THE HINDU

Published: August 16, 2011 00:00 IST | Updated: August 16, 2011 04:13 IST KOCHI, August 16, 2011

# High-yielding fodder to be introduced

The Dairy Development Department is set to introduce a high-yielding and fast-growing variety of fodder grass in the district later this month.

"The CG-3 (Coimbatore Guinea) variety developed by the Tamil Nadu Agricultural University was found very productive in Palakkad, where it was introduced last year. Ernakulam will be the second district in the State to try out this variety," V. Unni, deputy director, Dairy Development Department, Ernakulam, told *The Hindu* .

The department will distribute 10,000 root slips of the variety brought from Palakkad, free of cost to 250 selected farmers on Fodder Day to be observed in the State for the first time on August 19.

It has been proposed that the new variety could gradually replace the two hybrid Napier grass varieties, C0-4 and CO-3, being used in the district. "The existing varieties yield in the range of 300-320 tonne from a hectare. However, this drops to about 150 tonne if they are grown in shade, depriving them of enough sunshine. CG-3 variety assures about 420 tonne per hectare irrespective of where they are grown," said Mr. Unni.

The harvesting period is also shorter for the new variety. While the old varieties turned fit for cutting 45 days from planting, the new variety could be cut every 40 days.

Fodder grass is grown mainly as an intercrop in the district owing to shortage of land. Consequently, the supply falls way short of the demand, often forcing dairy farmers to opt for costlier livestock feed. As of now, the annual yield from about 615 hectares used for growing fodder grass is 1.84 lakh tonnes. Except for a farmer who grows fodder grass on about 15 hectares spread over Muvattupuzha and Kolanchery for commercial business, all dairy farmers in the district use the grass they grow for domestic use.

The expectation is that the limited distribution of new variety this year would yield about 42,000 tonnes.

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Published: August 16, 2011 00:00 IST | Updated: August 16, 2011 04:13 IST KADAPA, August 16, 2011

## Weather-based crop insurance for groundnut: Minister

The government has decided to implement a weather-based crop insurance facility for groundnut crop in kharif 2011 and formulated an action plan to raise alternative crops in view of gross deficient rainfall in Kadapa district, Minister for Medical and Health D. L. Ravindra Reddy said on Monday.

45 per cent deficient rainfall was recorded in June and major crop groundnut was sown in only 21 per cent of the normal cropping area, the Minister said during his Independence Day address after hoisting the tricolour at Police Parade Grounds here.

The government spent Rs.2.31 crore for the distribution of jowar, sajja, bengal gram, red gram, sunflower, castor and other seed, he said.

### Kharif season

In the kharif season in June, 45,445 quintals of groundnut and other seed were distributed among farmers with an expenditure of Rs.7.30 crore.

In all, 53,110 tonnes of urea, DAP and other fertilisers were distributed between April and June. A subsidy of Rs.4.17 crore was disbursed under farm mechanisation and village seed scheme, Dr. Ravindra Reddy said. Kadapa district was sanctioned Rs.14 crore for crop insurance in the 2009 rabi season.

Free power was being supplied to 1.05 lakh agricultural pumpsets in the district and power bills were charged for only 443 farm pumpsets, he stated.

Pensions and houses

Kadapa district stood first in the State by constructing 2.08 lakh Indiramma houses with an expenditure of Rs.721 crores.

Pensions were being disbursed among 2.30 lakh aged, physically challenged, widows and handloom workers with a cost of Rs.5.18 crore, the Minister said. Felicitations

The Minister felicitated freedom-fighters Balayella Reddy, 90, of Chennur, K. Aijaiah, 94 of Mrutyunjayakunta and K. Narasimhulu, 84, by presenting shawls.

He gave away appreciation certificates to 494 officials of all government departments and non-officials.

He also gave away assets worth Rs.27 crores among 16,242 beneficiaries and a cheque of Rs.5 crore to women self help group members.

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Published: August 16, 2011 00:00 IST | Updated: August 16, 2011 04:13 IST ERODE, August 16, 2011

Opening of Bhavanisagar dam brings cheer to farmers

Water gushing out of the Bhavanisagar reservoir in Erode district on Monday. — PHOTO: M.GOVARTHAN

A massive sheet of water gushed out as the Bhavanisagar dam was thrown open for irrigation of over one lakh acres covered by the Lower Bhavani Project (LBP), on Monday.

Amidst the showering of petals, Collector C. Kamaraj pressed a button signalling the opening of the sluices around 12.50 pm. The water release brought cheers to thousands of farmers in the LBP ayacut who are preparing for the cultivation of paddy, turmeric and sugarcane.

The dam will be kept open till December 15 for the irrigation of 1,03,500 acres in Erode, Tiruppur and Karur districts.

The water level stood at 84.15 feet and storage was 17.988 tmcft on Monday.

The inflow was 1060 cusecs. “The water position in the reservoir is really comfortable this year as compared to the previous year. The dam had only 14.874 tmcft of water in August 15 last year,” Public Works Department officials pointed out.

Initially, 500 cusecs was let into the LBP canal and extension channels. This would be gradually be increased to 2,300 cusecs depending on the demand.

Mr. Kamaraj urged farmers to utilise the water judiciously and follow water conservation practices. The district administration was taking steps to remove encroachments on the Bhavani banks and catchment.

MLAs N.D. Venkatachalam, P.L. Sundaram, P.G. Narayanan, N.S.N. Nataraj, and senior officials from various departments were present.

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Published: August 16, 2011 00:00 IST | Updated: August 16, 2011 04:14 IST Tiruvannamalai, August 16, 2011

Reservoir opened for irrigation

Kuppanatham Reservoir constructed across the Cheyyar was opened up for irrigation on Monday.

After opening the sluice gates, District Collector Anshul Mishra has announced that the water would be released for 22 irrigation tanks connected with the system in three phases for 33 days, until September 16.

Total quantum of water to be released was 480 million cubic feet. Water level in the 59 feet dam stood at 50.35 feet when the sluice gates were opened, he added.

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VIRUDHUNAGAR, August 16, 2011

“Scheme to help State top in milk production”

Beneficiaries to be given milch animals: Collector.Betterment of livelihood: Collector M. Balaji addressing gram sabha meeting at Kattachinnampatti in Virudhunagar district on Monday.

The State Government's proposed scheme of distributing free milch animals will help Tamil Nadu becoming the number one State in milk production in the country, Collector M. Balaji has said.

Addressing a gram sabha meeting at Kattachinnampatti in Sivakasi Panchayat Union on Monday, Mr. Balaji said for a country which had 30 crore population decades back, India now had 30 crore people under poverty line.

The State Government has proposed the new scheme of giving free milch animals with an aim of improving the economic status of the villagers. The country that has seen green revolution and white revolution could once again witness white revolution through the scheme, he added.

Mr. Balaji said that Kattachinnampatti was selected for implementing the scheme only because none of the villagers were involved in rearing milch animals. Initially, 50 beneficiaries have been selected under the scheme. More people could be covered under the scheme if there were families qualifying for it.

All those beneficiaries under the free milch animals scheme would not be considered for the free sheep/goat rearing scheme, the Collector said. Selection of beneficiaries would be informed to the villagers during every gram sabha meeting.

Mr. Balaji urged the villagers to protect all the water bodies and desist from dumping garbage into it.

The list of names of beneficiaries under the scheme was announced and it was approved by the gram sabha, a statement said. The beneficiaries were selected by a seven-member committee including the panchayat president.

A veterinary officer Ponnupandian said that 22 districts in the State had been selected for the scheme. The government would give away 12,000 milch animals every year. The Government would allot Rs. 30,000 for buying each animal. The cost of taking the beneficiaries to the shandy and taking the animal to the beneficiaries' place and the premium for the animals' insurance would also be borne by the State Government, he added.

The beneficiaries would have to supply milk only to Aavin. The Government has made it mandatory for the beneficiaries to keep the animals with them for four years.

The panchayat President, Azhagarsamy, and Assistant Director (Panchayats) Srilekha, were present at the meeting.

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Published: August 16, 2011 00:00 IST | Updated: August 16, 2011 04:12 IST KOCHI, August 16, 2011

**Farmers' day**

The Ernakulam District Committee of Kisan Janatha will observe Farmers' Day on August 17 at Mas Auditorium here.

'Le Mashale,' an interpretation of a play written by Civic Chandran on Irom Sharmila who has been on a fast for over 10 years protesting against the Armed Forces Special Powers Act in Manipur, will be staged at Gandhi Bhavan, Kacherippady here, on Tuesday at 5 p.m.

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Agence France-Presse

Washington, August 16, 2011
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Last Updated: 07:33 IST(16/8/2011)

# High food prices threaten poorest: World Bank

Food prices near record peaks and volatility in commodity markets are driving the lives of the world's poorest people to the edge of survival, the World Bank warned on Monday.

