THE HINDU

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## President sets up panel of Governors on agriculture sector

vinay kumar

President Pratibha Devisingh Patil has constituted a Committee of Governors to recommend measures for enhancing productivity, profitability, sustainability and competitiveness in India's agriculture sector with special reference to rain-fed area farming.

The Committee, which will be headed by Shivraj Patil, Governor of Punjab and Rajasthan, will focus on the need to formulate requisite policy initiatives, legislative measures and institutional reforms. The reforms might factor in the restructuring and convergence of schemes at a local level, to integrate with the village economy and prospects for investment in agriculture and allied sectors.

The 12-member committee will also deliberate on measures for transfer of innovations and new cutting-edge technologies to the farm and allied sectors, steps to meet the emerging scenario of farm labour and farm mechanisation.

Increased participation of agriculture-related public sector undertakings, agriculture universities and research institutions both at the Central and state levels and farmer-industry partnerships will also be discussed by the Committee.

The committee will have K. Sankaranarayanan, Governor of Maharashtra and Goa, N.N. Vohra, Governor of Jammu & Kashmir, Ranjit Shekhar Mooshahary, Governor of Meghalaya, H. R. Bhardwaj, Governor of Karnataka, Margaret Alva, Governor of Uttarakhand, K. Rosaiah, Governor of Tamil Nadu, among others.

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## Mullaperiyar: Centre urged to lower water level

Special Correspondent

The Kerala Sasthra Sahitya Parishad (KSSP) has urged the government to adopt a scientific approach in finding a solution to the Mullaperiyar dam issue instead of creating a fear psychosis among the people.

A pressnote quoting Parishad president K.T. Radhakrishnan and general secretary T.P. Sreesankar said the Union government was within its rights to take immediate action on the issue without waiting for the findings of the expert committee or a judicial verdict.

### Earth summit

“By being a signatory to the Earth Summit declaration at Rio de Janeiro in 1992, India is bound to the precautionary principle that empowers the State to take action to prevent disasters,” they said.

Pointing out that the people in Kerala were alarmed over the situation, the pressnote said that there was an urgent need to restore confidence by lowering the storage capacity of the reservoir to 120 feet.

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## “Priority for rural health and development of agriculture”

Staff Reporter

In discussion: Collector K.S. Palanisamy addressing a gram sabha meeting at Rasingapuram in Theni district on Friday.

: Top priority will be given for rural health and development of agriculture. Sanitary complexes will be constructed at villages for the convenience of women, said Collector K.S. Palanisamy.

He was addressing a gram sabha meeting held at Rasingapuram village near here on Friday.

Two sanitary complexes will be constructed at Rasingapuram panchayat shortly. The people should use it properly and keep the surroundings clean, he said.

Panchayat union school functioning at the panchayat will be upgraded into a government high school soon. Proposal in this connection will be sent to the government immediately. All encroachments in Goundenkulam tank will be removed to enable farmers store maximum quantity of water released in 18th channel for irrigation.

Earlier, farmers had appealed to the Collector to remove encroachments as they could not store sufficient water for irrigating dry lands in and around this panchayat.

“Local people should protect the tank from encroachers. Water bodies were the basis for development of sustained agriculture activities. The government was also paying special attention for rural development and improving the living standards of people at villages,” the Collector said.

Most of the government schemes were targeting the poor.

In the first phase, the district administration had distributed free mixer grinders, fans and table top grinders to a batch of beneficiaries. More people would be covered in the second phase, he pointed out.

To ensure additional income to farmers, cattle and goats were being given. Second green revolution would be executed well in the district.

Farmers should cooperate with the administration in this connection and adopt modern agriculture practices and not hesitate to introduce innovative measures not only to boost production and profit, but also to scale down costs and use of fertilizers.

Officials would offer latest technologies and farming methods to farmers, he added.Additional Director for Panchayats Sivaraman participated.

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## TNAU inaugurates waste management facility

Staff Reporter

The Tamil Nadu Agricultural University has on Friday commissioned a solid waste management facility at its campus.

K. Ramasamy, Member, State Planning Commission, and Vice Chancellor, Karpagam University, commissioned the Rs. 80 lakh project in the presence of P. Murugesa Boopathi, Vice-Chancellor, Tamil Nadu Agricultural University. The university will use the facility to treat the three tonnes biodegradable waste the university generates every day. The other three tonnes non-biodegradable waste will be stored in bins for disposal to the Coimbatore Corporation.

The waste will first pass through a conveyer belt, where it will be segregated by conservancy workers. The biodegradable waste will be put through a shredder for hastening the composting process. The shredded waste will be composted through a windrow system on the composting platform.

After 45 days of composting, the composted material will be sieved through a vibrating sieve to take out fully composted material. The collected manure will be used by the University on its farms to improve soil fertility.

Mr. Boopathi said that the University has established a 'Composting Knowledge Centre' for the convenience of farmers and students. The Centre will house exhibits on composting technologies through visuals and live composting processes.

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## 'Livestock sector to have more manpower'

M.K. Ananth

Tamil Nadu Veterinary and Animal Sciences University (TANUVAS) Vice-Chancellor Dr. R. Prabakaran said efforts will be made to remove manpower shortage in the livestock industry in the State.

Dr. Prabakaran said livestock products accounted for 4.06 per cent of the country's GDP. "In Tamil Nadu it generates Rs. 21,000 crore annually, of which egg accounts for Rs. 6,000 crore," he said.

India required close to 95,000 veterinarians but the present availability was only around 47,000.

