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Taming inflation Pranab's primary concern

Ashok Dasgupta

NEW DELHI: Having weathered the impact of the global financial crisis exceptionally well over the last two years with high growth rates next only to China, the Indian economy is now at the crossroads. Even as the country's gross domestic product (GDP) expansion during 2010-11 is expected to touch 8.50-8.75 per cent, according to official and various other estimates, and the basic economic fundamentals are robust enough to strive for a double-digit growth next fiscal, such rosy projections may not be on top of Finance Minister Pranab Mukherjee's mind at the moment.

With the presentation of the Union Budget for 2011-12 due in just over a week from now, Mr. Mukherjee's major worry is the unexpectedly high inflation which has remained obstinately well over the “comfort zone” for the major part of the current fiscal. So much so, that the Reserve Bank of India was forced to revise its tolerance limit for headline inflation upwards to seven per cent from 5.5-6 per cent projected earlier. While the overall wholesale price index-based inflation for January stands pegged at 8.43 per cent, food inflation, though on a declining trend of late, remains way higher at over 11 per cent as per the latest WPI data for the week ended February 5.

What is worse, the runaway increase in food inflation, unlike as in previous years, is not so much due to higher prices of cereals, pulses or edible oils but due to unexceptionally high prices of onions, fruits, milk and protein-based items like eggs, meat and poultry over which the government has no control. More worrisome is the well-known fact that the WPI inflation data released by the Central Statistical Organisation are just provisional estimates and almost certain to be marked up in final revision. It may be a mere coincidence that the switch-over from WPI to the more globally acceptable consumer price index (CPI) has pegged the rural and urban combined inflation at six per cent although rising prices continue to burn a hole in everyone's pocket..

As in 2007, for the Congress-led UPA government in its second term, the inflationary surge could not have been timed worse. At a time when global commodity prices are on the rise and crude oil is also inching upwards by the day owing to uncertainties in Egypt and the Arab world — over which the government has no control — elections are also due in five States, including Tamil Nadu, West Bengal and Kerala during April-May. No gainsaying that unless the government by then is able to tame the inflationary spiral which is severely hurting the aam aadmi and the poorer sections the most, the fortunes of the ruling coalition are likely to be seriously dented in the state hustings.

During the current fiscal, the RBI did step in periodically to douse inflationary expectations and raised its key short-term lending and borrowing (repo and reverse repo) rates more than half-a-dozen times as part of the stimulus exit strategy but the impact has been marginal as monetary measures are not a complete recipe for containing prices. For the Finance Minister, therefore, instead of devising ways and means of catapulting the economy to the higher trajectory, his task is likely to remain limited to containing the price spiral while compensating the people for the higher spending.

At the same time, Mr. Mukherjee will have to ensure that the measures to stem inflation do not unduly hurt the overall economic growth. In effect, he will have to maintain a delicate balance between checking inflation and sustaining growth during the terminal year (2011-12) of the 11th Plan so that the economy is well poised for higher growth in the first year of the 12th Plan with the launch of the Direct Tax Code (DTC) and the Goods and Services Tax (GST) to usher in a new era in both direct and indirect tax regimes.

But for the spectre of inflation, the budgetary exercise for achieving higher growth perhaps would have been possible this time itself. For, having achieved remarkable recovery from the meltdown, India is being showcased by developed countries as a major growth engine. Industrial growth has seemingly slackened a tad but that is likely to be made up by higher farm and services sector growth. Exports have picked up well over the last few months, the country's foreign exchange reserves are comfortable and both the savings rate and the investment rate are at 34 and over 36 per cent of the GDP, respectively.

All these aspects taken together — along with its vast market which largely remains unexplored in rural areas — India presents itself as a very attractive investment destination in all sectors of the economy, be it infrastructure, retail trade, automobiles are consumer goods. Clearly, development of world-class quality infrastructure holds the key for a step-in to a double-digit growth in the coming years. But of late, the environment appears to have vitiated in the foreign investor's eye owing to two stark negatives that have raised their ugly head. One is the series of scams, be it the CWG, housing, 2G and the ISRO-Devas deal, which now stands annulled. The other is the issue of black money that has been the topic of intense debate.

Evidently, one budgetary exercise is not enough to rectify all the ills but the government has to be seen to be alive and forthright in dealing with such issues, lest they project a negative image globally. The need of the hour, therefore, is reforms in various sectors of the economy and governance.

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Hopeful of getting adequate stocks of fertilizers, says DC

Staff Correspondent

‘Efforts will be made to meet the needs of farmers '

Madikeri: Deputy Commissioner K.H. Ashwatha Narayana Gowda said here on Friday that he would submit a request to the State Government to supply enough stock of fertilizers to Kodagu well in advance.

He was presiding over a meeting concerning the issue at the Kodagu District Cooperative Union premises here, an official release said. Demand for fertilizers in Kodagu had been on rise, he said.

Agricultural production was stable in the district. Farmers should adopt organic farming on a large scale in view of the Government support, he said.

Kodagu District Cooperative Union president M.P. Muthappa said that fertilizers were being supplied to the district from Hassan, Mysore and Mangalore. The cost of transport increased when the stock reached the Vyavasaya Seva Sahakara Niyamita (VSSSN) banks in rural areas resulting in increased prices. Fertilizer companies should understand the difficulties of farmers in Kodagu and provide stocks accordingly, Mr. Muthappa said.

Bellu Somaiah, director of the Karnataka State Marketing Cooperative Federation, said that efforts would be made to meet the needs of farmers in Kodagu since the Government had given enough grant to purchase fertilizers.

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Coffee growers seek a soft loan of Rs. 15 crore

Staff Correspondent

Cooperative society has incurred a loss of Rs. 14 crore

'The society can wipe out losses if Vaidyanathan Committee report is implemented'

It has taken a loan of Rs. 2.51 crore from Kodagu District Cooperative Central Bank

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Madikeri: Kodagu Coffee Growers' Cooperative Society has sought Rs. 15 crore from the State Government as soft loan to tide over the accumulated losses which run into over Rs. 14 crore, society president M.B. Devaiah said here on Friday.

A delegation of the society led by Mr. Devaiah had met Chief Minister B.S. Yeddyurappa in Bangalore a few days ago and requested him to grant funds.

Mr. Yeddyurappa had responded positively, Mr. Devaiah said.

The Government had helped the Kodagu Orange Growers' Cooperative Society in the district, COMARK in Hassan and several other cooperatives to tide over their financial crises earlier and it would certainly come to the rescue of society again, he said. The issue involved 8,787 members of the society, which was considered one of the premier cooperatives till the open-market regime ushered in.

The Government should make a decision to go for ‘one-time settlement' of the Rs. 2.51 crore loan, the society had taken from the Kodagu District Cooperative Central Bank, Mr. Devaiah said.

