

## Rs.10 crore for areca nut farmers' welfare

Staff Reporter

KASARAGOD: Agriculture Minister K.P. Mohanan said here on Monday that the government would earmark Rs.10 crore for the welfare of areca growers in the district.

The amount would be earmarked in the budget session of the State Assembly, scheduled to be held later this month, Mr. Mohanan said after inaugurating a district-level seminar on Organic Farming at the Municipal conference hall.

The Minister's statement came after Kasaragod MLA N.A. Nellikkunnu drew the former's attention to the plight of cash-strapped areca growers in the district.

Labour crisis

The Minister said the labour crisis in the farming community could be solved if the services of labourers under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) were diverted to the farming sector.

The government was planning to bring in a law to utilise the services of MGNREGS labourers to promote organic farming to free the land from chemical fertilizers and pesticides that had adversely affected the rich bio-diversity in the State, he said.

Steps would be initiated to distribute agriculture implements and machineries through the Agro Industries Corporation, he said.

Mr. Mohanan suggested the need to give thrust to encouraging organic farming by engaging consistent interactions to share and tap the rich experience of traditional farmers.

The function, presided over by Mr. Nellikkunnu, was attended, among others, by K. Kunhiraman, Uduma MLA; P.B. Abdul Razak (Manjeswaram MLA); E. Chandrasekharan (Kanhagad MLA); district panchayat president P. P. Shyamala Devi; municipal chairman T. E. Abdulla; District Collector K. N. Sathish; and Principal Agriculture Officer S. Shiva Prasad.

Date:14/06/2011 URL: <http://www.thehindu.com/2011/06/14/stories/2011061459160200.htm>

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### **'Need to make animal husbandry activities profitable'**

Special Correspondent

JAIPUR: Union Animal Husbandry, Dairying and Fisheries Secretary Rudhra Gangadharan on Monday emphasised the need to make animal husbandry activities profitable in Rajasthan by making use of its "rich potential for growth". Formulation of new schemes in the sector would immensely benefit cattle-breeders, he said.

Addressing a meeting on Centrally-sponsored schemes at the State Secretariat here, Mr. Gangadharan said the programmes for improvement in livestock breeds would especially yield good results and benefit those depending on animal husbandry for their livelihood. According to an official release, the Union Secretary also reviewed the progress of schemes being run through the National Bank for Agriculture and Rural Development (NABARD). He asked the State authorities to submit new proposals to the Centre for poultry farming, dairy development and breed improvement. Mr. Gangadharan said there was scope for improvement in the library and laboratories of the Veterinary Science University. In the dairy sector, he issued instructions for immediate disposal of 696 proposals pending since long.

Date:14/06/2011 URL: <http://www.thehindu.com/2011/06/14/stories/2011061451690300.htm>

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### **'Ensure seeds, fertilizer are not sold on the black market'**

Staff Correspondent

*Zilla panchayat president issues fiat to officials at KDP meet*

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*'Complaints received about seeds, fertilizer being diverted to private traders'*

*Forest Department officials instructed to increase forest cover in the district*

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Gulbarga: Gulbarga Zilla Panchayat president Shivaprabhu Patil has asked officials to ensure that seeds and fertilizer were not sold on the black market.

### Meeting

Speaking at the Karnataka Development Programme review meeting here on Monday, he said it was the responsibility of the Agriculture Department officials to ensure that farmers of the district did not suffer from seed or fertilizer scarcity.

"There are two dimensions to this issue.

"One is to ensure that enough quantity of seeds and fertilizer are procured and properly distributed to the Raitha Samparka Kendras. The second one is to ensure the Government supplies are not diverted to private traders and farm inputs are not sold in the black market," he said.

### Complaints

He said he had received complaints that seeds and fertilizer were being diverted to private traders, and directed the officials to look into the matter. A control room had to be established for the purpose and its number should be publicised, he said.

He instructed the Forest Department officials to increase the forest cover of the district by planting more trees. He also asked them to focus on maintaining the plants well.

### Delegation

He said he would lead a delegation to Rural Development and Panchayat Raj Minister Jagadish Shettar to increase grants to the Panchayat Raj Engineering Department.

Zilla panchayat vice-president Harshanand Gupta urged the NEKRTC to increase the frequency of buses to villages so that more children went to schools.

He asked the Social Welfare Department officials to make sure the facilities in the hostels were adequate.

Mr. Gupta said he had received several complaints about low quality work executed under the Suvarna Grama Scheme.

Chief Executive Officer S.M. Kenchannanavar; social justice committee president Ramesh Maragol; agriculture committee president Jayashree Ashok; health committee president Srinath Pilli, and chief planning officer Basavaraj were among those present.

**Date:**14/06/2011 **URL:** <http://www.thehindu.com/2011/06/14/stories/2011061455260700.htm>

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### **Fertilizer dealers warned on overcharging**

Staff Correspondent

BIJAPUR: Zilla panchayat president Shankrubai Chalwadi has instructed officials to initiate action against dealers and retailers who charge exorbitant prices for fertilizer.

Speaking at the monthly Karnataka Development Programme review meeting here on Monday, she said the district had a stock of 10,000 quintals of seeds and 13,000 tonnes of fertilizer.

"Farmers should check the price tag on seeds and fertilizer before purchasing them," she added.

Zilla panchayat Chief Executive Officer A.N. Patil instructed Joint Director of Horticulture Manjunath Narayanpur to suspend Senior Assistant Director Murali (Muddebihal section) for remaining absent from review meetings.