Only around 2,000 veterinarians graduated in India every year against the requirement of 5,000. Tamil Nadu accounted for more than 10 per cent of these graduates. He said the newly-sanctioned veterinary colleges – at Tanjore and Tirunelveli – would start functioning from the next academic year. “Both colleges have an annual sanctioned strength of 40 students each, and it will be increased 60 in a couple of years,” Dr. Prabakaran added. Indian Council of Agricultural Research and the Centre's Department of Animal Husbandry and Dairying were working on a proposal to increase the student strength of all 42 government colleges across the country by 25 per cent.

On the 32 courses – 14 self-employment courses and 18 skill- oriented courses – inaugurated here on Friday, Dr. Prabakaran said most of them were started following representations from the industry. The duration of the courses ranged from one to three months and were open to men and women aged above 18, he added.

### Vacancies to be filled up

Minister for Animal Husbandry T.K.M. Chinnayya said the State government would soon fill hundreds of veterinarian vacancies across the State.

The Minister, also the Pro-Chancellor of the TANUVAS, said this after inaugurating the skill development and career-oriented courses in the Veterinary College and Research Institute. He also released the course materials of the Director of Distance Education of the TANUVAS.

On the free cattle scheme, the Minister said the present government after a close study learnt that rural women in the state were capable of running their family, educating their children and even getting their daughters married with the income generated from only a cow.

“The free cattle distribution was started for the betterment of those families,” the Minister added.

District Collector J. Kumaragurubaran felt that the newly-inaugurated courses would greatly benefit beneficiaries of the free cattle scheme.

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## SBM takes crop loan benefits to farmers

Staff Correspondent

*It will conduct gram sabhas in 840 villages to extend loans*

State Bank of Mysore, Hubli zone, will conduct gram sabhas in 840 villages to extend crop loans.

Addressing presspersons here on Friday, Deputy General Manager of the zone Ravindra Kumar and Assistant General Manager E. Lakshman Rao said that through the campaign, the bank was aiming at taking the benefits of crop loans to those farmers who had so far not availed themselves of the facility.

Mr. Kumar said that under the campaign, 840 villages would be covered by 156 branches of the bank, monitored by the regional offices in Hubli, Shimoga, Davangere, Bellary and Belgaum.

He said the campaign was being conducted as per the directions of the Ministry of Finance and the programme was aimed at extending banking services to all those farmers who had hitherto not availed themselves of it.

Farmers who had not defaulted before would be sanctioned crop loans (Kisan Credit Card) up to a maximum of Rs. 20,000 an acre, while non-farmers would be extended the facility of General Credit Card with a maximum assistance of Rs. 25,000, he said.

Bank managers and field officers would conduct gram sabhas on designated dates till December 15 to enrol maximum number of farmers during the campaign.

He clarified that as per the guidelines issued by the Centre, no collateral was required to get loans up to Rs. 1 lakh.

To a query, he said the bank had set apart 34 per cent of the funds under the priority sector lending to the agriculture sector and it had already met the target given to it on credit linkage to the self-help groups.

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- *No collateral will be required to get loans up to Rs. 1 lakh*
- *Campaign is being conducted as per the directions of the Ministry of Finance*

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**Research initiative on climate change**

Special Correspondent

Chilika Development Authority (CDA) and Wetlands International - South Asia (WISA) have launched a three-year research initiative on climate change in Chilika lake. This was declared at an inception workshop being at the Wetland Research and Training Centre at Badakul.

The initiative titled ‘Strengthening livelihood resilience to changing climate in Chilika Lagoon, India aims to enhance climate preparedness of wetland management through developing response options and strategies for reducing climate-related risks as well as increasing community preparedness for changes in wetland ecosystem services. The project is supported under the Climate Change and Water Programme of International Development and Research Center (IDRC). Implementation will be led by WISA and CDA, with expert support from the Institute of Land, Water and Society, Charles Sturt University, Australia. Implementation will build on climate scenarios modelling, participatory risk assessments with Chilika communities, stakeholder consultations, capacity building and communication and outreach. This initiative is the first of its kind to be implemented for a wetland system and will be of immense use to wetland managers in the country.

**Focus areas**

The three-year research will focus on these following elements; developing scenarios of change in ecosystem components, processes and services of Chilika Lagoon due to climate change; assessing current coping and adaptation mechanisms within wetland communities in the context of climate change; demonstrating options for enhancing livelihood resilience in changing climate through pilot interventions; and formulating a ‘climate smart' plan for wetland management identifying adaptation options, intervention strategies, priority actions, and investment required. It will also focus on building capacity of wetland managers to develop response strategy to climate change, particularly addressing livelihood resilience, according to an official release.



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THE ECONOMIC TIMES

Mon, Dec 05, 2011 | Updated 11.04AM IST

3 DEC, 2011, 01.50PM IST, PTI

**Edible oils remain weak on subdued demand and global cues**

The slide in edible oil prices continued unabated for the second straight week on the wholesale oils and oilseeds market, due to sluggish demand at existing higher levels amid a weak trend overseas.

Market remained closed on Thursday following an all India 'bandh' called by traders associations to protest against the government's decision to allow FDI in retailsector.

On the other hand, non-edible oils moved in a row range on lack of worthwhile buying activity and settled around previous levels.

Availability of adequate stocks following increased supplies and reports of state-owned trading firm MMTC inviting bids for import of 40,000 tonnes of RBD palmoleinfor sale in the domestic market also dampened the trading sentiments here.