The society could wipe out the accumulated loss of Rs. 14.34 crore if the Vaidyanathan Committee report was made applicable to society. It functioned on the lines of a Vyavasaya Seva Sahakara Sangha Niyamita and the committee report must apply to society as well, Mr. Devaiah said.

He said the society would start purchasing coffee from the growers from February 21 at the prevailing rates. Purchases would be made from the funds of society.

Three depots were opened at different places in the district to collect coffee and deposit coffee stock from the growers.

They would be paid half the cost of each bag of coffee deposited as advance, Mr. Devaiah said.

The society had started marketing its coffee powder packets for the first time in Kodagu. It had tied up with the Hopcoms in districts such as Mysore, Mandya, Tumkur and Bangalore Rural, apart from Kodagu, to market the powder, Mr. Devaiah said. Sale of coffee powder in open markets was thought of by opening an office in Bangalore soon.

The petrol pump stations at Hunsur in Mysore district and Hebbale in Kodagu were turning around well. Plans were on the anvil to build a commercial complex at Hunsur, Mr. Devaiah said.

Society vice-president Tata Chengappa, directors Leela Medappa, N.K. Aiyanna and J.C. Kaverappa were present.

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Unscheduled power cuts draw flak from farmers

Special Correspondent

— PHOTO:R.M.RAJARATHINAM

AGGRIEVED LOT: Farmers showing damaged cotton to K.Petchiammal, Collector (in-charge), in Tiruchi on Friday.

TIRUCHI: Unscheduled load shedding and reduction in the duration of three-phase supply to agricultural connections in the district over the past few days drew vociferous criticisms from farmers' organisations here on Friday.

Raising the issue at the Farmers Grievances Day meeting, a cross-section of the farmers' representatives alleged that power supply in rural areas was erratic and there had been a sharp reduction in the duration of three-phase supply to agricultural connections in the past few days.

A.Nagarajan, president, Tamil Nadu Horticulture Crop Producers Association, said the situation was bad in Musiri, Manapparai, and Thuraiyur areas of the district and alleged that farmers in these parts were getting three phase supply just for two hours though the Tamil Nadu

Generation and Distribution Corporation (TANGEDCO) was supposed to provide six hours supply during the day. Paddy crop was withering for want of water, he said.

R.Raja Chidambaram, secretary, Tamizhaga Vivasayigal Sangam, contended that farmers had been hit hard owing to the erratic supply and demanded regulated supply of available power to farm connections.Farmers were unfairly treated whenever there was an increase in power in the State, charged P.Ayyakannu, general secretary, Bharathiya Kisan Sangam. P.Viswanathan, president, Tamizhaga Tank and River Irrigated Area Farmers Association, alleged that three phase supply was being provided only for two hours each during the day and in the night. Responding to the complaints, TANGEDCO officials said load shedding hours had been increased owing to the sharp rise in demand for power. They maintained that three-phase supply was being provided for four hours during the day and for three hours during nights. The schedule of the load shedding hours had been notified at the respective sub-stations.

Farmers were also unanimous in their demand for increasing the release of water from Mettur reservoir, during the dam's closure period, to save the standing crops irrigated through 17 irrigation channels up to Tiruchi. Ayilai Sivasuriyan, district secretary, Tamil Nadu Vivasayigal Sangam (affiliated to the CPI-M), said the quantum of water release should be stepped up to 3,000 cusecs. Many farmers complained that water was not reaching the tail end areas of the irrigation channels and crops have started withering. C.Masilamani, district secretary, Tamil Nadu Vivasayigal Sangam (affiliated to the CPI), and N.Veerasekaran, organiser, Ayyan Vaical Farmers Association, said farmers in several parts of the district have suffered losses in yield owing to pest attacks after the monsoon and demanded compensation. A group of farmers from Malvai displayed before K.Petchiammal, Collector (in-charge), damaged cotton crops and sought compensation. Public Works Department officials said a meeting would be convened with farmers soon to decide the closure of Uyyakondan River for irrigation to complete the flood control scheme works.

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Training programme in paddy cultivation

ERODE: The Department of Agricultural Engineering will conduct a week-long training programme on the use of machineries in paddy cultivation from March 1.

More information can be obtained by dialling phone number 0424 – 2266672. Twenty farmers will be selected for the programme, according to a press release.

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Project for farmers on marketing techniques

Staff Reporter

KULITHALAI: A pilot project for Transfer Technology, Credit, and Marketing through Master Farmer Training Programme was launched for the benefit of farmers in the district under the auspices of NABARD and the Krishi Vigyan Kendra, at Puzhutheri near here on Thursday.

Launching the programme, District Collector J. Uma Maheswari said that the pilot project was not only for training farmers on technology, credit and marketing areas but also a real-time tool for improving livelihood for the ‘master farmers' as well as those whom they were going to train in their villages.

She said that ‘master farmers' understood the importance of the session and put in their best efforts to pass on what they learnt to fellow farmers effectively . Farmers should make the best use of the knowledge of specialists from institutions such as the Krishi Vigyan Kendra (KVK) and Tamil Nadu Agricultural University in improving productivity and marketing prospects, she opined. Ms. Uma Maheswari said that in order to be successful, a farmer should not only adopt modern technologies but also be well versed in procedures for availing credit, and ideas of marketing.

Ms. Uma Maheswari released a booklet on technical guidelines on Rajarajan 1000 method of paddy cultivation and Sustainable Sugarcane Initiative in Tamil compiled by the KVK scientists.

Programme coordinator J. Diraviam in his address, pointed out that the KVK had been in the forefront in assisting farmers in the district in areas such as technology dissemination, training in recent advancements in various aspects, creation of farmers clubs and other activities

Lead District Manager K. Chandrasekaran, Assistant General Manager, NABARD, A. Parthiban, Deputy Director of Agriculture (Agribusiness) D.V. Ravi, Prof. H. Vijayaraghavan of National Pulses Research Centre, Vamban, Assistant Director of Agriculture, Thogamalai, Khader Mohideen spoke. More than 50 farmers, including 30 ‘master farmers' from NABARD Farmers' Clubs in the district, secretaries of the Primary Agricultural Cooperative Societies attended the programme that coincided with the launch of the project.

The Assistant General Manager, NABARD, A. Parthhiban said that the programme, to be implemented under the guidance of KVK, Karur would benefit 600 farmers . The entire training is proposed to be covered over the next two cropping seasons. Lead District Manager K. Chandrasekaran; Assistant General Manager, NABARD, A. Parthiban; Deputy Director of Agriculture (Agribusiness) D.V. Ravi; Prof. H. Vijayaraghavan of National Pulses Research Centre, Vamban; Assistant Director of Agriculture, Thogamalai, Khader Mohideen and others spoke.