**Date:**14/06/2011 **URL:** <http://www.thehindu.com/2011/06/14/stories/2011061461330300.htm>

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### **Yojane benefits elude paddy farmers**

Special Correspondent

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*Suvarna Bhoomi Yojane is aimed at expanding the cultivation of certain crops*

*Official clarifies that paddy is not included under the scheme*

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MANGALORE: It is official. Paddy cannot be cultivated under Suvarna Bhoomi Yojane launched by the State government from this financial year.

A. Padmaiah Naik, Joint Director of Agriculture, Dakshina Kannada, told the meeting of Karnataka Development Programme Review Committee here on Monday that the office of the Commissionerate of Agriculture, Bangalore, had clarified on the issue. The scheme aimed at expanding the area under the cultivation of certain crops by providing financial assistance to small and marginal farmers.

He said his office had written to the government to include paddy under the yojane. It was because the area under paddy had been shrinking in the district gradually over the years for various reasons. Paddy fields were replaced with commercial crops.

He said that in the last financial year alone, the area under paddy came down by 220 hectares of land. From 55,168 hectares of land in 2009-10, the area came down to 54,948 hectares. The Director of Agriculture, office of the Commissionerate of Agriculture, had replied recently that the Government Order on the yojane did not allow inclusion of paddy.

Mr. Naik said the department had set a target of growing paddy on 60,500 hectares of land this financial year.

The in-charge Chief Executive Officer of Dakshina Kannada Zilla Panchayat K. Shivaram Gowda said many government departments did not select beneficiaries from among women and people with disabilities for the welfare schemes of the government in May.

Chairman of the Standing Committee for Social Justice in the panchayat Janardhana Gouda wanted to know why officials of the Nirmiti Kendra did not repair government hostels even after the Social Welfare Department had deposited funds required six months ago.

He said the Nirmiti Kendra had lagged behind in constructing anganawadis at Kalladi, Ashwathapura, and Badagadapadavu villages although the Department of Women and Child Welfare released funds in March.

President of the panchayat K.T. Shailaja Bhat presided over the meeting.

**Date:**14/06/2011 **URL:** <http://www.thehindu.com/2011/06/14/stories/2011061451700300.htm>

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## **Kharif plan released**

Staff Reporter

SRIKAKULAM: Huge gap between demand and supply of seed in the current khariff season is a cause for concern of senior officials as farmers in the district are on the warpath against the government over the poor arrangements for the seed supply. District Collector G. Venkatram Reddy, who released the kharif plan on Monday, expressed dissatisfaction over the functioning of the Agricultural Department. He asked the department to open seed counters immediately to streamline the supply.

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## Weather

Chennai - INDIA

### Today's Weather



Partly Cloudy

**Tuesday, Jun 14**

Max Min

37.3° | 28.8°

Rain: Trace

Sunrise: 5:42

Humidity: 66%

Sunset: 18:35

Wind: Normal

Barometer: 1005.0

### Tomorrow's Forecast



Cloudy

**Wednesday, Jun 15**

Max Min

36° | 28°

### Extended Forecast for a week

Thursday

Friday

Saturday

Sunday

Monday

Jun 16

Jun 17

Jun 18

Jun 19

Jun 20



32° | 28°

33° | 27°

33° | 27°

35° | 28°

34° | 28°

Rainy

Rainy

Rainy

Rainy

Rainy

14 Jun, 2011, 06.49AM IST, Prabha Jagannathan,ET Bureau

## **Credit sales hit rice exporters**

NEW DELHI: Since 2006-07 , rice exporters and traders have been paying buyers abroad to purchase the best known aromatic rice variety in the world, the Basmati. The practice is threatening to dent the bottom lines of some big exporters now, making them jittery ahead of the new marketing season and forcing them to look anew at home markets.

Top basmati exporters to West Asia, mainly Iran, began selling on credit since 2006, the year in which the non-traditional Pusa 1121 variety was officially designated a Basmati variety.

In anticipation of a good price from exporters, farmers planted in plenty and, although the price was pegged slightly lower than traditional basmati rice varieties , Pusa 1121 sold like hot cakes in the new market of Iran. Traders and exporters started to compete and undercut each other subsequently to garner big import contracts, leading to bigger credit lines and higher credit percentages until such time as exporters found themselves lending importers virtually the entire purchase price. And trouble started.. Things started to come to a head in December last year when, under US pressure over Teheran's nuclear programme, the RBI said payments for Iranian crude could no longer be settled using the existing clearing mechanism.

According to Vijay Setia, president of the All-India Rice Exporters Association (AIREA ), direct payment to India from Iran (for rice) was becoming a major problem due to global sanction there. Making trade with Iran all the more difficult was the fact that several exporters had to work out of "nameplate" firms in Dubai instead of directly dealing with Teheran , thanks to the sanctions. Worsening matters, many oil majors and banks abandoned their dealings with Iran



under pressure from the USA. "Currently, around Rs 2,000 crore is pending from Iran and Iraq for rice traders and exporters. However, Iran has been our best buyer of Pusa 1121 despite intermittent problems . Some months ago, the Iranian government withdrew the subsidy to rice importers, increasing pressure on us to keep in healthy business . But the sanctions have made banks extremely jittery.