Weak trend overseas as palm oil declined on speculation that stockpiles may have increased in Malaysia, the second- largest producer, after exports fell last month.

Palm oil futures dropped 0.2 per cent this week, for the second weekly decline on the Malaysia Derivatives Exchange.

In the national capital, mustard expeller oil (Dadri) remained weak and shed another Rs 50 to Rs 6,800, while sesame and cottonseed mill delivery (Haryana) oils followed suit and declined by Rs 100 each to Rs 6,600 and Rs 6,150 per quintal, respectively.

Taking weak cues from overseas markets, soyabean refined mill delivery (Indore) and soyabean degum (Kandla) oils fell by Rs 50 each to Rs 6,750 and Rs 6,300 and crude palm oil (ex-Kandla) traded lower by Rs 100 to Rs 6,050 per quintal.

Similarly, palmolein (rbd) and palmolein (Kandla) oils shed Rs 20 each to Rs 6,650 and Rs 6,300 per quintal, respectively.

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3 DEC, 2011, 06.28AM IST, BLOOMBERG

**Record cotton crop spurs Goldman to predict price fall**

NEW YORK: The combination of a record cotton crop and falling consumption will expand global stockpiles by the most since 2005, driving further declines in the price of this year's worst performing commodity.

Harvests will increase 7.5% to 123.89 million 480-pound bales (27 million tonne) in the 12 months ending in July, as demand drops to a three-year low of 114.27 million bales, the US

Department of Agriculture (USDA) estimates. Prices may decline 15% to 77 cents a pound on ICE Futures US in New York by the end of next year, from 90.91 cents now, based on the median of 12 analyst estimates compiled by Bloomberg.

"It's a double whammy," said James Dailey, who manages $215 million of assets at TEAM Financial Management in Harrisburg, Pennsylvania. "Cotton is facing the worst-case nightmare for a commodity, where you have a glut in physical production combined with weakening demand."

Cotton fell 59% since reaching an alltime high of $2.197 in March as investors bet that prices would curb demand and encourage supply. Output is rising from Australia to China to India, more than compensating for a US decline caused by the worst crop conditions since the dust bowl era of the 1930s.

Speculators in US futures are now the least bullish in 2-1 /2 years, Commodity Futures Trading Commission data show. Economic growth is forecast by the IMF to slow next year from Europe to China to the Middle East, potentially curbing the consumption of commodities. Clothing manufacturers including Levi Strauss are already starting to cut prices to stimulate demand.

This year's 37% decline in prices means cotton fell the most among 24 commodities in the Standard & Poor's GSCI gauge, which advanced 4.1%. The fiber rose the most in 2010, adding 92%. The MSCI All-Country World Index of equities dropped 9.1% since the end of December and Treasuries returned 9.1%, a Bank of America Corp index shows.

Cotton will reach 85 cents in six months, Goldman Sachs said in a report on November 10, reducing its previous forecast of $1. The most widely held option on futures gives holders the right to sell at 90 cents by February 10, according to ICE Futures US data.

Hedge funds and other speculators are holding a net-long position, or bets on higher prices, of 11,985 futures and options, the least since April 2009, CFTC data show. They have been reducing their position since a peak of 81,336 contracts in September 2010.

China's harvest, the biggest of any nation, is expanding for the first time in four years, the USDA estimates. Output in Australia may rise as much as 25% to a record as water supply improves, Adam Kay, chief executive officer of Cotton Australia, a Mascot, New South Wales-based producer's group, said in an interview on November 16.

Exports from India, the second-biggest shipper, may climb 14%, said BA Patel, the country's joint textiles commissioner. The USDA cut its global demand forecast five times in the past six months, on expectations that global growth is slowing.

Consumption contracted more than 11% in 2009, the most in at least a half century, during the worst global slump since the Great Depression. Economists don't expect a repeat next year, with the IMF predicting global growth of 4%, unchanged from 2011.

China, the biggest cotton consumer, will expand 9%, and India, the second-largest, 7.5%, the Washington-based group estimates. The price slump since March may spur purchases by textile makers after signs of improving consumer demand. US retail sales jumped to a record $52.4 billion during the four-day Thanksgiving weekend through November 27, according to the National Retail Federation.

More than 51% of shoppers bought clothes, the Washington-based NRF said. "Mill demand must, at some point in time, catch up with retail demand," said OA Cleveland, an agricultural economist and a professor emeritus in agricultural economics at Mississippi State University.

Business Standard

Monday, Dec 03, 2011

### Guar gum prices rise 9% on speculative buying

Sharleen D'Souza / Mumbai Dec 03, 2011, 00:58

Guar gum prices rose over nine per cent in the past week due to speculative buying and stock holding in the futures market. Traders are booking afresh in anticipation of further price escalation. Guar gum, a derivative of guar seed, is widely used in oil drilling, paper, textiles, mining, explosives, ore floatation and many other industries.

The commodity for delivery in December set a record to quote at Rs 17,166 a quintal on the National Commodity & Derivatives Exchange (NCDEX) on Friday. Guar gum hit the upper circuit almost every alternate day in the futures market this week.

“The government is contemplating a 20 per cent export duty on guar gum. If implemented, it would make the product costlier in global markets. India, being the only supplier in the world, would reap the maximum advantage,” said a Bikaner-based trader.

India is the largest producer and exporter of guar gum, supplying over 90 per cent of the world consumption. It produces 1-1.5 million tonnes (mt) of guar seed annually, processed into 300,000-500,000 tonnes of guar gum.

