THE HINDU

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Now buy vegetables in fair price shops!

Staff Reporter

THENI: The Department of Cooperation has started selling vegetables through fair price shops and ration shops in major towns in the district in order to check skyrocketing prices of vegetables on Monday.

To begin with, two outlets each were opened in Theni, Uthamapalayam and Chinnamanur, and one each in Periakulam, Andipatti and Cumbum. Efforts were on to open more outlets in other parts of the town to enable the common man to buy vegetables at low price, said officials.

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Farmers removed for staging protest near Collectorate

Special Correspondent

Coimbatore: A section of farmers, who came to call on a person who was arrested on the charge of toddy tapping and admitted to the convicts' ward due to ill-health, staged a demonstration near the Collectorate on Monday.

The Coimbatore Rural Police on Sunday arrested Shanmugam (50), a farmer of Sulur on the charge of tapping toddy. He began a fast in protest against his arrest and on remand, the police got him admitted to the convicts' ward of the Coimbatore Medical College Hospital because of his ill health.

Farmers led by former MP Thangaraj called on him at the hospital and marched to the Collectorate.

When they were prevented by the police, they staged a demonstration.

The police removed the farmers.

Later, the representatives presented a memorandum to the Collector stating that the cases registered against persons for tapping toddy should be withdrawn.

They alleged that the police had registered a false case against Shanmugam by recording a higher quantum of toddy than what was ‘reportedly recovered'.

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Relief to farmers for loss of major crops

Staff Reporter

DINDIGUL: Compensation to the tune of Rs.49.07 lakh for the loss of major crops was so far disbursed to farmers who had insured their crops under weather-based insurance scheme in the district, according to S. Ganesan, Joint Director of Agriculture.

For kharif season

In a release here on Monday, he said that compensation was being given to farmers who insured the crop between July 1 and October 29 for the kharif season in 2010 through cooperative and nationalised banks.

A total of 873 farmers in Reddiyarchatram, Batlagundu, Palani, Oddanchatram, Thoppampatti and Palani blocks got compensation of Rs.38.68 lakh for maize crop loss and 194 farmers who raised paddy in Palani, Oddanchatram, Vadamadurai, Dindigul and Nilakottai too received Rs.8.07 lakh as compensation. Besides, Rs.2.31 lakh was disbursed to 68 vegetable growers in Palani block for loss of yield in various vegetables, he added.

Those who had insured their crops in the kharif season for 2010 may contact the respective nationalised or cooperative banks and get suitable compensation on the basis of yield loss.

Mr. Ganesan appealed to farmers to insure paddy and maize for rabi season.

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Farmers facing threat to livelihood

Staff Reporter

Discharge of untreated effluents hits crop output

PHOTO: M. GOVARTHAN

Highlighting problem:Farmers bring polluted water from villages in Chennimalai block to the Erode Collectorate on Monday.

ERODE: Farmers in a few villages in Chennimalai block are facing serious threat to their livelihood due to the indiscriminate discharge of untreated effluents from the textile processing units into the agricultural lands.

The continuous discharge of untreated effluents polluted the groundwater in Chinnapidariyur, Murugampalayam, Attavanai Pidariyur and a few other villages in the block to a greater extent. “The colour of the water in our wells has turned dark brown. In a few wells, we get black coloured water,” farmers pointed out.

The effluents had affected hundreds of acres of fertile lands in the villages. “We are witnessing a drastic fall in crop productivity in the recent years,” farmers said.

Farmers in the block had complained to the officials in the district administration and Tamil Nadu Pollution Control Board (TNPCB) on several occasions. “We met the officials at all the levels in the TNPCB. None of them had taken any action against the textile processing units polluting our lands. No one had even visited our villages to take a look at the situation,” farmers alleged.

Many farmers had already quit their profession and migrated to urban areas in search of jobs. “If the situation continued, all of us would lose our livelihood,” farmers pointed out.

A group of farmers from the villages came to the Collectorate on Monday along with bottles of polluted water from their wells.

They showed the water samples to the district officials and submitted a petition demanding immediate action against the pollutant industrial units.

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Pulses to cost less

Special Correspondent

MADURAI: Tur dal and urad dal will be sold at Rs. 30 a kg through fair price shops, with a reduction of Rs. 10 per kg, from February 1. This follows a decision of the State government to reduce prices of oil and pulses sold under the special public distribution system.

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Rs. 28.88 crore relief disbursed to farmers

taking stock:Collector M. Vijayakumar inspecting the construction of a house in Perambalur district.

PERAMBALUR: A sum of R. 28.88 crore has been disbursed to farmers whose crops were destroyed in the floods and torrential rains in November and December last year. About 1.20 lakh farmers have been benefited, said M. Vijayakumar, Collector, here on Monday.

Speaking to reporters after inspecting the progress of the Kalaignar housing scheme in villages, the Collector said the standing crops of paddy, chilli, turmeric, tapioca and cotton on 66,000 hectares were damaged in the floods.

