Quick view

Nov 3

PRICE OF INDIAN BASKET CRUDE

$83.80/bbl

₹5146.16/bbl

EXCHANGE RATE

₹61.41/$

PRICE POINTS

Nov 3

	Del	Mum	Kol	Blr
Rice	30	30	27	31
Wheat	19	27	NR	29
Tur dal	81	78	75	80
Potato	37	31	20	26
Sugar	36	38	35	34
Mustard oil	106	98	95	NR

Price in ₹/kg for Delhi, Mumbai, Kolkata and Bangalore
Source: Dept of consumer affairs

Gold and silver tumble on weak global cues

Tracking a weak trend overseas and low demand from domestic jewellers and retailers, gold prices plunged by ₹200 to ₹26,350 per 10 gm in the Capital on Monday. Diversion of funds towards the record breaking domestic equity markets also weighed on the prices, bullion traders said. Silver eased by ₹200 as well to ₹36,050 per kg on reduced offtake by industrial units and coinmakers. Weakening trend in global markets where gold dropped to four-year low after the US Federal Reserve's decided to end its bullion friendly bond-buying programme mainly led to a fall in gold and silver prices, they said. Gold in Singapore, which normally set the price trend on the domestic front, fell 1% to $1,161.75 an ounce and silver lost 2.4% to $15.77 an ounce, the lowest since February 2010.

Tea output dips 2.48% in Apr-Aug to 610.71 m kg

India's tea production in the first five months of this fiscal has fallen by 2.48% to 610.71 million kg, due to lower production mainly from Assam and West Bengal. Tea production in April-August last fiscal stood at 626.30 million kg, according to the tea board's latest production data. Output from north Indian states comprising Assam, West Bengal and others dropped to 500.77 million kg from 525.20 million kg in the period under purview. In 2013-14, tea production was 1,208.78 million kg.

FREIGHT RATES

Nov 3

Tanker (₹ per tonne)	
Alwar to Cuttack	4,500
Khairthal to Guwahati	NR
Jaipur to Kolkata	4,450
Kandla to Delhi	3,050

Truck (₹ per 9 tonne)	
Delhi-Lucknow	19,500
Delhi-Jaipur	12,000
Delhi-Ahmedabad	22,500
Delhi-Indore	26,500
Delhi-Patna	36,000
Delhi-Ranchi	50,000
Delhi-Panipat	8,000
Delhi-Chandigarh	15,000
Delhi-Jalandhar	14,500
Delhi-Ludhiana	15,500
Delhi-Mumbai	42,000
Delhi-Hyderabad	59,500
Delhi-Bangalore	64,000
Delhi-Kolkata	46,500
Delhi-Chennai	81,500

Source: NNS

Troubled start for Maharashtra sugar season

Farmer organisation SSS demands first cane installment of ₹2,700 per tonne from sugar mills

Nanda Kasabe
Pune, Nov 3

MAHARASHTRA'S 2014-15 sugar season is in for a troubled start yet again. BJP ally Swabhimani Shetkari Sanghatana (SSS), the farmer organisation led by Kolhapur MP Raju Shetti, could pose problems for the new government. SSS has demanded the first cane installment of ₹2,700 per tonne for farmers from sugar mills, failing which it has threatened to launch an agitation.

Significantly, last week, Shetti at a press meet in Pune had said they needed to give time to the new government to settle down and also wait for the formation of the New Cane Price Control Board. At the 13th cane conference of the SSS held at Kolhapur, Shetti changed stand and said the organisation is meant for farmers and will fight for their rights if necessary.

SSS has emerged as an aggressive organisation in western Maharashtra, fighting for higher cane prices for farmers at the start of the cane crushing season in the state for the last three-four years.

Sanjiv Babar, MD, Maharashtra State Cooperative Sugar Factories Federation, indicated that it will be difficult for sugar factories to pay ₹2700 per tonne as the first installment. The market rate for sugar stands at ₹2,650 per tonne while the cost of production comes up to ₹3,400-3,500 per tonne. "Adjusting the economics is going to be a tough task for mills. Sugar mills in Uttar Pradesh today owe arrears to the tune of ₹4,800 crore and if the mills in Maharashtra continue to give such high payments, they will face the same fate as mills in UP," he added.

According to Babar, Maharashtra State Cooperative Bank and District Cooperative Credit Banks have given a valuation of ₹2,235 per tonne, which includes ₹1,485 as first cane installment, bank recovery at ₹500 per tonne and a processing cost of ₹250 per tonne. Even if the recovery goes up to 12%, the valuation can only be increased by another ₹100. How the mills adjust the cost is a big issue," he pointed out. The valuation given by these banks is effective from October 31, 2014.