According to an official with Rajasthan Guar Gum Association, withdrawal of incentives and imposition of export duty would result in substantial revenue generation and saving to the exchequer. Along with gum, the country exports its by-products known as guar meal. Export of guar seed derivatives (gum and meal) from India has shown a phenomenal growth of 85 per cent, from 218,000 tonnes in 2009-10 to 403,000 tonnes in 2010-11.

In value terms, the rise has been even more impressive at 248 per cent (Rs 1,133 crore to Rs 2,812 crore now). During the current financial year between April and June, 145,000 tonnes of guar derivatives were exported, more than double the 71,340 tonnes in the same quarter last year.

“Uncertainties in European markets have been affecting exports to some extent but traders expect exports to pick up in the coming weeks till year-end,” said Ajay Kedia, managing director, Kedia Commodities.

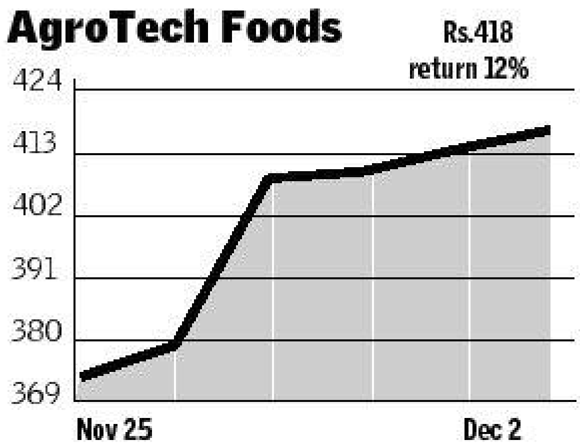
The government introduced a six per cent subsidy to promote guar gum exports five years ago, when the price was at Rs 700-800 a kg. Now, prices have surged to Rs 15,000 a kg. In the last one year, these have risen 200 per cent.

THE HINDU Business Line

# AgroTech turns active as ConAgro gains majority stake

Jayanta Mallick

*ITC exits completely*




Kolkata, Dec. 2:

The stock of Agro Tech foods has been active on the bourses after ConAgra bought ITC stake in the company on November 29.

With this deal, ITC has quietly exited Agro Tech Foods, formerly ITC Agro Tech, promoted by ITC. ConAgra Foods, through CAG Tech (Mautitius), bought 8,93,465 shares (3.67 per cent) of Agro Tech Foods in an off-market deal on November 29 from ITC. It resulted in ConAgra gaining a majority stake in Agro Tech 51.77 per cent stake.Agro Tech disclosed the deal to the stock exchanges. ITC is, however, silent. A query from *Business Line* to the company secretary, Mr B B. Chtterjee, remained unanswered.

Mr Rakesh Jhunjhunwalla along with Ms Rekha Jhunjhunwalla has 7.7 per cent stake in the company.

According to market circles, the veil of secrecy is mysterious as both Agro Tech and ITC had never violated disclosure norms. Market observers said going by the “letters” of the listing agreement, ITC was not required to inform the bourses in this case as it might be interpreted not material.

“But if a company follows the spirit of the disclosure norms, it should not have a problem in doing so,” commented a company lawyer.

Another interesting aspect is that Nebraska-based ConAgra Foods purchased Agro Tech shares at Rs 580 for a share (total of Rs 51.82 crore), much higher than the ruling market price of around Rs 400. Market insiders said that after the announcement the stock went up to Rs 450. On Friday, it, however, finished around Rs 420.

ConAgra acquired the controlling stake in ITC Agro-Tech and in June, 2000, changed the company's name to AFTL.

As a part of the terms and conditions of the acquisition, ConAgra sold Agro Tech's edible oil unit in Kurnool district of Andhra Pradesh to ITC but took it on a five-year lease.

Both fought over the lease renewal later. However, in 2002, ITC and Agro Tech agreed by mutual consent to settle the arbitration proceedings in London concerning the facility.*Jayanta_mallick@thehindu.co.in*

(This article was published in the Business Line print edition dated December 3, 2011)

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## Benefits of FDI on farming

Sharad Varde

Blessed by nature, India is the second largest, globally, in farm output. But a huge quantity of the produce remains unutilised due to improper collection mechanism, inadequate infrastructure and processing capacity. According to the official estimate, more than 70 per cent of our fruits and vegetables perish before being consumed. Although India is traditionally an agro-based and agro-dependent economy, the average per-hectare yield of agricultural and horticultural crops is lower than the global average. Farm technology that is used on Indian soil hasn't yet caught up with that used by some other countries.

### BLEAK SCENARIO

Banks and financial institutions are not too enthusiastic to lend to farmers, who still depend on local money lenders, and get a raw deal in return, decade after decade. Rural moneybags now actually play different roles during different hours of the day and night, varying from that of a seller of farm inputs, buyer of farm produce, employer for non-agricultural tasks and, at times, even that of a local politician. As a result of this bleak scenario, most farmers are small and poor. But the chain of traders, right from the farm level agent, up to the wholesale market level merchant, doesn't share this poverty with the farmers. On the other end of the value chain is the consumer. She pays a price that is a multiple of what the grower receives. It is also much higher when compared, on the Purchasing Power Parity basis, with what her counterpart in a developed country pays. This is the current state of affairs of agriculture in India. How long should it continue?