The district administration had released about Rs.5 crore to farmers in Perambalur taluk, Rs. 8.21 crore at Veppanthattai taluk and Rs. 15.57 crore in Kunam taluk. About 1,480 acres had been covered under the crop insurance scheme. As many as 578 houses had been handed over to the beneficiaries against the target of 695 houses in the first phase. Another 4,450 houses would be constructed in the 117 village panchayats in the second phase this year.

Till now, 2,937 persons had benefited through surgeries at different hospitals under the Chief Minister's Health Insurance Scheme for Life-saving Treatment and the State government had released Rs. 7.23 crore.

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Dearth of labourers, soaring wage spur demand for paddy harvesters

S.Ganesan

The lone machine with Agricultural Engineering Department sent to Tiruvarur

. — Photo:M.Moorthy

Solitary REAPer: A farmer harvesting the paddy field with a mechanised harvester in Tiruchi district on Saturday

TIRUCHI: Increasing shortage of farm hands and rising wages have created a huge demand for mechanised paddy harvesters in Tiruchi district this samba season.

Harvesting has just gathered pace across the district, where paddy was cultivated in about 65,000 hectares during the samba season. So far, harvest has been completed in about 4,500 hectares, according to Agriculture Department sources.

With harvest yet to be taken up in a majority of places, farmers have been facing a severe shortage of labourers. This coupled with the rise in labour wages, has made many farmers to opt for renting out mechanised harvesters, which they say is quicker, cost-effective and hassle-free. But the limited number of harvester machines available in the district has given rise to a huge demand for them. What has compounded the problem is the fact that a combined harvester of the Agricultural Engineering Department, usually rented out to farmers in the district, has been sent to Tiruvarur district this season, reportedly on the directions of higher authorities.

Normally, there is a huge rush for renting this machine given the fixed rent of Rs.805 an hour. This year too, many farmers have queued up to rent out the machine and were eagerly awaiting its return from Tiruvarur.

Sources in the Agricultural Engineering Department said the machine would return by Saturday. Normally, private companies and some farmers, who rent out the machines, charge about Rs.1,500 an hour for the machines.

But farmers allege that some of the operators have hiked the rent this season, given the huge demand.

“I rented out a harvester from a private operator for Rs.1,500 an hour during the kuruvai season, but now they were demanding Rs.2,100 owing to the heavy demand,” said T.Savarimuthu, a farmer of Gabrielpuram near Lalgudi. Mr.Savarimuthu, who is also president of the District Paddy Cultivators Association, said farmers were facing a shortage of farm hands. “Even if we manage to find labourers, we have to shell out around Rs.4,200 an acre. This apart we have to pay rent for threshers as the labourers would only harvest the crop,” he said.

S.Xavier, president, Lalgudi Taluk United Farmers Clubs Association, said many farmers were being forced to wait for a week to 10 days to get harvesters on hire or to find the labourers. “For manual harvest we have to give five to six 60 kg paddy bags as wages, which works out to over Rs.4,200. Farmers with small holdings and fields in remote places cannot the use the harvester and have to depend on labourers,” he said.

A.Nagarajan, a farmer of Puliyur representing the Congress, demanded that the government should allow beneficiaries of the Mahatma Gandhi National Rural Employment Guarantee Scheme to be deployed for farm work at least during the harvest season. The government should make available more harvesters at nominal rents.. Farmers have been demanding that the district administration take steps to fix uniform rates for the harvesters hired out by private operators.

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Vegetable stew

The prices of vegetables have gone up so steeply that we relish only occasionally many vegetables we ate on a daily basis (“Oh! for some good old vegetable stew,” Open Page, Jan. 30). We now buy onion and garlic, common taste and health enhancers, in grams and not in kilograms as we used to earlier. I am reminded of the display boards outside hotels in Rajasthan and Gujarat which said “vaishnav bhojan” — meaning food without onion and garlic. With the prices shooting up at this rate, the whole nation will soon get to eat only “vaishnav bhojan.”

H.N. Ramakrishna,Bangalore

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Soon, we will shop for not half or 1 kg of vegetables but for two brinjals, three okras or three sambar onions. The writer says that after she stepped out of the shop, both her purse and the vegetable bag were light. I shall put it in a different way. We step into the shop with a shopping bag full of money but come out with a few vegetables in our pockets.

R. Rajagopalan,Chennai

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It is a matter of concern that the common man's vegetables are ruling at exorbitant prices. Our villagers were used to lip smacking ladies' fingers on their menu almost everyday because of their low prices and easy availability. It is a pity that the vegetable is no longer cheap. There is a lesson in the grandma's formula of cooking the leftover vegetables to make a grand vegetable stew — that we should not waste even a shred of vegetable in these days of high inflation and rising food prices.

J. Anantha Padmanabhan,Srirangam

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Farmers see red over horticulture privatisation

Staff Reporter

‘Global investment in agriculture sector a death warrant'

Joint venture with private parties termed disaster Over 4,000 acres to be leased out to companies

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BANGALORE: Terming the development of horticultural farms in the State in a joint venture with private parties as a “disaster that is against the interests of the farming community,” the Karnataka Rajya Raitha Sangha (KRRS) has demanded that the Government Order should be withdrawn.

