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In rain-battered Adilabad, death stalks farmers

S. Harpal Singh

— PHOTO: G. RAJESHWARA CHARY

In dire straits: The wife and daughter-in-law of Sheikh Ramzan, a farmer of Borigaon in Ichoda mandal who ended his life after heavy rain destroyed his cotton crop.

ADILABAD (Andhra Pradesh): With one cotton farmer committing suicide every alternate day, the district has become a virtual killing field for growers grappling with the socio-economic upheaval caused by crop failure this season.

The current spate of suicides started at the beginning of the last quarter of 2010, when it became clear that the excessive rain irreparably damaged the crops. Dismal yields and mounting debts drove 30 farmers to death during this period.

With 16 farmers ending their lives in January, the rate of suicide increased from one in three days to one every two days. The farmers' expectation that the situation would ease as the season progressed was belied once again.

Bt cotton

The promise of a better income drove more and more farmers to Bt cotton during the kharif season of 2010. In just one year, the area under cotton in the district increased from more than 2 lakh hectares to over 3 lakh hectares.

Having worked as an agricultural labourer all his life, Sheikh Ramzan, 55, of Borigaon in Ichoda mandal began cultivating his five acres only in 2009. Little did he realise that his dream of becoming a farmer would be shattered by the unusually inclement weather. “He became progressively pensive as the spells of heavy rain kept destroying the crop,” recalls Ramzan's wife Aisha Bi, speaking of the weeks before the farmer committed suicide in January.

“Instead of 25 quintals of cotton expected at the start of the season, he got only 1.5 quintal,” she says.

Tallapalli Chinna Ganganna, a small farmer from Kapri in Jainad mandal, found himself at a loss, as the crop failed in the very first year he took to cultivation on his own. “He ran into debts amounting to Rs.1.3 lakh, half of which was spent on treatment of his wife who died in June,” says Sagudam Latchanna, a neighbour.

Ganganna's orphaned daughter Sangeeta and son Shivanna abandoned their small house in the belief that it brought them ill luck. Living in a makeshift hut close by, they now await the relief package from the government.

The government goes about its laborious routine of offering monetary relief, but does hardly anything concrete to prevent suicides.

The adverse weather conditions were characterised by spells of excessive rain between June-end and September-end: against the normal of 10 cm for the June-December period, the district received nearly 12 cm. While the investment went up by more than 30 per cent of the normal Rs. 10,000 an acre, the yield came down by 70 per cent.

“No one ever lacks a good reason for suicide,” said Italian author Cesare Pavese as he attempted, perhaps, to justify the tendency.

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Farmers demand Rs. 2000 for a quintal of paddy

Staff Reporter

“Government should open direct purchase centres in all taluk areas”

PRICEless:Members of Tamizhaga Vivasayigal Sangam staging a demonstration in Rajapalayam on Tuesday.

RAJAPALAYAM: Members of Tamizhaga Vivasayigal Sangam dumped paddy on the road to highlight their demand for fixing Rs. 2,000 as procurement price for a quintal of paddy in Rajapalayam on Tuesday.

The association district president, N.A. Ramachandra Raja, said that their demand was justified by the increasing cost of agricultural inputs, rise in wages for farm hands and frequent increase in diesel price.

Mr. Ramachandra Raja said that the Government should open direct purchase centres at all taluk areas and buy paddy from the farmers.

The association complained that despite repeated pleas to the district administration, farmers have not been given their compensation under the National Agricultural Crop Insurance Scheme and other insurance schemes.

It also demanded the implementation of personal crop insurance scheme.

The State deputy president, I.B. Raghupathi Raja, and district secretary P. Ammaiyappan, participated in the protest.