Shetti's organisation has demanded a change in the base of the fair remunerative price (FRP) decided by the agriculture price commission from 9.5% to the earlier rate of 8.5% in the interests of farmers. He also demanded an increase in ethanol blend from the current 10% to 20%. Shetti said that cases against farmer leaders who had fought for their cause should be taken back and demanded penal action against mills owners who do not comply with the recommendation of the Cane Price Control Board.

The Union government has announced ₹2,550 as FRP for sugarcane.

Shetti said he is in favour of the recommendations of the Rangarajan committee where the cane price will be fixed on the 70:30 formula. As per this formula, a sugar unit without any byproducts business will have to pay cane price of 70% of its revenue realisation, while it will have to spend 30% on its functioning.

Farmer leaders have also been laying much emphasis on the fact that the issues of casual cane labourers in Maharashtra are yet to solved. Casual cane labourers in Maharashtra had threatened to go on strike before the start of the sugar season of 2014-15.

The Maharashtra Ustod Kamgar Vahtuk Majoor Va Mukadam Sanghatana that looks into labour issues of sugar workers had earlier indicated that no worker will cut cane in factories or will allow factories to begin functioning unless the demands of workers are met. However, when contacted, Shrirang Bhange, state secretary of the outfit, said it has decided to unconditionally stop the agitation after meeting BJP leader Pankaja Munde, who it considers its new chief after the demise of Gopinath Munde.

Around 100 cooperative mills and 65 private factories will crush cane this year. Around 21 mills in the state have begun crushing operations. Mills in Kolhapur where SSS has a strong presence are yet to begin crushing.

WHAT THE SSS WANTS

- Change in FRP base decided by agriculture price commission from 9.5% to the earlier rate of 8.5% in the interests of farmers
- Increase in ethanol blend from the current 10% to 20%
- Cases against farmer leaders who fought for their cause be taken back and penal action be initiated against mills owners who do not comply with the recommendation of the Cane Price Control Board

CIL beats production estimate for first time in 7 months

New Delhi, Nov 3: Coal India (CIL), the world's largest producer of the fuel, produced 40.20 million tonne of coal in October, beating its target for the first time in seven months.

Coal India, which has been under intense scrutiny for missing production targets during the last few years, had set the target of 39.74 million tonne for October.

It, however, fell short of its production target of 259.85 million tonne for the April-October period by 8.9 million tonnes, the company said in a filing to stock exchanges. No reason was given by Coal India for missing the target for the period.

Coal India has a target of supplying 408 million tonne of coal to power firms this fiscal.

The company's offtake in October stood at 39.11 million tonne, against the target of 40.94 million tonne. Coal India had missed its output target for the fifth consecutive month in September, producing 34.88 million tonne of coal against the targeted 36.17 million tonne.

In August, the production was 34.54 million tonne against the target of 35.13 million tonne. In July, it achieved a production of 33.01 million tonne (35.86) and in June it was 34.54 million tonne (36.84).

In May, the output was 36.27 million tonne against 38.46 million tonne target. Production was 37.51 million tonne against 37.61 million tonne in April.

Coal and power minister Piyush Goyal had earlier asked Coal India to ramp up production from its existing mines.

Coal India, which accounts for 80% of domestic coal production, missed its production target of 482 million tonne for 2013-14, producing 462 million tonne during the period.

Production had fallen short of target because of various reasons, including lack of environment clearance to coal mining projects.

In 2012-13, the company had produced 452.5 million tonnes of coal, falling short of the 464 million tonne target.

PTI

Palm enters bull market as soyabean rally and biofuel drive demand

Kuala Lumpur, Nov 3: Palm oil entered a bull market on expectations that an increase in the biodiesel mandate in Malaysia and the biggest monthly rally in soyabeans since 2012 would boost demand for the world's most used cooking oil.

Futures closed at 2,336 ringgit ($704) a metric tonne on Bursa Malaysia Derivatives, more than 20% above the 1,929 ringgit settlement on August 29, meeting the common definition of a bull market. Prices advanced 1.3% on Monday to settle at the highest level for a most-active contract since July 11.

Palm rallied from a five-year low as Indonesia and Malaysia scrapped export taxes to lure buyers and trim inventories amid a global glut in cooking oils. Soyabeans rose 15% last month as rain slowed harvesting in the US and planting was delayed in Brazil. Palm may jump to 2,500 ringgit by March as output drops, says Dorab Mistry, director at Godrej International. Malaysia last week said it would start the B7 biodiesel programme from November which will boost the use of palm biodiesel. "Production has most likely peaked," David Ng, a derivatives specialist at Phillip Futures in Kuala Lumpur, said by phone. "With lower production and government policy on B7 in place, we're most likely to see inventory for this year to be controlled," he said, referring to the plan under which 7% palm biodiesel will be blended with petroleum diesel.