Many of the economic ailments of the poorer countries have already disappeared, or are in the process of becoming extinct, as a result of the liberalisation, privatisation, and globalisation initiatives introduced 20 years ago. Telecommunication, construction, IT-enabled services and audio-visual transmission are shining examples of how India is competing with the developed countries. But agriculture has remained an untouchable fragmented sector. Too long, we have embraced the mantra of small is beautiful. The time has come to say size matters.

## RAY OF HOPE

Foreign Direct Investment (FDI) in retail has the potential to give a ray of hope. It is a proven fact that reducing a value chain results in substantially lowering the gap between what the producer receives at one end and what the consumer ultimately pays at the other. However, some members in the middle part of the value chain will fade away. Some others won't, but will probably earn less than before. And at their cost, a new member, namely, a large, organised retailer, will enjoy long-term financial and strategic benefits.

Contrary to the clamour made by some political parties, unorganised retail will neither fade nor become unviable due to the diverse nature, habits and culture of Indian consumers, even in large cities. The main advantage of FDI in retail can be the much-desired and much-awaited reforms in the farm sector, if the Government and the international retailers play their cards sensibly. Due to direct collaboration with the farmer, correct marketable varieties in required quantities can be grown. Contract farming can give security and cash to farmers, and pull them away from the clutches of their multi-faced money lenders. If individual farmers are bundled together by a resourceful retailer, the group can enjoy economy of scale, modern farm technology, and assistance in capital investment to boost yields. In fact, modernisation has become essential because rural labour has been migrating to cities rapidly. Already, farm labour is either unavailable or too expensive.

Of course, there are serious riders. Retail houses under the FDI scheme must exhibit patience, customise their supply chain management models to suit tricky Indian conditions, and place long-term interest before short-term profits and quarterly results. Indian farmers have been conservative due to a variety of historical factors and socio-cultural traditions. And now, the younger of them, must fearlessly shed the negative attitude towards change, and participate wholeheartedly in the new process of market-driven and technology-based farming.

(This article was published in the Business Line print edition dated December 3, 2011)

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## Farmers don't need options trading

G.CHANDRA-

G.CHANDRA- SHEKHAR

Commodity futures exchanges and market participants are clamouring for introduction of ‘options' trading in commodities, in addition to futures, and the policymakers seem to be going along, unaware of ground realities. The government has, perhaps, been led to believe that introduction of ‘options in goods' will benefit farmers.

Do farmers need ‘options' trading? This question is being debated in the context of proposed amendments to the Forward Contracts (Regulation) Act, 1952, (FCRA). The Amendment Bill was introduced in the Lok Sabha almost a year ago, and is currently being examined by the Parliamentary Standing Committee for the Department of Consumer Affairs.

### IN THE NAME OF FARMERS

In the last session of Parliament, the Minister of State for Consumer Affairs, Food and Public Distribution had answered in the affirmative to a question on whether the government proposes to change/amend the existing FCRA (Foreign Contribution Regulation Act) to allow ‘options' trading.

The proposed amendment, among some others, seeks to introduce ‘options' in goods. ‘Options in goods' as a method of commodity trading was banned sometime in the mid-1960s, and has remained so for more than five decades.

And rather ironically, some of the conditions that prevailed at the time of imposing a ban exist currently: uncertain output, demand-supply mismatch and high level of food inflation.

Explaining the benefits likely to accrue to the farmers, the minister said, “(Options) will provide farmers with a risk management tool, which is more suitable for farmers who aren't trading on a daily basis. In ‘options', farmers aren't required to monitor the futures prices on a day-to-day basis, nor do they have to keep paying or receiving daily margin differences to/from exchanges, till the contract is settled.”

The government's belief could well turn out to be fallacious and erroneous. For one, farmers — much less the small and marginal farmers who constitute more than 80 per cent of Indian peasantry — don't trade commodity futures on a daily basis. Their notion of risk management is vastly different from that of traders and some other market participants.

The farmer wants to produce his crop without risk of climate uncertainty, as well as risk relating to input availability, quality and price. When he is ready with the harvest, he wants risk-free or assured marketing and remunerative price. ‘Options trading' in harvested produce certainly won't provide any assistance before harvest, and post-harvest it cannot guarantee remunerative prices.

ROLE OF SUPPORT PRICES

The Minimum Support Price (MSP) the government announces actually performs the function of ‘options' trading. As the expression itself suggests, MSP is a guarantee given by the government to the grower, that in the event of the open market price falling below the specified MSP, the grower is assured of at least the MSP and nothing less. Indeed, the government is under obligation to purchase from the grower at MSP should market prices prevail at, or fall below, MSP.On the other hand, if the open market price is above MSP, the grower is under no obligation to surrender his goods to the government. He is free to sell to anyone in the open market at prevailing prices above MSP.When the system of MSP is prevalent to safeguard the interests of growers, there is no need to introduce ‘options' trading, that too, in the name of the farmer, who actually does not need it. It is, of course, a different issue if our price support operations are efficient. Surely, there is case for strengthening the price support operations by designated agencies.

Policymakers in New Delhi, and elsewhere, should know that nowhere in the world do farmers trade commodity futures. They may take a cue from futures prices, but seldom trade on the bourses. In India, farmers want to simply dispose of the produce they bring to the market yard at the best possible price and return home with the money.Instead of indulging in non-essential and non-priority activities such as introduction of ‘options' trading, the government must demonstrably strive to build capacity among growers to produce more, to lower production cost, to produce better quality and meet the growing and specific needs of the market.If introduced, ‘options' trading in agricultural commodities will turn out to be yet another avenue for speculation by market participants, many of whom may have no clue how farm goods are actually produced. Policymakers shouldn't get carried away by academic or pedantic arguments.

