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## 'High food prices, a new threat to Asia'

Special Correspondent

*10% hike in costs is likely to affect nearly 30 million Indians*

— file PHOTO: Mohammed Yousuf



**Grains lined-up for sale at a wholesale market in Hyderabad.**

NEW DELHI: Resurgent global food prices, which averaged 10 per cent in many economies and posted record increases in the first two months of this year, may push nearly 30 million Indians and 64 million people in the Asian region into extreme poverty, the Asian Development Bank (ADB) said on Tuesday.

In a report titled "Global Food Price Inflation and Developing Asia," the Manila-based bank warned that a 10 per cent rise in food prices would push as many as 23 million Indians living in the rural areas and 6.68 million in the urban areas to below poverty line (BPL) at \$ 1.25 (around Rs. 55.65) earnings a day.

In case, the food price hike is to the extent of 20 per cent, the resultant impact would push 45.64 million in the rural areas and 13.36 million in the urban areas into extreme poverty in India.

The report pointed out that while food prices were expected to continue a gradual ascent in the wake of a spike in 2008, the “fast and persistent” increases in the cost of many Asian food staples since the middle of last year, coupled with crude oil reaching a 31-month high in March, are a serious setback for the region, which has rebounded rapidly and strongly from the global meltdown.

“For poor families in developing Asia, who already spend more than 60 per cent of their income on food, higher food prices will further reduce their ability to pay for medicare and their children's education,” ADB's Chief Economist Changyong Rhee said. “Left unchecked, the food crisis will badly undermine recent gains in poverty reduction made in Asia.”

#### Growth may drop

The report noted that if the global food and oil price hikes witnessed in early 2011 continued for the rest of the year, economic growth in the region could get reduced by up to 1.5 percentage points. “In India, Indonesia, and Malaysia, in particular, the adverse effects of the increase in global food prices in 2011 tend to take a larger toll on the GDP [gross domestic product] growth in 2012, than in 2011.”

It noted that food price inflation had reached double digits in Bangladesh, China, India, Indonesia, Republic of Korea, Pakistan, Sri Lanka, and Vietnam. It pointed out that countries such as China, India, Indonesia, Korea, Malaysia and Thailand were fighting inflation through tighter monetary policies. “To the extent that inflationary pressures are supply-driven, as in 2007–2008, higher interest rates may be less effective in controlling it,” it said.

#### India lauded

While lauding India's increasing investment in agriculture to bolster productivity and keep food prices in check, the report projected the pattern of higher and more volatile food prices in Asia to continue in the short-term, especially when grain stocks had fallen. Adding to this were structural and cyclical factors that were at play during the 2007-2008 crisis, including rising

demand for food from more populous and wealthier developing countries, competing uses for food grains, shrinking available agricultural land, and stagnant or declining crop yields, it said.

The report noted that production shortfalls caused by bad weather along with a weak U.S. dollar, high oil prices and subsequent export bans by several key food-producing countries had caused much of the upward global price pressure since June last, with double digit increases seen in the prices of wheat, corn, sugar, edible oils, dairy products and meat.

“To avert this looming crisis, it is important for countries to refrain from imposing export bans on food items, while strengthening the social safety nets,” said Dr. Rhee. “Efforts to stabilise food production should take the centre stage, with greater investments in agricultural infrastructure to increase crop production and expand storage facilities to better ensure [that] grain produce is not wasted.”

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#### **ADB: Food prices may push millions of Asians into poverty**

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*Poor families may find it tough to pay for medical care, children's education "Recent gains in poverty reduction made in Asia will be undermined"*

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NEW DELHI: Resurgent global food prices, which averaged 10 per cent in many economies and posted record increases in the first two months of 2011, may push nearly 30 million Indians and 64 million people in the Asian region into extreme poverty, the Asian Development Bank (ADB) said on Tuesday.

In its new report titled 'Global Food Price Inflation and Developing Asia,' the Manila-based multilateral lending agency report warned that a 10 per cent rise in food prices would push as many as 23 million Indians living in the rural area and 6.68 million in the urban areas to below poverty line at U.S.\$ 1.25 (around Rs. 55.65) earnings a day. In case, the food price hike is to

the extent of 20 per cent, the resultant impact would be pushing 45.64 million in rural areas and 13.36 million living in cities into extreme poverty.

### Gradual ascent of prices

The ADB report pointed out that while food prices had been expected to continue a gradual ascent in the wake of the sharp spike in 2008, the “fast and persistent” increases in the cost of many Asian food staples since the middle of last year, coupled with crude oil reaching a 31-month high in March, are a serious setback for the region which has rebounded rapidly and strongly from the global meltdown.

“For poor families in developing Asia, who already spend more than 60% of their income on food, higher food prices further reduce their ability to pay for medical care and their children's education,” ADB's Chief Economist Changyong Rhee said. “Left unchecked, the food crisis will badly undermine recent gains in poverty reduction made in Asia,” he said.

The ADB report noted that if the global food and oil price hikes witnessed in early 2011 continue for the rest of the year, economic growth in the region could get reduced by up to 1.5 percentage points. “In India, Indonesia, and Malaysia, in particular, the adverse effects of the increase in global food prices in 2011 tend to take a larger toll on GDP [gross domestic product] growth in 2012 rather than in 2011,” it said.

Noting that food price inflation reached double digits in Bangladesh, China, India, Indonesia, the Republic of Korea, Pakistan, Sri Lanka, and Viet Nam, the report pointed out that some countries such as China, India, Indonesia, Korea, Malaysia and Thailand have been fighting inflation through tighter monetary policy. “To the extent that inflationary pressures are supply-driven, as in 2007–2008, higher interest rates may be less effective in controlling it,” the report said.

While lauding India's increasing investment in agriculture to bolster productivity and keep food prices in check, the ADB report projected the pattern of higher and more volatile food prices in Asia to continue in the short-term, especially when grain stocks have fallen. Adding to this are structural and cyclical factors that were at play during the 2007-2008 crisis, including rising demand for food from more populous and wealthier developing countries, competing uses for foodgrains, shrinking available agricultural land, and stagnant or declining crop yields.

The report noted that production shortfalls caused by bad weather along with the weak U.S. dollar, high oil prices and subsequent export bans by several key food-producing countries have caused much of the upward global price pressure since last June, with double digit increases seen in the price of wheat, corn, sugar, edible oils, dairy products and meat. "To avert this looming crisis it is important for countries to refrain from imposing export bans on food items, while strengthening social safety nets," said Dr. Rhee.