Global food prices in July were 33% higher than a year ago, while oil prices were up 45%, driving up the price of fertilizers, the development lender said in a quarterly report.

"Persistently high food prices and low food stocks indicate that we're still in the danger zone, with the most vulnerable people the least able to cope," World Bank president Robert Zoellick said in a statement.

"Vigilance is vital given the uncertainties and volatility that exists today. There is no cushion."

According to the bank's latest Food Price Watch report, prices that are now near the record highs of 2008 have been a major contributor to the emergency in the Horn of Africa.

Over the last three months, reportedly 29,000 children under five have died in Somalia and 600,000 children in the region remain at risk in the crisis threatening the lives of more than 12 million people, the World Bank said.

"Nowhere are high food prices, poverty and instability combining to produce tragic suffering more than in the Horn of Africa," Zoellick said, noting the bank was stepping up short-term help through safety nets to the poor and the vulnerable in places like Kenya and Ethiopia.

The 187-nation lender said it was providing $686 million to save lives, improve social protection, and spur economic recovery and drought resilience for people in the Horn of Africa.

Zoellick, who has repeatedly urged the Group of 20 major economies this year to make the food crisis a top priority, said more funds were urgently needed for the region.

Of the total resources committed so far -- $1.03 billion -- $870 million have been assigned to emergency efforts, with the remainder dedicated to longer-term objectives.

An estimated additional $1.45 billion is needed, the bank said.

"The global food prices that continue to be high and the Horn of Africa humanitarian disaster have demonstrated the urgency for tackling long-term and structural factors that contribute to food insecurity for the vulnerable, keeping in mind the increased risk of recurring droughts because of climate change," the report said.

The World Bank highlighted volatility in food prices, pointing to an 11% rise in rice prices between May and July following a general decline since February.

Domestic food prices continued to fluctuate widely across the globe, it said. The annual price changes in maize in the 12 months up to June 2011, for example, ranged from increases of 100% or more in Kampala, Mogadishu, and Kigali markets to reductions of 19% in Port-au-Prince and Mexico City.

And rising food prices have been major drivers of general inflation in a number of countries.

In China, the prices of pork, shrimp and fish rose sharply in the recent quarter, leaving food price inflation at 14.6% in June over a year earlier.

In Vietnam, food price inflation was up 30.6%, due to locally produced food items such as meat and vegetables.

"However, inflation in these countries is expected to moderate in the near future as local supply improves and assuming monetary policy is tightened to address macroeconomic vulnerabilities," the bank said.

http://www.hindustantimes.com/StoryPage/Print/733769.aspx

New Delhi, August 14, 2011
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Last Updated: 22:12 IST(14/8/2011)

## Cheap loans for farmers on cards

Banks are likely to lower interest rates for farmers seeking to avail short-term loans, who present storage details of their produce in accredited warehouses.

Backed by the legal status on negotiable warehouse receipts (NWRs) and the growing number of accredited storage centres, banks are now willing to charge lower rates for loans extended against such receipts.

The maximum interests on such loans are expected to come down to 10-11% from the current 11-12%, a government source told HT on the condition of anonymity.

India introduced the NWR system in April 2011, in which farmers can seek loans from the banks against receipts issued to them.

NWRs are the documents issued by the warehouses to the farmers against the commodities stored in the depots.

These receipts are issued by the warehouses registered with the warehousing development and regulatory authority (WDRA) set up as a watchdog for regulation and development of warehouses in India.

That way, a farmer does not need to sell the product immediately to ease cash constraints and the option becomes attractive, if the farmer expects that the seasonal price increase will make it worthwhile to store the product and sell it later.

WDRA has already notified 40 agricultural commodities against which negotiable warehouse receipts could be issued.

Central warehousing corporation (CWC), which runs 473 warehouses, with a total capacity of 10 million tonnes, is pushing for accreditation of its depots to enable farmers to secure loans against NWRs.

“As on August 1, 83 warehouses of CWC with a total capacity of 2.29 lakh tonnes have been registered with the WDRA, which are authorised to issue NWRs,” B B Pattanaik, managing director, CWC told HT.

Most banks have launched special schemes for offering loans against warehouse receipts, State Bank of India (SBI) is offering loans at 8%.

India has total agriculture warehousing capacity of 91 million tonnes at present to store and conserve such large quantities, with state agencies owning 41% of the capacity and the balance distributed among private entrepreneurs, cooperative societies and farmers.

http://www.hindustantimes.com/StoryPage/Print/733325.aspx

New Delhi, August 15, 2011
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Last Updated: 09:37 IST(15/8/2011)

**Taming inflation is govt's top priority: PM**

Emphasising that controlling inflation is the government's top priority, Prime Minister Manmohan Singh on Monday said rising prices are as a result of global factors like high commodity and oil rates.

"Controlling rising prices is the primary responsibility of any government... Sometime, we have been confronted with a situation in which the reasons for rising prices lay outside the country. The prices of petroleum products, foodgrains and edible oil have risen steeply in international markets in recent times," Singh said in his Independence Day address to the nation.

Inflation, particularly of food articles, has been persistently high for several months. Both general and food inflation figures are near double digits, causing hardships to the common man and leading to high cost of borrowing that affects the economic activity.

Barring the past few weeks, commodity and crude prices have been rising in global markets, affecting the Indian economy which largely depends on imports for meeting its oil requirements.

Food inflation for the last week ended July was 9.90 per cent, while the general inflation was ruling at 9.44 per cent in June.

"Our country is passing through a phase of sustained high inflation," the Prime Minister said, adding, "I wish to assure you that we are continuously monitoring the situation to find out what new steps can be taken to arrest rising prices.

"Finding a solution to the problem will be our topmost priority in the coming months," Singh said.

http://www.hindustantimes.com/StoryPage/Print/733437.aspx

New Delhi, August 15, 2011
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Last Updated: 11:43 IST(15/8/2011)

**July inflation to near double-digit: Experts**

Pressure on the price front is likely to continue with the headline inflation in July expected to be close to double-digit, keeping RBI on the path of tight monetary policy, experts said.

The inflation numbers for July will be released on Tuesday.

"Though global commodity prices have declined in the past week it is still too early to factor that into inflation. On the other hand, the spillover of the domestic fuel price hike of May will continue to have some impact and so headline inflation in July could be close to 10%," Deloitte, Haskins & Sell director Anis Chakrabarty said.

The near double digit inflation, he added, could prompt the Reserve Bank to continue with its tight monetary policy which it had been following since March 2010.

"In such circumstances further rate hike cannot be ruled out," Chakrabarty said.

Inflation, as measured by the Wholesale Price Index (WPI), stood at 9.44% in June. Inflation has been above the 9% mark since December last year.

The Reserve Bank has hiked its key policy rates 11 times since March 2010 to tame the rate of price rise. India Inc has said that repeated rate hikes have affected investments by raising borrowing cost.

"Inflation will be close to 10% for July. As per our estimates, it will be around 9.8%," Crisil chief economist D K Joshi said.

Factors like high price rise of food and manufactured items will contribute to the rise in inflation, he added.

"Inflation is now broad based and not confined to any specific segment of the WPI pie," Joshi said.

He said there is a high probability of RBI going for hike of 25 basis points in its rates in its September 16 mid-quarterly policy review.

"A reversal in the RBI's monetary stance and focus on inflation management in the near term is unlikely, unless there is a sharp and sustained downtrend in commodity prices," ICRA economist Aditi Nayar said.

The better-than-expected 8.8% growth in industrial production in June may also provide the RBI more leeway to go for rate hike.

"Industrial output has grown at 8.8% in June... Such numbers may also prompt the RBI to go ahead with further rate tightening in case inflation is seen to persist at over 9%," Chakrabarty said.

http://www.hindustantimes.com/StoryPage/Print/733462.aspx

| Aug 18 | Aug 19 | Aug 20 | Aug 21 | Aug 22 |
|---|---|---|---|---|
| 31º \| 27º | 31º \| 26º | 30º \| 26º | 29º \| 26º | 29º \| 26º |
| Rainy | Rainy | Rainy | Rainy | Rainy |



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THE ECONOMIC TIMES

Tue, Aug 16, 2011 | Updated 09.41AM IST

16 Aug, 2011, 01.16AM IST, PK Krishnakumar,ET Bureau

**Pepper prices increase on tight supplies**

KOCHI: Despite the threat of a slowdown in consumption, a tight supply situation could drive up global pepper prices. Futures contracts are showing a bullish trend with prices above Rs 300 per kg. Fearing that the economic crises in the US and Europe could worsen further, buyers in the international market are asking for credit.