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***The proposed amendment to the law will help speculators, not farmers.***

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(This article was published in the Business Line print edition dated December 3, 2011)

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Exports up

Jumps 22 per cent: India's coffee exports grew in November – the first month of the 2011-12 coffee year – by 22 per cent to 19,403 tonnes. Exports stood at 15,927 tonnes in the same month of last coffee year (October-September), according to Coffee Board, on Friday. — P.V. Sivakumar

(This article was published in the Business Line print edition dated December 3, 2011)

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## Lankan teas get highest average price this year

P.S. Sundar
Coonoor, Dec. 2:

All tea auction centres around the globe, except Chittagong in Bangladesh and Limbe in Malawi, have received higher prices in the first nine months of current calendar over 2010, reveals an analysis of the latest market reports and data available with the Tea Board. Between January and September, Colombo auctions in Sri Lanka received the highest price of $3.28 a kg among all centres. This was five cents more than the corresponding period of last year, marking a 1.55 per cent growth.

Mombasa auctions in Kenya received the second highest price average of $2.74 a kg marking an increase of 21 cents or 8.30 per cent.

India posted the next highest price average of $2.28 a kg, registering an increase of 9 cents or 4.11 per cent. South Indian auction prices rose by 10 cents or 6.94 per cent to reach $1.54.

(This article was published in the Business Line print edition dated December 3, 2011)

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## Sheet rubber touches Rs 200 a kg

Aravindan
Kottayam, Dec. 2:

Spot rubber prices continued to remain in the bullish orbit on Friday. On the spot, RSS 4 jumped to its highest since mid November tracking the overall gains on the National Multi Commodity Exchange (NMCE).

According to observers, prices surged ahead mainly on covering purchases amidst low supplies as growers held their stocks even in the middle of the peak production season. Sheet rubber improved to Rs 200 (197) a kg, according to traders.

The grade increased to Rs 199 (198) a kg both at Kottayam and Kochi, according to the Rubber Board.

The December series improved to Rs 203.20 (199.49), January to Rs 203.90 (200.10), February to Rs 204.65 (201.60), March to Rs 204.51 (202.25), April to Rs 207 (205.08) and May to Rs 210 (207.40) a kg on the NMCE.

RSS 3 (spot) dropped to Rs 175.63 (177.50) a kg at Bangkok. The December futures weakened to ¥259.2 (Rs 170.58) from ¥262.3 during the day session and then to ¥258.6 (Rs 170.20) a kg in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 200 (197); RSS-5: 197 (194); ungraded: 190 (188); ISNR 20: 182 (178) and latex 60 per cent: 110 (110).

(This article was published in the Business Line print edition dated December 3, 2011)

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Individual firms do not rule out fertiliser price hike

Vishwanath Kulkarni

*DAP retail price at current rupee value has to be Rs 20,464/t: Industry officials*


New Delhi, Dec. 2:

Even as the Fertiliser Association of India (FAI) has announced that there will be no further increases in the maximum retail price of nutrients on account of the rupee recent sharp depreciation, individual firms are not ruling out a hike.

The CEO of a leading private fertiliser company said that it is difficult to meet the FAI commitment for the remaining part of the ongoing rabi cropping season. “There are shipments of about 2 million tonnes (mt) of di-ammonium phosphate and one mt of muriate of potash (MOP) due between now and March-end. These are already contracted quantities, for which the prices cannot be re-negotiated and for which we will be paying at exchange rates that are higher than at the time of contract. This will obviously have to be passed on as higher MRP," he noted.

Currently, fertiliser companies are selling DAP at an MRP of Rs 18,200 a tonne, which corresponds to a landed price of $677 a tonne and an exchange rate of Rs 49.5-to-the-dollar. For the same landed price and an exchange rate of Rs 52.15, the MRP will have to be revised upwards to Rs 20,464 a tonne, the industry official pointed out. The same applies to MOP, where the prices have to go up from Rs 11,300 to Rs 12,550 a tonne to compensate for a weaker rupee. But on the other side, there are firms that feel they can absorb the cost till the next kharif planting season. "This is because we have already stocked up material for the current season, which was imported when the exchange rate was more favourable.

Also, we have taken forex cover against depreciation. So we will somehow be able to manage", said an official from a South-based fertiliser company.

Last week, IFFCO Managing Direcotr, Mr U.S.Awasthi had said the company had no plans to increase prices after it secured a 5 per cent discount from some of the suppliers.

However, Uralkali the world's second largest potash supplier had ruled out a discount to importers in India.

Meanwhile, the country's largest importer Indian Potash Ltd has decided to take a staggered delivery of some of its contracts to tide over the situation. "We have decided to stagger the contracts by about two to four months," said Mr P.S.Gahlaut, Managing Director, Indian Potash Ltd told *Business Line*.Stating that the weak rupee has pushed up the import costs substantially, Mr Gahlaut said the fertiliser companies have been losing money. "Either the rupee has to go up or we should increase the prices, which we have not done for the time being," Mr Gahlaut said.

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Wheat sowing picks up; area under coarse cereals down

Our Bureau

**CROP AREA**

(in lakh ha)

| Crop | As on Dec 2 | |
|---|---|---|
| | 2011 | 2010 |
| Wheat | 171.2 | 169.47 |
| Rice | 1.11 | 1.29 |
| Coarse Cereals | 44.83 | 48.15 |
| Oilseeds | 70.8 | 70.39 |
| Pulses | 114.15 | 111.46 |

New Delhi, Dec. 2:

Sowing of wheat in the current rabi season, which commenced from October, has gained momentum with a marginal increase in area at 171.2 lakh hectares as on Friday.