Date:27/04/2011 URL: <http://www.thehindu.com/2011/04/27/stories/2011042757760400.htm>

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**Fully grown paddy crop submerged in rainwater** C. Jaishankar

*Farmers of Ramnad big tank facing heavy loss*

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*Timing of rain came as rude shock to farmers, as they are about to harvest in a day or two*

*Paddy raised on around 2500 acres destroyed at Idayarvalasai near Ramanathapuram*

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**Sad:**A farmhand with the submerged paddy crop

RAMANATHAPURAM: Fully grown paddy crop in the ayacuts of Ramanathapuram big tank has been submerged in rainwater, owing to unexpected downpour during the last few days. Farmers are facing heavy loss.

The timing of the rain has come as rude shock to the farmers, as they are about to harvest the crop in a day or two.

The paddy fields, situated in the side and downstream of the big tank, are the only assured irrigated fields in the entire district.

Unlike the usual season of undertaking cultivation in the rest of the district, which is between September and January, the farmers of the big tank area start farming operation only during October. They would intensify the operation depending upon the rain and storage in the tank.

Since the last rainy season turned out to be a highly successful one, the farmers of the big tank brought almost all fields under paddy cultivation.

Expectedly, the standing crop was good until the third week of April.

Though a section of farmers managed to harvest during that period, the farmers, who waited for an opportunity to harvest the fields, bore the brunt of the summer rain, which lashed several parts of the district during the last one week.

According to a report, the paddy raised on around 2500 acres has almost been destroyed at Idayarvalasai near Ramanathapuram.

The submerged crop has sprouted.

“Though it is quite normal to receive summer rain for one or two days, this time it was unexpected and weeklong. It has dashed our hopes of the successful harvest. The four-month-old persistent hard work and huge money invested have gone waste,” says K. Murthy of Idayarvalasai, who raised paddy on three acres.

The efforts of the farmers to engage machines for harvest have also not been materialised, as the harvest-cum-thrashing machines cannot go to the fields due to wet condition.

M. Elangovan of the same village said that except a few, most of the farmers had suffered huge loss due to the untimely rain.

He had spent around Rs.35,000 an acre for raising paddy. But he could not even retrieve Rs.10,000.

“The Government should come to the rescue of us,” he said.

**Date:**27/04/2011 **URL:** <http://www.thehindu.com/2011/04/27/stories/2011042760940500.htm>

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### **TRS to oppose Bt cotton seed price hike**

Staff Reporter

ADILABAD: The Telangana Rashtra Samiti (TRS) on Tuesday threatened to launch a region-wide agitation in the event of the State government enhancing the price of Bt cotton seed. The party will discuss the issue at its plenary in Mahabubnagar on April 29.

At a press conference, TRS leader B. Goverdhan Reddy demanded the government not to consider the request from Bt seed companies to hike the price as it will result in severe problems for farmers in Telangana region. He said that the demand for Bt cotton seed in the region was about 50 lakh packets which would mean an additional burden of about Rs. 180 crore if the price were to be enhanced to Rs. 1,050 per packet.

Drawing a comparison, the TRS leader said the total demand in Andhra Pradesh was about 80 lakh packets of seed and the hike would cost a burden of about Rs. 300 crore. “The matter would be brought to the notice of our president K. Chandrashekhara Rao before being discussed at the plenary,” he pointed out.

**Date:**27/04/2011 **URL:** <http://www.thehindu.com/2011/04/27/stories/2011042761010500.htm>

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### **Paddy damaged in 1,183 hectares**

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*Horticulture Department estimates damage to mango crop in 3,425 acres*

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NALGONDA: The Agriculture Department has estimated the damage caused to paddy due to the recent hailstorm/rain at over 1,183 hectares in six mandals.

An official of the department gave the break up (in hectares) as 104 (Peddavura mandal), 6.5 (Huzurnagar), 2.8 (Nalgonda), 0.8 zero point eight (Kecapalli) and 1,059.2 (Kodad).

According to the official, the department has sent the report on the damage, to the Agriculture Commissioner.

Decision

The government has already announced its decision to pay compensation of Rs.6,000 per hectare, as against Rs.4,000 paid for the crop damaged prior to November last year.

However, various political parties are demanding compensation at the rate of Rs.10,000.

Meanwhile, the Horticulture Department has placed the preliminary estimate of the damage caused to mango crop at 3,425 acres in Kodad, Nadigudam, Monagala, Chilkur, Huzurnagar, Melacheruvu, Rajapet and Alair mandals.

An official said the enumeration was being done. The final report was expected to be ready in two or three days.

**Date:27/04/2011 URL: <http://www.thehindu.com/2011/04/27/stories/2011042764600600.htm>**

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**State seeks 24.65 lakh tonnes of nutrients for kharif season**

Special Correspondent

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*Sowing has begun in Chamarajanagar, Mysore, Hassan, Chikmagalur, Dharwad, Bijapur, Belgaum*



*Chief Minister has written to the Union Minister for Chemicals and Fertilizers seeking DAP*

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Bangalore: To avert a crisis in the supply of fertilizers to farmers, the State Government has asked the Union Government to ensure supply of 24.65 lakh tonnes of nutrients during the kharif season.

With pre-monsoon showers lashing the State, farmers have commenced sowing of pulses, oilseeds, maize, cotton and potato in Chamarajanagar, Mysore, Hassan, Chikmagalur, Dharwad, Bijapur, Belgaum and Haveri districts.

Following the increased demand for fertilizers, Chief Minister B.S. Yeddyurappa has urged Union Minister for Chemicals and Fertilizers M.K. Alagiri to ensure adequate supply of di-ammonium phosphate (DAP) to the State during the kharif 2011.

The Union Government has allocated 6.15 lakh tonnes of DAP, 2.90 lakh tonnes of muriate of potash (MOP), 6.30 lakh tonnes of NPK and eight lakh tonnes of urea to the State for kharif 2011.

Officials in the Agriculture Department said that a detailed plan on the requirement of different varieties of fertilizers during the kharif season had been submitted to the Union Ministry for Agriculture and Union Ministry for Chemicals and Fertilizers.