The Bandar Abbas (port) route used by some exporters to push through their produce is risky and is not even recognised by banks," one industry official said. According to one AIREA official, exporters first extended a 20% advance for cargoes of Pusa 1121 contracted to push their produce. The strategy worked in hooking big buyers in Iran. leading to worries for classic basmati variety exporters such as New Delhi based Tilda Riceland who frowned on dilution of the definition of "basmati" by the government . But competition sharpened with the entry of newer but more aggressive millers-turned-exporters from the Moga-Jalalabad regions .

The stakes became higher and higher by 2009 even as prices for the Pusa 1121 variety shot up to above that of traditional varieties, Worries increased for exporters of Pusa 1121 variety who had themselves , overtime, boosted the percentage of advance cargoes and then the credit line from 60 days to 90 days and higher. "It's the classic case of the camel and the Arab. After a point, importers starting asking for bigger concessions. Basmati exporting firms had little option but to virtually financing importers fully,"; one exporter acknowledged . Iran and Saudi Arabia source around \$1.5 billion worth of basmati rice a year.

Iran accounts for half of that figure of \$750 million annually and accounts for almost 35% of the total exports. It bought around 2.2 mt of basmati, most of it the 1121 variety, worth Rs 12000 crore two years ago. India's annual basmati exports fetch it close to about \$2-3 billion yearly. Basmati rice output was higher at 5 mt compared to 4.5mt the previous fiscal.

14 Jun, 2011, 06.33AM IST,Bloomberg

### **Wheat output may climb to record high for fourth yr**

NEW DELHI: Wheat production in India, the second-biggest grower, may advance 6.4% to a record for a fourth year after favourable weather and high prices boosted planting, a government official said. Output may climb to 86 million metric tonnes in the year ending June 30 compared with 80.8 million tonnes the year earlier, P K Basu, agriculture secretary, said in an interview on Monday in New Delhi.

That's 2% more than the farm ministry's April 6 estimate of 84.3 million tonnes. A bumper harvest may help the government end a four-year ban on wheat exports, potentially cooling a 64% rally in prices in Chicago in the past year that partly fueled global food costs to a record in February. The Standard & Poor's GSCI Agriculture Index has surged 72% in the past year as dry weather in Europe and China and floods in the US eroded prospects for corn, wheat and soybean crops.

"If India allows exports that will increase wheat supply to the global market and be bearish for prices," Erin FitzPatrick, a commodities analyst at Rabobank International in London, said in a phone interview today. World wheat production is projected at 664.3 million tonnes, the US department of agriculture said on June 9, down from 669.6 million estimated in May. Global inventories may total 184.3 million tonnes before the 2012 harvests in the Northern Hemisphere, compared with 187.1 million tonnes a year earlier, according to the USDA.

14 Jun, 2011, 12.49AM IST,ET Bureau

### **Import duty on sugar likely as acreage improves**

NEW DELHI: Import duty on sugar is likely to be upped this week after the food ministry wrote to the finance ministry asking that the duty be hiked to 15%. Zero duty on imports will end by June 30 even as sowing picks up pace, making it imperative for the government to put in place a

clear policy well before the deadline expires.

"The finance ministry could announce the increase in duty soon. The government does not want the industry and farmers to be disadvantaged by imports," a food ministry official said.

However, analysts point out that with local prices nosediving daily due to ample supply even as international prices zoom up on apprehensions of a poor Brazil crop, the likelihood of imports is low even without a hike in duty. The domestic sugar industry is now lobbying to convince the food and commerce ministries that it is necessary to urgently open up the export quota, which has already been exhausted.

Making a decision on opening up exports imperative is also sugar output projections for 2011-12. That is pegged at much higher than for the previous year, at around 29.3mt which is a good 3mt higher than for 2010-11. For the current 2010-11 season which ends in September, the food ministry has estimated sugar output at 24.5 mt, up from 19 mt a year ago.

To date, mills have exported almost four lakh tonnes out of the half million tonnes allowed by the government under OGL for the 2010-11 sugar year beginning October last. Industry officials from the industry platform National Federation of Co-operative Sugar Factories Ltd. and the Indian Sugar Mills Association expressed keenness that given the ample supply in the home market, the government will allow exports to the tune of 1.5mt this time round in order to allow the sugar sector to take advantage of firm prices global prices.

Overall sentiment on prices at home on the commodity, meanwhile, remains weak. "Sentiment has remained weak since the opening up of futures for this commodity," a sectoral monitor said while referring to July contracts. An analyst from Angel Commodities said that ample supplies in the domestic market was restricting buyers from building long positions in futures. NCDEX June futures settled at Rs 2455/qtl today, down Rs 11/qtl. Sugar spot prices were quoted at steady to

slightly higher rates owing to slight recovery in demand from local stockists and settled 0.69% high week on week, the commodities firm said, pointing out that futures prices touched new contract lows and settled 1.28% down week on week.

Futures trading was opened up in end 2010-early 2011, after fears softened within the government that prices could zoom up to the Rs 50/kg retail level that sugar hit in early 2010. Sentiment is also weak since sugarcane planting figures for the 2011-12 season point to a bumper crop aided by a favorable monsoon. Upto June 3, sugarcane was planted in 5.06 m ha (12.5 million acres), an upward jump of 4% compared to the previous year.

Sugar mills, thanks to more than sufficient market supply, are under intense pressure to offload sugar but finding it difficult even to sell levy sugar. This, although the levy sugar quota for this month was pegged lower. For June, free sale quota was pegged at 1.65 mt, lower than the 1.75mt for May 2011. Ample cane supply in the top sugar producer state, in fact, has forced the Maharashtra government to extend incentives to mills in the state to continue crushing cane upto end June. In the October 1 to June 1 period, 79.21 mt of cane have been crushed in the state producing 8.97 mt sugar, up 27% compared to last YoY.