> Palm rallied from a five-year low as Indonesia & Malaysia scrapped export taxes to lure buyers and trim inventories amid a global glut in cooking oils

Reserves in Malaysia climbed to 2.09 million tonne in September, the highest since March 2013, its palm oil board estimates, while Indonesia's stockpiles dropped to 2.2 million tonne from 2.5 million tonne in August, according to a Bloomberg survey. Malaysia produced an all-time high of 2.03 million tonne in August, board data show.

Futures slumped to 1,914 ringgit on September 2, the lowest since March 2009, after falling into a bear market in July. The plunge prompted Malaysia to extend duty-free exports of crude palm oil from September to the end of the year. Indonesia also cut taxes on most exports to zero last month. The two countries account for about 86% of global production, US department of agriculture estimates.

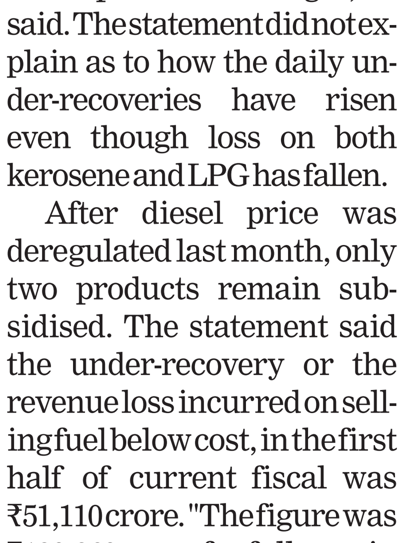
The rally in soyabeans, crushed to make an alternative oil for use in food and fuel, is boosting demand for palm oil, Ivy Ng, analyst at CIMB Investment Bank, said. Dry weather in Indonesia now and earlier this year may curb supplies and support prices. "Supply of palm oil may not be so strong as we head toward the later part of the year, because peak output season appears to have ended," Ng said. "People are bullish on that front – less supply and maybe demand is picking up a bit." *Bloomberg*

Oil companies' losses on sale of LPG, kerosene jump 35%

New Delhi, Nov 3: Losses on sale of subsidised fuel have risen by 35% to ₹188 crore per day even though oil firms have been losing less on LPG and kerosene because of fall in international oil rates.

State-owned fuel retailers are losing ₹27.60 on sale of every litre of kerosene via PDS and ₹393.50 per 14.2-kg domestic cooking gas LPG, an official statement said. These are lower than ₹31.22 a litre loss oil firms were incurring on sale through PDS in the second half of last month, and ₹404.64 per LPG cylinder.

Despite the losses being lower, the statement said, the per day under-recovery has risen to ₹188 crore from ₹139 crore. "Oil marketing companies, effective November 1, 2014, are now incurring combined daily under-recovery of about ₹188 crore on the sale of PDS kerosene and domestic LPG. This is higher than ₹139 crore daily under-recoveries in the previous fortnight," it said. The statement did not explain as to how the daily under-recoveries have risen even though loss on both kerosene and LPG has fallen.



After diesel price was deregulated last month, only two products remain subsidised. The statement said the under-recovery or the revenue loss incurred on selling fuel below cost, in the first half of current fiscal was ₹51,110 crore. "The figure was ₹139,869 crore for full year in the 2013-14." *PTI*

NMDC cuts rate of iron ore lumps by ₹200/tn

New Delhi, Nov 3: Holding the price of iron ore for the last four months, state-owned miner NMDC has reduced the rate of lumps by ₹200 per tonne for November but rolled over the last month's price for fines. The price of lump ore, which contains more iron and is used mostly by domestic steel makers, now stands at ₹4,400 a tonne, a top company official said. The prices of fines, having lower iron content, remains at ₹3,160 a tonne.

NMDC, which reviews prices every month going by domestic demand, had not tweaked rates in the last four months starting from July. There has been a steep fall in global prices which have gone down to hover around $80 per tonne now.

The drop in global prices and inadequate availability of the input domestically have forced JSW Steel, a major customer of NMDC, to import the raw material.

During July-September of the current fiscal, NMDC sold 72.69 lakh tonne iron ore, registering a growth of about 12% over 65.04 lakh tonne in the second quarter of the last fiscal.

The price cut might impact net sales realisation of the company a little in the current quarter. *PTI*

Tirupur exports soar

Chennai, Nov 3: Knitwear garment exports from Tirupur, the knitwear capital of India, have increased 16% in value in rupee terms and 13.35% in dollar terms in the first half of this fiscal (April-September) to ₹10,050 crore as compared to ₹8,650 crore reported in the same period last fiscal. The exports may cross the ₹21,000 crore mark in 2014-15. "The Tirupur export growth rate is in the same league as the all India garment exports growth rate," said A Sakthivel, Tirupur Exporters Association (TEA). While appreciating exporters for their efforts in achieving this figure, Sakthivel said the industry is eagerly awaiting the announcement on continuance of 3% interest subvention on packing credit with retrospective effect from April 1, 2014, and also the new Foreign Trade Policy 2014-19.