The officials said that the State required 2.10 lakh tonnes of nutrients, 2.65 lakh tonnes, 4.36 lakh tonnes, 5.14 lakh tonnes, 5.16 lakh tonnes and 5.21 lakh tonnes of nutrients in April, May, June, July, August and September, respectively. Though the Union Government has allocated fertilizers to the State every month based on the requirement, there has been short supply, particularly DAP. The supply of DAP was 1,57,895 tonnes against the allocation of 2,48,910 tonnes during the last four months. The actual requirement of the State was 1.80 lakh tonnes.

For instance, in December last the Union Government supplied 33,507 tonnes of DAP against the allocation of 43000 tonnes. The allocation in January, February and March was 85,150, 83,300 and 37,460 tonnes while the supply was 57,827 tonnes, 45,949 tonnes and 20,612 tonnes, respectively, the officials said.

The requirement of DAP for pulses and other horticultural crops such as coffee, arecanut, coconut was essential during pre-monsoon and monsoon seasons. "It has come to my notice through the Department of Agriculture that the indigenous production of DAP and also importing of DAP have not taken place due to escalation in the cost of phosphoric acid in the international market and non-finalisation of the fertilizer import policy," the Chief Minister has said in his letter to the Union Government. Due to shortfall in the supply of DAP, the farmers have not been supplied the required quantity of fertilizers in time. "Continued short supply will create panic among farmers and may lead to law and order problems," Mr. Yeddyurappa has said.

The Union Government was urged to give more allocation to the fertilizer manufacturers/importers capable of supplying fertilizers as per allocation.

#### Target

The department has set a sowing target of 74 lakh hectares during kharif 2011. It has set a target of producing 140 lakh tonnes of foodgrains during the kharif, rabi and summer crop seasons of 2011-12.

The States have also been asked to keep a strict vigil on diversion of fertilizers for non-agricultural uses.

There are about 78 lakh farmers in the State. About eight lakh tonnes of seeds of different crops will be required during the kharif season.

**Date:27/04/2011 URL:**

**<http://www.thehindu.com/2011/04/27/stories/2011042757460300.htm>**

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#### **Government job scheme embitters grape growers**

Staff Reporter

*Shortage of labour, poor procurement price bane of farmers*

PHOTO: G. KARTHIKEYAN



**SOUR: Grapes ready for harvest at a farm at A. Vellode near Dindigul. —**

DINDIGUL: Even as grape cultivation is slowly picking up in some traditional pockets of the district, shortage of labour and poor procurement price force progressive farmers to abandon the crop.

The main impediment for grape cultivation is the Mahatma Gandhi National Rural Employment Guarantee Scheme that pulled several agriculture labourers out of grape farms and pushed them into stream and tanks bunds for 100-day-work. Next comes the unexpected summer rain and early onset of monsoon.

Both labour and rain, once a backbone of the agriculture activities, have become destroyers of grape cultivation, said Selvaraj, a traditional grape-grower in A. Vellode near Dindigul. “Normally, we always depend on rain. Now, we cannot even accept the blessings of rain god,” he added.

On an average, farmers harvest around 10,000 kgs of fruits in one acre. With average procurement price of Rs.25 per kg, they get at least Rs.2.5 lakh in one season. “With no labour, we cannot harvest even 50 per cent of fruits grown in plants in time. Delay in harvesting damages fruits in the farm itself. Despite good harvest, farmers find difficulty in getting at least Rs.1 lakh from one acre, incurring huge loss. Now, traders procure grapes at Rs.15 a kg. But retail sale price is around Rs.40 and Rs.45 a kg.

Damage due to unexpected rain is temporary and bearable and the loss incurred is also manageable. But the damage due to shortage of labour is not only a continuous one but

also unbearable and irrevocable, said the farmer. Rain at the time of harvesting damages ripened fruits in the plants. Fissure developed on the fruits owing to rain spoil quality and scale down procurement price. "But we have no labour to remove even the damaged fruits from plants. Otherwise, it will spoil other fruits in the bunch," they added. The MNREGS has been slowly paralysing agriculture activities, particularly grape cultivation in several parts of the district, said farmers. Ultimately, grapes are not sweet to growers this season.

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## Weather

Chennai - INDIA

### Today's Weather



Partly Cloudy

**Wednesday, Apr 27**

Max    Min  
34.2° | 25.2°

Rain: 00 mm in 24hrs    Sunrise: 5:50  
Humidity: 84%    Sunset: 18:23  
Wind: Normal    Barometer: 1007.0

### Tomorrow's Forecast



Rainy

**Thursday, Apr 28**

Max    Min  
33° | 25°

### Extended Forecast for a week

| Friday<br>Apr 29    | Saturday<br>Apr 30 | Sunday<br>May 1            | Monday<br>May 2    | Tuesday<br>May 3   |
|---------------------|--------------------|----------------------------|--------------------|--------------------|
|                     |                    |                            |                    |                    |
| 34°   25°<br>Cloudy | 35°   25°<br>Sunny | 36°   26°<br>Partly Cloudy | 36°   27°<br>Rainy | 36°   28°<br>Rainy |

27 Apr, 2011, 04.40AM IST, Sutanuka Ghosal & Bikash Singh,ET Bureau

## Quality tea now finding takers in smaller cities

KOLKATA/GUWAHATI: Tier-II and Tier-III cities are emerging as major growth drivers for domestic consumption of tea. The increase in purchasing power is prompting people living in these cities to buy quality teas. In fact, buyers from Ahmedabad have camped in Assam gardens for the first time to pick their teas of choice. Ahmedabad is one of the major centres from where tea is distributed to western India.

"Outlook for tea is very strong this year and Indian tea should do well. What is interesting is that people from tier-II and tier-II cities are also asking for quality teas and they are ready to shell out a little for a good cuppa," said Azam Monem, director of McLeod Russel India, the world's largest tea producer. CK Dhanuka, chairman of Dhunseri Tea, corroborated Monem's views. "We are seeing demand coming for quality teas from tier-II cities particularly. Markets in tier-III cities are also developing a taste for quality teas. States like Gujarat, Maharashtra, Rajasthan and Delhi are leading the race in quality tea consumption," he said.