13 Jun, 2011, 01.11PM IST,PTI

### **Sugar futures fall on weak demand, higher output hopes**

NEW DELHI: Amid weak demand from bulk consumers and hopes of surplus production, sugar futures prices fell by 0.16 per cent to Rs 2,462 per quintal today as speculators reduced their positions.

At the National Commodity and Derivatives Exchange, sugar for delivery in June fell by Rs 4, or 0.16 per cent, to Rs 2,462 per quintal, with an open interest of 16,300 lots. It had ended 1.68 per cent lower at Rs 2,452 per quintal in the previous session.

Similarly, sugar for delivery in July fell by similar margin to Rs 2,511 per quintal, with an open interest of 14,520 lots.

Meanwhile, in Kolhapur, a key market in top producer Maharashtra, the most traded S-variety edged down by 0.43 per cent to Rs 2,532 per quintal.

Analysts said the fall in sugar futures prices was due to weak demand from bulk consumers amid expectations of higher production in the country.



## **Madhya Pradesh to have exclusive budget for agriculture**

June 14, 2011 10:51:24 AM

### **Staff Reporter | Bhopal**

After the State Cabinet approved the Agriculture Cabinet, Madhya Pradesh will now be the second State in the country to have an exclusive “agriculture budget” in addition to the general budget, which is presented annually in the State Assembly.

The only other State in the country to have such a budget is Karnataka, which presented the first such budget in February this year. “We will be presenting an exclusive budget dedicated to agriculture. The step is being taken as the state has seen some record production of wheat in recent times and also it has a large agrarian population,” Chief Minister Shivraj Singh Chouhan said.

The agriculture budget will focus on all the branches related to the farmland as horticulture, animal husbandry, fisheries, panchayats and forestry. The intention of such a budget is to focus

on development schemes related to irrigation, power supply for farming and supply of fertilisers and other goods to the farmers. The budget will be prepared in consultation with all the stakeholders involved in agriculture. The State Cabinet on Monday decided to constitute an Agriculture Cabinet (Krishi Cabinet).

This cabinet will be competent to chalk out plan in an integrated manner on matters related to agriculture and other matters in the agriculture sector and take decision thereon. The formal nomenclature of this cabinet will be “Cabinet Committee for Agriculture Sector-related Matters”. Ministers of the agriculture and agriculture-related departments will be members of the committee to be headed by the Chief Minister.

The Agriculture Cabinet will include Agriculture, Horticulture, Animal Husbandry and Dairy, Fisheries, Cooperative, Water Resources, Narmada Valley Development, Energy, Panchayat and Rural Development, SC, ST Welfare and Forest Departments.

This committee will deliberate on and decide about the budgetary planning and provision of all the related departments. The committee will also undertake the work of re-appropriation or making other changes in these departments’ development-related budget within financial limits. The committee will fix short-term and long-term strategies for agriculture sector-related plans and will also consult experts for it.

A concept of “agriculture budget” will be evolved by tabling the budgetary demands of departments related to agriculture and agriculture sector in the Vidhan Sabha in the form of a group.

# Business Standard

Tuesday, Jun 14, 2011

## Wheat output in India may climb to record high for fourth year

Bloomberg / New Delhi June 14, 2011, 0:50 IST

Wheat production in India, the second-biggest grower, may advance 6.4 percent to a record for a fourth year after favorable weather and high prices boosted planting, a government official said.

Output may climb to 86 million metric tons in the year ending June 30 compared with 80.8 million tons the year earlier, P.K. Basu, Agriculture Secretary, said in an interview on Monday in New Delhi. That's 2 percent more than the farm ministry's April 6 estimate of 84.3 million tons.

A bumper harvest may help the government end a four-year ban on wheat exports, potentially cooling a 64 percent rally in prices in Chicago in the past year that partly fueled global food costs to a record in February. The Standard & Poor's GSCI Agriculture Index has surged 72 percent in the past year as dry weather in Europe and China and floods in the U.S. eroded prospects for corn, wheat and soybean crops.

"If India allows exports that will increase wheat supply to the global market and be bearish for prices," Erin FitzPatrick, a commodities analyst at Rabobank International in London, said in a phone interview on Monday.

World wheat production is projected at 664.3 million tons, the U.S. Department of Agriculture said on June 9, down from 669.6 million estimated in May. Global inventories may total 184.3 million tons before the 2012 harvests in the Northern Hemisphere, compared with 187.1 million tons a year earlier, according to the USDA.

## STOCKPILES TRIPLE

Wheat for July delivery gained 3.5 cents, or 0.5 percent, to \$7.6325 a bushel by 5:17 p.m. Mumbai time on the Chicago Board of Trade, paring an advance of as much as 1.4 percent.

India banned shipments of wheat in early 2007 and non- basmati rice in April 2008 to bolster domestic supplies. State reserves of food grains totaled 65.6 million tons on June 1, almost triple the quantity five years ago, according to the Food Corp. of India.

Higher than expected grain output in India, the world's second-biggest consumer of rice and wheat, will cool rising food inflation in Asia's third-biggest economy. An index measuring wholesale prices of agricultural products advanced 9.01 percent in the week ended May 28 from a year earlier, the highest level in eight weeks, the trade ministry said June 9. Overall inflation in India has been above 8 percent for 16 months.