He said Tamil Nadu Electricity Regulatory Commission's proposal for increased power tariff to HT and LT consumers by 30% will adversely impact exports. Sakthivel also said Canada has proposed to withdraw the entitlement to the benefit of General Preferential Tariff to 72 countries, including India, effective January 1, 2015. *fe Bureau*

Stainless steel makers in a fix over rising imports: ISSDA

New Delhi, Nov 3: With capacity utilisation falling to just 50-55%, domestic stainless steel makers are a worried lot over rising imports from China, Japan and Korea, an industry body said on Monday. Against around 5 million tonne per annum installed capacity, India produced between 2.4-2.8 mtpa stainless steel, almost half of which is used in the making of utensils. India is the world's third largest producer also. "With growing imports from China, Japan and Korea, Indian stainless steel makers are in a fix. We will continue to bleed until basic customs duty on all key raw materials in India is reduced to zero to ensure a level playing field," said N C Mathur, president, Indian Stainless Steel Development Association (ISSDA).

ISSDA, which is set to celebrate its silver jubilee later this week, has communicated its "issues" to the steel ministry hoping an amicable solution to the problem.

Mathur also said the basic customs duty on finished products should be aligned with the rate applicable in China. Free trade agreements with Japan and Korea have also accorded benefits to these two Asian peers, he added. Imports of stainless steel from China are likely to go up to 2.5 lakh tonne this fiscal from 1.13 lakh tonne in the last fiscal.

Of total 4 lakh tonnes expected imports this fiscal, Japan is likely to contribute 60,000 tonne and Korea 40,000 tonne, Mathur said. *PTI*

Expectations must be realised

SUSHIM BANERJEE

Even the hardened pessimist would agree that there is an air of expectation blowing over the country. For the ruling party in power, now or never, has to be the mood and should best be reflected in a series of positive steps. Politically, the battle is nearly won in major states. It is also well recognised that the main plank on which electoral victory has been accomplished is an expectation of cleaning the garbage accumulated in the past. This has emerged as the hardest roadblock stalling the progress of the economy.

Thanks to recent survey results, India's ranking in the last few years has improved from the lowest strata at a much slower space compared to its neighbours and other emerging economies. It would be utterly wrong to say that growth of the economy suffered due to inaction. A good number of policies were drafted but the outcome of these was well below the target. It would be correct to presume that monitoring of the policies at the implementation stage was extremely weak. The cost of these shortfalls was enormous.

Alliance politics was responsible for the Centre being magnanimous while the funds allotted against specific projects got diverted by the state. Non-food credit by banks is generally a positive indicator of industrial growth. The corresponding jump in NPAs by the corporate sector speaks poorly about the utilisation of bank loans for productive purposes. The secular rise in subsidies for non-food items remained only a misconstrued populist measure with little growth in output.

The current scenario is therefore significantly better to implement growth-oriented policies. Two major aspects need immediate attention. One is transparency and the other is communicating the nuances of policies to the public. The initial observation is that the present government is honestly pursuing a good number of reforms, long overdue in labour, environment and forest clearance, subsidy monitoring, insurance fund utilisation, attracting FDI and raising resources through ECB. It is giving wide publicity to announcements and is equally adept in communicating the same through media (electronic and print), e-mail and direct dialogue. What is eagerly awaited is a strong implementation framework.

Service delivery of each government department needs to be improved. Departments like food supplies, housing, transport, water supply and all agencies dealing with licences and clearances need overhauling. It will be a big challenge to get rid of the countless intermediates that operate, make a mockery of the system and become the interface between the common man and deliverable agency.

The rise of the Sensex (crossing 27,000) is generally viewed as speculative, but has the potential to boost business sentiment. The news of the US continuing with quantitative easing by cutting down its bond purchase without increasing the interest rate till the middle of next year has helped the Sensex move up.

But the main contributing factor was the announcement by Bank of Japan of a stimulus measure of bond purchase of $725 billion to help the sagging Japanese economy (negative real interest rate). It is reported that in Q2, capital goods firms like BHEL and L&T received more orders compared to last year and values of industrial investment for which IEMs have been signed this year exceeds last year's level. However, negative movement in the capital goods index would turn positive when these orders actually see the light of day.

The crux of the matter is that irrespective of the first sign of a positive signal which the current scenario can boast of, the big bang can happen only when the bricks and mortar throw off the dust and break the soil. Till such time let the various indices rekindle the level of expectations to ultimately reach a crescendo.

The author is DG, Institute of Steel Growth and Development. The views expressed are personal