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hindustantimes
Wed, 02 Feb 2011

Weather

Delhi - INDIA

Today's Weather

Clear

Wednesday, Feb 2

Max	Min
21.8°	8.1°

Rain: 00 mm in 24hrs
Humidity: 72%
Wind: Normal

Sunrise: 7:09
Sunset: 18:00
Barometer: 1016.0

Tomorrow's Forecast

Sunny

Thursday, Feb 3

Max	Min
23°	7°

Extended Forecast for a week

<table>
<tr><td>Friday</td><td>Saturday</td><td>Sunday</td><td>Monday</td><td>Tuesday</td></tr>
<tr><td>Feb 4</td><td>Feb 5</td><td>Feb 6</td><td>Feb 7</td><td>Feb 8</td></tr>
<tr><td>27° | 12°</td><td>28° | 12°</td><td>29° | 12°</td><td>30° | 12°</td><td>31° | 14°</td></tr>
<tr><td>Sunny</td><td>Sunny</td><td>Partly Cloudy</td><td>Sunny</td><td>Sunny</td></tr>
</table>

Chennai - INDIA

Today's Weather

Partly Cloudy

Wednesday, Feb 2

Max Min

31.2° | 21.9°

Rain: 00 mm in 24hrs

Humidity: 89%

Wind: Normal

Sunrise: 6:35

Sunset: 18:09

Barometer: 1014.0

Tomorrow's Forecast

Cloudy

Thursday, Feb 3

Max Min

31° | 22°

Extended Forecast for a week

<table>
<tr><td>Friday</td><td>Saturday</td><td>Sunday</td><td>Monday</td><td>Tuesday</td></tr>
<tr><td>Feb 4</td><td>Feb 5</td><td>Feb 6</td><td>Feb 7</td><td>Feb 8</td></tr>
<tr><td>27° | 23°</td><td>27° | 22°</td><td>26° | 21°</td><td>24° | 21°</td><td>24° | 21°</td></tr>
<tr><td>Cloudy</td><td>Rainy</td><td>Cloudy</td><td>Cloudy</td><td>Cloudy</td></tr>
</table>

Business Standard

Wednesday, Feb 02, 2011

Sugar mills look at power, alcohol to buffer margins

Dilip Kumar Jha / Mumbai February 02, 2011, 0:30 IST

Faced with a severe squeeze on margins, sugar mills are looking at alternatives, largely in potable alcohol and energy. The government's decision to set the benchmark ethanol price at Rs 27 per litre has given a push to this.

With rising raw material and labour costs and stagnant realisation from sugar sales, many mills are not even breaking even. The situation is grim, said an industry official. Any rise in sugar prices isnt always followed by a demand to pay a higher cane price to farmers.

"Unless mills diversify to other remunerative avenues, survival will become difficult, as the core business i.e. sugar, is becoming more and more non-remunerative," said Sanjay Tapriya, Director-Finance, Simbhaoli Sugars Ltd (SSL).

A 750 ml mid-end alocoholic drink bottle, with no more than 45 per cent of alcohol, costs Rs 250-400. Therefore, sugar mills find enormous opportunity to compensate the deficit in the core business through subsidiary areas like potable alcohol and power, said Deepak Desai, an analyst with Ethanol Association.

Power is another area where mills are focusing more; all mills can produce power by burning cane residue, termed co-generation. Most mills have contracted with state grids for additional power supply, for which realisation goes as high as Rs 4 per unit.

With the Uttar Pradesh government raising its state advised price for cane by Rs 40 a quintal, to Rs 205 per qtl, the raw material has become costlier by nearly 20 per cent this season. Increasing inflation and alternative job avenues like the National Rural Employment Guarantee Scheme of the central government has raised the cost of labour by 10 per cent this season.

The ex-factory price of sugar is currently between Rs 2,830-2,850 per quintal, marginally higher than the cost of production. Hence, sugar mills have decided to expand branded alcohol production in association with local partners.

SSL has a detailed business plan to launch new brands of potable alcohol in Uttar Pradesh, Bihar and West Bengal. This is in addition to its existing 15 local brands in eight states. About four per cent of the crushed cane comes as molasses, converted by fermentation into rectified spirit (RS), which is 94.68 per cent alcohol. This can be directly used to make potable liquor like rum. To get superior grade alcohol from the RS (price Rs 25-26 per litre) impurities like aldehydes and ketones are taken out to get extra-neutral alcohol (ENA), which sells at a premium over RS. The price of ENA is Rs 28-29 per litre.

Then, mixing RS with denaturants to make it non-potable enables industrial grade alcohol, to produce chemicals such as ethyl acetate, acetic acid, etc. The price of industrial alcohol, also known as SDS (special denaturant spirit), is Rs 22.50 to 23 per litre. Rectified spirit can also be converted into industrial alcohol like ethyl acetate or sulphuric acid for use in the paint industry.