"This is an unprecedented production and the bountiful harvest will not allow local prices to go up at all," M.K. Dattaraj, former president of the Roller Flour Millers Federation of India, said by phone from Bangalore. "This will help the government ensure food security in the country. Wheat will contribute lesser inflation in the food basket."

#### **Present conditions ideal for liberal export of sugar**

**Kunal Bose / June 14, 2011, 0:40 IST**



Production estimates revised to 26 mt for 2010-11 and supply to be boosted by 5 mt of stocks spilling over from last year.

At no point this season was there any doubt that the country will have rich enough production of sugar, creating an ideal condition for liberal exports. Not only was production of 26 million tonnes for 2010-11 forecast at season beginning, the supply was also to be boosted by close to 5 million tonnes of stocks spilling over from last year. There has now been a scaling back of production estimate to 24.5 million tonnes by the government and a little lower than this by Indian Sugar Mills Association (Isma).

This revision makes only marginal difference to the overwhelming supply scene. From almost the start of cane crushing, Isma was pleading with the government to allow the industry to



export to discharge its obligation on the past import account and also on open general licence so that mayhem of the sugar economy be avoided. While the industry had exported around 1.5 million tonnes of sugar against past imports, the government for reasons best known to it took an inordinately long time to sanction export of 500,000 tonnes under OGL. The point is, government dithering denied the industry the highly lucrative export price of over \$800 a tonne in January-February.

Isma Director General Abinash Verma rues the fact that when the industry first proposed exports under OGL, India was seen as the only place with surplus sugar. But the picture changed subsequently, with production in Thailand now pegged at a bumper 9.3 million tonnes and good reports emerging from some other major cane growing countries. What is more sugar is the worst performer this year on prospects of higher supply of the 24 commodities figuring in the Standard & Poor's GSCI index.

To go by industry expert Jonathan Kingsman's forecast that the world is to see raw sugar surplus widening to 10.575 million tonnes next year from 2.445 million tonnes this time, we are in for a long bear phase in the commodity. The approaching biggest global surplus since 2006-07 when India had record production of 28.33 million tonnes could see raw sugar sinking below 20 cents a pound.

Whatever the compulsions, New Delhi remains the arbiter of monthly sugar releases for the domestic market, as also for exports. At the same time, it will tell traders of the stockholding cutoff point. The March increase in stockholding limit to 500 tonnes for traders has done little for sugar prices while the ceiling has proved to be a deterrent to futures trading on a meaningful scale. Even while ex-factory sugar prices have come down to a level leaving the mills with a loss of Rs 150 or more a quintal, consumption of the sweetener is likely to stagnate at 22 million tonnes. So, the industry, in the absence of adequate exports, will be left with back-breaking surpluses as the 2010-11 crushing period nears an end and the new sugar season starts in October.

Industry official Om Prakash Dhanuka recalls that when in November 2010, Isma saw a surplus of 3.5 million tonnes for export, the forward prices were \$805 a tonne for white sugar and 33 cents a pound for raws. As is any industry's wont the surplus might have been pegged a few notches higher than the actual. The fact, however, remains that it is not difficult to form an

opinion at the season's start the likely cane harvest size, if the weather does not play foul or the fields are not visited by pests subsequently. So, the government could have flagged off exports around the time Sharad Pawar first publicly aired his views on the subject.

Mind you, food inflation was then raging so strongly that a concerned government was prone to err on the side of caution by repeatedly postponing a decision on exports. Not only did New Delhi take over three months to allow export of 500,000 tonnes on OGL, but it was also not quick in issuing release orders for actual exports to happen. All this has brought into focus our failure to make use of risk management tools embedded in futures trading. The government could well be averse to allowing sugar exports in the season's beginning. It might also be that having painted itself into a corner on inflation count, the government lost its way in managing the impending sugar surplus. Would it not have been in order for New Delhi to ask its own trade agencies and Indian Sugar Exim Corporation, the industry's representative body, to sell sugar in the world market at spot rates early in this season and simultaneously cover the risk through forward buying? Thereby, the risk relating to any unforeseen setback in crop would have been taken care of and the industry's cash flow would have improved. Equally importantly, as Dhanuka explains, such a move would have spared the industry the pains of maintaining godown-bursting inventories. In fact, at season close, the industry will have no alternative but to ask the government to create a sufficiently large buffer stock. This will give well deserved relief to the now loss-making industry, since the government is to bear the cost of buffer maintenance.

### **Spinners sell cotton yarn below cost**

**Sharleen D'Souza / Mumbai June 14, 2011, 0:38 IST**



Spinning mills are selling cotton yarn at a discount, 16 per cent below production cost, due to weak demand. The price of yarn has fallen sharply in recent months.

Stocks have been spiralling since last year, when yarn exports were capped at 725 million kg, although later raised to 845 million kg. The spinners' problem was so acute that they went on strike in the first week of May, added to the stocks.

The yarn being sold now was procured when cotton prices were between Rs 55,000 and Rs 63,000 a candy (356 kg) in February (they're now Rs 44,000-45,000 a candy). The average cost of output of the benchmark, 40's combed variety of yarn, went up to Rs 240- 250 per kg. Spinning mills are now ready to sell at Rs 200-205 per kg.

This financial year, although the government has capped yarn exports at 845 million kg, orders remain slack.