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Bird flu strikes Agartala duck farm

Gargi Parsai

NEW DELHI: Bird flu has struck the country again. This time in the State Duck Breeding Farm in Agartala that has been ordered to cull all poultry within a radius of 3 km of the farm. The State will also impose a ban on movement of poultry and its products and order closure of all poultry egg market and outlets within a radius of 10 km.

With this incidence, India has lost the bird flu-free status it acquired in June 2, 2010. It will now inform international authorities of the development.

The Centre advised the Tripura government to cull all birds on the farm after the High Security Animal Disease Laboratory in Bhopal confirmed that samples collected from the farm tested positive for H5 strain of Avian Influenza. The State government had reported “unusual deaths” of poultry on February 15.

The Department of Animal Husbandry and Dairying under the Ministry of Agriculture asked the State government to not only cull the birds on the affected farm but also destroy eggs and feed material “without any delay” to control further spread of the disease.

The department has urged the State authorities to intensify surveillance to monitor any further spread and send a daily report of containment operations.

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Wastewater management: residents flout rules

Staff Correspondent

Health hazard: Wastewater from houses flowing into the distributory canal of the

Tungabhadra reservoir in Srinagar in Bellary.

Bellary: Several residents in Srinagar on Taluk Road here are flouting rules by letting wastewater from their drains flow into the distributory canal and sub-canal of the high-level canal of the Tungabhadra reservoir. For the purpose, they have laid PVC pipelines that connect the drains in their houses to the distributory canal of the Tungabhadra reservoir.

Wastewater from the huts that have come up on the canal bund directly enter the canal.

What is shocking is the manner in which the residents of the locality have been flouting the norms and more shocking is the way the officials of the City Corporation, Karnataka Urban Water Supply and Sewage Board and the Irrigation Department have turned a blind eye to the blatant violations.

Enquiries revealed that a wet well is ready and people of the locality had been asked to avail themselves of the connection. (The wet well was planned to collect the waste water and sewage from the locality and pump it to the main underground sewage line).

Official sources told The Hindu that it was the duty of the City Corporation to initiate action as the sewage flowing into the reservoir would affect public health. The Irrigation department too should have objected to waste water being released into the canal. The Karnataka Urban Water Supply and Sewage Board, which has been entrusted the task of laying the UGD and also of its maintenance, has been instructing the people in the locality to avail connections to the wet well.

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Abhijit Patnaik and Kamayani Singh, Hindustan TimesEmail Author

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Slipping on inflation

Last year, Meerabai, 30, and her husband Mantu Lal, 35, left their village in Rajasthan to get on a bus to Gurgaon. They hoped the millennium city's construction boom would help them escape poverty.

The arithmetic was quite simple. They would work on one of the myriad construction sites in the satellite town, earn around Rs 5,000 a month, spend Rs 3,000 and send the rest back home, where they left behind three of their five children.

The move appeared to work on their arrival in Gurgaon. On the very first day, the couple landed a job as daily wage labourers at a construction site. She was confident of making Gurgaon their home. Eight months on, a sustained rise in food prices is threatening to derail their plan.

India's rapid economic growth in the past two decades may have helped pull millions like Meerabai out of poverty, but the spike in inflation - especially in food prices - over the past year threatens to undo those gains.

"I never imagined Gurgaon to be so expensive," says Meerabai, from the construction site of a private house in Gurgaon. "I don't

VIEW FROM THE FARM

Rising input costs, vagaries of the monsoon still affect this farmer's fortunes.

CASE STUDY: KESHAV GANGADHAR GAWDE (53), onion farmer, Pune district, near Nasik

PLOT SIZE: 2 acres, Yield: 10-12 tons per acre.

	2009	2010
Cost of inputs per acre (seeds,electricity, fertilizer, pesticides)	₹20,000-25,000	₹35,000
Labour cost per day	₹80-90	₹150-200
Price he sold produce	₹5/kg	Gawde's onion crop got completely ruined because of unseasonal rains in 2010. Some of his friends who managed to sell their produce sold it at ₹10 per kg- double the price in 2009.

- With his wife and parents to care for, he has taken a 1.5 lakh rupee loan from local society , since his income from his farm is not enough to sustain them.
- "One of the main reasons for price rise of vegetables is the increase in the cost of production," said Shriram Gadhave, president, All India Vegetable Growers Association, Pune. "The cost of labour has also increased because of migration to the infrastructure projects in several parts of the country," says Gadhave. "A daily wage labourer who demanded ₹ 80 per day until two years ago now wants ₹ 150 a day."
- "Most people forget that inflation pinches a farmer the most. Higher prices of vegetables doesn't mean the income of the farmer has increased", he says.

have enough money to even buy milk for my 18-month-old daughter. She just eats dal (lentils) that I cook for all of us."

Reining in inflation has emerged as an overriding priority, as also a challenge, for the UPA government. The Reserve Bank of India has raised interest rates seven times in the past 12 months; foreign investors are getting wary and showing it - FII inflows turned negative in January; and the recovery from the global slump of 2008 that won India praises from across the world is slowly losing steam.

The surge in inflation is no longer limited to food products. High prices of oilseeds and sugar and the rising costs of crude oil in the global market are now feeding into prices of manufactured products, forcing policy makers for a trade-off between growth and inflation.

It's a double whammy for the poor. While high food inflation turns into a tax as they spend a majority of their income on food, new jobs are drying up with slowing growth.

As finance minister Pranab Mukherjee prepares for the annual budget, the likes of Meerabai are hoping against hope - can the government bail them out?

The reality is Mukherjee's options are limited, and chances are Meerabai's battle against poverty would prolong.

Government clueless

The government response to high inflation has ranged from knee-jerkish to one of helplessness. "I am not an astrologer. But I am confident that the price situation would be brought under control…" said Prime Minister Manmohan Singh on January 20. The food inflation rate that month soared to 15.6%. Singh's top aides in the government have made similar statements in the past, reinforcing how clueless the government remains about the price situation.

Take the case of skyrocketing onion prices last month that agonised consumers like Meerabai.

"On onion prices, we all got it wrong. No one had any idea this was going to happen," says Abhijit Sen, member, Planning Commission. "The problem is our complete inability to foresee what is going to happen. We need a greater ability to predict since unusual rain patterns are only going to become more frequent."

While the immediate reason for the spike in onion price was weather-related, policy oversight also played a role as the government allowed export of onion despite warnings of an imminent shortage due to unseasonal rains destroying the crop in India's onion belt near Nasik.

Many experts - including MS Swaminathan, agriculture scientist and father of India's green revolution - are perplexed by shoddy government policies.