"There are signs of financial crunch. Buyers are opting for smaller quantities," said Jojan Malayil of exporting firm Bafna Enterprises. It seems that the buyers are bracing for a possible recession. With Vietnam, the largest producer, having exported close to 1 lakh tonne, the market was looking forward to a good crop from Indonesia to ease the shortage situation.

But reports said the Indonesian harvest hasn't been good. Though an exportable surplus of 20,000 tonne had been expected, the crop was said to be between 10,000 tonne and 15,000 tonne. "Nobody clearly knows the extent of production in Indonesia. There is an iron curtain with hardly any information on the crop coming forth," said Kishor Shamji, a leading exporter.

The Indian pepper is better priced in the international market at present. It sells for around $50 less than Vietnams's at $6,850 per tonne. A crop is due from Brazil but the country has sold some quantity in advance at a lower price. As prices picked up, Brazilian traders have withdrawn from the market, Jojan Malayil said. Indian exporters have been able to make some headway this week as the Indonesian pepper is priced higher.

Indian pepper prices are fluctuating in the Rs 280-290 per kg range in the domestic market. Supplies to market have thinned as Kerala farmers are waiting for a better price while Karnataka farmers are releasing their stocks to the market. Once prices go over Rs 300 kg, supplies are likely to increase, say exporters. The International Pepper Community has pegged the Indian pepper production at 45,000 tonne.

Meanwhile, continuous rains in the Idukki region, a major pepper growing area in Kerala, have raised concerns of a poor crop. Growers say such weather conditions could damage the vines.

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14 Aug, 2011, 11.21AM IST, PTI

Onion export price raised to check soaring cost of the bulb

NEW DELHI: The government has raised the export price of onion by USD 45 per tonne to USD 275 a tonne in order check prices which have doubled in the last one month in the retail market and are currently ruling at Rs 20 per kg.

The Minimum Export Price (MEP) of two superior varieties - Krishnapuram onions and Bangalore Rose onions - have been increased by USD 50 per tonne to USD 400 per tonne. These two South Indian varieties were spared from the hike last time in July.

"MEP of Bangalore Rose onions and Krishnapuram onions will be USD 400 per tonne... (and)

MEP of onions other than Bangalore Rose onions and Krishnapuram onions will be USD 275 per tonne," the Directorate General of Foreign Trade (DGFT) said in a notification.

The onion MEP has been raised to discourage exports and boost the domestic supply, a senior government official said.

The decision comes in the backdrop of rising onion prices, which were stable during April-June period and had even fallen to Rs 10 per kg level in the retail markets.

The government seems to be worried also about high food inflation, which surged to a four-and-half month high of 9.9 per cent for the week ended July 30, due to costlier onions, fruits, vegetables and protein-based items.

The onion prices went up by 36.62 per cent year-on-year, as per wholesale-based inflation data.

In December last year, the government had imposed a ban on onion exports after its prices had skyrocketed to Rs 80-85 per kg in the retail markets across the country. The export ban was lifted in February this year after the cost eased.

While opening export, the MEP of onions was fixed at USD 600 per tonne. In subsequent months, MEP was revised downwards several times to USD 170 per tonne level.

With prices again inching upwards, the government has increased MEP three times since June to tame prices, and now it stands at USD 275 per tonne.

Traders at Azadpur in the national capital (Asia's biggest wholesale fruits & vegetables market) said onion prices have increased on lower arrivals as the stock from last year's crop is getting exhausted and prospect of supply of new crop, which starts from September, may get delayed.

Onion which was selling at Rs 10 a kg a month back, soared to Rs 15 per kg last week before touching Rs 20 a kg in the Delhi and NCR, traders said.

India produced over 14 million tonnes of onion in the 2010-11 season.

The exports dropped by over 31 per cent in 2010-11 fiscal at 12.89 million tonnes against the year-ago period.

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the pioneer

Success not proved lasting in controlling inflation: PM

August 15, 2011 9:53:01 PM

PNS | New Delhi

Accepting Government's inability in controlling inflation and country's high dependence on imported petroleum products, Prime Minister Manmohan Singh on Monday said the reasons for price rise lay outside the country and added that the Government's efforts to tame inflation have not met with lasting success.

"The prices of petroleum products, foodgrains and edible oil have risen steeply in international markets in recent times. Since we import these products in large quantities, any rise in their prices adds to inflationary pressure in our country," Singh said in his Independence Day address to the nation.

“Sometimes we have been successful too in controlling inflation But this success has not proved lasting,” Singh said.

Noting that sometimes the reasons for rising prices lay outside the country, Singh stressed that the Government would consider new steps to arrest rising inflation.

“Our country is passing through a phase of sustained high inflation. Controlling rising prices is a primary responsibility of any Government,” Singh said.

In recent times, the prices of petroleum products, foodgrains and edible oil have gone up steeply in international markets. Both food and general inflation have remained stubbornly high. Last year, India’s oil import bill was about $106 billion, when the average crude oil price was hovering around $55 to $60 per barrel.The RBI has embraced a hawkish monetary policy to tame inflation, which touched 9.44 per cent in June. Food inflation jumped to a four-and-half month high of 9.90 per cent in the last week of July.Grappling with rising inflation for more than a year, the central bank has hiked interest rates 11 times since March, 2010.
In its Economic Outlook for 2011-12 released earlier this month, the Prime Minister’s Economic Advisory Council had projected headline inflation to remain high at around 9 per cent till October.

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Business Standard

Tuesday, Aug 16, 2011

**Karnataka foodgrain output may rise 9.3%**

**Mahesh Kulkarni / Bangalore August 16, 2011, 0:58 IST**

The near-normal monsoon across most of Karnataka so far has raised hopes of higher foodgrain output for the year 2011-12. Sowing operations were satisfactory during the first two months of the current kharif season. Though the sown area was 17 per cent less than the normal coverage at 4.4 million hectares as on July 31, the agriculture department expects to achieve the target of 14 million tonnes (mt) for 2011-12, a growth of 9.3 per cent over last year's output.

The normal coverage as on July 31 is 5.3 million hectares. As on July 31, sowing status was above normal in seven districts, normal in 16 and below normal in seven.

However, compared to the corresponding period last year, the sowing coverage was down 18.5 per cent. Last year, as on date, the total area sown for all crops was 5.4 million hectares.

"We have set a target of 7.46 million hectares to be covered in this kharif, an increase of 2.9 per cent over last year. Of this, 5.15 million hectares will be covered under foodgrain and 1.37 million hectares for oilseeds, 398,000 hectares under sugarcane, 412,000 hectares for cotton and 123,000 hectares under tobacco," an agriculture department official said.

For the full year 2011-12, the department has set a target of covering 11.54 million hectares under various food crops and commercial crops, an increase of 7.3 per cent over the previous year.

The state has pegged the production of foodgrain during 2011-12 (kharif and rabi) at 14 mt, a growth of 9.3 per cent over 12.8 mt produced last year. For the kharif season alone, the production of foodgrain is pegged at 9.22 mt.

During the period from June 1 to August 5, the state as a whole recorded an actual amount of 477 mm rainfall, as against the normal rainfall of 488 mm, a shortage of 2.2 per cent. While 27 districts received normal rainfall, three districts witnessed deficit rainfall during the period. The rainfall pattern in north-interior Karnataka was better than south-interior Karnataka. It was normal in coastal areas and near-normal in the Malnad belt, according to data compiled by the Karnataka State Natural Disaster Monitoring Centre.

During the first two months of the kharif season, total sowing for foodgrains was completed in 2.79 million hectares, which is 84 per cent of the normal coverage area. The total sowing for oilseeds was completed in 759,000 hectares, about 58 per cent of the normal coverage. The sowing for cash crops witnessed a phenomenal growth of 139 per cent, at 843,000 hectares, as against the normal coverage of 605,000 hectares.

| BALANCE SHEET<br>Current acreage and targets for various kharif crops | | | | | |
|---|---|---|---|---|---|
| CROP | Normal acreage for season (ha) | Sowing as of Aug 4 (ha) | Sowing in last comparable period (ha) | Acreage target for kharif (ha) | Production target for kharif (tonnes) |
| Paddy | 2.6 million | 741,011 | 801,221 | 2.87 million | 9.1 million |
| Groundnut | 1.29 million | 817,855 | 1.25 million | 1.4 million | 1.53 million |
| Cotton | 1.35 million | 1.57 million | 1.59 million | 1.95 million | 6.02 (mn bales) |
| Maize | 500,000 | 409,419 | 412,773 | 500,000 | 1.97 million |
| Sugarcane | 211,000 | 190,038 | 176,735 | 170,000 | 13.98 million |
| Chillies | 161,000 | 19,230 | 38,195 | 150,000 | 622,000 |
| Soybean | 123,000 | 152,382 | 133,928 | 140,000 | 277,000 |
| Sunflower | 93,000 | 7,931 | 21,695 | 100,000 | 64,000 |
| Ragi | 44,000 | 28,287 | 29,027 | 50,000 | 61,000 |

Rice, ragi and maize are the three major crops under cereals in the state and account for 82 per cent of the total targeted area at 2.9 million hectares. So far, the sowing for rice has been satisfactory at 83 per cent of the normal coverage at 359,000 hectares. Maize sowing has been done in about 936,000 hectares, 117 per cent of normal coverage as on July 31.