Also, during this time of the year, orders are usually dull, as there is little retail demand for readymade garments, since there is no festive or wedding season. Demand for both yarn and fabric will pick up only towards the end of the monsoon season.

"Spinners are now left with no option but to sell yarn at lower prices, as some inflow of money is required," said D K Nair, secretary-general of the Confederation of Indian Textile Industries.

The ones which will suffer are small-time spinners, as the big players are in a position to take a 15-20 per cent hit in their margins, said Mitesh Shah of Mandhana Industries.

While selling huge stock at a discount will not go down well with any producer, some say that it was the greed of spinners that led to this situation. If they would have sold the stock as and when produced there was demand, the situation would have been better now.

Rahul Mehta, president of the Clothing Manufacturers Association of India, said, "Spinners created this crisis for themselves as they were holding back their stocks instead of selling in the hope for a further prices rise." He sees the yarn market to remain unsteady till September-October, after which the demand may revive.

## **Normal monsoon in coffee growing regions to boost production, quality**

**Debasis Mohapatra / Bangalore June 14, 2011, 0:06 IST**

With the onset of good monsoon in major coffee growing regions of the country, the quality and production is expected to witness a boost in the current crop year (2011-2012).

“Early monsoon in Karnataka, Tamil Nadu and Kerala is normal, which is expected to boost quality of coffee cherries in the current crop year. According to early estimates, arabica production will be higher than last year,” Ramesh Rajah, president of Coffee Exporters’ Association said. Rajah, who owns coffee estates, however said robusta production would be lower than the last crop year.

Though Coffee Board is yet to come up with its after-blossom estimates, Karnataka Planters’ Association (KPA) has estimated output of coffee at 290,000 tonnes for 2011-12, which is around five per cent lower than the last crop year.

With onset of monsoon, the planters body expects that normal rainfall will increase crop prospects of coffee for 2011-12. “Normal monsoon is crucial to cherry development along with protecting the crop that has blossomed during February-March. We hope current crop year will boost quality of coffee,” Sahadev Balakrishna, president, KPA said.

According to planters’ body, the country expects to produce 90,000 tonnes of arabica, up 12.5 per cent over last year. Similarly, robusta production is pegged at 200,000 tonnes for the current crop year.

Balakrishna, however, added that rainfall in July and August were crucial to draw a true picture of crop estimate.

Coffee Board officials also have a similar view in this matter. “Initial reports suggest that rainfall received in major growing regions is normal, which will benefit coffee crop though sound berry production along with increase in productivity,” a top board official said.

He also said that the board would come up with initial crop estimates in the last week of June.

India produces around 300,000 tonnes of coffee in a crop year, which constitutes around 200,000 tonnes of robusta and 100,000 tonnes of arabica. While 70 per cent of Indian coffee is exported to countries like European Union nations, Russia and other parts of the world, rest is consumed domestically. Major coffee growing regions of the country comprises of Karnataka, Tamil Nadu, Kerala among others.

Referring to current export scenario, exporters said the country would see a reduction in exports in 2011-12 due to low carryover stock and less production. "Exports will be subdued in 2011-12 as there is less carryover stock in the country," Rajah of Exporters' Association said.

Earlier, United States Department of Agriculture (USDA) came up with a report saying that coffee exports from India would be down by around 17 per cent to 240,000 tonnes in the 2011-12 period.

## THE HINDU Business Line

### **Biotech research to combat Bunchy Top Banana disease**

Coimbatore, June 13:

Tamil Nadu Agricultural University (TNAU) is undertaking biotechnology research to develop transgenic varieties resistant to Bunchy Top of Banana (BTB) disease, which posed 'great threat' to hill banana.

Addressing a two-day Annual Research Workshop on Horticulture last week here, the TNAU Vice-Chancellor, Dr Murugesu Bhoopathi, said that BTB virus disease was a threat to hill banana, grown in various States, including Tamil Nadu.

Stating that mass seed production of popular vegetable crops was a big challenge at present, he urged the scientists to identify entrepreneurs for taking up seed production on contract basis, especially in crops such as chilli, ash gourd and bottle gourd.

About 160 scientists working on horticulture participated in the workshop and discussed the current status and suggested future strategies, a TNAU release said.

## India sows Bt cottonseed diplomacy with Pakistan



New Delhi, June 11:

The Commerce Ministry has provided its Pakistani counterpart a list of Bt cotton seed producing agencies in India. The move to promote export of Bt cotton seeds to Pakistan comes at a time when India itself is reportedly facing a “shortage” of such seeds.

This new initiative was identified at the India-Pakistan talks in April in Islamabad. It aims to help Pakistan's farmers and its textile sector by increasing cotton yields and ensuring better cotton security. Both sides had agreed to enable Business-to-Business contact and governmental regulatory clearances.

The Commerce Ministry sources told *Business Line* that the idea stemmed from a firm named Nath Biogene, which informed the Ministry that it had worked on Indian and Pakistani soils, did research and developed a Bt cotton variety. The firm had even given a presentation about this in Pakistan. The idea received acceptance as the firm proved that its Bt cotton variety could survive in Pakistani soil.

Enthused by this, the Commerce Ministry sought from the Agriculture Ministry a list of Bt cotton seed producing agencies in India. The Agriculture Ministry then forwarded a list of 32 agencies, including all the leading Bt cotton seed producers such as Central Institute of Cotton Research, Nuziveedu Seeds, Rasi Seeds and Nath Biogene.