Addressing presspersons here on Monday, KRRS president Kodihalli Chandrashekar said the Department of Horticulture has decided to develop farms under public-private partnership basis, and in the first phase, over 4,000 acres are being leased out to private companies.

Marigowda's efforts

“Ignoring the opposition from farmers, 19 fertile farms are being transferred to private parties. Thanks to the efforts of the late director of horticulture M.H. Marigowda, the State had developed so many farms and helped farmers in getting seeds and saplings. Many large farmers, during those days, had donated their land to the department for the cause. The attempt by the present Government to transfer the farms harms the interests of the farmers.” Mr. Chandrashekar said that the private companies have started the process of taking farms to their possession and KRSS would not allow this.

Death warrant

“We welcome the Chief Minister's announcement of a Farmers' Budget.

However, his recent statement that global investors are investing over Rs. 50,000 crore in agriculture sector in the State is a “death warrant to farmers.”

“With this project, the Government is attempting to evict the farmers which may lead to their suicides.”

He said government should encourage the agriculture graduates to develop the farms and services of the agricultural experts and scientists should be utilised.

L. Hanumanthaiah, retired director of agriculture, said government had allocated Rs. 4 crore in 2008-09 budget for horticulture and had earned a revenue of over Rs. 10 crore.

“The government's justification that the farms are being transferred due to exorbitant maintenance cost is not acceptable,” he said.

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No subsidy to buy agricultural implements

K.V. Subramanya

Applications have been pending with the department for three months now

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Sources in the Department of Agriculture say they are unable to release subsidies

Official says problem has now been ‘sorted' out

In dire need:Farmers have been put to hardship as they await subsidy for buying equipment such as power tillers and land-levellers.

CHICKBALLAPUR: Farmers across the State have been put to inconvenience for the past few months as the State Government has temporarily stopped granting subsidy for buying agricultural implements owing to technical delays.

Affected farmers from Bangalore Rural and Chickballapur districts told The Hindu that their applications for the grant of subsidy were pending with the Department of Agriculture for three months and, the officials were not providing reasons for the delay.

When contacted, sources in the Department of Agriculture said the rate contract for agricultural implements fixed by the Commissioner of Agriculture had expired in November 2010 and they were unable to release subsidies. Farmers get subsidy only when they purchase the equipment from an agency that has been listed in the rate contract of the department.

List grows

Sources admitted that for the past two months hundreds of applications for the grant of subsidy were pending with the department in all the districts. An official said they would start processing the applications once the rate contract was finalised and sent to them by the office of the Commissioner of Agriculture.

Meanwhile, when contacted, Additional Director of Agriculture (Human Resource Development), Bangalore, D. Raju told The Hindu that the problem had been “sorted out” and the rate contract had been e-mailed on Monday to the joint directors of Agriculture in all the districts. “From Tuesday, we will start printing booklets containing details of the rate contract and then make them available to farmers,” Mr. Raju said.

Farmers can get subsidy for buying agricultural implements such as power tillers, land-levellers, grass-mowers, sowing and harvesting equipment among others. The State Government, however, stopped granting subsidy for purchasing tractors from the current financial year as farmers were misusing tractors for non-agricultural purposes, sources said.

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Wooing farmers to favour silk over tobacco

Shankar Bennur

MYSORE: India is a signatory to the Framework Convention on Tobacco Control (FCTC) and it is under obligation to reduce tobacco cultivation in the country by 2020. India is among the 150 countries that are signatories to the FCTC, sponsored by the World Health Organisation (WHO).

Karnataka is the second-largest producer of tobacco in the country after Andhra Pradesh. Tobacco growers in Karnataka have been requested to shift to alternative commercial crops so that the area under tobacco cultivation, which is over 2 lakh acres, is brought down by at least 1 lakh acre by 2020.

Compensation

Accordingly, the Tobacco Board has stepped up the process of discouraging farmers from growing tobacco by offering a compensation package if they surrender their tobacco cultivation licence.The board has told tobacco farmers it would provide assistance if they shift to alternative crops.In an attempt to woo tobacco growers, the Central Silk Board (CSB), which promotes development of silk industry, has announced help to tobacco growers if they shift to sericulture, which, like tobacco, gives good returns.Board Chairman H. Hanumanthappa, who was in Mysore recently, invited tobacco farmers to take up sericulture and avail of the benefits given for boosting sericulture."Tobacco is injurious to health. It is time you give up the crop since India is bound to reduce production by 2020," he said.Speaking to The Hindu, Mr. Hanumanthappa said: "It is viable to take up sericulture on the lands that cultivated tobacco all these years. Tobacco growers have to wait for long to get returns, but the returns from sericulture are faster and highly remunerative," he said.He even requested Mysore Lok Sabha MP A.H. Vishwanath, who was present, to persuade tobacco growers to consider his proposal. A large number of tobacco growers from Hunsur and Periyapatna taluks had come to meet the MP to discuss their problems.When The Hindu spoke to Mr. Vishwanath, the Lok Sabha MP said he would discuss the matter with tobacco growers and appeal to them to gradually give up the crop."Though the Union Government and the Tobacco Board have been putting pressure on cultivators to reduce tobacco cultivation, the result is not encouraging as a suitable alternative for the growers to earn their livelihood is not forthcoming," leaders of tobacco growers argued. VFC tobacco or cigarette tobacco produced in Karnataka constitute around one-third of the total VFC tobacco grown in the country. VFC tobacco production is largely concentrated in Mysore and neighbouring Hassan districts.