"In a large country like India, some or the other place will see unseasonal rainfall - in Andhra, for example, there was unexpected heavy rainfall at the end of the rice season, but on the whole 2010 was not bad. We have to be prepared for such situations. If there were unseasonal rains - why were we at the same time exporting onions?" he asks.

"If the government is serious about tackling food inflation, it needs to work on understanding where the problem lies. Judging by the statements made by various economists working for the government, it's clear they don't have a clue," says Reetika Khera at the Delhi School of Economics. "It could be production, distribution, dietary diversification, hoarding, or all of these."

Many factors

Most economists agree that there is no one reason behind the recent surge in prices. From erratic and deficient rainfall to higher food demand of a prospering population, there many factors at work. "Rains are a factor, but not for all crops," says Ramesh Chand, director, National Centre for Agricultural Economics and Policy Research.

"Even if you take out the commodities which were affected by the rains, there is still high food inflation in the remaining ones," he adds.

Domestic food prices are increasingly getting linked to international prices as India's economy gets globalised. Between December 2008 and December 2010, the Food and Agriculture Organisation's (FAO) food price index rose 50%. The index measures prices of commodities traded in the global market, which are often influenced by speculation resulting from developments such as a bad summer in Russia and floods in Australia.

But to take refuge under global factors and say the government has no control over them, as UPA officials have often done, is bit of a stretch.

Because in India, "we have a series of tariffs and physical controls to dampen the effect of international price fluctuations," says Ashok Gulati, Asia head of the New York-based International Food Policy Research Institute (IFPRI).

Moreover, India is not a big importer of rice and wheat or fruits and vegetables. Gavin Wall, FAO's representative in India says, "The current food inflation has been primarily driven by domestic fruit, vegetable and milk prices."

Some like Planning Commission deputy chairman Montek Singh Ahluwalia would like to hold 'rising prosperity' responsible.

As rapid economic growth leaves Indians with more money, they tend to consume more fruits, eggs and milk. But Ashok Gulati qualifies. "The idea that increasing prosperity has led to higher inflation pressures on food grains is misleading. Between 1993-2004, as incomes increased, per capita cereal consumption increased only for the bottom 5% of income levels. Most of the pressure goes to fruits, vegetables and eggs and milk. However, this is a long term phenomenon. The kind of price rises we have seen in the last 2 months cannot be caused by a rise in overall prosperity," he says.

In some ways, this imbalance in growing demand and stagnant supply is also a result of myopic policies of the past.

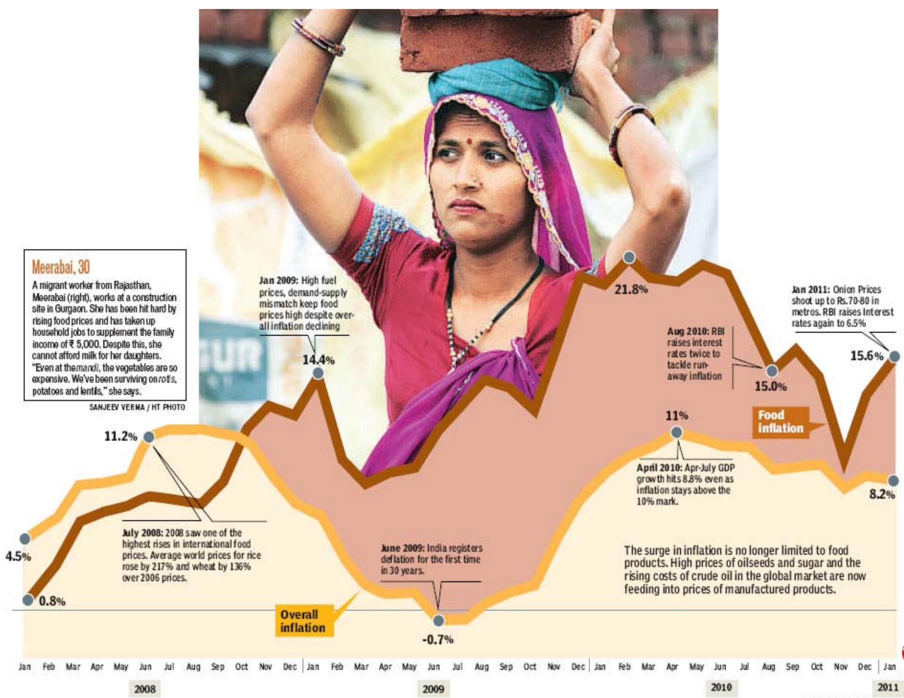
Middlemen are also to be blamed for the ballooning food prices. "One of the major bottlenecks, especially for fruits and vegetables, is our mandi system. It benefits middlemen more than consumers or farmers," says Gulati. "The commissions are high, there is licensing, hurting free entry. Officially the commission is 6%, but unofficially it goes up to 10% for a 5-minute job."

That said, it's the rising cost production that stands out in contributing the most to the recent rise in food prices.

From electricity to pesticides and seeds, the farmer is paying a lot more to grow his crop than he did a few years ago. Thanks to the economic boom and programmes such as the NREGS, labour costs have risen sharply. The result: in the onion belt of Nasik, farmers spend 40% to 70% more on his crop than they did two years ago.

Simply put this means that high prices are here to stay, unless we invest in technology to improve productivity and reduce cost of production in the longer term. Deeper reforms in agriculture- from production to distribution, not just a tight monetary policy are required to cool inflation.

"Prices may well stabilise, but at a higher level of equilibrium," says Biraj Patnaik, Supreme Court Commissioner on the Right to Food. "There is no quick fix for this kind of inflation. We have not invested in agriculture since 1992. We need to think of agriculture in the long term - infrastructure, storage etc." Until that happens, says Ramesh Chand, "we should all be prepared to pay more for food." That's not good news for Meerabai. Her dreams of saving enough so as to send her three daughters back home to school are long gone. "I've no idea how my children back home are doing without me."The *Hindustan Times*' Tracking Hunger series is a nationwide effort to track, investigate and report all facets of the struggle to rid the nation of hunger and malnutrition.



http://www.hindustantimes.com/StoryPage/Print/664488.aspx

THE ECONOMIC TIMES
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18 Feb, 2011, 08.22PM IST, Prabha,ET Bureau

Wheat, pulses oilseeds up, maize down

NEW DELHI: Winter staple wheat has been sown in nearly 10 lakh hectares (one million ha) more this seaon upto October 1, when sowing season began, butteressing estimates of a record 82mt of wheat this season.

Accordign to the Crop Weather Watch Group, upto February 18, oilseeds and pulses have also been sown in more acreage comapred to the same time last year, at 95 lakh ha and 152 lakh ha this year compared to the last year. Corn (maize)) however, has been sown is one lakh hectares lower, at only 11 lakh ha.