## Vegetable oil imports up 14% in July

BS Reporter / Mumbai August 14, 2011, 0:26 IST

Vegetable oil imports rose 14 per cent in July to 913,179 tonnes, as compared to 800,644 tonnes in the same month last year. Overall import of vegetable oils during the first nine months of the current oil year (November 2010 - October 2011) jumped a marginal 5.3 per cent to 6,043,403 tonnes, as compared to 6,382,314 tonnes in the same period last year, data compiled by the Solvent Extractors' Association showed.

Import of vegetable oils in the first two quarters was lower due to higher crushing of oilseeds and production of oils. However, import of vegetable oils in the third quarter increased by 15.4 per cent, and this trend is likely to continue for the last quarter of the current oil year.

Current stock of edible oils, as on August 1, at various ports, is estimated at 560,000 tonnes (CPO 300,000 tonnes, RBD palmolein 70,000 tonnes, degummed soybean oil 130,000 tonnes and crude sunflower oil 60,000 tonnes) and about 1,000,000 tonnes in pipelines. Total stock, both at ports and in pipelines is up by 60,000 tonnes and estimated at 1,560,000 tonnes, as compared to 1,500,000 tonnes as on July 1.

## Arecanut prices skyrocket in Karnataka

Mahesh Kulkarni / Chennai/ Bangalore August 13, 2011, 0:07 IST

Ban on sale of gutkha in plastic sachets, drop in production led to price rise.

Arecanut prices are skyrocketing in Karnataka after a gap of over a decade. The prices of white arecanut (Chali variety), which went up by around 40 per cent two months ago to Rs 14,000 per quintal (100 kilograms), are now ruling at Rs 17,500 per quintal, a growth of 2.9 times over the December 2010 levels.

On the close of trading in Mangalore market, the main centre for white variety, the commodity was traded at Rs 17,500 per quintal for the old stock, while the new stock (2010-11 crop) was sold at Rs 17,000 per quintal. Just about 8 months ago, the arecanut growers had witnessed a severe drop in the prices and sold their produce at Rs 6,000 per quintal.

“The present rise in prices is attributed to a ban on sale of gutkha in plastic sachets following a Supreme Court order in February this year. Subsequently a major shift is seen towards consumption of pan, which contains white variety arecanut. A gradual shift in the diversion of arecanut cultivation towards rubber plantation owing to shortage of labourers is also seen as a reason for the rise in the prices,” A S Bhat, managing director, Central Arecanut and Cocoa Marketing and Processing Cooperative Limited (Campco).

He said the last time when the prices of arecanut witnessed historic high was in 1999, when the product prices touched Rs 16,000 to 16,500 per quintal.

The prices of white arecanut had touched an all time low, just two years ago and traded at around Rs 3,500 a quintal.

Presently, the prices of old stock called stood at Rs 17,500 and new arrivals at Rs 17,000.

“After the ban on use of plastic sachets for selling gutkha, the consumers turned to consumption of fresh pan, which is an alternative to chewing gutkha. And this sudden demand for white variety, which is in short supply resulted in record price rise,” he explained.

The arecanut production is estimated at around 500,000 metric tonnes, of which white variety constitutes 40 per cent annually. However, during 2010-11 season, the white variety production had dropped to around 25 per cent and was in short supply, he said.

Bhat said the farmers are uprooting their arecanut trees and going for cultivation of rubber, as the prices for rubber are better than arecanut.

Presently, the rubber is traded at Rs 205 to Rs 225 per kg, up from around Rs 70 a year ago. The diversion to rubber is also due to shortage of labourers in arecanut gardens.

Arecanut is grown in Sirsi, Kumta, Sagar, Shimoga and Chitradurga districts (red variety) while only 40 per cent is grown in coastal region, including Vittal, Puttur and Sullia (white arecanut).

This year, the farmers are also experiencing fruit rot disease in several growing areas of Dakshina Kannada district, which is quite normal during the monsoon season.

“We have been experiencing heavy rains this year in many growing areas. If the rain does not give a break during the daytime, it would be difficult for farmers to spray copper sulphate to curb the pest attack. And this will affect the production this year as well leading to further rise in the prices for the next arrivals,” Bhat added.

THE HINDU Business Line

## Punjab, Haryana farmers set to harvest bumper basmati crop

Glut may, however, drag prices as Parmal rice varieties get replaced

Punjab*

| | |
|---|---|
| Rice | 112.36 |
| Coarse cereals | 5.24 |
| Pulses | 0.20 |
| Oilseeds | 0.75 |
| Cotton | 20.06 |
| Sugarcane | 37.20 |

*Production during 2009-10 in lakh tonnes
Source: RBI

New Delhi, Aug. 15:

The current kharif season is seeing the consolidation of a trend noticeable in Punjab and Haryana in recent years – the steady inroads made by basmati rice in place of the regular 'Parmal' varieties supplied largely to Government agencies.

Between 2005 and 2010, the area under basmati varieties has increased from 1.5 lakh hectares (lh) to over seven lh in Punjab. While there are no official estimates yet for this year, the general expectation is of an increase ranging from 0.5 to one lh. That would make it roughly 7.5 lh or more than a quarter of the State's total 27.5 lh rice area.

The shift from non-basmati to basmati is even more pronounced in Haryana. In 2000, the area under basmati was 3.69 lh, which, last year, reached 8.1 lh or 65 per cent of the total rice acreage of 12.45 lh. “This year, we anticipate basmati's share to cross 70 per cent”, Mr A.K. Yadav, Special Secretary (Agriculture), Haryana Government, told *Business Line*.

### Better profitability

Mr Jagdeep Singh Cheema, President, Young Farmers Association of Punjab, attributes the rising share of basmati mainly to better profitability. A farmer growing Pusa-1121 basmati typically harvests 18-20 quintals of paddy an acre, compared with 26-27 quintals for the normal ‘Parmal' varieties. But this is more than compensated through higher realisations.

Last year, farmers received Rs 2,200-2,300 a quintal for Pusa-1121, against the minimum support price (MSP) of Rs 1,030 for Grade ‘A' non-basmati paddy. For the ensuing marketing season, the MSP for the latter has been raised to Rs 1,110 a quintal.

“Even if prices of Pusa-1121 drop to Rs 1,800, the gross revenue would work out more than that for Parmal varieties. Also, since basmati transplanting mainly happens in July after the arrival of the monsoon rains (unlike during the peak summer period from end-May to June for Parmal), the farmer saves on diesel and irrigation expenses. So he benefits both on the revenue as well as cost side”, Mr Cheema pointed out.

### Declining share

The growing preference for basmati and even to crops such as cotton (where the area sown this year has increased by 1.06 lh in Haryana and by 0.16 lh in Punjab) has led to a steady decline in the share of the two granary States to the total rice procured for the Central pool: From 43 per cent in 2000-01 to less than a third now. And if the current trends hold, the percentage might fall even further.

“That may not be bad thing as it will force the Government to procure more from other States, benefiting their (hitherto neglected) farmers. Farmers in Punjab and Haryana would, in turn, concentrate more on raising high-value rice requiring less water and fertilizers. This will reduce ecological stress and groundwater depletion, which has assumed alarming proportions in the region”, noted Mr Vijay Setia, President, All India Rice Exporters' Association.

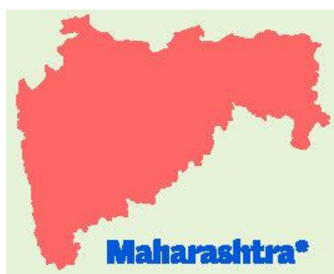
But what is worrying this time round is the likelihood of a bumper crop that could drag prices. Last year, the total basmati crop size amounted to roughly 12 crore bags (of 50-kg paddy). This year, production might go up by a couple of crore bags, on the back of higher acreages and the currently good condition of the crop. That, coupled with the estimated carryover stocks of 3-4 crore bags from previous harvests, may not be the best of news for farmers.

"Farmers last time got Rs 23-24 a kg for Pusa-1121, Rs 25-plus for traditional basmati and Rs 20-21 for Pusa Basmati-1. This time, I expect these at Rs 16-18, Rs 20 and Rs 17, respectively", said a leading Delhi-based rice exporter.The worst thing to happen is if all this leads to disillusionment among Punjab and Haryana farmers, prompting them to switch back to good old, 'safe' non-basmati rice.