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As prices ease, subsidised onion sale to end today

NEW DELHI: The sale of subsidised onions will be discontinued from Tuesday, but the Centre will continue to monitor prices.With better arrivals of onions, prices have dipped to about Rs.20 a kg in most retail markets. The Centre intervened after the prices had increased abnormally.

A high-level meeting, convened on Monday by Union Agriculture Minister Sharad Pawar, also decided to discontinue the 20-30 per cent subsidy on landed cost of onions being given to government agencies for sale of subsidised onions till January 31. Onion prices shot up to Rs.60 a kg in December because of the damage unseasonal rain caused to the crop in parts of Maharashtra and Gujarat.The meeting was attended, among others, by Minister of State (independent charge) K.V. Thomas, Delhi Chief Minister Sheila Dixit, senior officials and the chiefs of agriculture cooperatives, including the National Consumer Cooperative Federation (NCCF) and the National Agriculture Cooperative Marketing Federation of India (NAFED).The NCCF and the NAFED are selling left-over onion stocks at Rs.20 a kg.

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Milk price slashed

VIJAYAWADA: The Krishna District Milk Producers' Mutually Aided Cooperative Union Ltd. has slashed the price of 200 ml sachet of toned milk from Rs. 6 to Rs. 5 from February 1. In a statement on Monday, managing director of the cooperative body said that the move was in response to a plea by the Vijaya milk consumers. In view of the strike by eSeva staff, monthly milk cards could be acquired from Vijaya dairy parlours on the premises of the milk project factory, Ramanaiah cool drinks shop, Lenin centre, Sivaji café at Satyanarayanapuram, Veterinary hospital at Labbipet, Vijaya Fresh at Autonagar gate, NTR circle on Bandar road and Patamata centre.

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Tue,01 Feb 2011

Weather

Delhi - INDIA

Today's Weather

Clear

Tuesday, Feb 1

Max	Min
22.1°	8.2°

Rain: 00 mm in 24hrs	Sunrise: 7:10
Humidity: 63%	Sunset: 17:59
Wind: Normal	Barometer: 1017.0

Tomorrow's Forecast

Rainy

Wednesday, Feb 2

Max	Min
20°	7°

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Feb 3	**Feb 4**	**Feb 5**	**Feb 6**	**Feb 7**
25° | 8°	27° | 12°	27° | 12°	28° | 12°	30° | 12°
Sunny	Sunny	Sunny	Sunny	Sunny

the pioneer

Centre not to extend subsidy on onions

February 01, 2011 10:55:51 AM

Chief Minister Sheila Dikshit on Monday met Union Agriculture Minister Sharad Pawar and Food and Consumer Affairs Minister KV Thomas. During the meeting, the Centre has conveyed the Delhi Government that onion prices have come down and hence the Government has decided not to extend the scheme for providing 30 per cent subsidy to cooperatives for sale of onion at cheaper rates in the city. Beside this, the Centre has also asked the Delhi Government to prepare a proposal for setting up more wholesale markets in the Capital, to break possible cartelisation in essential food items and generate healthy competition.

This decision assumes significant in the backdrop of high vegetable prices seen in the national Capital in recent past. “The Centre has suggested the Delhi Government to come out with a proposal for the creation of farmer mandis and private market terminals,” said a Delhi Government official.

“Delhi needs more mandis (wholesale markets). The objective is to break the monopoly of few traders and breed healthy competition by allowing more players in the market,” he said, adding that the Centre would provide assistance in setting up more wholesale markets. At present, Delhi has four big wholesale markets of farm items, including Asia’s biggest at Azadpur.

The Centre has also asked the Government and Agriculture Produce Marketing Committee (APMC) to weekly publish the rates of essential commodities. Besides, ration shops and private retail outlets should be told to display stocks and prices of the essential food items for the benefit of consumers.

Business Standard

Tuesday, Feb 01, 2011

'Allow only delivery-based forward contracts to control prices '

BS Reporter / February 1, 2011, 0:46 IST

Indian Merchants Chamber has urged the government to restrict only delivery-based futures trading in essential commodities including foodgrain to control excessive price manipulation. “Instead of futures trading (which is nothing but paper trading) in essential food products, mandate the delivery-based forward trading so that speculators with no genuine interest in commodity markets will not be able to distort prices,” said Dilip Dandekar, president, IMC. Dandekar, however, held delivery-based forward contracts necessary for smooth price discovery. In a letter dated January 19 to Union Finance Minister, Pranab Mukherjee, the IMC president has recommended a series of measures for reining in inflation.