The sources said the move is part of the Prime Minister's initiative to ensure prosperity in neighbouring countries even if India Inc does not gain much directly. Incidentally, India and Pakistan compete internationally in the cotton and textile space.

On the "shortage" of Bt cotton seeds in India, the Commerce Ministry officials said they do not have any such information from the local seeds firms. Even during meetings leading to the India-Pakistan talks, no representation was forwarded on such a "shortage," they said.

### **Tea prices stable at Kochi auction**

Kochi, June 13:

Prices stabilised at the Kochi tea auction last week despite thick arrivals. There were 15,06,500 kg of dust and 4,66,000 kg of leaf on offer. Good liquoring teas were steady to dearer at the CTC dust auction. Medium and plainer teas were irregular and tended lower. Around 25 per cent of the CTC dust grades on offer remained unsold. AVT continued to be active along with Kerala State Civil Supplies Corporation. While Hindustan Unilever was also active, Tata Global was a marginal player. Exporters were active at lower levels. At the orthodox dust sale, high-grown and medium grades tended lower. Bulk of the offerings was absorbed by exporters and upcountry buyers.

### **Leaf Auction**

Medium grades were firm to dearer at the orthodox leaf auction while most other grades, including Nilgiri broken and fannings, tended lower. There was a fair amount of withdrawals as well. While exporters to Tunisia remained subdued, traditional exporters to CIS countries were active. Hindustan Unilever did not trade. At the CTC leaf auction, quality teas remained steady. Most other grades quoted lower. Exporters operated at lower levels. Bulk of the offerings was absorbed by internal and upcountry buyers.

## **Top Prices**

Injipara SFD fetched the top price at the dust auction at Rs 122, followed by Pasuparai SFD at Rs 121, Injipara SRD at Rs 120 and Karimtharuvi SFD at Rs 116. At the leaf auction, Pascoe's green tea fetched the top price at Rs 288, followed by Chamraj OP at Rs 201, Chamraj FOP at Rs 188 and Sutton GFP at Rs 184.

## **92% offerings sold at Coonoor tea sales**

Coonoor, June 13:

For the first time since January, Coonoor Tea Trade Association auction has posted over 90 per cent sale with as much as 92 per cent of the year's highest offer of 16.47 per cent being sold at Sale No: 23 this week.

Overall, 95.06 per cent of the leaf and 88.67 per cent of the dust offers were sold. Thanks to competition, prices rose on the average Rs 5 a kg over previous week.

“About 95 per cent of better medium CTC leaf was sold and prices rose Rs 3-10 a kg. Plainers gained Rs 2-5, cleaner blacker sorts up to Rs 10 and Better liquoring sorts Rs 3-5. Orthodox leaf gained up to Rs 3 but some invoices lost a rupee. In the dust market, primary orthodox oscillated up-and-down up to Rs 5. Better liquoring CTC dusts lost Rs 2-3. Plainers enjoyed good demand gaining up to Rs 7”, an auctioneer told *Business Line*.

Homedale Estate tea, auctioned by Global Tea Brokers, topped the CTC market at Rs 141 a kg.

## **Mixed trend in spot rubber**

Kottayam, June 13:

Spot rubber witnessed a mixed trend on Monday. There were no specific factors to set a definite trend either in the domestic or international scene. The market continued to be inactive and indecisive during the day. Meanwhile ISNR 20, the only gainer of the day, improved marginally on comparatively better demand.



Sheet rubber slipped to Rs.226 (225) a kg, according to dealers. The grade finished steady at Rs 226 a kg both at Kottayam and Kochi, as quoted by the Rubber Board.

In futures, the June series closed at Rs. 225.50 (225.36), July at Rs. 230.30 (230.21), August at Rs. 232.80 (232.31), September at Rs.231.00 (230.90), October at Rs.230.25 (230.63) and November at 231.90 (237.41) a kg for RSS 4 on the National Multi Commodity Exchange.

RSS 3 declined with June futures slipping to ₹ 414.0 (Rs. 231.33) from ₹ 418.1 a kg during the day session but then remained inactive in the night session on Tokyo Commodity Exchange. The grade (spot) weakened to Rs. 231.84 (233.07) a kg at Bangkok.

Physical rubber rates (Rs/kg) were: RSS-4: 226 (226.50); RSS-5: 223.50 (224); Ungraded: 220 (220); ISNR 20: 221 (219) and Latex 60%: 143 (143).

#### Huge stocks with growers may mash potato prices



Rates drop Rs 200/quintal since May-end

Kolkata, June 13:

Glut and weak market sentiments may crush potato prices for the next one and a half months. According to cold storage owners, the current price is substantially lower than the loading price.

Quoted at Rs 580 a quintal in May-end, prices have come down by Rs 200 a quintal as on Monday. The slide has been particularly fast in the last few days when the wholesale price of the tuber (Jyoti variety) was down by Rs 100 a quintal from Rs 470 a quintal last week.

“There is a huge amount of stock in cold storages across the country. The sentiment is weak as there is anticipation that prices could fall further. So potato prices are showing a downtrend,” said Mr Ram Pada Pal, vice-president, West Bengal Cold Storage Association.

The ruling wholesale price is lower than the loading price of potatoes in the cold storage this year at Rs 460 a quintal.

“Buoyant conditions marked the beginning of this season. There was expectation of bagging some export orders from countries such as Russia and China where the production has been particularly low this year on account of heavy snowfall. Therefore, there was expectation that prices will inch up. This prompted the farmers to hold on to their produce,” said Mr Patit Paban De, Member, West Bengal Cold Storage Association.