Gujarat, one of the leading consumers of quality teas, will increase the volume of tea it takes from Assam. Officials from the state's tea trade department have recently been to Assam to make deals with tea producers. Presently, Gujarat consumes around 55 to 60 million kg of tea annually of which at least 50% to 60% comes from Assam. Tea traders from Gujarat are looking to scale up procurement from Assam by at least 15% - 20%.

## **Bt brinjal expert panel urged to address farmers' rights**

April 27, 2011 10:36:56 AM

### **PNS | BHUBANESWAR**

Farmers, environmentalists and civil society organisations of the State have appealed to the Expert Group members on the eve of the crucial Bt brinjal-related meeting and urged them to address issues pertaining to farmers' rights over seeds, sustainable livelihoods and consumers' rights over safe and nutritious food.

The debate over lifting of moratorium on Genetically Modified (GM) brinjal will resume on April 27 when an expert panel appointed by the regulator GEAC would meet to prescribe safeguards for the GM food crops.

The expert panel is expected to conduct deliberations on the safety aspects of Bt- brinjal in particular and GM food crops in general at the meeting.

While the Department of Science and Technology has advocated lifting of the moratorium on Bt brinjal saying GM technology was a possible solution to India's future food security, the farmer organisations and the groups working with the farmers in Odisha are quite worried.

"We would like the expert group to look at the very need for Bt brinjal given that many safer alternatives exist to chemical pesticides without having to resort to GM crops, which is also a hazardous technology even as it is unpredictable and irreversible," said 75-year-old organic farmer from Balangir Ratnakar Sahoo.

He also recalled Union Minister for Environment and Forests Jairam Ramesh's moratorium decision-note that Bt- technology is not the only route for reducing pesticide use.

Debjeet Sarangi of Living Farms wondered when NPM (non-pesticide management) as safe, affordable and eco-friendly alternative exists and that eliminates chemical pesticide use completely, why there is a need for Bt technology which is a hazardous technology, unpredictable and irreversible.

"I have been growing brinjal for years without using pesticides. I use various ecological disease and pest management principles and practices. Neither I nor my panchayat need Bt brinjal," said Rautia, a brinjal farmer of Bissamcuttack block in Rayagada district.

He had participated in the national consultation on Bt Brinjal here in January 2010.

Environmentalist and UNCAGE member Biswajit Mohanty said at least two independent analyses of the Bt-brinjal, undertaken by American and New Zealand scientists Prof David Andow and Dr Lou Gallagher, have already shown that the test protocols were inadequate and the findings were masked by the company while our regulators do not take up detailed independent analysis, leave alone independent testing.

He further added that the existing Bt-brinjal bio-safety dossier should be rejected in toto.

Beyond bio-safety, it is clear that issues around farmers' rights over seeds and sustainable livelihoods as well as consumers' rights have not been addressed so far.

It is also known that there is no liability regime in place with regard to the GMOs in food and farming so far in our country and State, said Natabar Sarangi, a well-known organic farmer.

Debjeet Sarangi of Living Farms hoped that the decision taken by the Government of Odisha

not to allow the open-air trial and trade of Bt-brinjal in the State stands and the State Government should invest on supporting traditional farming knowledge and farmers' control over seeds and farming.

### **Rain brings tears to onion growers' eyes in Balangir**

April 27, 2011 10:37:07 AM

#### **Sudhir Mishra | Balangir**

Though the recent rain of the summer brought respite to the denizens reeling under the blistering heat, yet it ruined the small and marginal farmers of Balangir district whose onion crop was damaged forcing them for its distress sale.

The onion crop grown in the Maal land this year suffered huge losses in the recent rains. The farmers dug it out earlier than due time since they feared that the crop might rot inside the wet soil if not harvested.

Once the crop gets wet in rain it cannot be stored for long days. Moreover, wet onions cannot be kept in one place as it would rot, nor can they be stored in polythene bags too. If the purchasing agents do not turn up within a few days of the onions harvested, it causes headache to the farmers, said an onion grower Bhajaram Sahu.

The onion is a 100-110 days crop which is grown in Attland, Mal Land and Bahal land usually. It is widely and extensively cultivated in the entire Titilagarh sub division including, Muribahal, Bongomunda and Titilagarh. These areas are migration-prone as a lot of poor farmers and landless labourers move to outside States in search of daily bread every year. The onion is usually cultivated by the small and marginal farmers.



The onion sells at `5 to `6 per kg in Bongomunda area. However, the farmers have to go for distress sale for various reasons like poor economic condition, absence of proper storage space and natural calamities etc.

As the farmers are poor they usually purchase seed and other things on loans from local moneylenders and they commit to pay back the loan in terms of certain amount of their produce fixed by the money lender.

This results in distress sale of the crop. Besides when most farmers do not have well-furnished houses to stay, it is futile to expect them to store the crop and wait for a time they get suitable prices. Rather, the farmers sell the crop directly from the field through the agents.

Even though onion is one of the major cash crops which provides 'direct benefit to the small and marginal farmer', yet its potentiality in Balangir district has not been tapped, thanks to Government apathy, absence of storage facility and minimum support price to its growers. There are few civil society organisations or farmers' organization which stand by the onion growers and make lobby for their benefit. As the onion crop is highly vulnerable to damage by rains and hailstorms there should be an insurance cover so that poor farmers can be compensated. Besides, the much-hyped onion dehydration plant should be set up near Titilagarh, opined a few farmers.

### **100 lakh tonnes of wheat procured in Punjab, Haryana**

April 27, 2011 10:38:07 AM

### **PNS | Chandigarh**

After a delayed arrival of the crop this season, wheat procurement in the country's food bowl States of Punjab and Haryana has crossed the 100 lakh tonnes mark, officials said on Tuesday. Both the States procured nearly 103 lakh tonnes of wheat till Monday evening.

While Punjab accounted for over 56.22 lakh tonnes, Haryana procured 46.5 lakh tonnes.

In Punjab, the procurement of wheat this year is much less than 91.60 lakh tonnes procured in the same period (April 1-25) last year.

Arrival of wheat has been slow in most parts of Punjab owing to erratic weather, which delayed the ripening of the crop, an official said.

In Punjab, more than 99 per cent of the wheat has been procured by the six Government agencies — five of the State Government and the Central Government's Food Corporation of India (FCI).

Patiala, Sangrur and Ferozepur districts in Punjab were leading in wheat procurement. The State Government has set up 1,734 procurement centres across the State.