Commerce ministry sees red over REACH

Anindita Dey / Mumbai February 1, 2011, 0:45 IST

The Union ministry of commerce is examining the possibility of challenging the new European Union legislation for evaluation and restriction of chemical substances at the World Trade Organisation (WTO).

As it stands now, the legisation threatens 24 per cent of Indian export of chemicals by pushing up the cost per exporter per chemical by Rs 50-60 lakh, according to data collated by the ministry.

Popularly called, REACH — Registration, Evaluation, Authorisation and Restriction of Chemical substances – this legislation came into force from June 2007. The pre-registration process started in 2008 and registrations have just begun from November 2010.

Ministry officials said once the registration process started, it was found the law was restrictive and discriminatory. “We are preparing for a full-fledged dialogue at the WTO level, since it violates two basic principles of WTO – principles that come under the most favoured nation (basis) and technical barriers to trade (TBT) agreement," said one.

The new legislation requires fresh registration of all chemicals, with voluminous data to be given by Indian companies through the help of only European agencies, known as "only representative", to ensure safety to animal and human life.

"Besides challenging it at WTO, a long-drawn process, we are proposing to take up the issue at the bilateral talks with the European Union (EU), before finalising the India-EU bilateral trade agreement," added the official.

Under WTO, the most favoured nation status means all countries should be treated at par. Under the TBT rule, any standard should be made with scientific justification and differential standards should not be followed on the basis of geography. In this case, it means no difference between EU and non-EU countries.

"Under examination, we have found that REACH is doing both. It is discriminating between EU industry and non-EU industry. This is because non-EU members will be registered under an institution called "only representative", a company or firm or entity based in Europe. This entails a huge cost," said the official. Second, the registration involves generating a whole lot of data on chemicals to be provided to the EU to ascertain safety for animal, plant and human life. To organise, coordinate and file this data for the European Chemical Agency in Helsinki, an exporter has to be a member of a body called Substance Information Exchange Forum.

Another objection is on an article under REACH to allow special and differential treatment to developing countries.

The ministry of commerce, in co-ordination with the ministry of chemicals, had started preparing the industry for the new REACH regime. Under its market access initiative, it had encouraged companies to start the pre-register formalities under REACH, and thereafter for the process of registration.

Indian commodity exchanges turnover to reach Rs 112 lakh crore in 2010-11

BS Reporter / Kolkata/ Bhubaneswar February 1, 2011, 0:45 IST

The trading turnover of the commodity exchanges in India is expected to reach Rs 112 lakh crore by the end of the current financial year, marking a growth of 44.23 per cent over Rs 77.65 lakh crore achieved in 2009-10.

"The overall trading turnover at all the commodity exchanges in the country is set to be in the range of Rs 110-112 lakh crore. The trading turnover has already reached Rs 88 lakh crore. For the past seven years, the average growth in turnover at the commodity exchanges has been around 40 per cent", said B C Khatua, chairman of Forward Market Commission (FMC), the regulator for commodity exchanges in the country.

He was speaking at an interactive session on 'Prospects and Challenges of Commodity Trading in India' organized here jointly by the Bhubaneswar Stock Exchange (BhSE) and the India Commodity Exchange Ltd.Khatua also welcomed the idea to set up a Minerals, Metals and Fuel Exchange in Bhubaneswar.

Speaking on the occasion, B S Pani, former general manager of National Aluminium Company (Nalco) stressed on the need for setting up such an exchange in India.

No sugar export under OGL in medium term

Anindita Dey / Mumbai February 1, 2011, 0:42 IST

The government may not consider export of sugar under open general licence (OGL) in the medium term.

Sources in the food ministry said there was no decision to forward any such proposal to the group of ministers (GoM), as was proposed earlier. "The main agenda of the ministry now is food security. Sugar exports can be revisited later or when full sugar production estimate is available," said a source.

The GoM had put sugar exports on hold in the first week of January. A review was proposed later. To this effect, a proposal was mooted by food and consumer affairs ministry, to be forwarded to Empowered Group of Ministers (EGoM), so that exports could start by February

2011 to take advantage of high global prices. However, the proposal was dropped, said official sources.

“With wide gap between demand and supply in the domestic market, first enough food, especially essential commodities, has to be secured. This goes for all commodities covered by the public distribution system. Exports of all such commodities are under review,” said an official source.

Officials also said that while food security remained the priority, any delay might be a major opportunity loss. “With global demand rising, February to May would have been the ideal period for exports, before sugar from Brazil arrives in the market. The whole point was to fetch a better price for farmers and reduce the subsidy burden on the government,” said officials.

Industry sources are optimistic that the global market will continue to see huge demand for sugar following floods in major sugar-producing markets like Australia and Brazil.

In fact, sugar could fetch better price if exported later because by then estimates would have arrived from all other markets facing production problems, said an official. Domestic sugar production is estimated at 24.5-25 million tonnes in the current year, around 30 per cent higher than in the previous year.

The government has allowed mills to sell more in the open market. It has made available 1.7 million tonnes non-levy sugar for January, 1.5 million tonnes higher than the December figure.