Setting a fresh record in wheat and pulses production, India's overall foodgrain output in the 2010-11 crop year is expected to bounce back after a drought year with a growth of 6% at 232.07 mt, according to the Second Advance (Crop output) Estimates released earlier this month. Estimates by theCentral Statistical Organisation (CSO) also suggest that agricultureand allied activities are likely to grow at 5.4% in2010-11, compared to just 0.4% in 2009-10.

18 Feb, 2011, 08.06PM IST, Prabha,ET Bureau

Rice procurement crosses 20o lakh tonne

New Delhi: Rice procurement in the Kharif Marketing Season (KMS- October 2010-September 2011) by government agencies has crossed the mark of 200 lakh tonne (20mt) mark upto February 17 but is slightly lower than procurement same time last year.

Official figures released on Friday said 2,13,09,532 tonnes of rice have been procured by the various government agencies upto Thursday, with Punjab leading the States. Buys by the state government stood at 86,33,706 tonnes of followed by Chhatisgarh and Andhra Pradesh at 27,82,753 tonne. Haryana and Uttar Pradesh bought 16,57,437 tonnes and 16,54,640 tonnes respectively. Food Corporation of India (FCI)) had procured 21.88 mt of rice in the year-ago period. The Food Corporation of India (FCI) chairman and MD Siraj Hussain had estimated that government rice buys would reach 32 mt in the 2010-11 marketing year starting October this year, beating the target of 31 mt, despite drought in some parts of Bihar and UP. Compared to this, government agencies had procured 31.47 mt of rice in 2009-10 marketing year (October-September). According to the second advance estimates released by the ministry earlier this month, rice output is projected to surge to 94.01 mt this year against 89.13 mt last crop year (july-june). Last year, rice output had declined by over 10 mt due to drought in 2009-10 crop year. India, the world's second largest rice producer, produced a record 99.18 million tonnes of rice in 2008-09. Official data for rice procurement for the past 11 years shows the government agencies procured 18.228 million tonnes in 1999-2000, 21.28 million tonnes in 2000-2001, 22.129 million tonnes in 2001-02, 16.411 million tonnes in 2002-03, 22.828 million tonnes in 2003-04, 24.683 million tonnes in 2004-05, 27.656 million tonnes in 2005-06, 25.075 million tonnes in 2006-07, 26.305 million tonnes in 2007-08, 33.684 million tonnes in 2008-09 (24.869 million tonnes up to 16 March). In 2009-10, 31.47mt of rice was bought.

THE HINDU Business Line

More yield possible

Untapped potential: Farmers load a truck with sugarcane near Panipat in Haryana. The average cane yield in India is about 70 tonnes a hectare while the sugar recovery is around 10 per cent. Nevertheless, there is potential to increase the yield to 100 tonnes a hectare and recovery to 11 per cent, if farmers are equipped with new technologies. — Kamal Narang

(This article was published in the Business Line print edition dated February 19, 2011)

Tea export volume slides 2.33%, value drops 6.84%

Coonoor, Feb. 18:

Tea export in calendar 2010 has slid 2.33 per cent in volume and 6.84 per cent in value due to 4.62 per cent decline in price earned compared to 2009, reveals an analysis of the latest information available with Tea Board and exporters.

The volume exported in 2010 was 193.29 million kg (mkg) – almost equal to 192 mkg exported in 1999. This means, export in the last year of the first decade of the new millennium was almost the same as the last year of the previous decade or end of the last millennium – a sign of stagnancy, if not retardation or inconsistency.

In the whole of last decade, exports were lower than 2010 only in two years – 179 mkg in 2007 and 173 mkg in 2003.

The volume shipped in 2010 fell by 4.61 mkg or 2.33 per cent over 2009. But, even this lower volume could be exported only when prices were reduced by Rs 6.51 a kg (4.62 per cent) to average Rs 134.26.

Because a lower volume was shipped and the price earned for it was also lower, the overall realisation fell sharply to Rs 2,595.21 crore — as much as Rs 190.64 crore less than 2009, posting a decline of 6.84 per cent.

However, the price of Rs 134.26 a kg was the highest obtained in the annals of Indian tea exports next only to Rs 140.77 a kg got in 2009. For the first seven years in the last decade, prices did not even touch Rs 100 level.

Consequently, the earning of Rs 2,595.21 crore was the highest in the history barring 2009 when the earning had risen to Rs 2,785.85 crore.

The current year is also posing challenges to tea exports.

Only the CIS and Pakistan are currently picking up select grades, that too when prices are lowered. Although India has listed Egypt as a target market and recently opened the India Tea Promotion Centre in Cairo, the civic unrest there is causing uncertainty for tea exports.

For the same reason, West Asian markets, especially Bahrain, Yemen and Iraq have become uncertain. Pakistan can never be a reliable market given the political proclivities and the harsh winter in Russia is hindering tea movement.

Karnataka coconut prices will see-saw: Forecast

Bangalore, Feb. 18:

Karnataka is set to witness variations in coconut prices over the next couple of months. According to a price-forecast analysis for coconut crop undertaken by the Market Intelligence Centre of University of Agricultural Sciences-Bangalore, the coconut prices which are already ruling high in the State, are set to increase further till the end of this month, due to the lack of fresh arrivals as against the growing demand.

However, they are expected to show a declining trend from March due to the arrival of fresh crops, before picking up again in May.

Prof. C. P. Gracy, Principal Investigator of the UAS-B's Market Intelligence Centre, told *The Hindu* that the Centre had undertaken an analysis of coconut prices in the Tumkur market — the State's prominent coconut market, besides conducting an econometric analysis of the last 10 year's data on coconut prices. Such an exercise had been undertaken to help farmers to decide on whether to sell the nuts immediately upon harvest, or to store them in anticipation of good prices.

Wholesale prices

The analysis has shown that the coconut wholesale prices, which are presently ruling at 6,500 to 8,700 for 1,000 nuts, may increase to 7,500-9,000 (for medium to big sized ones) in Tumkur market by the end of this month or early March. This is due to the increase in demand for coconuts for various purposes, including festivities and ceremonies, at a time when there is shortage as the fresh crop is yet to arrive in Tumkur market, she explained. She pointed out that a similar analysis by Kerala had indicated that wholesale prices of this crop was set to increase in the State also, before showing a declining trend from March onwards.In the wake of fluctuating prices, the Market Intelligence Centre has advised the farmers to sell the crop upon harvesting as storage may not fetch good prices. But it has made it clear to farmers to ensure that the harvesting time matches the festival occasions to ensure that they get a better deal.India is the largest consumer of coconut products in the world and it imports coconut products from other countries such as Sri Lanka, Seychelles and Malaysia to make up for the shortage.