In Haryana, Kaithal, Karnal and Sirsa districts led in wheat procurement. Punjab and Haryana contribute over 70 per cent of the total foodgrain in the national kitty.

## Business Standard

Wednesday, Apr 27, 2011

**Govt may consider more sugar exports as output rises**

**Bloomberg / April 27, 2011, 0:25 IST**

India, the world's second-biggest sugar producer, may consider allowing additional exports as production expands for a second year, a government official said.

A decision on shipments will be made after assessing the actual production in the crop season that began on October 1, Food Secretary B C Gupta told reporters in New Delhi on Tuesday.

Output may total 24.5 million tonnes this year, according to the food ministry, the first time in three years supply exceeds demand.

Additional shipments by India may pressure raw sugar prices in New York, which have fallen 36 per cent from a three-decade high in February. Traders shipped an estimated 1 million tons of sugar in the six months through March 31, according to the National Federation of Cooperative Sugar Factories.

The government April 19 set rules for shipment of additional 500,000 tonnes of sugar under the so-called open general license plan over the next four-and-half months.

India's sugar output climbed 25 percent to 21.8 million tons between October 1 and April 15, Vinay Kumar, managing director of the national federation, said on April 21.

### **Milk producers for more price rise**

**Dilip Kumar Jha / Mumbai April 27, 2011, 0:23 IST**

Say rising input costs leave them no choice; demand growth also consistently outpaces output.

Faced with rising cost of production, milk producers in the organised sector are planning another round of price rises, in the range of Rs 1-2 a litre, by the end of next month. In summer cost of storing wheat and transporting also goes up.

Some of the leading producers such as Gujarat Cooperative Milk Marketing Federation, producer of the Amul brand, and Mumbai-based Mahanand Dairy, raised milk prices by Rs 1 a litre early this month. They are considering raising it again next month. Unorganised sector suppliers here had raised prices of their best-quality buffalo milk by Rs 6 a litre this month in two stages.

“The dairy industry is seeing a visible and very rapid increase in demand for milk due to rising purchasing power of both rural and urban people, leading to a shift from consumption of cereals to vegetables, milk and meat. At the same time, farmers are struggling to cope with higher feed and other costs and asking for a higher price to meet the increased cost of production,” said Amrita Patel, chairman of the National Dairy Development Board.

She says milk yield in India is between 800-1,000 litres an animal a year against the global average of 7,000-8,000 litres a year. Since much of this milk comes from individuals with small herds, who lack the means to invest in improving cattle yields, Patel believes corporate entry into milk production may address the problem.

Farmers also face a fodder shortage, estimated at 15 million tonnes, forcing them to use low-quality feed. The shortfall in production raises prices consistently of fodder.

Meanwhile, prices of molasses, another animal feed, have surged to Rs 3,400-3,600 per tonne from Rs 2,700-2,800 per tonne a month before. Though this forms a small component in the entire animal feed basket, such a surge does affect the planning, said Deepak Desai, chief consultant, ethanolindia.net, a consulting firm.

“We raised milk prices by Re 1 on February 17 when the government raised procurement prices by Rs 2 a litre. The remaining Re 1 differential was passed on to consumers on April 6. So, until now the company is bearing the hike in the cost of milk production. But any further rise in cattle feed prices will be passed on to consumers,” said a senior Mahanand Dairy official. Rising transportation cost has also squeezed our margin, which was already thin, he added. Data compiled by the Solvent Extractors’ Association show that prices of castorseed meal, another animal feed, have risen to Rs 5,400 per tonne from Rs 4,900 per tonne in the past three months.

With competing claims on biomass for energy, the cost of dry fodder for feed is rising and will continue to rise. Since dry fodder constitutes the major portion of the animal’s ration, it becomes important to take steps to secure all the straw in the fields, hitherto being wasted or burnt, said NDDB’s Patel. Meanwhile, India’s domestic demand for milk has been growing at about six million tonnes per year, whereas annual incremental production over the past 10 years has been about 3.5 mt per year. As the requirement of milk in 2021-22 is expected to be 180 mt, output needs to rise at 5.5 per cent per annum now.

### **Denim prices won't fall despite cheaper cotton**

**Sharleen D'Souza / Mumbai April 27, 2011, 0:03 IST**

After increasing prices by almost 30 per cent in the last one year following high cotton prices, denim prices are now stabilising.

During the period, cotton prices were up over 50 per cent. In the last fortnight, cotton prices have corrected by 15 per cent, and are trading at Rs 54,000-55,000 per candy.

However, denim makers are not considering reducing prices for now as their costs have not come down to a large extent.

Cotton prices in the spot market have stabilised and the benchmark, Shankar 6 variety is quoted at Rs 56,000 a candy (1 candy = 356 kg). Companies are not expected to revise their prices downwards as strong demand for the fabric is expected.

Spokes person of CARE, a rating agency, said, "CARE does not foresee any possibility of prices moving up as cotton prices have eased in the last month.

At the same time, companies are not looking to reduce prices in the near future as demand scenario is favourable at this stage." CARE rates some denim makers also.

Denim fabric prices are expected to stabilise after witnessing a consistent uptrend in 2009-10 and 2010-11 due to high cotton prices.

Currently, denim fabric costs Rs 130-170 a meter in the domestic market and the export price is at Rs 180 a meter.

Arvind Mills raised denim prices by 30 per cent in the last three months. Aarvee Denims, also raised denim prices by 40 per cent in the last one year.

"Despite high prices of denim, export demand has been good," said Utsav Pandvar, chief financial officer, Aarvee Denims.

Arvind Mills' total share in the denim market is 24 per cent, Aarvee Denims' share stands at 12 per cent and K G Denims at five per cent.

The lower-end denim manufacturers are the one who have been hit as they are seeing weak demand for the fabric. Companies are not expected to cut prices. But, Aarvee Denims may cut prices if cotton prices decline further from the current levels.

## **Govt launches negotiable warehouse receipts**

**Press Trust Of India / New Delhi April 27, 2011, 0:02 IST**

The government on Tuesday launched negotiable warehouse receipts system, which will help farmers gain access to loans from banks and avoid distress sale of agricultural commodities.

Negotiable warehouse receipts allow transfer of ownership of that commodity stored in a warehouse without having to deliver the physical commodity. These receipts are issued in negotiable form, making them eligible as collateral for loans.