(This article was published in the Business Line print edition dated August 16, 2011)

## Cotton, soya are toast of Maharashtra farmers

Remunerative prices lure growers as groundnut loses turf




| | |
|---|---|
| Rice | 22.34 |
| Coarse cereals | 62.95 |
| Pulses | 25.22 |
| Oilseeds | 34.29 |
| Cotton | 58.58 |
| Sugarcane | 540.46 |

*Production during 2009-10 in lakh tonnes
Source: RBI

Mumbai, Aug. 15:

Cotton and soyabean, the crops which have seen remunerative prices last year, have lured Maharashtra farmers this year.

The area under these cash crops has increased considerably, against the usual and last year's coverage.

In the case of cotton, farmers have sown on over 40 lakh hectares (lh) against the normal 25.9 lh and last year's 39.34 lh. What could have gone in favour of cotton is the prices farmers fetched last year. With the Centre deciding to continue raw cotton exports, farmers may continue to fetch better prices for their crop.

Over 30 lh have been brought under soyabean against the usual 22 lh and last year's 25.46 lh. Demand for oilseeds and stable prices for oils have helped farmers to go in for this soyabean. This has helped a better oilseeds coverage of 33.43 lh against 29.32 lh last year, despite drop in groundnut coverage to 2.1 lh from 2.5 lh last year. Groundnut, this year, has yielded acreage to cotton or sugarcane. In places such as Kolhapur, area under groundnut has dropped by nearly 50,000 hectares. Groundnut acreage has declined by 1.19 lh this year.

Kharif sowing across Maharashtra is almost complete in 128.64 lh, which is 97 per cent of the cultivable area of 132.34 lakh hectares. The State has received about 709.4 mm of rainfall, which is normal.

A senior Maharashtra Government official said that rains were erratic in June, affecting sowing in areas such as Marathwada. Since mid-July, there has been good rain helping farmers complete the sowing process. The official said that due to more demand from poultry and animal feed industry, the area under maize has increased significantly in the last couple of years. “They are opting for sugarcane because of good rates offered by sugar mills. Farmers are routinely cheated by traders when they transport crops such as groundnut. They are also short-changed during weighing in the marked yard. The sugar mills, which run on a cooperative basis, are much more professional in these aspects and they pay the farmer's dues on time.”

Pulses coverage in the State has dropped, though the area under tur is higher than normal. A drop in prices for pulses such as tur, urad and moong has forced farmers to shift to other crops.

Mr Sandeep Bajoria, Chairman of the All-India Cotton Seed Crushers Association, said that overall kharif sowing has been satisfactory. Area under crops, such as sunflower, is lower this year due to inadequate rains in Dhule and Jalgaon regions, he said.

(This article was published in the Business Line print edition dated August 16, 2011)

## Palm oil prices set for correction

Mumbai, Aug. 15:

Despite all the hype about slowing palm oil production growth and robust export demand as well as tremendous holding power generated by record producer-profits in the last two years, palm oil prices have softened recently.

The market participants in major origins have been not been able to arrest the price correction despite efforts to keep the market well supported.

How low palm oil prices can go is the question everyone is now asking. Current indications are that it could decisively breach (Malaysia ringgit) MYR 3,000 a tonne and on occasions test MYR 2,700/tonne if the financial market woes and global growth concerns persist.

It is, of course, known that the ongoing financial market crisis has engulfed the commodities market and has led to price collapse in a number of energy products and metals. Some of the agricultural commodities where flow of speculative capital has been high have suffered too in the recent sell-off.

Importantly, contrary to the general impression sought to be created from time to time, production of palm oil in both Malaysia and Indonesia has been high in the second quarter of this year. Additionally, volumes of imports into key consuming markets – India, for instance – have been disappointing.

The twin effect of higher output and slowing export demand means the palm oil market is most likely to get into a state of surplus for the season ending September 2011.

According to the USDA, world vegetable production in 2010-11 is projected to expand by a healthy six million tonne to a new high of 146.3 mt. Of the increase, contribution of palm will be 1.8 mt with annual output expanding to 47.6 mt. Projected ending stocks are 4.5 mt.

While Malaysia's palm oil output growth this year is disappointing, it has been more than offset by a robust expansion in Indonesia to a new high of 23.6 mt.

What's more, world palm oil production in 2011-12 is projected even higher at 50.3 mt with Indonesia (25.4 mt) contributing to exactly half of the world output with an incremental production of 1.8 mt.

The market has taken cognizance of the emerging situation where the marketing year 2011-12 will also see a surplus. So, major consuming countries are sure to moderate their pace of purchase so as to benefit from further likely softness in palm oil prices.

Currently, the world is witnessing demand in the wake of ongoing festival season which would extend till October, especially in Asia.

By then the next harvested oilseed crops would hit the market adding to supply pressure. So, any strength in the short term due to festival demand will peter out soon and is unlikely to be sustained.

Given the current and emerging situation, analysts have readily cut palm oil forecast prices by about 10 per cent. Of course, weather over the next two months as well as planting conditions in South America later in the year need to be watched.

One can expect palm oil prices to be range-bound with a strong downward bias over the next few months. An average price of MYR 3,000 a tonne for the last quarter of 2011 would mean the market can trade between MYR 2,700 under normal conditions and MYR 3,300 a tonne under unexpected bullish developments.

It is important that Indian palm oil buyers exercise restraint and not rush into the market that is seen correcting.

Of course, many importers are forced to strike current import deals simply to pay for past imports.

This vicious cycle of more imports in order to pay for past business must come to an end if need be through an official diktat. Only then will there be genuine price discovery for palm oil.

*One can expect palm oil prices to be range-bound with a strong downward bias over the next few months.*

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(This article was published in the Business Line print edition dated August 16, 2011)

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Barring cotton, major crops take a hit in Andhra Pradesh

Rain woes: File picture of a farmer at work in Cheriyal on the outskirts of Ranga Reddy district. Truant monsoon is keeping the agricultural community guessing. — P.V. Sivakumar

Hyderabad, Aug. 15:

While farmers in water-rich areas of Andhra Pradesh have declared crop holiday in about three lakh acres, their counterparts in other parts of the State may end up losing crop in 10 lakh acres this season due to irregular or lack of rain.

Sowings in the State were completed in 53 lakh hectares, four lakh hectares short of the area which should have been covered so far. The State grows crops on 78.11 lakh ha in the kharif season.

Worst hit among major crops categories are paddy, groundnut, all pulses, and chilli. Sunflower is facing a complete wash-out.

## Saving grace

The saving grace, however, is cotton with the area sown registering a growth of 136 per cent at 16.48 lakh hectares as against the season average of 13.51 lakh ha.

The farmers, however, had to sow twice in several parts, increasing costs on seeds and labour.

The other gainers include turmeric at 0.57 lakh ha (season average 0.63 lakh) and castor with 1.82 lakh ha (1.77 lakh ha).

All but one (Srikakulam) district have registered shortfall in the rainfall. Twenty-two districts recorded rainfall in the range of -6 per cent to -23 per cent, while Srikaulam managed to achieve no deviation from the average of 375 mm as on date.

Agricultural operations have gone for a toss due to shortfall in rain and irregularity of incidence.

"This might give rise to increase in incidence of sucking pests, particularly in cotton, which has emerged as the lone hope for kharif," a senior official of Acharya N.G. Ranga Agriculture told *Business Line*.

## Area covered

While sunflower and chillies fell in the below 25 per cent (of normal area covered), paddy and sesamum were in the 26-50 per cent band with redgram, groundnut, jowar and onion in the range of 51-75 per cent.

"Farmers need not worry about losing the season. They can still go for alternative crops such as green gram and maize," the official said.

The CPM-affiliated Rythu Sangham said the Agriculture Department should step in and distribute seeds and fertilisers to farmers to grow short-term crops and salvage the season. "They (farmers) need help. They have already invested twice in most areas, particularly in cotton growing areas," he said.

## Major loser

The major loser, region-wise, is coastal Andhra. The region could see sowings in 11 lakh ha against the normal as-on-date sowing area of 15 lakh ha. The region has total arable land of 24.41 lakh ha.

The water-scarce Rayalaseema region too lags at 11.87 lakh ha (13.69 lakh ha) as on date. The average crop area in the region stands at 24.41 lakh ha.

Telangana region, which grows crops in 35.79 lakh ha in a normal year, is better off with a sown area of 30.48 lakh ha (28.62 lakh ha).

Kadapa (Rayalaseema), Prakasam and East Godavari (Andhra) are the worst hit.

They witnessed only 38 per cent, 45 per cent and 59 per cent of the normal sowing area so far.