Karnataka stands third in the country in terms of coconut production after Kerala and Tamil Nadu. The State produces 2,176 million coconuts a year accounting for 13.83 per cent of the country's production. Major coconut growing districts in Karnataka are Tumkur, Hassan, Dakshina Kannada, Chikmagalur and Chitradurga, which together account for more than 85 per cent of coconut-growing area in the State. Tumkur district has the largest area under coconut followed by Hassan

Karnataka growers see arabica output at 80,000 t

Bangalore, Feb. 18:

The Karnataka Planters' Association (KPA) has estimated the post-harvest arabica crop in 2010-11 at “not more than 80,000 tonnes”. Meanwhile, Coffee Board officials indicated that the arabica crop would be at least 90,000 tonnes. The post-monsoon arabica estimate put out by the Board was 95,000 tonnes.

A KPA press release issued in this regard said, “We have made the estimate based on feedback from all the prime arabica growing areas of Chikmagalur (Giris , Mallandur and Mudigere) , Hassan (Belur and Saklespur) and Kodagu (Somwarpet , Sunticoppa , Madapur), as more than 90 per cent of the Arabica harvest is completed.”

Almost all the zones have reported “a major drop in their harvested crop”, in relation to their estimates, “with only a few pockets picking an average crop”, the release said.

“We have also got feedback from the major coffee curing works and the trade about the arabica arrivals being well below estimates,” Mr Sahadev Balakrishna, Chairman, KPA, said.

According to the release, the “drastic reduction” in the arabica crop is due to a combination of the following reasons: very early blossom showers in February- March 2010, followed by continuous wet conditions in April/May; heavy monsoon during July-August; unprecedented heavy and continuous unseasonal rainfall during November and December; white stem borer affecting acreage.

Firm demand for low growns in Lanka tea auction

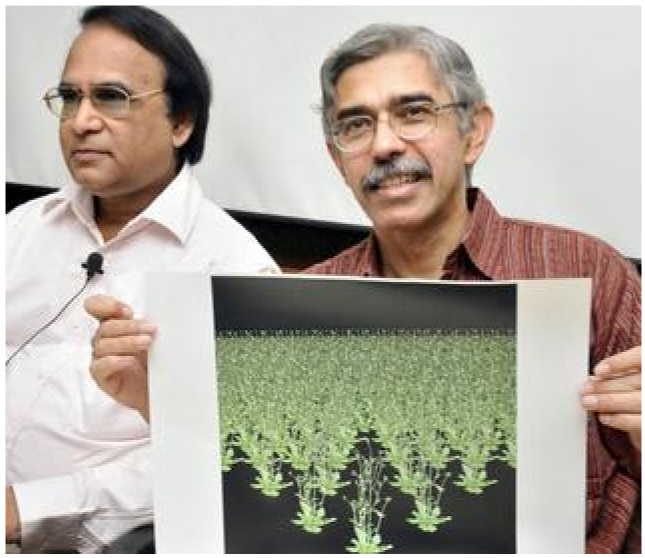
Colombo, Feb.18:

Because of holidays on account of Milad-un-Nabi and Poya, there was only a one-day auction on the seventh sale of the year here in which 4.7 million kg (mkg) was offered.

Low growns met with firm to dearer demand, while quotes for high and mid-grown small leaf varieties and their corresponding off grades and dusts went south, said the Forbes and Walker Tea Brokers. Ex-estate offerings grew marginally to 0.9 mkg compared to last week. Brokers had no cause for joy because despite the improved quality and lower volumes, the demand was not substantial. Bucking this trend, a select range of improved seasonal quality Westerns appreciated a tad by Rs 10-20 a kg following special enquiry. Nuwara Eliyas too, witnessed a slight upward movement in prices. CTC varieties showed no change.

Buying hybrid seeds may become history

HELPING HAND FOR FARMERS



Breakthrough: Dr Imran Siddiqi, Group Leader of the Centre for Cellular and Molecular Biology, shows a pictorial representation of cloned model plant “Arabdopsis thaliana” in Hyderabad on Friday. At left is Dr Ch. Mohan Rao, Director of CCMB. — P.V. Sivakumar
Hyderabad, Feb. 18:

Can you imagine farmers working with hybrid seeds not having to buy them every year? Instead, they can clone the seeds on the fields! Seed companies can reduce production costs and bring down time-cycles significantly.

All this could be possible in future, if findings of a collaborative research project involving scientists at the Centre for Cellular and Molecular Biology (CCMB) and reputed laboratories abroad could be taken further.

The “path-breaking” discovery, which has been published in today's issue of the journal *Science*, entitled “Synthetic clonal reproduction through seeds” has shown the possibility of producing clonal seeds by altering some genes that have a say in reproductive cell-division in plants which reproduce themselves asexually.

This strategy allows Apomixis, which refers to seed development without fertilisation of cell division which is hitherto impossible in food plants or their hybrid seeds, Dr Imran Siddiqi, Scientist at CCMB and one of the scientists who discovered the technique, told newspersons here on Friday.

The study, conducted in the model plant “Arabidopsis thaliana” provided a proof of principle demonstration of engineering apomixes in food crops,” Dr Siddiqi said.

ADVANTAGES

The method, if adopted at field level, would mean that farmers would be able to multiply their own hybrid seeds and not be compelled to buy them for every planting, he said.

Further, the productivity of seeds could be increased (10-15 per cent in wheat and 20-30 per cent in rice, for instance) by eliminating the loss of “hybrid vigour” (increased yield of a seed over both its parents).

“This is possible because the seeds could now be produced asexually so there is no question of hybrid seeds not performing as well as their parent over a period of time," he explained.

According to Dr C H Mohan Rao, Director CCMB, this would reduce the cost of hybrid seed production by reducing the time-cycles from about seven years to one year.

WAY AHEAD

“However, to translate the discovery into a farm practice, the efficiency needs to be improved further besides turning the process on and off at will so that one can use the seeds as per the needs," Dr Siddiqi said.

As the research was done by all publicly-funded institutes, efforts are on to provide access to technology to many stake-holders instead of rigid commercial patenting.

The scientists in the project were Mr Mohan P A Marimuthu, Dr Imran Siddiqi (of CCMB), Dr Raphael Mercier (INRA-France) and Dr Simon Chan (University of California).

When contacted, some seed companies mentioned there are several processes involved in cloning of seeds. It would be appropriate to study this approach before reacting.

Japanese cos keen to set up power project, LNG terminal near Dighi port

Mumbai, Feb 18:

Japanese companies have shown interest in setting up a power project and an LNG terminal in the special economic zone close to the Dighi Port in Maharashtra, an official told *Business Line*.

The new private port, around 50 nautical miles away from the Jawaharlal Nehru Port, is expected to start operations next month.

Developed jointly by the Mumbai-based Balaji Infra Projects Ltd and Infrastructure Leasing and Finance Services, Dighi Port will be equipped to handle all types of cargoes.