“Banks will have more faith in such negotiable warehouse receipts and farmers would be able to seek loans easily against these receipts,” Food and Consumer Affairs Minister K V Thomas said after the launch.

It will also enhance banks’ interest in lending in respect of farm goods deposited by farmers in the registered warehouses, he said, adding that these receipts will increase liquidity in the rural areas and encourage scientific warehousing of goods.

Warehouse receipts are made negotiable under the Warehouse (Development and Regulation) Act, 2007 and regulated by the Warehousing Development and Regulatory Authority (WDRA).

Pointing out that farm loan at high interest rate of 11 per cent to small and marginal farmers is creating hardships, the minister said, “I have already taken up this issue with the Finance Ministry. I am confident that in due course, efforts would be made to get crop loan at concessional rate of four per cent extended to post-harvest management loan.”

## **THE HINDU Business Line**

### **Poor demand drains groundnut oil**

Rajkot, April 26:

After a surge in groundnut oil prices on heavy buying of brands and retail demand, the price has started to fall as demand decreased on the upper level. At Rajkot, groundnut for the 15-kg new tin fell Rs 10 to Rs 1,400-1,405, label tin of 15 kg was down by Rs 10 to Rs 1,380-1385.

Groundnut oil loose was traded at Rs 830-835, a drop of Rs 10 for 10 kg. Similarly cotton oil also decreased on low demand. Cotton oil new tin, of 15 kg, traded at Rs 990-1,000, decreased Rs 5 a tin. The price of groundnut bold was Rs 585-703 and “small” at Rs 570-695 for 20 kg at Rajkot. Last week, groundnut oil increased about Rs 50 a tin from Rs 1,360-1,365 to Rs 1,410-1,415 for 15 kg tin.

### **Spot rubber rules steady**



Kottayam, April 26:

Spot rubber ruled steady on Tuesday. The market seemed to be lacking initiative to set a definitive trend as traders were not interested to expand their commitments. Intermittent summer rain and expectations of an improvement in arrivals seemed to be guiding the sentiments. But it really appeared to be difficult to forecast any immediate change in the fundamental or technical position of the market.

According to traders, sheet rubber continued to remain unchanged at Rs 240 a kg amidst scattered transactions. The grade slipped to Rs 239.50 (240) a kg both at Kottayam and Kochi, according to Rubber Board.

The May series closed at Rs 242.30 (242.74), June at Rs 246.70 (247.67), July at Rs 248 (248.13), August at Rs 239.55 (239.33) and September at Rs 231.55 (230) a kg for RSS 4 on the National Multi Commodity Exchange.

RSS 3 (spot) weakened to Rs 254.38 (258.73) a kg at Bangkok. The May futures for the grade declined to ₹435.8 (Rs 237.31) from ₹442.8 a kg during the day session but then remained inactive in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 240 (240); RSS-5: 236 (236); ungraded: 222 (222); ISNR 20: 233 (233) and latex 60 per cent: 147 (147).

### **Plantation guidance for rubber producers**

Kottayam, April 26:

The Rubber Board distributes plantation inputs through the Rubber Producers' Societies (RPS) at concessional rate to the small holders for the implementation of scientific agro-management practices and enhancement of productivity in their holdings.

Copper oxychloride, spray oil, copper sulphate, rain guarding plastic and rain guarding compound are the estate inputs arranged for distribution.

The inputs are available to the growers who have already given their requirements through the RPSs. The move is intended to help small holders for adoption of disease control and scientific tapping methods.

The rate fixed for various inputs are copper oxychloride (Rs 267/kg), copper sulphate (Rs 111/kg), rainguarding plastic (Rs 78/kg), rainguarding compound (Rs 22/kg) and spray oil (Rs 42/l).



## Bt brinjal: Expert panel review today



Protesters hold placards as people arrive to attend a meeting on Bt brinjal in Hyderabad.

Environmentalists are opposed to commercial cultivation of Bt brinjal. — File Photo: K. Ramesh

Chennai, April 26 :

A newly-constituted expert group will review the moratorium on release of genetically modified or Bt brinjal on Wednesday.

The Union Minister of State for Environment and Forests, Mr Jairam Ramesh, set up an expert group of 18 persons soon after announcing a moratorium on the commercial release of Bt brinjal in January 2010. Renowned agricultural scientist Dr M.S. Swaminathan and Dr Raghavendra Gadagkar of Indian Institute of Science, Bangalore, expressed their inability to be part of the group.

The group includes Prof Madav Gadgil of Bangalore-based Centre for Ecological Sciences and Nagpur-based Central Institute for Cotton Research Director, Dr Keshav R Kranthi.

While announcing a moratorium, Mr Jairam Ramesh also asked the Genetic Engineering Approval Committee to stipulate more safeguards to remove fears over Bt brinjal among the public.

Bt brinjal has been derived by injecting a crystal gene Cry1Ac from the soil bacterium called *Bacillus thuringiensis*. This is supposed to make the brinjal plant resistant to the fruit and shoot borer that is the major cause of damage to the crop.

Though field tests were held and Bt brinjal was approved for commercial cultivation in 2009, a hue and cry was raised over the safety of the transgenic plant. This led to Mr Jairam Ramesh holding public hearings.

Though Bt cotton has been in wide use for nearly 10 years now, Bt brinjal is the first food crop to be considered for commercial cultivation. Meanwhile, the Coalition for a GM-free India has criticised the review meet. In a statement, it said the expert group should look at the very need for Bt brinjal since there were many alternatives to chemical pesticides without resorting to genetically modified crops.

Data on toxicity and bio-safety assessment was inadequate, it said and added that the expert panel should reject the bio-safety dossier on Bt brinjal totally.

### **Fall in cane output checks TN sugar mills' expansion**



Sugarcane waiting to be unloaded at a mill in Thanjavur (file picture).

Chennai, April 26:

Sugar mills in Tamil Nadu are expanding capacity despite a fall in cane acreage. But a slide in output is proving to be a dampener for some of the new mills.

Following a bumper harvest of 258 lakh tonnes of sugarcane in 2006-07, when the private sector crushed about 186 lakh tonnes, there was a rapid expansion in the private sector sugar

mills. In the last four years, seven sugar mills have come up and four of these commenced operations in 2009-10.