Rectified spirit is currently priced at Rs 25-26 per litre, while higher grade alcohol is sold between Rs 28-30 per litre. Companies with adequate distillation capacity buy molasses to convert into rectified spirit and then potable alcohol. Mills with no distillation facility sell rectified spirit to nearby distilleries.

Tobacco Board plans more platforms in AP, Karnataka

D Gopi / Guntur February 02, 2011, 0:28 IST

The Tobacco Board is planning to open seven more auction platforms in Andhra Pradesh and Karnataka for the next season.

It has already sent proposals to the Centre to open four new platforms in AP and three in Karnataka. This is in addition to the e-auction that the board plans to start in Karnataka from the coming season.

The board now has 20 platforms in AP and 11 in Karnataka. The new platforms would come up in Aswaraopet in Khammam district, Santhanuthalapadu and Tanguturu in Prakasam and Koyyalagudem in West Godavari district. Similarly, in Karnataka, these would come up at HD Kote and Bettadapura in Mysore district and Ramanathapura in Hassan district.

These platforms would meet the requirement of farmers, who are continuing tobacco cultivation for the past five years. Farmers have been facing problems in shifting tobacco bales to the nearest platforms, which made the board go for new platforms closer to farmers, said a senior official from the board.

The board would have to invest in electronic weighing machines and computers besides other establishment at these seven new auction platforms.

Meanwhile, a fall in the output for the season is expected both in Karnataka and Andhra Pradesh due to incessant rain in December last year.

The board had fixed over 100 million kg of tobacco in Karnataka and 175 million kg for Andhra Pradesh for the season beginning in February. However, officials assess that the production would not reach the target because of the damage caused by rain.

“We are expecting 125 to 130 million kg from Andhra Pradesh and 80 to 90 million kg from Karnataka,” the official said.

Spinning mills may stall production if Centre extends yarn export curbs

Komal Amit Gera / Chandigarh February 02, 2011, 0:26 IST

Industry says export of yarn made from imported cotton not sufficient.

India’s spinning industry may have to suspend production if the Centre delays the announcement of the second tranche of export quota for cotton yarn. Spinning mills across the country are sitting on a heap of yarn ready for export.

The Ministry of Textiles had suspended registration for cotton yarn exports on December 1, because the 720 million kg ceiling was not absorbed. However, the industry wants permission to allow export of surplus yarn.

The total anticipated production of cotton yarn in 2010-11 is 3,540 million kg and the projected domestic consumption is 2,644 million kg. With a heldover stock of 50 million kg (part of the 720 million kg that could not be shipped) and 176 kg of surplus yarn, the industry estimates that the total exportable surplus with the spinning mills is still over 226 million kg.

The representatives of national and regional textile bodies, including Confederation of Indian Textile Industry (CITI), North India Textiles Millers’ Association (NITMA), South India Cotton Association, Indian Spinners Association and South India Textile Millers Association (SITMA) told Business Standard that rising cotton prices and a fall in demand of cotton yarn had squeezed their margins. The freeze on exports has further affected the industry.

According to D K Nair, secretary general of CITI, cotton prices have touched Rs 51,000 a candy against Rs 40,000 per candy last year. Domestic demand has also declined because of the high prices. There is also a glut in yarn stocks while there is restriction on export quota. “The way the things are going, the industry may collapse anytime.”

The Director General of Foreign Trade (DGFT) had last week allowed exports of yarns made out of imported cotton. However, that was not sufficient.

Nair said the Regional Excise Authorities were neither informed them about the move, the procedure it would follow and the name of authority responsible for issuing the licenses. Moreover, he said, it was going to help only a handful of millers who make speciality yarn out of imported long staple cotton.

The annual usage of cotton in India is 27 million bales and only five lac bales are imported annually. Out of this only 2.5 lac bales are used to make yarn meant for exports. This would constitute only 1 per cent of the total production of cotton yarn.

The President of NITMA (North India Textile Mills Association) Ashish Bagrodia said the Cotton Advisory Board anticipated a total crop size of 32.9 million bales but the actual crop size may touch 30.9 million bales due to crop loss in the southern states during the western disturbances in November and December.