India is normally a net sugar exporter, but had to import in the previous two seasons due to lower output, prompting the government to ban unrestricted exports in February 2009.

Maharashtra sugar traders want equality with futures players

Sanjay Jog / Mumbai February 1, 2011, 0:41 IST

Say physical traders require licence, face stock limits; plan to move court.

Disparities in norms between futures and spot trading in sugar may force traders in the physical markets to move court.

Physical traders say they require a mandatory licence, with a stock limit of 200 tonnes. However, any person can purchase or sell sugar without a licence on commodity exchanges in futures trading. The limit on commodity exchanges is 8,000 tonnes for a single month and 20,000 tonnes on a cumulative basis.

Traders, who met in Pune, said they might petition the Bombay High Court in a day or two. They said they were also concerned at the volatility in futures trading, which resumed from December 26.

Yogesh Pande, founder-president of the Maharashtra Sugar Brokers & Traders Association, told Business Standard: “Anyone who intends to take physical delivery on exchanges or deliver sugar on commodity exchanges cannot give or take delivery of more than 200 tonnes. This gives those engaged in futures trading an upper hand. This is visible from data on futures trading, wherein prices have been pulled down from Rs 3,140 per quintal to Rs 2,747 per quintal in the past one month.”

Himmat Asbe, a physical trader from Solapur, said they wanted equal opportunity. The Forward Markets Commission has also been apprised.

He said the issue became more serious after the central government declared a 1.7 million-tonne non-levy sugar quota, including 670,000 tonnes for Maharashtra, for January. It was the highest quota announced by the central government and led to heavy short-selling on commodity exchanges, severely impacting physical trading. This led to a drastic fall in prices in Maharashtra and non-lifting of 250,000 tonnes in the state and about 500,000 tonnes nationally, he said.

The central government, however, accepted the sugar industry's plea to extend the non-levy quota up to February 15. This averted penal action on mills, said an official of the Federation of Cooperative Sugar Factories in Maharashtra, representing 150 mills.

A senior official of a commodity exchange, who did not want to be named, said "There is a disparity. It is largely due to the enforcement of the Essential Commodities Act and the Forward Contracts (Regulation) Act. However, the matter has already been taken up by the Forward Markets Commission with the government. It is up to the government to take necessary action."

UP cuts output forecast

Reuters adds: India's biggest cane producing state has cut its sugar output forecast to 6 million tonnes in the new season, 3.3 per cent lower than a previous estimate, government sources said on Monday. Lower recovery of the sweetener from the crop and poor cane yield were the main reasons behind the reduced output forecast for Uttar Pradesh state, they said. The state produced 5.2 million tonnes of sugar in the previous year — roughly a quarter of India's total sugar production.

THE HINDU Business Line

Record domestic cotton prices lower than global rates

Current scenario

Arrivals till now	185 lakh bales*
Exports	55 lakh bales
Mills consumption	88 lakh bales*
Work in progress#	15 lakh bales
Carryover stocks&	40 lakh bales
Stocks with mills	67 lakh bales*

* estimates; # cotton with ginning mills & From 2009-10 season
Source: Trade

Chennai, Jan.31:

While cotton prices have run up to a record Rs 50,000 a candy (of 356 kg), they are still lower than the rates in the global market for the comparable quality produce. And, with small and medium mills having stocks that can last not more than a month, prices could come under further pressure.

On Monday, raw cotton in Rajkot was quoted at Rs 5,375 a quintal, down Rs 575 in the last two sessions on higher arrivals.

“Cotton prices, after touching Rs 51,000 a candy for Shankar-6 in Gujarat, have now dropped to below Rs 50,000. In comparison, global prices are higher,” said Mr A. Ramani, cotton analyst.

While Shankar-6 is quoted at 155-160 cents c&f for exports, comparable cotton from other destinations is quoted at 180-200 cents.

Former Cotton Corporation of India's Chairman-cum-Managing Director, Mr M.B. Lal, said domestic cotton prices are lower by Rs 15,000 a candy compared with global prices.

“Domestic prices have eased in the last two days as arrivals have picked up,” he said.

“People are talking about higher cotton prices in the domestic market. But are farmers paid price on par with global prices?” asked Mr Manickam Ramaswami, Managing Director of Loyal Textiles.

“The problem for spinning mills is that they are not able to procure cotton at these prices. Small and medium mills have stocks that can last between 15 days and a month. Big mills may have stocks that can last them two months,” said Dr K. Selvaraju, Director-General of Southern India Mills Association.

Arrivals lower than CAB estimates

A short calculation on the arrivals, carryover stocks and exports shows that mills could, on an average, have stocks that can last them two-and-a-half months. However, it is likely that well-to-do mills could have higher stocks, leaving others with a hand-to-mouth situation, said trade sources.

According to sources, cotton arrivals till last weekend are estimated at 185 lakh bales.

Usually, 62-65 per cent of the crop arrives by January 31 and going by the Cotton Advisory Board (CAB) revised production estimate of 329 lakh bales (of 170 kg each), at least 210 lakh bales should have arrived by now.