But following the peak, sugarcane output in the State has dropped steadily due to various reasons including climatic conditions, sugarcane pricing and competitive crops and lately high labour costs. In 2009-10, the private sector mills crushed 108 lakh tonnes, according to the Southern India Sugar Mills Association's statistics. Among the worst hit are the new mills with some units even in traditional sugarcane areas finding cane availability a constraint.

As a reference, during the peak year, a 5,000-tonne a day sugar mill crushed about 14 lakh tonnes of cane while a 2,500-tonne mill processed about eight lakh tonnes, show SISMA figures.

Among the early ones to start operations were the units belonging to Kothari Sugars and Sakthi Sugars; both came up in their existing command areas with the objective of speeding up cane crushing and protecting their cane areas. Sakthi Sugars' new mill in Modakurichi has primarily processed only imported raw sugar. Kothari Sugars' unit at Sathamangalam has shared the raw material with its older mill at Kattur. At the peak of production in 2006-07, Kothari's Kattur unit crushed 8.41 lakh tonnes and the new unit 4.8 lakh tonnes, in 2009-10 both mills crushed a total of about seven lakh tonnes.

Two of the units belonging to Rajshree Sugars and Dharani Sugars which have come up in areas with strong cane availability expect to have adequate sugarcane during the current season.

A new entrant to the field, Dhanalakshmi Srinivasan Mills is operating at about 50 per cent capacity, according to sources in the know.

Empee Sugars, which has set up its mill in Tirunelveli District of Tamil Nadu, has the task of first popularising sugarcane cultivation in the area.

Company officials are confident that the factory will achieve full capacity utilisation by 2012-13. In the current season company expects to crush about three lakh tonnes of sugarcane which is about 35-40 per cent in terms of capacity utilisation.

Bannari Amman's unit at Chengam, Tiruvannamalai District, has achieved about 70 per cent capacity utilisation, according to sources in the know. The company's next unit coming up at Thirukovilur, is expected to manage about 50 per cent capacity utilisation in 2011-12 season when it starts operations later this year.

Now there are 25 private sector sugar mills in Tamil Nadu with a daily sugarcane crushing capacity of more than a 1,00,000 tonnes.

There are 17 units in the cooperative sector and public sector with a total daily crushing capacity of about 44,000 tonnes a number that has not changed in the last 10 years.

### **IT Minister bats for cottonseed farmers**

Mr Lakshmaiah said seed companies collected advances for supply of seed from distributors and dealers before the commencement of season.

Hyderabad, April 26:

With farmers expecting short supply in cottonseeds, a senior Minister in the Congress Government in Andhra Pradesh has written a letter to the Chief Minister, Mr N. Kiran Kumar Reddy, asking him to direct seed companies to honour their commitments made to farmers.

“They have promised to deliver certain quantity of seeds and went on to collect advances. But they are now indicating that they may not honour their commitments. We should not allow this to happen,” Mr Ponnala Lakshmaiah, Minister for Information Technology Communications, said.

### **Advances for supply**

In a letter written to the Chief Minister on Tuesday evening, Mr Lakshmaiah said seed companies collected advances for supply of seed from distributors and dealers before the commencement of season. “They collect Rs 300 a packet of 450 gm. I held a review meeting with farmers, officials of agriculture, revenue and vigilance departments in Warangal recently to take stock of the situation,” he said.

Giving a list of the companies, advances they collected and promises they made, the Minister said six major companies promised to provide 10.51 lakh packets of seed for the kharif season.

“But their supply plan indicates that they would provide only 4.39 lakh, leaving a shortfall of 6.12 lakh packets. I am told that they collected advances to the tune of Rs 26.42 crore and committed to supply 8.25 lakh packets,” the IT Minister said.

“This is the experience of just one district. The other cotton growing districts face a similar situation.

“I request you to look into this issue and take measures to ensure supply of the required seed,” he appealed to the Chief Minister.

### **Bihar to set up panels to pep up farm sector**

Patna, April 26:

The Bihar Government will set up 14 committees to address the needs of the agriculture sector. This was decided in the first meeting of the special Cabinet meeting on agriculture held here on Tuesday.

The committees will look into issues such as water, cooperatives, agriculture, animal husbandry, fisheries, disaster management, soil conservation, research, biotech, information technology and market storage and processing, Agriculture Production Commissioner, Mr A K Sinha, told newsmen after the meeting.

He said the respective heads of departments concerned would be members of the committees and will submit reports to the state Cabinet coordination secretariat for follow-up action.

Chaired by the Chief Minister, Mr Nitish Kumar, the Cabinet meeting was attended by the Deputy Chief Minister, Mr S.K. Modi, besides 17 Ministers of different departments.

The Chief Minister's Agriculture Adviser, Mr Mangala Rai, former Director General of Indian Council of Agriculture Research, a special invitee to this cabinet, Agriculture Commission Chairman Mr Ramadhar Singh, state Planning Commission Deputy Chairman Mr Harikishan Singh also attended the meeting.

“It is a historic Cabinet meeting and beginning of turnaround in state's agriculture,” State Agriculture Minister Mr Narendra Singh said. The next meeting of the cabinet on agriculture would take place on June 15.

Bihar has accorded agriculture the highest priority and has increased its budgetary allocation during 2011-12.

The government has already prepared an agriculture roadmap in 2008 and decided to give full budgetary support for achieving Mr Nitish Kumar's dream of a rainbow revolution.

According to official data, against the national productivity average of 2 tonnes of rice per hectare, Bihar's rice productivity is about 1.5 tonnes per hectare.

In case of wheat, the state's productivity is 2.2 tonnes per hectare against the national average of 2.7 tonnes.

“Barring maize and pulses, productivity of various farm produce in Bihar is much below the national average. Though the area under cultivation is shrinking, there is tremendous scope for income generation, by improving productivity,” Mr Sinha said.

#### **Govt launches negotiable warehouse receipts**



(left) Prof K V Thomas, Minister of State (Independent Charge) for Consumer Affairs, Food and Public Distribution along with Dr. B C Gupta, Secretary, Department of Food and Public Distribution (file photo): Kamal Narang

New Delhi, Apr 26:

The government today launched negotiable warehouse receipts system, which will help farmers gain access to loans from banks and avoid distress sale of agricultural commodities.

Negotiable warehouse receipts allow transfer of ownership of that commodity stored in a warehouse without having to deliver the physical commodity. These receipts are issued in negotiable form, making them eligible as collateral for loans.