A Japanese delegation led by Mr Takaya Imai, Director General, Ministry of Economy, Trade and industry, visited Dighi Port on Thursday, to have an on-the-spot study of the infrastructure facilities available at Dighi.

Dighi Port is the last point for the Delhi- Mumbai Industrial Corridor, which is being developed with Japanese financial assistance. The port has a land bank of around 1,200 acres.

Japan team's visit

An official of a Japanese company, who was part of the delegation which visited the port, said the company is making a preliminary study of the investment opportunities at the SEZ.

Mr Vijay Kalantri, Chairman and Managing Director, Dighi Port Ltd, said the Japanese delegation, which is in India to assess the progress of the industrial corridor, has visited the port, which is located within the DMIC.

He said the visit of the delegation is expected to result in major Japanese investments in the Dighi special economic zone in areas such as power, LNG, automobiles and agri-business.

One berth ready

Mr Saibal K, De, Chief Executive, IL&FS Maritime Company, which holds around 20 per cent stake in Dighi Port, said one of the three berths being developed in the first phase is ready. The port, with a draught of 12.5 metres, hopes to handle cargoes such as coal, steel and automobiles. To begin with, it will handle bulk and break-bulk cargo and subsequently move into liquid cargo.

Dr. Kshatrapati Shivaji, CEO, Maharashtra Industrial Development Corporation, who accompanied the Japanese delegation , said, he expects large-scale investments by Japanalong the DMIC stretch in Maharashtra.

Companies such as Posco and JP Associates have already announced their investment plans at the Dighi Port

BL190211Pulses_agricommodity0.ART

ArrivalsPrice

Current%SeasonModalPrev.Prev Yr

ChgcumulativeModal%ChgArhar(Tur)

All Markets

195.40-19877.18---Of WhichDahod(Guj)

79.20-3307.803300--10.81Junagadh(Guj)

54.20-10.411724.7036003550-Dehradoon(Utr)

18.00-18.005150--Palitana(Guj)

15.0065033.0026252850-Devgadbari(Guj)

6.20-55.903510--6.65BengalGramDal

All Markets

64.00-6852.40---Of WhichBangalore(Kar)

59.00-7.814941.003400340021.43Midnapore Sadar(WB)

5.00NC21.8060005800-BengalGrams(Gram)

All Markets

283.50-60492.82---Of WhichKurnool(AP)

209.00-44.711448.0022802368-Bangalore(Kar)

30.00-3.231683.002800280016.67Dahod(Guj)

18.00-4777.002490-26.72Koilkunta(AP)

12.00-709.002300--Pattikonda(AP)

2.00-122.002400--BlackGrams(Urad)

All Markets

136.70-55181.25---Of WhichThondamuthur(TN)

50.00-57.003500--Warangal(AP)

28.00-29.004300--Taloda(Guj)

12.00-1145.002550--Junagadh(Guj)

9.00-21.741778.1023502350-Kota(Raj)

9.00-103365.4034503300-GreenGrams(Moong)

All Markets

141.10-78868.15---Of WhichKhammam(AP)

60.001004280.0038003500-29.63Nagaur(Raj)

46.4017.773077.8038503850-Rapar(Guj)

12.50-34.211206.9230252800-Gajsinghpur(Raj)

6.00-2096.003501--Bhuj(Guj)

5.4042.11591.4427502550-49.74HorsesGram

All Markets

79.50-7916.73---Of WhichSanthesargur(Kar)

21.00-189.001200--Gundlupet(Kar)

18.00-217.001213--Hunsur(Kar)

17.00-17.001300--Palitana(Guj)

15.00-120.002350--Bangalore(Kar)

4.00-50106.0013501350-28.00Lentil(Masur)

All Markets

3.20-7147.50---Of WhichAit(UP)

3.20-9.202751--11.26MasurDal

All Markets

21.00-7110.72---Of WhichPurulia(WB)

11.00-576.005200--13.33Midnapore Sadar(WB)

6.009.09106.3253005200-11.67Asansol(WB)

4.00-25.304900--Moath

All Markets

210.72-41037.96---Of WhichLunkaransar(Raj)

168.0046028096.0024702300-Nagaur(Raj)

18.5063.72181.1025752550-Rapar(Guj)

11.2017.89995.9021352150-Taloda(Guj)

5.00-21.001625--Kadiri(Guj)

4.50-30.7775.0022002550-58.10RedGrams

All Markets

625.50-33104.73---Of WhichKurnool(AP)

461.00-37.367347.00346033900.29Khammam(AP)

54.0028.57932.0034003200-9.33Jangaon(AP)

52.00NC468.0034503450-Warangal(AP)

27.00-251.003495--Dhone(AP)

23.00-8730.0034203360-

Sugar remains firm on fresh buying

Mumbai, Feb. 18:

Spot sugar prices at the Vashi terminal market ruled steady on Friday, after the Government deferred a decision on sugar exports on Thursday. Prices at spot, *naka* and mill-tender levels remained range-bound, despite freight rates at producing centres rising by Rs 5 on shortage of trucks. Volumes/dispatches were higher than arrivals as the market will remain closed until Sunday. Continued support from need-based local as well as upcountry fresh buying along with neighbouring States kept the market afloat at the mills level. Most of the market players still hope exports will be allowed. .

On Thursday evening, about 14-15 mills offered tenders and sold about 78,000-80,000 bags (each of 100 kg) at Rs 2,670-2,710 for S-grade and Rs 2,720-2,775 for M-grade. Arrivals were at 50-52 truck loads (each of 100 bags), and local dispatches were higher at 52-54 truck loads.

Bombay Sugar Merchants Association spot sugar rates: S-grade Rs 2,791-2,851 (Rs 2,791-2,851) and M-grade Rs 2,831-2,911 (Rs 2,831-2,911).

Naka delivery rates: S-grade Rs 2,740-2,770 (Rs 2,740-2,770) and M-grade was Rs 2,800-2,860 (Rs 2,800-2,860).

Mixed trend in pulses

Indore, Feb. 18:

Trading in pulses and pulse seeds continued to remain sluggish on lack of demand in the physical market, though masoor and urad dal did witness a gain of Rs 25-100 on slightly improved demand. In local *mandis*, chana remained steady at Rs 2,500 a quintal on subdued demand. Chana dal also remained firm with chana dal (bold) in the spot quoting at Rs 3,200, chana dal (medium) Rs 3100 and chana dal (average) Rs 2,950 a quintal.

Moong also remained steady at Rs 4,800-4,900 a quintal, so did moong dal prices with moong mongar quoting at Rs 6,500-6,600 a quintal, while moong dal (bold) . Dull trading also kept tur firm at Rs 4,200, while tur dal (marka) Rs 6,200, tur dal (full) Rs 6,000 and tur dal (sawa no.) Rs 5,200 a quintal.