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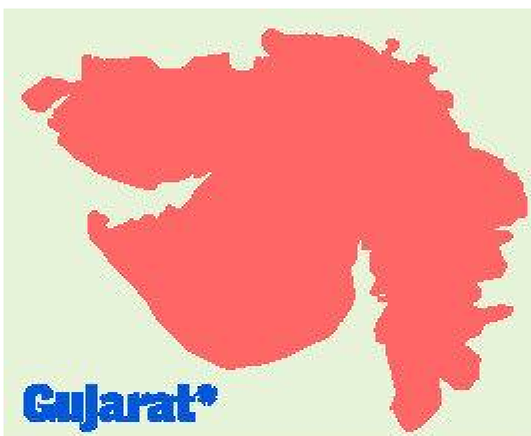
Gujarat unperturbed by deficient monsoon




| | |
|---|---|
| Rice | 13.00 |
| Coarse cereals | 14.73 |
| Pulses | 5.52 |
| Oilseeds | 29.90 |
| Cotton | 78.75 |
| Sugarcane | 144 |

*Production in lakh tonnes in 2009-10
Source:RBI

Gandhinagar, Aug. 15:

Despite experiencing a 17 per cent deficit in rain this monsoon, Gujarat is far from worried about its kharif prospects. On the contrary, it is expected to bring more land under kharif cultivation than the three-year-average of 87 lakh hectare (lh).

And, monsoon is expected to continue until September-end even as the second spell of rains, that began on August 7, is lashing most parts of the State.

In view of this rather positive outlook, the State Government is not, at present, contemplating to launch any measures on war-footing on the agricultural front as the pace of monsoon once again picked up last week with the start of the second spell.

But there is a flip side as well – while the State is buoyant with good prospects in cotton, castor and rice, it would have to make do with lower production of groundnut, tur, bajra, jowar, maize and moong, a senior government official told *Business Line*.

Until August 10, various regions of Gujarat had received, on an average, only 44 per cent of normal rains. But all the 33 major reservoirs in the Saurashtra region are almost filled to capacity now; those in South Gujarat, dependent on good rainfall in Madhya Pradesh, are filling up slowly. The Sardar Sarovar dam in central Gujarat now has a 92 per cent storage capacity.

Out of 90 lh of land expected to be cultivated this season, only 25 lh are irrigated. With modern water management technologies, Gujarat has, over the last decade, brought 10 lh under irrigation, thanks to the construction of 1.41 lakh check dams and two lakh farm ponds, which have also recharged water tables in about 10 lakh wells and bore wells.

In addition, 3.50 lh of land, mainly in North Gujarat, have been brought under cultivation with the introduction of sprinkler irrigation in this parched part of the State, bordering Rajasthan.

## Change of pattern

Thus, in the last 10 years, nearly 14 lh of land in Gujarat have come under cultivation without dependence on monsoon. This has significantly boosted the State's farm produce as it registered a phenomenal 11 per cent agricultural growth in 2009. The change of pattern in the sowing of cash crops at the cost of traditional ones continues. In the last three years, an average 87 lh were brought under kharif crops. This year, sowing has been completed on 76.87 lh so far.

Cotton, the most favoured cash crop, continues to be numero uno with 28.84 lh sown against the three-year-average of 25.58 lh, making Gujarat see the maximum growth on this front in the country.

But this growth has, once again, come at the cost of groundnut. Only 13.86 lh have been brought under groundnut this season so far, compared to 17 lh average of the last three years.

On the other hand, castor, like cotton, is also now being favoured: compared with the three-year-average of 4.8 lh, sowing has been completed on 4.54 lh so far. Castor-sowing will continue until September 15 and is expected to be spread over up to 7 lh. As for rice, sowing has so far been completed on 5.23 lh vis-à-vis the total area of 7.41 lh under paddy last year.

On the other hand, the production of some of the kharif crops, whose sowing has been completed amid deficient rains, is likely to suffer. Sowing has been completed only in 1.50 lh against the three-year-average of 2.30 lh. Similar has been the case of tur (2.16 lh/2.88 lh), bajra (3.69 lh/4.48 lh), jowar (39,200 ha/73,100 ha), maize (3.88 lh/4.26 lh), and moong (90,400 ha/1.70 l h).

Even in this mixed monsoon-and-crop scenario, Gujarat is likely to remain among top performers this year.

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## Lacklustre trade drags rice market

Karnal, Aug. 15:

Prices of full grain aromatic and non-basmati rice dropped by Rs 20-110 a quintal on lacklustre trade in the rice market.

Heavy rain has also affected trade. After witnessing an uptrend last week, Permal and PR11 varieties witnessed some correction, said Mr Amit Chandna, proprietor of Hanuman Rice Trading Company.

PR11 (Sela) went down by Rs 20 to Rs 2,000-2,280 while PR-11(Raw) quoted at Rs 1,925-2,140 a quintal, Rs 25 down from previous level.

Permal (Sela) decreased by Rs 40 and sold at Rs 1,800-1,960 a quintal while Permal (Raw) sold at Rs 1,900-2,030 a quintal.

Pusa-1121(steam) declined by Rs 20 and traded at Rs 4,950-5,200 a quintal; Pusa-1121(Sela) was at Rs 3,950-3,970 and Pusa-1121(raw) ruled at Rs 4,350-4,400 a quintal.

Brokens of both aromatic and non basmati varieties managed to maintain their previous levels amid slack trading. For the brokens of Pusa 1121, Tibar sold at Rs 3,100-3,350, Dubar ruled at Rs 2,600-2,640 and Mongra traded at Rs 1,900-2,175 a quintal.

Duplicate basmati remained unchanged and quoted at Rs 3,400 a quintal. Pure Basmati (Raw) decreased by Rs 110 and was ruling at Rs 5,740 a quintal while Basmati Sela quoted around Rs 3,895 a quintal.

Sharbati (steam) eased by Rs 35 and ruled at Rs 2,815 while the Sharbati (Sela) was at Rs 2,720-2,740 a quintal.

Among the brokens of Sharbati variety, Tibar quoted at Rs 2,350-2,500, Dubar sold at Rs 2,100-2,265 while Mongra was trading around Rs 1,730 a quintal.

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**Higher arrivals at Kochi tea auctions**

Kochi, Aug. 15:

Arrivals continued to remain higher at the Kochi tea auction where 11,80,000 kg of dust and 3,26,000 kg of leaf were on offer. Popular good liquoring varieties remained barely steady at the CTC dust sale, while smaller grades tended to ease.

Medium grades continued to remain firm in a market where buyers chased quality. Plain grades were irregular and sometimes quoted lower. Tata Global, Kerala State Civil Supplies

Corporation and AVT were active on good liquoring grades. Loose tea traders and Hindustan Unilever lent fair amount of support.

Upcountry buyers were subdued in a market where exporters confined themselves to grainy varieties. Primary grades remained steady at the orthodox dust auction while other grades eased. There was some amount of withdrawals even as fair amount of offerings were absorbed by exporters and interstate buyers.

## Leaf Auction

Well made and good liquoring high-grown broken grades and whole leave grades remained firm and later inched up at the orthodox leaf auction. Others were irregular to lower. Fannings moved up in value following quality. Medium grades, whole leaf and bolder broken grades remained steady to firm.

Other teas quoted lower and there were several withdrawals. Exporters to CIS countries lent fair amount of support. HUL remained selective. Buying from upcountry buyers was fair and they operated on whole leaf grades.

Good liquoring grades were barely steady at the CTC leaf auction while others were irregular and tended lower. Exporters continued to be active on smaller broken grades and fannings. Tata Global remained selective in the market while HUL did not participate.

## Top Prices

Pasuparai SFD fetched the top price at the dust auction at Rs 136 followed by Injipara SRD at Rs 130, Injipara SFD at Rs 125 and Pasuparai FD at Rs 120. At the leaf auction Pasoe's green tea fetched the top price at Rs 290 followed by Havukal BOPF at Rs 216, Chamral OP at Rs 201 and Chamraj FOP at Rs 200.

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**Spices growers get tips from IISR experts**

Kozhikode, Aug.15:

As part of the awareness campaign launched against the presence of aflatoxin in nutmeg, a group of farmers from Pollachi, Tamil Nadu and the border areas of Palakkad district in Kerala visited the Indian Institute of Spices Research (IISR) here.

The Spices Board had launched a nationwide field publicity campaign in June for the growers, traders and exporters in major spice-growing areas, on the need to avoid the presence of aflatoxin that affects the quality of spices, especially nutmeg and mace.

The presence of aflatoxin is caused by poor primary processing methods and inadequate drying. The problem has become a major issue in the export market.

The Board had already conducted campaign meetings in various parts of the State and scientists from IISR and the Kerala Agricultural University, apart from experts from the Spices Board, had attended the theses sessions.

The farmers had been alerted on the need for quality improvement at the farm level to meet export standards.

The farmers' visit to IISR was organised to facilitate their interaction with scientists and answer their queries regarding crop management and post-harvest operations.