“Banks will have more faith in such negotiable warehouse receipts and farmers would be able to seek loans easily against these receipts,” Food and Consumer Affairs Minister, Mr K V Thomas said after the launch.

It will also enhance banks’ interest in lending in respect of farm goods deposited by farmers in the registered warehouses, he said, adding that these receipts will increase liquidity in the rural areas and encourage scientific warehousing of goods.

Warehouse receipts are made negotiable under the Warehouse (Development and Regulation) Act, 2007 and regulated by the Warehousing Development and Regulatory Authority (WDRA).

Pointing out that farm loan at high interest rate of 11 per cent to small and marginal farmers is creating hardships, the minister said, “I have already taken up this issue with the finance ministry. I am confident that in due course, efforts would be made to get crop loan at concessional rate of 4 per cent extended to post-harvest management loan.”

A post-harvest loan will incentivise farmers to store their produce in warehouses at lower rate of interest, he said.

Mr Thomas, who distributed registration certificates to 51 warehousemen, said that there was an urgent need to build world class warehousing facilities as “substantial quantity of wheat procured by FCI in northern states is stored in open complexes”.

Meanwhile, WDRA Chairman, Mr Dinesh Rai noted that availability of land for construction of warehouses was a problem in the state government. He also said that negotiable warehouse receipts should be made available for non-agri items.

So far, the WDRA has received 318 applications with warehousing capacity of over 11 lakh tonnes from different states for registration under the Warehousing Act, he added.

### **Sugar exports under OGL after receiving final output figures: Govt**

New Delhi, April 26:

The Government has said it will look at the prospects of allowing additional sugar exports under the Open General Licence (OGL) after receiving final production figures for the current season (October-September).

“Let the final output come, we will review it,” the Food Secretary, Mr B.C. Gupta, told reporters today when asked whether the Government will allow more sugar exports under OGL.

The country has started allowing sugar exports in 2010-11 season as the domestic production is expected to outstrip demand.

Initially, the Government allowed mills to fulfil the export obligation of nearly one million tonnes under the Advance Licence Scheme. Recently, export of 5,00,000 tonnes of sugar export under the OGL was also allowed.

The Government has estimated sugar output in the ongoing 2010-11 season at 24.5 mt against the demand of 22 mt.

During the current season, mills have produced 21.8 mt of sugar till February 15 against 17.58 mt in the same period last season, as per industry data.

Sugarcane crushing in Maharashtra, the country’s top sugar producing state, is still continuing, while it is drawing close in Uttar Pradesh, the second biggest producing state.

In a latest report, the US Department of Agriculture has observed that India, the world’s second biggest sugar producer, may export around 8,00,000 tonnes of sugar in the current season considering expected surplus production.



## Rubber growers want subsidy hiked to Rs 1 lakh/ha



Business Line A worker drying rubber sheets at a unit near Kochi. Photo K.K. Mustafah  
New Delhi, April 26:

The rubber industry has proposed a hefty increase in the subsidy on rubber production to Rs 1 lakh per hectare in the 12th Five-Year plan to boost output.

“We have proposed to the Government to provide a one-time subsidy of Rs 1 lakh/hectare to small farmers for a period of three years for planting rubber trees,” the Indian Rubber Dealers Federation President, Mr George Valy, told PTI.

The Government currently provides a subsidy of Rs 19,500 a hectare on rubber cultivation in the traditional areas (Kerala and Kanyakumari in Tamil Nadu) and Rs 30,000/hectare in non-traditional areas.

The proposal emerged during the recent consultative workshop on the rubber sector organised by the Commerce Ministry for taking the views of the domestic rubber industry for designing a rubber policy for the 12th Five-Year Plan (2012-17).

Rubber producers said that a hefty subsidy would help increase rubber production in newer areas such as the northeastern states.

“In the traditional areas, there is limited space and so we have to look at the non-traditional areas. North-East is a good choice, but there are still few issues that need to be addressed,” Cochin Rubber Merchants Association ex-President, Mr N. Radhakrishnan, told PTI.

The old subsidy scheme needs more incentives so as to attract farmers to look toward rubber as a plantation crop, Mr Radhakrishnan added.

According to official data, the demand supply-gap in the 2010-11 fiscal was 87,255 tonnes, compared with 99,165 tonnes in the previous year.

### **Wheat procurement in Punjab down 39%**



A file photo of a wheat farm.

Chandigarh, April 26:

Wheat procurement in Punjab has reached 56.22 lakh tonnes so far in the ongoing crop year, but this is still 39 per cent lower than the volume lifted in the corresponding period of the previous year.

Government procurement agencies and private millers have procured 56.22 lakh tonnes so far against 91.6 lakh tonnes procured last year.

Wheat harvesting got delayed in Punjab because of extended cold conditions during this rabi marketing season.

According to FCI officials, arrivals in a few areas lashed by rain and hailstorms almost ten days ago had moisture content of close to 12 per cent, which was within the prescribed limit.

“Last year, the moisture content was hovering around 8 to 9 per cent, but this season, the moisture content was a bit higher due to rains... but it was still meeting norms,” he said.

Out of the total procurement, state owned agencies bought 56.14 lakh tonnes, constituting 99.09 per cent of total buying. Procurement by private traders was abysmally low at just 7,855 tonnes.

FCI procured 7.53 lakh tonnes which was 13.4 per cent of the total procurement in the state.

A spokesman said Patiala district, with 7.65 lakh tonne procurement, was leading the procurement operations, whereas Sangrur district, where 7.57 lakh tonnes was lifted, was at the second place.

### **Annual mango festival to be held in Thane**

Thane, April 26:

Heavy losses suffered by mango growers in Konkan region notwithstanding, the sixth annual mango festival will be held here from May 2-9.

“Mango growers and farmers from Konkan have suffered enormous losses this year which was worse than the ones suffered in the past four to five years.

“However, they are determined to reach their produce to Mumbai for the festival,” MLC Sanjay Kelkar, who is also the president of Sanskar, a social organisation that organises the festival, told reporters here.

Forty stalls of mangoes would be set up this year in addition to five stalls of other products of Konkan, he said.

During the festival, there will be a pictorial exhibition of the tourist spots of Konkan. Besides, art and culture would also be showcased through various programmes.