“The crop is lower than CAB estimates. I see it around 323 lakh bales,” said Mr Lal.

“The crop could be around 310 lakh bales,” said Mr Ramani, while Dr Selvaraju also pegged it around this level.

“Unseasonal rain has affected the crop in Maharashtra, Gujarat and Andhra Pradesh,” said Mr Ramani.

“Maharashtra crop could be around 80 lakh bales only against CAB estimates of 92 lakh bales,” said Dr Selvaraju.

Andhra Pradesh crop is being seen around 48 lakh bales against CAB estimates of 55 lakh bales, while Gujarat crop is also seen around 95-98 lakh bales against estimates of 103 lakh bales.

This, according to trade sources, will see the crop some 24-27 lakh bales lower than CAB estimates. It also would mean that the carry-forward stocks for the next season will be much lower than CAB's projection of 44.50 lakh bales.

“Stocks may hardly last one month if our fears turn true,” said a trade source.

“Even if we go by CAB estimates, scope for further exports does not exist,” said Mr Lal.

It is the crop estimates that is now proving to be an issue for the industry, trade and policy makers.

January-February is the peak period for procurement by spinning mills. During this period, their buying will be to build inventories that can last them until the new crop arrives in October.

“High prices are creating problems of working capital for us,” said Dr Selvaraju.

The current situation means any correction could be short-lived.

“We may witness a scenario that was enacted last June when prices began to flare upthis year too,” said Mr Ramani.

Cotton export policy requires a new spin

Business Line The cotton and cotton yarn export allocation policy is to be reviewed by the Commerce Ministry in the second week of February this year .

Mumbai, Jan 31:

The cotton export quota allocation policy followed by the Director General of Foreign Trade (DGFT) may be consistent with the country's liberalised trade policy of recent years, but it is doing nothing to advance the brand building exercise that was started by traditional exporters some time ago.

If anything, the liberalised policy of seeking applications from all and sundry, and indiscriminate issue of quotas to many with no track record is likely to prove counterproductive over time.

Steep discount

Two issues are worth noting. One is the steep discount at which India cotton has been traded or, some say, thrown away. According to trade representatives, most of the export contracts are at least 20 per cent (equivalent to about 30 cents a pound) lower than international price. While overseas buyers may only be too happy to receive goods at discounted prices, such sales are not going to enhance the image of Indian cotton.

Buyers are obviously not going to complain about the quality of cotton shipments from India this season simply because of the cheap price at which goods have been sold.

“If we wish to pitch our cotton in the premium segment, then it should be sold at a price commensurate with its quality,” commented a traditional exporter. It is in this context that the DGFT could be faulted for ignoring global cotton market conditions while formulating its policy that some traders sarcastically described as ‘grand clearance sale'.

What prevented the Government and indeed the Ministry of Commerce from ensuring higher unit value realisation at a time of record global prices remains a mystery. There are ways and means by which the country can realise higher unit value for goods in line with global market conditions.

Why not MEP?

Imposition of Minimum Export Price (MEP) is one such. Basmati rice export is a good example to follow. While rice (non-basmati) exports are banned, basmati (an aromatic premium rice variety) is exportable without quantitative limits subject to a specified MEP. The system is said to be working well.

To those genuinely keen to promote Indian cotton, valuable lessons are available in this year's cotton export policy and performance. The very idea of releasing a limited ceiling and quota allocation deserves to be reviewed. Quantitative restriction and quota allocation have done more harm than good to Indian cotton, going by this season's experience.

Without tinkering with the export policy in terms of imposing quantitative controls, it may be possible to allow exports under open general license and, yet, monitor and moderate exports through a system tariffication, depending on exigencies of the situation.

Work in coordination

The Central Government and, in particular, the Commerce and Finance Ministries should work in close coordination to ensure that the tariff mechanism is used effectively to regulate export shipments. Changes in tariff in accordance with world market prices will keep exporters alert and alive to evolving market conditions. Windfall gains would be eliminated.

Tariff changes (especially a hike in Customs duty) hanging like Damocles Sword is the answer to invoice manipulation.

The Government has already lost revenue following unimaginative procedural changes and poor implementation of cotton export quotas. One hopes these are not repeated.

Coonoor tea prices ease on poor demand

Coonoor, Jan. 31:

In the CTC market of Sale No: 4 of the auctions of Coonoor Tea Trade Association, Darmona Tea Industry topped at Rs 148 a kg. “Our red dust (RD) fetched this price. In all, our six grades got Rs 106 and more,” Mr Dinesh Raju, Darmona Managing Partner, told *Business Line*.

Homedale Estate, auctioned by Global Tea Brokers, topped the CTC leaf market at Rs 144. “Our broken orange pekoe fannings (BOPF) got this price. Our broken pekoe (BP) and broken orange pekoe (BOP) grades got the second highest price of Rs 140 each. In all, our five grades got Rs 140 and more”, the Managing Partner, Mr Prashant Menon, said.

