with each round of buying (and at all times, there has been some market which has been active).

At some stage, the trend will change and prices could come down, but this is unlikely to happen in short or medium-term.

“Tipping point will be when there is a big improvement in supply or a big drop in usage. Impact of high prices on usage will not be known until March/April 2011. Supply cannot increase till May/June 2011. At this time, it is impossible to predict either,” he said.

Trend of regular activity for spot/nearbys will keep the market volatile. Small events could create large price movements. Wide range of prices, at any given time, will become the norm, he said.

Until there is some indication of demand trend for 2011 or easing of supply tightness, the market can be expected to hover around the current range, traders said.

According to them, on the Raw Cashew Nut (RCN) front, nothing new has happened so far. Spot RCN prices continue to be firm. There is no clarity on the Indonesian and Brazilian crop. There was no movement in East Africa . Vietnamese and Indian processors' access to new RCN is limited to maximum 1.75 lakh tonnes, including small quantities from 2010 West Africa crop, until the Northern crops start in March 2011, they added.

Fob prices according to the trade on Saturday for the following graded varieties in dollar per lb were: W240 - 3.45 – 3.55; W320 - 3.25 –3.35; W450 - 3.15 – 3.20; SW320 - 3.15 – 3.20; and SW360 – 3.00.

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Back **Increase in offtake keeps chana firm**

Our Correspondent

Indore, Oct. 4

With a decline in demand, prices of majority of pulse seeds remained steady, whereas chana ruled firm at Rs 2,200-Rs 2,205 a quintal with increasing demand at close of trading. For major part of the day, chana traded at Rs 2,180-Rs 2,190 a quintal, down Rs 10. However, by the evening, chana prices rose to Rs 2,200-Rs 2,205 a quintal with a spurt in local demand.

Chana October and November futures on the National Commodities and Derivatives Exchange also closed higher at Rs 2,303 and Rs 2,349 a quintal. Among pulse seeds, prices of moong, masoor and tur ruled steady. On the spot, masoor quoted at Rs 3,425 a quintal, moong at Rs 3,600-3,825 a quintal and tur quoted at Rs 3,100-3,400 a quintal, respectively.

On the other hand, urad dal declined by Rs 100 to Rs 4,000-4,100 a quintal on increased arrival and lack of purchasing at mill level.

Local mandi witnessed arrivals of 3,000 bags of moong and 4,000 bags of urad.

Traders attribute sluggishness in pulse seeds to low consumption. Though mandis are facing pressure of increased arrival of pulse seeds, traders are reluctant as about 40 per cent of pulse seeds coming to the mandis have high levels of moisture.

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Back **Profit-booking takes a toll on jeera**

Our Correspondent

Rajkot, Oct. 4

Jeera took a break from last week's continuous rise as the week began with market players resorting to profit booking.

This resulted in a drop in prices by over Rs 200 a quintal in the spot and futures market. On the other hand, lower stocks and hope of overseas demand capped the sharp drop.

On the National Commodity and Derivatives Exchange (NCDEX), jeera future for October delivery decreased Rs 249 or 1.48 per cent to Rs 13,280/quintal, with an open interest of 9,246 lots. November contracts dropped Rs 262 to Rs 13,373 with an open interest of 12,237 lots. At Unja mandi, jeera was traded at Rs 2,000–2,590/20 kg.

Prices in the international market of Syrian origin are being offered at higher rates than Indian origin. Indian origin is being offered at $3,000/tonne and Syrian jeera is being offered at premium of $3,300. This will help prices to find support and strengthen in the medium term.

Cumin exports from India during April–August this fiscal are lower at 15,500 tonnes compared with 20,000 tonnes in the same period a year ago.

Jeera stocks in the NCDEX warehouse, stood at 5,910 tonne as on September 30.

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Back **Pepper futures fall**

G.K. Nair

Kochi, Oct. 4

Pepper futures on Monday dropped on active selling pressure from investors including national level cooperatives, according to trade sources.

Investors were liquidating farm grade and validity expired stocks held by them and buying back their sales in the exchange platform.

They were offering farm grade pepper at Rs 3 to Rs 3.50 a kg below the October price while validity expired graded pepper at Rs 2 to Rs 2.50 a kg below the October price, trade sources said.

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Back **Onion tears**

— P. V. Sivakumar

Sky-high prices:Onions being sold at Kothapet Market in Hyderabad. Prices are ruling between Rs 19 for the smaller variety and Rs 25 for the larger variety. At the wholesale Mahboob Mansion Market, onion is quoted at Rs 22,000 a tonne. Onion has turned dearer in the last one month on domestic and export demand.

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Back **AP target for rabi season**

Our Bureau

Hyderabad, Oct.4

After achieving a record cropped area in the kharif season, the Andhra Pradesh Government has estimated a cover of 1.07 crore acres in the rabi season.

“We are going to distribute 12.16 lakh quintals of groundnut, red gram, maize, sunflower and paddy seeds with a total subsidy of Rs 168 crore,” Mr N Raghuveera Reddy, Andhra Pradesh Minister for Agriculture, said.

Addressing a press conference here after a review of kharif season and preparations for rabi, he said the Department had already made 2.31 lakh quintals of seed available in various districts.

The Union Government had allocated 35 lakh tonnes of fertilisers.

This was highest allocations for the State for any rabi season so far.

Disbursal target

The bankers in the State had been given a crop loan disbursal target of Rs 8,788 crore of crop loans and Rs 3,842 crore of term loans during the rabi season.

Meanwhile, the officials had put the loss to farmers in the kharif season at Rs 128 crore due to excess rains and inundation. In all, crop in an extent of 6.87 lakh acres was damaged across the State.

Those who lost crop in 2009 would get a total compensation of Rs 699 crore by the month end, the Minister said.

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Back **Tea buyers seek uniformity in e-auction**

Our Bureau

Kochi, Oct 4

The Tea Buyers Association has asked the authorities to make the tea e-auction system uniform throughout the country.

Addressing the 37 {+t} {+h} annual general meeting of the Association, its President, Mr Benzy Jose, said that in the present system, lots are activated in a confusing manner by jumbling them in the active session. If the lot activation is done sequentially, it will be a blessing to the buyers and brokers, besides enabling optimum price realisation.

In order to reap the benefits of e-auction system, the maximum possible quantity of tea is to be sold through the e-auction platform. “From the very beginning, we have been advocating for transparency in the system; but it has not yet been made at the desired level,” he added. He said that the Tea Board needs to be complimented for converting the age old “outcry system” into e-auction System, especially because unlike other commodities, in the case of tea, the items and grades are so many. The co-operation extended by the Cochin Auction Buyers is also significant, he said.