Mr M. Anandaraj, Director, IISR, was among the scientists who participated in the interactive session with the farmers.

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## Counting success

Braving odds: Farmers of Pursura in Hooghly district of West Bengal carry a bunch of jute fibres for drying. Timely rains this year have helped the farmers to complete easily the retting process. Last year, retting was hit due to insufficient rainfall.

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## In Kerala, fallow land gets converted to rice field

**Kerala***

| | |
|---|---|
| Rice | 6.14 |
| Pulses | 0.038 |
| Oilseeds | 0.022 |
| Cotton | 0.01 |
| Sugarcane | 1.16 |

*Production during 2009-10 in lakh tonnes
Source: RBI

Kochi, Aug. 15:

Kerala has been a food deficit State for a long time now. Rice, which was the staple grain of its population, has made a smart comeback in the State, after a long hiatus. The falling trend in rice production has been reversed. Production and productivity of rice, which have been languishing for couple of decades, have now shown signs of growth.

But for the current year, agricultural production will almost directly depend on the extent and pattern of rainfall over the highlands, midlands and low lands of Kerala. Thankfully, the rains during the South-West monsoon have been bounteous, maybe a bit on the higher side, Dr P.V. Balachandran, Director-Extension of the Kerala Agricultural University, said.

In fact, the State received two per cent excess rainfall at 1,570 mm till August 10 against 1, 536 mm last year. Most districts received fair amount of rainfall. The rain should facilitate good agricultural production this year.

The area under rice cultivation in the State had fallen sharply from 8.7 lh (lh) in 1970-71 to 2.3 lakh h in 2007-08. Production also plunged from 13.5 lakh tonnes to 5.8 lakh tonnes in the same period. But a slow and steady recovery has been evident since 2009-10, when the area under rice had grown close to 20,000 ha and production had grown by 1.25 lakh tonnes.

Last year's production, for which no published figures are available yet, should also be higher, Dr Balachandran said. It is quite unlikely that it will be on the lower side. While there is no shift in area from cash crops to paddy, the area lying fallow has been dropping in the State. More panchayats are now declaring themselves to be fallow-free. These growth trends are expected to boost the area under paddy in the current year. Productivity of rice had grown from 2.3 to 2.5 tonnes per hectare.

But fresh challenges are being thrown at Kerala's rice production. High labour costs and militant labour had transformed paddy fields to fallow lands. The costs still remain high, Dr Balachandran said. Coupled with the spike in the cost of fertilisers and pesticides, paddy farming in the State was becoming prohibitive. On the positive side, he said that the remunerative support price of Rs 14 a kg was a major incentive for the farmers. But the payments are often irregular and delayed.

Against an annual production of seven lakh tonnes of rice, the State consumes 40 lakh tonnes.

Good rains also augur good times for several of the State's commercial crops. The early onset of the rains and intermittent nature has ensured that rubber production is looking up. High soil humidity and fair agro-climatic conditions are expected to boost coffee and tea production. Reports indicate that high production is driving down cardamom prices.

(This article was published in the Business Line print edition dated August 16, 2011)

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Monsoon, seeds availability come in handy for Bengal


| | |
|---|---|
| Rice | 14606.8 |
| Coarse cereals | 354.7 |
| Pulses | 246.6 |
| Oilseeds | 7131 |
| Cotton | 30 |
| Sugarcane | 1600 |
| Jute | 8893.2 |

*Production during 2009-10 in lakh tonnes
Source: RBI

Kolkata, Aug. 15:

Backed by a good monsoon and availability of seeds in plenty, kharif sowing in West Bengal in 2011-12, is expected to be in line with the target set by the State Government.

For the year 2011-12, the West Bengal Government has set a target of cultivation in five million hectares of land for all kharif crops put together. While paddy and jute are the major kharif crops in the State, there are other crops such as maize, cereals, pulses and oilseeds which are also cultivated during the kharif season.

“The target for paddy acreage is 4.3 million hectares (mha), against 3.6 mha achieved last year. The jute acreage is likely to be 5.9 lakh hectares, maize – 57,000 hectares, cereals – 15,000 hectares, pulses – 77,000 hectares and oilseeds at 14,000 hectares. The State has received good rains so far during this year and if the monsoon continues to be good then we hope to meet the target and complete sowing by the end of August,” said Mr Sarthak K. Barma, Director of Agriculture, West Bengal.

## Paddy output

On paddy production, he said: “With an average expected yield of about 2.5 tonnes a hectare, the State is likely to produce 11 million tonnes of paddy in the kharif season this year against eight mt last year.”

The State had received lower than anticipated rainfall last year and that had impacted the kharif sowing. Production of paddy, which is the largest kharif crop for the State, had seen almost 30 per cent drop last year, compared with the year ago period.

Kharif sowing in the State usually goes on till the end of August or early September. According to provisional data available so far, the State has already achieved up to 45 per cent of the total kharif sowing. “In north Bengal, the sowing is very good at about 70 per cent,” Mr Barma told *Business Line.*

## Rice production

Burdwan, Birbhum, Nadia and Hooghly are the four high rice productivity districts in the State, and consist of about 27 per cent of the total rice acreage, and 32 per cent of the total production. Districts such as 24 Parganas, Murshidabad, Bankura, Malda, Midnapore, Dinajpur and Howrah fall under the medium productivity areas.

The total area under rice cultivation in the State is about 5.9 mha, and the State produces about 16 mt of rice every year in three seasons — Aus, Aman and Boro. Production during the boro or winter season is about 4.5 mt. The other two are cultivated in the summer or kharif season.

## Jute scene

Raw jute sowing witnessed a rise of 20 per cent this year at 120 lakh bales, against 100 lakh bales last year, backed by a favourable weather and adequate availability of seeds in the market, according to Mr Manish Poddar, Chairman, Indian Jute Mills' Association.

Jute sowing usually starts by the end of March and continues up to the end of May. Raw jute production in 2010-11 was slightly lower in spite of good sowing as the harvesting was hampered on account of lower than anticipated rainfall last year.

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Karnataka growers prefer cash crops

**Karnataka***

| | |
|---|---|
| Rice | 35.36 |
| Coarse cereals | 57.39 |
| Pulses | 11.22 |
| Oilseeds | 10.08 |
| Cotton | 7.58 |
| Sugarcane | 252.72 |

*Production in lakh tonnes in 2009-10
Source:RBI

Bangalore, Aug. 15:

Higher prices for cash crops seem to have encouraged farmers in Karnataka to opt for cotton, sugarcane and tobacco.

Poor monsoon coverage and non-availability of fertilisers in a few districts in south interior Karnataka, too, have lowered sowing. Rain-fed areas at 91.04 lakh hectares (lh) in the State is almost thrice of the irrigated areas of 37.89 lh. It explains why monsoon has had a hand in drop in kharif crop coverage, particularly in the coastal region.

According to the Agriculture Department, the area under kharif is down by 16.56 per cent at 43.97 lh against 54.14 lh during the same time last year. The normal coverage is 52.70 lh. Ironically, the State Government had fixed a kharif coverage target of 74.65 lh.

Sowing in seven districts is above normal, while it is normal in 16 districts and below normal in seven districts. According to the University of Agricultural Sciences – Dharwad, the coverage is higher for cash crops followed by cereals, pulses and oilseeds.

This is due to remunerative price for cash crops in the open market and the Centre's Accelerate Pulses Production Programme. Under the programme, Gulbarga district was targeted but poor monsoon affected pulses sowing.

Cereals: The coverage area is down by 17.08 per cent at 18.69 lh. Last year, 22.54 lh were covered during the same time. The normal coverage area is 22.30 lh.

Pulses: The coverage has dropped by 30.58 per cent to 9.26 lh against last year's 13.34 lh and normal coverage of 11.16 lh.

Oilseeds: The coverage has declined by 23.71 per cent to 7.59 lh. During the same time last year, 9.95 lh were under oilseeds against the usual 13.18 lh.

Cash crops: The area under cash crop is up marginally at 8.43 lakh hectares against last year's 8.31 lakh hectares and the normal 6.05 lh.

Region-wise, sowing has been completed in 11.39 lh against 16.21 lh during the same time a year ago in south interior Karnataka. Normally, kharif coverage is 13.47 lh. In the north interior parts, 28.04 lh have been brought under kharif cultivation against 32.67 lh last year (normal 34.47 lh).

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## Keventer to enter skimmed milk market

Short-lists two factories in UP for acquisition

Kolkata, Aug. 14:

In an effort to expand its product portfolio, the Rs 1,800-crore Keventer Group is planning acquisition of two Uttar Pradesh based skimmed milk-makers.

The acquisitions will be part of the group's Rs 350 crore expansion plan. Plans are also afoot to add cheese in product portfolio and scale up milk production to about two million litres a day.