This is on the back of higher area coverage in States such as Madhya Pradesh, Rajasthan and Haryana.

However, coverage in key wheat growing States such as Punjab, Uttar Pradesh and Gujarat is trailing.

Sowing of pulses and oilseeds is showing a rising trend, whereas the area under coarse cereals is seeing a decline of around 3.32 per cent compared with last year.

The area under pulses has gone up by 2.69 per cent to 114.15 lakh hectares against 111.46 lakh hectares in the previous year.

## Gram acreage

The increase is mainly on account of higher area covered under gram at 75.95 lakh hectares (73.98 lakh hectare). States such as Rajasthan and Madhya Pradesh have reported a higher area under gram, whereas Andhra Pradesh, Karnataka and Maharashtra have reported a marginal decline mainly due to a dry spell.

The area under oilseeds such as mustard, groundnut and sunflower has also seen a marginal increase with higher area coverage in States such as West Bengal, Jharkhand, Bihar, Madhya

Pradesh and Tamil Nadu. However, States such as Andhra Pradesh, Rajasthan, Karnataka and Maharashtra have reported a lower coverage.

### Mustard

The area under mustard was marginally lower at 56.6 lakh ha as of early December against 58.1 lakh ha in corresponding last year.

The rice transplanting has been slower this year with only 1.11 lakh ha covered in States such as AP, Karnataka and Orissa against 1.29 lakh ha in corresponding last year.

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## Chana declines on weak buying

Our Correspondent

Indore, Dec. 2:

Chana declined on weak buying support in the physical and futures markets, while all other pulse seeds and pulses were flat on sluggish demand on Friday.

Chana (kanta) declined to Rs 3,125-3,150 a quintal, while chana (desi) was unchanged at Rs 3,100 a quintal.

Weak demand also pulled down chana dal (average) to Rs 3,900-3,925, chana dal (medium) to Rs 4,000-4,025 a quintal (Rs 4,075-4,100) and chana dal (bold) to Rs 4,125-4,150 a quintal (Rs 4,175-4,200).

Dollar chana or chickpea (bold) was firm at Rs 7,800-8,000 a quintal despite weak local and export demand.

Masoor (bold) was unchanged at Rs 2,725-2,750 a quintal, while masoor (medium) slipped to Rs 2,450-2,550 on slack buying. Masoor dal declined on weak buying support, with masoor dal (average) at Rs 3,175-3,200 a quintal (Rs 3,200-3,225), masoor dal (medium) at Rs 3,250-3,275 a quintal and masoor dal (bold) at Rs 3,375-3,400 a quintal (Rs 3,400-3,425).

Tur and its dal were unchanged despite subdued demand. Tur (Maharashtra) fetched Rs 3,450 a quintal and tur (Nimari) Rs 2,300-2,500.

Tur dal (full) quoted at Rs 5,400-5,500, tur dal ( *sawa* no) at Rs 4,700-4,750 and tur (marka) at Rs 6,200 a quintal.

Even as arrivals dropped to merely 150-200 bags in local *mandis*, moong (bold) was unchanged at Rs 4,000-4,200 a quintal moong (medium) at Rs 3,600-3,800.

Moong dal remained unchanged, too, despite sluggish demand, with moong dal (average) at Rs 5,000-5,100 a quintal, moong dal (medium) at Rs 5,400-5,500, moong (mongar) at Rs 5,300-5,500 a quintal and moong dal (bold) at Rs 5,700 a quintal.

Urad and its dal were unchanged despite slack buying support.

Urad (bold) sold at Rs 3,000-3,300 a quintal, while urad (medium) sold at Rs 2,500-2,800 a quintal. Urad dal (medium) sold at Rs 3,800-3,900 a quintal.

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**Cotton wilts under higher inflow**

Our Correspondent

Rajkot, Dec. 2:

Cotton fell by Rs 200 a candy of 356 kg as arrivals rose on Friday.

Cotton may fall this month as demand is seen below normal, said a Rajkot-based broker.

Traders, however, said that a sharp fall is more likely in January, encouraging spinners to cover their annual needs then.

north indian markets

The Sankar-6 variety declined by Rs 200 to Rs 35,300-35,400 a candy.

In North India, ready delivery cotton traded at Rs 3,475-3,505 a quintal in Punjab, Rs 3,460-3,490 a quintal in Haryana and Rs 3,470-3,500 a quintal in Rajasthan.Raw cotton or *kapas* dropped by Rs 10-15 a *maund* of 20 kg in Gujarat.It was traded at Rs 830-860 a *maund* in Rajkot, while for delivery to ginners it quoted at Rs 870-875 a *maund*.April *kapas* contract decreased by Rs 7.70 to Rs 702.40 a maund with an open interest of 10,736 lots on the National Commodity and Derivatives Exchange.Of the 1.5 lakh bales of 170 kg each that arrived in the country, including 25,000 bales of new cotton in North India, 45,000 (35,000) arrived in Gujarat.