Vigneshwar Estate got Rs 146, Shanthi Supreme Rs 136, Hittakkal Estate Rs 134, Deepika Supreme Rs 133, Kannavarai Estate and Professor Rs 130 each. In all, 79 marks fetched Rs 100 and more.

Orthodox

Among orthodox teas from corporate sector, Curzon got Rs 173, Havukal Rs 166, Kairbetta Rs 165, Highfield Estate Rs 164, Prammas Rs 161 and Quinshola clonal Rs 160. In all, 25 marks got Rs 100 and more.

Although the volume of 8.21 lakh kg offered was the lowest in over a year, 16 per cent was withdrawn for want of buyers despite shedding Rs 3 a kg resulting in teas worth Rs 97 lakh remaining unsold.

“Orthodox leaf market eased Rs 2-4 a kg. High-priced CTC leaf lost Rs 2-5, better mediums Rs 2-4 and plainers Rs 5-7. Orthodox dusts were firm. CTC medium dusts eased Rs 3-4 and others up to Rs 4”, an auctioneer said.

Old turmeric crop prices drop sharply

Erode, Jan. 31:

Old turmeric crop price dropped Rs 1,000 a quintal on Monday on lack of demand.

“The price of new turmeric is stable, but sales improved due to demand for the new turmeric. But there is no demand for old turmeric and so the price decreased by Rs 1,000 a quintal at Erode,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said: “Growers are having limited stock of old turmeric and because of heavy arrivals of new turmeric, demand for the old turmeric has decreased drastically. No one is ready to buy the product at Rs 12,000-12,500 a quintal, as the new crop is available below that price”.

“We are expecting from next week huge stock of new crop, like Number 8, Mysore variety and also Erode variety will arrive heavily to the market. But limited sales would be done and the price will remain unchanged,” he said.

In Erode Turmeric Merchants Association sales yard, the finger variety (new crop) fetched Rs 9,010-11,766 a quintal, root variety Rs 8,160-10,689. Of the 1,812 bags received, 500 were sold.

The Finger variety (old crop) was sold at Rs 9,201-12,579 and the root variety Rs 9,100-12,296. Out of arrival of 277 bags 100 were sold.

In Erode Cooperative Marketing Society, the finger variety was sold at Rs 9,241-13,369, the root variety Rs 7,089-13,045. 352 bags of old and new varieties received, 260 were sold.

In the Regulated Market Committee, the finger variety of the old turmeric was sold at Rs 12,467-13,249, the root variety Rs 12,467-13,215.

The finger variety of the new variety fetched Rs 9,010-11,766, the root variety Rs 8,166-10,689 a quintal.

Delayed data leads to additional exports

Chennai, Jan 31:

The Centre has been saying that it will review the cotton export cap of 55 lakh bales (of 170 kg) after February 10. But the fact is that it has already allowed 58 lakh bales of cotton for exports.

According to sources, initially the Textiles Commissioner Office had reported that of the 55 lakh bales that were to be exported by December 15, 36 lakh bales had been shipped out.

Based on the Textiles Commissioner Office's data, the Directorate-General of Foreign Trade has allocated 19 lakh bales of the unutilised cotton for shipments abroad.

However, data collated now by the Government show that by December 15, 39 lakh bales have been exported.

A Cotton Advisory Board (CAB) sources differed with the data and said 38.4 lakh bales had been shipped by December 15.

“The result is nearly three lakh bales of additional cotton is being exported in view of the late collation of data,” a trade source said.

Subsidised onion sale to end from tomorrow

A scene at onion market in North India. Photo: Ramesh Sharma

New Delhi, Jan 31:

With a sharp fall in onion prices in the retail market to Rs 30 per kg, the government today decided to end the subsidised sale of the kitchen staple from tomorrow in the national capital, but it would continue to monitor the situation to prevent the recurrence of the crisis.

A high-level meeting, which was convened by the Agriculture Minister, Mr Sharad Pawar, also decided to discontinue the 30 per cent subsidy that the Centre was offering to farm cooperatives for subsidised onion sale from tomorrow, official sources said.

The Food Minister, Mr K V Thomas, Delhi Chief Minister, Ms Sheila Dikshit and senior officials of Agriculture, Food and Consumer Affairs ministry participated in the meeting.

“Since onion prices have started coming down in Delhi and other cities, it was thought that the subsidised sale of the vegetable was not needed from tomorrow,” a source said.

Onion prices have declined to Rs 30 per kg from a peak of Rs 70—85 per kg as on December 20—21.

“We reviewed the market scenario of onions and other vegetables. The meeting expressed pleasure over easing of prices of onions in the national capital,” Ms Dikshit said here.

The state government would discuss steps to keep a tab over the situation and take measures to avoid recurrence of such situation in future, she added.

In order to provide relief to the consumers, the Centre had decided to sell onions at cheaper rates in Delhi through outlets of Mother Dairy, NAFED, National Consumer Co-operative Federation (NCCF) and Kendriya Bhandar.

It also launched a scheme, under which 30 per cent subsidy was being provided to these agencies to cover the losses, if any.

The subsidy scheme is valid till today and the high-level meeting decided not to extend the scheme further, sources added.