“Foraying into the skimmed milk powder segment is our focus area. We have short-listed two factories in Aligarh and Bulandshahar in Uttar Pradesh and are in final stages of negotiations. We hope to firm up deals by November this year,” Mr Mayank Jalan, Managing Director, Keventer Agro Ltd, told *Business Line.*

Finance matters

The total acquisition value of both these facilities – manufacturing skimmed milk powder - would be close to Rs 210 crore.

In addition, Keventer would invest Rs 110 crore for the up gradation of the facilities.

The proposed foray would also add to their profitability , as margins on skimmed milk powder are generally higher than that on liquid milk, he pointed out.

### Alternate plan

Keventer Agro has an alternate plan of greenfield expansion in Delhi, in case its acquisition attempts do not succeed.

“We have an alternate plan for putting up a skimmed milk factory near Delhi at an estimated investment of about Rs 300 crore,” Mr Jalan said.

The company was exploring the market for high-end cheese in the country.

“We are in talks with an Irish company for adding high-end cheese to our product portfolio,” he said.

Keventer would also look at manufacturing chenna (paneer) to be supplied to the sweetmeat shops.

“We have been working on it for the last two years and we are hopeful of launching it soon,” he said.

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***The proposed foray would also add to Keventer's profitability , as margins on skimmed milk powder are generally higher than that on liquid milk***

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## Kodanad Tea enters top slot at Coonoor auction

Coonoor, Aug.14:

Teas auctioned by Global Tea Brokers (GTB) topped both orthodox and CTC market at Sale No: 32 of Coonoor Tea Trade Association auctions.

Of them, Kodanad Speciality Tea entered all-time top slot teas when Sree Ganesh Tea Trading Co bought it for Rs 325 a kg – the highest of the recent times.

It was also the highest price fetched by GTB since its inception.

Among CTC teas, Homedale Tea, auctioned by GTB, topped at Rs 139. Vigneshwar Estate got Rs 137, Shanthi Supreme Rs 135, Hittakkal Estate Rs 131 and Deepika Supreme Rs 129. In all, 69 marks got Rs 100 and more.

orthodox

Among other orthodox teas from corporate sector, Chamraj got Rs 205 a kg, Curzon and Kairbetta Rs 167 each, Havukal Rs 165 and Quinshola Clonal Rs 141. In all, 19 marks got Rs 100 and more.

Teas worth Rs 2.64 crore were withdrawn since there were no takers for as much as 27 per cent of the 12-week low volume of 15.33 per cent despite shedding Rs 3 a kg.

“Orthodox leaf market suffered withdrawal despite easing Rs 1-2. Better liquoring CTC leaf grades eased Rs 2-5 a kg and plainers up to Rs 3. Orthodox dust market eased Rs 2-3.

Better liquoring and medium CTC dust lost Rs 2-3 and plainers Rs 1-2,” an auctioneer told *Business Line.*

exports

On the export front, Pakistan bought in wide range – Rs 48-72 a kg and the CIS Rs 35-50.

Quotations held by brokers indicated bids ranging Rs 35-40 a kg for plain leaf grades and Rs 80-125 for brighter liquoring sorts.

They ranged Rs 40-45 for plain dusts and Rs 85-137 for brighter liquoring dusts.

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## Pepper to remain hot on tight supply

Kochi, Aug 14:

If the current market trend is any indication the black pepper prices are likely to turn hot in the coming days on a possible mismatch in demand and supply.

Overseas buyers, who have been postponing their purchases, are expected to start covering now.

The domestic demand is also likely to pick up from this week onwards for the ensuing festival season. Buyers for consumers as well as the industry are expected to enter the market soon.

Availability of physical pepper in the spot market is limited and whatever available, at present, is said to be on the futures market platform. Those growers and dealers holding the material are reportedly holding back hoping a further price rise.

The recent continuous rains in some of the major growing areas are said to have affected the current crop, signalling of a possible decline in output.

Reports from overseas also sounds of a likely drop in output in Indonesia and squeeze in supply from Vietnam of late. These factors have kept the prices firmer in recent days. Only likely cheaper source is Brazil now, trade sources said.

When compared with the prices of last year from January to July the prices this year during this period have nearly or more than doubled showing a disequilibrium in the demand and supply with the former outstripping the latter, they said.

There continues to exist a tug of war between the bull and bear operators in the pepper futures market. While one group is trying to reduce the ‘badla' the other is said to be working hard to increase it, they said.

As the August delivery is nearing maturity speculative long position holders were switching over. Competitiveness of the Indian parity is said to be attracting overseas demand, they claimed.

The market last week showed an increase. August, September and October went up by Rs 1,008, Rs 1,134 and Rs 957 respectively to close at Rs 29,784, Rs 30,448 and Rs 30,784 a quintal on Saturday.

Total turn over dropped by 11,762 tonnes to 45,312 tonnes. Total open interest fell by 693 tonnes to 11,292 tonnes.

Spot prices in tandem with the futures market trend coupled with buying interest amid limited availability moved up by Rs 600 to close at Rs 28,300 (ungarbled) and Rs 29,300 (MG 1) a quintal.

Exporters were quoting lower rates citing high moisture content in the farm grade pepper due to the prevailing rainy conditions in the State.

But, the growers were reluctant to part with their produce at lower levels.

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## Sugar decontrol is long overdue

Wit both input and output prices regulated, the industry faces a double whammy.

Pressure is mounting on the government to seriously consider decontrol of the sugar sector. For long, the sector has been mired in a complex web of controls and regulations, many of which have become antiquated .

Unfortunately, political will to effect reforms has been lacking. The call for decontrol was first raised sometime in 2002; but for reasons often specious the move towards decontrol was stalled. Political personalities with strong business interests and powerful business houses with political support have time to time thwarted attempts to decontrol. Has the situation changed?

At this point in time, nothing has actually changed from the recent past to generate confidence that decontrol is really round the corner. Yet, decontrol is necessary and it is the best thing that can happen to the challenged domestic sugar industry. It is time the policymakers seriously applied themselves to removing at least some of the fetters that stymie the natural growth of the industry. This necessity arises because the sector provides livelihood for millions; it is an integral part of the food processing sector and there is tremendous scope for making the industry truly competitive.

But the tragedy is that in recent years New Delhi has failed to muster courage even to do what it is empowered to do. Towards decontrol, there are two important steps of reform the Centre can take at this point of time. One, withdraw the levy system and the other, do away with the so-called free-sale quota for mills.

## Misplaced fears

The levy system mandates mills to surrender to the government a part of the sugar they produce (currently 10 per cent) intended for supply through the public distribution system. It is a mystery why sugar mills must suffer this forced sale to the government even 20 years after the process of economic liberalisation was started. This legal pressure to part with production, that too at unjustifiable prices, must go forthwith. To meet the needs of Public Distribution System, the Centre can buy from the mills in auctions in a transparent manner. Any apprehension of cartelisation is misplaced. In years of sugar glut, mills will vie with each other to supply. In years of shortage, the government can import, if needed. The option to import on government account should be kept open all times.

Then there is the restriction on marketing the balance 90 per cent production through a system of quotas. There is no reason why mills should be deprived of free marketing of what they produce. The government should simply get out of interfering with sugar marketing.

The implication of the twin measures — abolition of levy and free-sale quotas — is that sugar mills will have more freedom to market the output, while the prices will be truly market-determined, rather than distorted as at present because of the twin restrictions.

## SMP issue

In the context of sugar decontrol, some sections of sugar business believe statutory minimum price for sugarcane should also be removed. This expectation is unjustified. In some way, fixing

SMP is a sovereign function of the government to protect the interest of growers. The Centre is right when it says States have to be consulted in the matter of doing away with SMP. Also, there is no reason why cane should be excluded and cane growers treated differently when there is minimum support price for many crops. It would be a tragedy if deregulation of the industry is derailed by raking up the SMP issue. Instead of debating the merits or otherwise of SMP/SAP, it would be advisable to discuss ways and means of breaking the cyclical nature of cane production. This would be in the long-term interest of the industry.

Currently, the industry faces a double whammy.

The government decides the input price (cane price through SMP/SAP) while the output price is impacted by government-imposed marketing restrictions. It is important that at least one side of the twin restriction is freed. Politically, it is expedient to free the output side.

Once the output side is freed with removal of marketing restrictions, output (sugar) prices will become truly market-driven. The government can monitor open market sugar prices. As and when needed, the tariff mechanism can be effectively deployed to encourage or discourage foreign trade (import-export) with a view to regulating or moderating prices.

### Other issues

Other issues to be considered independent of the industry deregulation include poor scale economies arising out of fragmented capacities and strategies for consolidation; quality-related cane pricing to growers on the basis of on-field testing; interim financial support to growers because of the long duration of cane crop (12-14 months) and stock verification at the mills.

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