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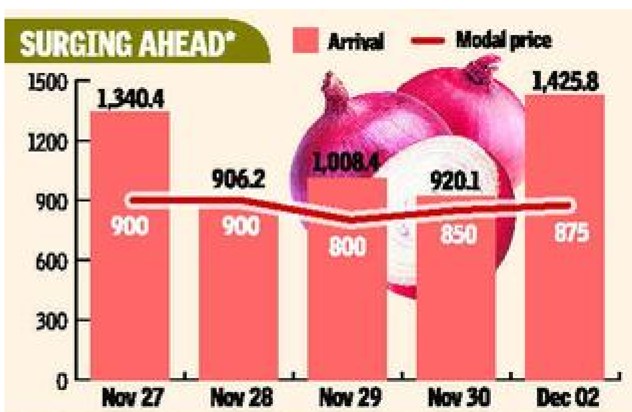
Lower export floor price lifts demand for onion

M.R. Subramani




*Arrivals in tonnes; price in Rs/quintal at Pune APMC in Maharashtra
Source: NHRDF

Chennai, Dec. 2:

Onion prices recovered this week as demand, especially from buyers abroad, rebounded after the Centre lowered the minimum export price to $250 a tonne.

“Demand for onion has stabilised and exports have picked up. Buyers from the Gulf, especially Dubai, and South-East Asia are purchasing,” said Mr Rupesh Jaju, Director of Nashik-based United Pacific Agro Pvt Ltd.The modal price or the rate at which most trades took place that was hovering at Rs 740 a quintal improved this week to as high as Rs 900 during the middle of the week before settling at Rs 750 on Friday at the Lasalgaon Agricultural Produce Marketing Committee yard, Asia's largest, in Maharashtra.“Prices are ruling anywhere between Rs 800 and Rs 1,200 a quintal, depending on quality,” said Mr Jaju.

Arrivals are ample, particularly in Nashik, Ahmednagar and Pune districts of Maharashtra. “At least 7,000 tonnes have arrived in these three districts in the last three days,” said Mr Jaju.

quality

However, the problem with arrivals currently is quality. “Though the quality of arrivals is not that satisfactory, buyers, including importers, seem to have no choice,” said Mr Jaju.This is because Pakistan is not exporting onions and buyers have no option. In addition, there are others who look out specifically for Indian onions.With demand for onion stabilising, prices are expected to remain at current levels, according to trading sources.*mrsubramani@thehindu.co.in*

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Rice firm despite reduced offtake

Karnal, Dec. 2:

Paddy arrivals dropped to just around 35,000 bags on Friday at the Karnal grain market terminal as rice mills reduced buying.

Rice mills have heavy stocks and because of slow processing they are procuring new stocks in limited quantities, said Mr Tara Chand Sharma, Proprietor, Tara Chand and Sons. Arrivals may increase, he added.Aromatic and non-basmati rice were firm. Pusa-1121 (steam) quoted at Rs 4,300-4,325 a quintal, while Pusa-1121 (sela) sold between Rs 3,450 and Rs 3,475 a quintal.

Among the brokens of Pusa-1121, Tibar sold at Rs 3,200, Dubar at Rs 2,900 and Mongra at Rs 2,200 a quintal. Pure basmati (raw) sold at Rs 4,550 a quintal while basmati (sela) sold around Rs 3,500 a quintal. PR-11 (sela) sold at Rs 2,100-2,250 a quintal, while PR-11 (raw) quoted at Rs 1,900-2,200 a quintal. Permal (sela) sold at Rs 1,800-1,975 a quintal, while Permal (raw) fetched Rs 1,900-1,950 a quintal.Sharbati (steam) quoted around Rs 2,900 while Sharbati (sela) was sold at Rs 2,750-2,800 a quintal.Around 15,000 bags of PR arrived and sold at Rs 1,000-1,050. Around 10,000 bags of Pusa-1121 arrived and sold at 1,550-1,750 a quintal.

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Sugar down further in Maharashtra; stable in UP

Our Correspondent


Mumbai, Dec. 2:

Sugar prices were unchanged on Friday in Uttar Pradesh but the higher open market sale quota announced by the Centre continued to pound the commodity in Maharashtra.

S-grade variety prices fell by Rs 20-25 a quintal on the Vashi wholesale spot market in Mumbai and Rs 40-60 a quintal for M-grade on Friday.

Naka rates dropped sharply by Rs 20-40 a quintal for S-grade and Rs 20-50 for M-grade on increased selling pressure in resale.

Prices in central Uttar Pradesh for sugar produced last season that ended in September was Rs 3,025 a quintal, while the one produced this season was quoted at Rs 3,125.

"We are seeing some local demand for UP sugar. Rates are likely to rule around this level this month unless there is any rally in the global market or exports pick up," said a trading source.

In Maharashtra, mill tender rates were weak as producers kept away from selling in anticipation of better pricing. The sentiment was weak on expectation mills will start selling with the market being dull.

Mr Harakhchand Vora, Vice-President of Bombay Sugar Merchants Association, told *Business Line* that millers are not willing to sell at lower price due to higher cost of production after a hike in cane price. Market volatility will depend on the selling strategy of mills this month. Second half demand for Christmas festival may improve, he said.

On Thursday evening, seven to eight mills offered tenders, but the response from buyers was very poor. Arrivals at the Vashi market were higher 58-60 truckloads and local dispatches were around 54-55 truckloads.

Bombay Sugar Merchants Association's spot rates : S-grade — Rs 3,111-3,246 (Rs 3,126-3,251), and M-grade — Rs 3,200-3,331 (Rs 3,240-3,392).

*Naka* delivery rates : S-grade — Rs 3,050-3,080 (Rs 3,070-3,140), and M-grade Rs 3,150-3,200 (Rs 3,170-3,250).

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