Bagrodia said the export quota of cotton should be decided in April-May when the actual crop size is known. The spinning mills, according to him, are in a catch-22 situation because cotton prices are going up while the market was not in a position to digest any hike in yarn prices.

Due to this spinning mills are incurring a loss of Rs 40 a kg which is hitting the bottom lines. Earlier, there was no quota for yarn exports and the spinning mills had been adding capacities over the past few years looking at the prospects of global demand, but the ban on exports without any valid reason has created excess yarns for all spinning mills.

The spinning mills are also worried about the export obligation to be met under EPCG (Export Promotion Credit Guarantee Scheme). An importer of capital equipment has to export goods manufactured from that machinery worth eight times of the customs duty saved in a period of eight years in this scheme. The restriction on export would not allow them to meet their export obligation and they may be penalised for that.

The millers in southern states are facing similar problems and have an average ready stock for two months, said K N Vishawanathan, the president of South India Cotton Association (SICA). “Millers are completely clueless about the future. We may have to resort to stop mills as we do not have space to store stock.”

Chairman of Indian Spinners Association V K Ladhiya said the situation is precarious. The huge funds invested by the spinning industry and the export orders, are in jeopardy. If the government wants to regulate exports it should release the quantity per month.

Such policies in the era of free trade would undermine India’s image in the international market to the advantage of its competitors. All textile bodies are trying to meet the minister to find a solution and save the economy from the impending loss in terms of employment and bank borrowings.

THE HINDU Business Line

Save water, include millets in PDS

With water-friendly millets slowly going out of food chain, Millet Network of India, an association of non-governmental organisations and intellectuals across the country, has called for their inclusion in the public distribution system (PDS) to encourage farmers grow those crops.

A group of Millet Network associates met in Medak in Andhra Pradesh to discuss ways to promote these crops. The group has come out with a Medak Declaration urging the Centre to introduce millets in the PDS system in all millet growing areas by 2015 to start with. It cites the recommendations of the National Advisory Council. The group says the programme could be expanded to the rest of the country by 2025.

“The Government should take urgent steps to strengthen the supply side of millets to ensure this,” said .Mr P. V. Satheesh, National Convener of the Network, here in a press release. the declaration

“Millets should be encouraged as they consume less water and provide nutritious food to people. We need to introduce them in all anganwadi centres and mid-day deal programmes in Government schools,” Mr Satheesh said.

Farmers growing millets should also get financial support. Besides giving them remunerative minimum support price, they should be given a bonus of Rs 10,000 a hectare as they conserve water and the biodiversity.

Asking for a multi-pronged support to millet farmers, he said agricultural operations on millet land such as ploughing, weeding and harvesting must be included in the National Rural Employment Guarantee scheme.

Vowing to make the backward Medak country's first millet district. he said the district administration has resolved to achieve this by encouraging millet farming extensively.

Dearth of N. Indian orders grinds turmeric

Prices of number eight variety of turmeric dropped by Rs 500-1,000 a quintal on Friday. “At other turmeric sales centres such as Nizamabad, arrivals as well as demand for the crop have increased.

But there was no demand for Erode turmeric from north Indian merchants, so there was no buying,” said Mr R.V. Ravishankar, President, Erode Turmeric Merchants Association.

“This is the first time that growers have seen such a steep fall in price for the new crop. Buyers are reluctant about the moisture in the crop, as the weight of the commodity gets reduced by a tenth on drying.”

Ttotal sales of the new variety (number eight) in all the four sales centres were only in double digits.

In the Erode Turmeric Merchants Association sales yard, the finger variety (number eight variety) fetched Rs 10,474-12,980 a quintal and the root variety Rs 10,070-12,929 a quintal. A few of the 1,624 bags that arrived were sold.

The finger variety (old turmeric) sold at Rs 9,200-13,611 a quintal and root variety Rs 9,100-13,461 a quintal. Out of the543 bags that arrived, about 400 were sold.

Prices ease at Kochi tea auction

Demand waned and prices eased at the Kochi tea auction for both the dust and leaf tea. There was 11,47,500 kg of dust and 2,69,500 kg of leaf tea on offer .

Prices of several CTC dust teas fell by Rs 3-5. Exporters remained subdued and covered only negligible quantities at the auction.