Masoor gained Rs 25 at Rs 3,200 on slightly improved demand. In the spot market, masoor dal (average) quoted at Rs 3,700-3,725, masoor dal (medium) Rs 3,775-3,800, while masoor dal (bold) Rs 3,850-3,900 a quintal respectively.

In the past two days, chana and its dal have declined by Rs 50. As the arrival of new chana in the *mandis* has gained momentum, chana prices in the futures have tumbled. As a result, chana prices in the spot declined by Rs 50. On Tuesday, too, chana prices remained steady at Rs 2,500 a quintal on weak demand. Chana dal also saw a corresponding decline in its prices with chana dal (bold) in the spot quoting at Rs 3,200, down Rs 50, and chana dal (medium) at Rs 3,100.

Rice prices remain unchanged

Karnal, Feb. 18:

The rice market saw a steady trend with prices of aromatic and non-basmati varieties maintaining their previous levels on Friday. Mr Amit Chandna, proprietor of Hanuman Rice Trading Company, told *Business Line* that the market is moving at snail's pace. Traders, at the beginning of this season, were expecting the market to touch Rs 6,300 a quintal, but it's currently trading at around Rs 5,300 a quintal, he said.

There was a drop of Rs 20-50 a quintal in both aromatic and non-basmati varieties this week. Pusa-1121 (steam) ruled at Rs 5,200-5,350 a quintal, Pusa-1121(sela) at Rs 4,250-4,360, and Pusa-1121(raw) at Rs 5,150-5,200. Basmati (sela) was quoted at Rs 6,200-6,250 and basmati (raw) at Rs 7,300-7,370. Duplicate basmati ruled at around Rs 3,960 a quintal. Brokens such as Tibar ruled at Rs 3,000-3,400, Dubar at Rs 2,200-2,500 and Mongra at Rs 1,800-2,000.

Sharbati (sela) was sold at around Rs 2,680, Sharbati (steam) at Rs 3,000-3,070, Permal (sela) at Rs 1,900-2,030 and Permal (steam) at Rs 2,100-2,180 a quintal. Paddy Trading

Around 700 bags of PR were sold at Rs 1,030 a quintal. About 800 bags of Pusa (duplicate basmati) went for Rs 2,000-2,050 and around 1,000 bags of Pusa-1121 at Rs 2,000-2,330. Pure basmati was sold at Rs 2,200-2,640 a quintal for approximately 600 bags.

Onion steady as export ban goes

Indore, Feb. 18:

Onion prices ruled steady in the markets around the country's major producing centres, as the Centre lifted the ban on onion exports and arrivals prevented any major rise in the rates.

At Lasalgaon in Maharashtra, the modal price or the rate at which most trades took place was Rs 925 a quintal. In Pune, the modal price was Rs 750 a quintal against Rs 650 last week. Quality onions fetched over Rs 1,100 a quintal in both markets.

"A relief"

"The lifting of the export ban is definitely a relief. But buyers abroad have been put off by the floor price fixed by the Centre at $600 a tonne," said Mr Rupesh Jaju, director of Nashik-based United Agri-Pacific Ltd.

"Despite higher prices, there is demand for Indian onion since it is still cheaper than from other sources," said Mr Madan Prakash, Director at Chennai-based Rajathi Group of Companies. Exporters, however, are awaiting the notification from the Director-General of Foreign Trade. After banning onion exports in December when the prices vaulted to nearly Rs 100 a kg in retail markets, the Centre lifted the ban on Thursday. However, it fixed a minimum export price to ensure adequate availability in the domestic market at affordable rates.

“Prices have not seen any knee-jerk reaction in sympathy with the decision to export. This is because arrivals are good. In and around Nashik, arrivals are very good. Arrivals are expected to continue until the summer crop arrives,” said Mr Jaju.

For example, arrivals at Lasalgaon, Asia's biggest onion market, have been nearly 2,000 tonnes almost throughout this week. On Friday, arrivals were 2,004 tonnes against 2,200 on Thursday.

Good rabi expected

The summer or rabi onion arrival is likely towards March-end and according to traders, the arrivals could be good. “Many opted to cultivate onion this time in view of the high prices. We expect a good crop,” said Mr Jaju.

“Prices are likey to rule around this level for the next few weeks since arrivals are matching demand,” said Mr Prakash.

Onion prices shot up in December and ruled high until the middle of January as the kharif crop was affected by untimely rains in Maharashtra and Gujarat. Arrivals, too, were delayed, forcing the Centre to ban exports and take measures such as launching raids on traders.

However, with arrivals peaking in the last couple of weeks, prices crashed to around Rs 5 a kg in the growing centres, leading to an agitation by growers.

Though exports, for one, were blamed, they were, in fact, lower than last year.

Spot turmeric shoots up Rs 1,341/quintal

Erode, Feb. 18:

Spot turmeric at the Erode Cooperative Marketing Society jumped Rs 1,341 a quintal. In other sales centres also, prices of spot turmeric increased by Rs 200-250 a quintal.

“Due to demand for the old crop, the traders quoted high price, which led to this spike of of Rs 1,341 a quintal. More than 100 bags of old crop were sold,” said the traders. The price in other sales centres also witnessed an increasing trend for both the old and new crops.

“Still demand for the old turmeric crop is high, but moderate for the fresh crop. So ttraders are buying the old crop,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said, “The sales in other centres also were high, like Erode. The buyers are watching the situation and cautiously quoting prices, buying the required quota.” He added that sales were also high for the past two days. The growers are keeping limited stock of old crop. Within a month's time, the new crop has improved by Rs 2,000 a quintal, and the price for it may go up in March, Mr Ravishankar said.

In Erode Cooperative Marketing Society, finger variety was sold at Rs 10,197 to Rs 12,610 a quintal. Root variety Rs 9,396 to Rs 11,475 a quintal. Out of 320 bags kept for sale, 272 bags were sold.

In the Erode Turmeric Merchants Association Sales yard, finger variety was sold at Rs 7,638 to Rs 11,265 a quintal, root variety Rs 7,016 to Rs 10,896 a quintal.

Salem crop finger variety Rs 10,899 to Rs 12,629 a quintal. Root variety Rs 10,616 to Rs 11,117 a quintal. Out of arrival of 3,655 bags, 1,865 bags were sold.

In Gobichettipalayam Agricultural Cooperative marketing Society, finger variety was sold at Rs 10,397 to Rs 12,360 a quintal. Root variety Rs 8,200 to Rs 10,536 a quintal. All the 43 bags kept ready for sale were sold. The finger variety fetched Rs 471 a quintal higher than yesterday's price.