Tata Global was relatively active at the dust auction while AVT and Kerala State Civil Supplies Corporation lent fair amount of support. Hindustan Unilever also remained subdued and covered nominal quantity.

There was very little orthodox dust grades on offer at the auction and price remained fully firm to dearer.

Bulk of the orthodox dust was absorbed by HUL and exporters.

Leaf Auction

Select high grown whole leaf grades, bolder broken and fannings were firm to dearer at the orthodox leaf auction.

Most other grades were irregular and quoted lower. Medium whole leaf and bolder broken grades also quoted higher following quality.

Medium smaller broken grades and fannings from some areas were barely steady and often eased in price.

Exporters to Russia and HUL were active. Exporters to Tunisia confined themselves to medium grades. CTC leaf quoted lower by Rs 3-5 and sometimes even more.

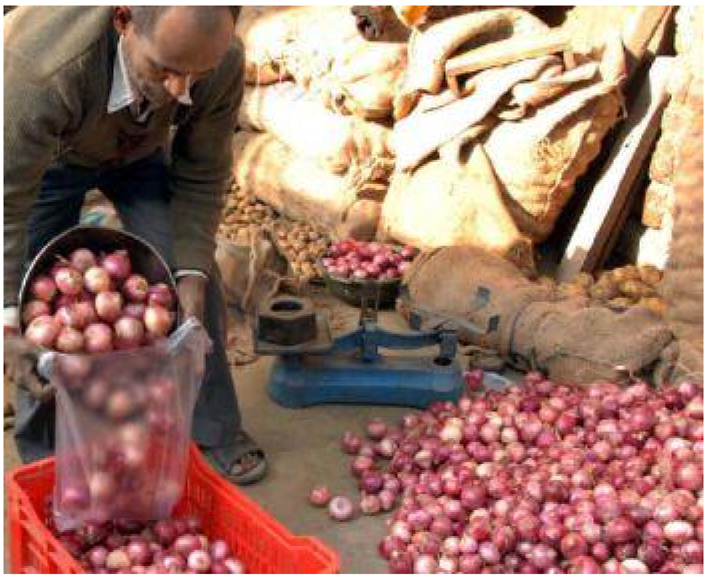
Upcountry buyers lent some amount of support while exporters remained subdued.

Top Prices

Pasuparai FD fetched the top price at the dust auction at Rs 136 followed by Pasuparai SFD at Rs 129, Pasuparai RD at Rs 124 and Pasuparai SRD at Rs 116.

At the leaf auction, Glendale pekoe fetched the top price at Rs 210 followed by Quinshola FP and Chundavurrai Pekoe at Rs 205 while Rajamallay Pekoe fetched Rs 201.

Lower arrivals lift onion prices a tad



Onion prices that dropped to a two-and-a-half month low earlier this week gained marginally towards the weekend on lower arrivals.

At Lasalgaon in Maharashtra, onion of better quality was quoted at Rs 1,535 a quintal against 1.495 on Thursday. The modal price or the rates at which most trades took place increased to Rs 1,300 from Rs 1,200.

On Tuesday, the maximum price dropped to Rs 1,392, a rate not seen after November 1. The prices drop was mainly due to arrivals of 1,305.5 tonnes that day.

Since then, there has been a drop in arrivals with the inflow declining to 1.123 tonnes on Friday from 1,149 on Thursday.

With harvest of late kharif on, prices are expected to rule around this level as domestic demand is supporting current market trend.

Prices had run up to a record Rs 6,299 a quintal on December 20 before the Government took steps such as banning exports to curb the price rise.

Onion prices are ruling high as unseasonal rain in November damaged the crop. Besides, the rain also affected the seedlings.

Cashew moves up marginally on buying support

Cashew prices moved up a few cents last week, although little business was done. Levels traded were $4.30-35 for W240 and $3.75-3.85 for W320. Most of the trades were for February-April shipments. Indian market has been quiet for the past two weeks and prices drifted lower from the peaks, dealers said.

Most buyers need to buy for shipment beyond April, but are trying to delay buying as much as they can, Mr Pankaj N. Sampat, a Mumbai-based dealer told *Business Line*. “They do not want to extend cover at current levels, and then find that first-quarter off-take is lower than planned. If the existing cover can take them through a few more weeks, they hope that prices will ease when raw cashew nut (RCN) arrivals peak in April/May. Then they can cover their second-half requirements,” he said. Asian demand is expected to be lower for a few weeks, which might lead to lower kernel prices If the buyers in the US and Europe also stay away from the market in February/March, then processors will be able to slow initial buying, leading to softer RCN prices in April/May. This, in turn, will aid further decline in kernel prices.

On the other hand, traders said, if there is steady periodic buying from the US and Europe, like in the last 6-9 months, prices will remain firm and may even move up a bit, in case anyone wants to buy volume for spread delivery. This will add to the need of processors to start buying RCN quickly, as a result of which opening prices will not come down. Crop shortage — actual or perceived — or delay in movement of RCN will only push up RCN prices. Consequently, kernel prices will remain firm, they said.

Tepid trade

According to Mr Pankaj, there is not much trading in RCN. Mozambique RCN is offered at around $1,450 a tonne, and Nigerian RCN is reportedly trading at around $1,225 a tonne. Indicative offers are at around $1,500 a tonne for Benin and around $1,425 a tonne for Ivory Coast/Ghana.

“Our feeling is that there will be quite a bit of volatility in offers for West African RCN during the next few weeks,” he said. Actual opening price levels will be known only by mid- or late-March and bulk of the trade will happen in April/early-May. Till mid-March, all quotes are speculative and can only be used as an indication of the trend.

At the moment, all origins are expecting normal crops, but low stocks with Indian and Vietnamese processors means they may not have the luxury of waiting for peak arrivals to bring prices down and might have to start buying as soon as physical arrivals start. The industry needs good crops in all origins in 2011 to replenish stocks and balance supply and demand, he said. In addition to this, the other short-term factors which will affect 2011 market trend are the off-take figures in the first quarter and the kernel activity in February/March from the two major importing regions. Apart from this, “we have to keep a close watch on external factors — economic news (signals are for a smoother and growth year) plus currency movements plus prices of other nuts,” he said.

It is impossible to judge or even guess the market trend beyond a few months, he said. But the scales are tilted in favour of a steady market for the next few months. Although we might see small dip in prices in the coming weeks, if activity is slow or if there are encouraging reports from origin, a significant price decline in the short term is possible only if buying interest is low plus all the crops are very good, and there are no supply distortions, he added.

Commodity prices remain firm

Prices of all major commodities remained unaltered from their previous rates at the wholesale foodgrains market here today.

Following are the rates in Rs per quintal: Tur dal 7,000, urad dal 6,300, moong dal 7,000, 3,050, sugar 2,900, wheat 1,950, maida (90 kg) 1,750 and sooji (90 kg) 1,900.

Pepper futures firm on limited activities

Pepper futures, after the usual tug of war of bull and bear operators, remained nearly steady with a marginal increase. Added to this was the holding up of movement of containers following a proposed strike call at Kochi port. There were additional buying. But activities were limited. There was no selling pressure on the spot. Sellers were limited. Exporters were worried over the proposed strike, trade sources alleged. All Private Labour Trade Unions have reportedly called for a total stoppage of operations at the Kochi Terminal from today midnight onwards, they said.

Alternative port

“In the meantime, we recommend customers to consider using alternative south India gateway port such as Tuticorin,” some of the operators said. In the overseas markets nobody is maintaining any inventory due to the high cost involved and hence all are buying time bound. Selected groups of buyers preferring Malabar wanted the shipments on time and if “we are unable to meet the delivery schedule, they might look for other origins which, in turn, would deprive us of their confidence,” market sources told *Business Line*.

On the spot, small quantities of new pepper was traded at Rs 203–205 a kg while good quality old pepper was traded, albeit small quantity, at Rs 215– 216 a kg, they said. February contract was up by Rs 28 to close at Rs 22,428 a quintal.

March and April moved up by Rs 15 and Rs 148 respectively to close at R s22,790 and Rs 23,151 a quintal. Total turnover dropped by 2,526 tonnes to 4,724 tonnes. Total open interest increased by 224 tonnes to 11,616 tonnes showing additional buying. February open interest went up by 30 tonnes to 8,668 tonnes while that of March and April moved up by 168 tonnes and 9 tonnes.