Farmers have been holding on to 70 per cent of the total stock kept in cold storage this year at about 40 lakh tonnes. Close to 58 lakh tonnes of potatoes have been stored across various cold storages in West Bengal this year. “Typically farmers hold about 40 per cent of the stock produced, but this year they were holding on to higher amount of the stock in anticipation of better prices,” Mr De said.

The release of potatoes, which started in the first week of May, from cold storages in the State has been lower by about six per cent so far during this year, against same period last year. “The release will pick up during monsoons and this will bring down prices even further,” he said.

Going by this trend, the market fears that the prices could touch the low levels experienced in 2008. Potato prices had plunged to as low as Rs 200 a quintal in 2008 on account of bumper production of the crop.

## Cashew heads north on lower supply

Kochi, June 13:

Cashew kernel prices continued to rise on good buying support amid limited supply. The prices moved up by 10 cents or so a pound (lb) last week.

During the week, business was done with several markets for W240 from \$4.65 to \$4.75 and W320 from \$4.30 to \$4.40 (fob) and some processors were even able to sell a few cents higher, according to trade sources. Good volume was traded for June-July and a fair amount was traded for August-December as well, they said.

There weren't much trade in other grades. But values are W450 at around \$4.20, SW320 at around \$4.20, SW360 at around \$4.00-\$4.05, Splits/Butts at \$3.90, Pieces at around \$3.75 (fob).

In the last 10 days, the domestic market has moved up by about 5 per cent so far mainly on the broken grades. August-December is the peak consumption period and some traders are building up stocks in advance.

Raw cashew nut (RCN) market was steady with a firm undertone. Prices for good quality spot and afloat parcels moved up \$100-150 a tonne, especially because quantities arriving in June are small, Mr Pankaj N. Sampat, a Mumbai-based dealer told *Business Line*. "It is quite possible that prices may ease later when arrivals improve. If the arrivals are staggered over a long period or if the kernel demand continues to be strong, decline may not be much."

Many low quality parcels — lower total outturn and possibility of lower percentage of white grades — are available at a discount in India as well as in origin but processors are reluctant to buy.

Three weeks ago at the International Nut Congress in Budapest when some people were saying 320s could reach \$4.50, very few people were willing to believe. Although everyone agreed that market would remain firm for some time. "But we are there now," Mr Sampat pointed out.

The trend in the last few months was that of regular buying leading to a gradual and sustained rise in prices. “Unless the supply improves significantly or there is a dramatic fall in demand, there is little chance of a break in the trend,” he said.

There is nothing new to add to what we have been saying in the last few reports about the prospects for coming weeks or months, said trade sources.

Like April-May, kernel shipments in June-July will continue to be lower than normal – volumes may pick up after August but if the spot Asian demand is strong, there will be no pressure on sellers. “Only chance for beginning of a decline in prices will be in the last quarter of the year if the Southern Hemisphere crops are good. But even that decline may not be large unless there is a slowdown in nearby demand and forward contracting,” Mr Pankaj said.

Until there is some clarity on supply and demand prospects for 2012, everybody will be inclined to operate for limited volumes to avoid being caught on the wrong foot when the trend changes. This increases the potential for volatility and makes life difficult for everyone in the chain, he added.

#### **Cotton exporters shy away from market**



Rajkot, June 13:

Cotton prices remained stable in Gujarat, though exporters kept away from the market over uncertainty on how the Directorate-General of Foreign Trade will allot the additional export quota, a Rajkot-based broker said.

*Sankar-6* variety was traded at Rs 42,000-44,000 a candy of 356 kg for A-grade, B-grade at Rs 35,000-37,000 a candy and lower grade at Rs 29,000-31,000 a candy. Raw cotton was at Rs 600-1,007 for a *maund* of 20 kg in Rajkot. Arrivals decreased sharply. In Gujarat, 8,000 bales arrived against 12,000 bales last Monday. Similarly, 18,000-20,000 bales arrived against 25,000 bales in the rest of the country.

### **No rise**

In Gujarat, 25-30 trucks of raw cotton arrived from Maharashtra that fetched Rs 600-900 for a *maund*.

The broker said price may not increase as long as the uncertainty remains.

Even as the Union Government allowed 10 lakh bales (170 kg each) more for exports in the current season, exporters and farmers' bodies have raised concern over the quota allotment process to be taken up by the Directorate-General of Foreign Trade.

“There was fiasco in quota allotment last time. We hope that this time the process will be more just and transparent. Genuine cotton exporters should not be left out, with opportunists reaping heavy benefits by adopting unfair practices like selling the quota in the grey market,” said a leading exporter here.

### **Lack of upcountry buying drags turmeric**



Erode, June 13:

Spot turmeric prices dropped by Rs 400 a quintal on lack of upcountry buying on Monday.

“No one expected the sudden decrease of Rs 400 a quintal in spot turmeric on Monday. Because of this, many farmers took back their produce,” said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association.

“Due to heavy rain in Maharashtra and Gujarat, Erode turmeric bulk buyers did not receive even a single order. Further, due to the onset of South-West monsoon, prices are decreasing in Nizamabad and Sangli markets. Futures also quoted low. All these things have reflected in Erode turmeric market.”

At the Regulated Market Committee, the finger variety decreased by Rs 800 a quintal and arrivals were low.

The traders said that out of the arrival of 7,000-odd bags, only 30 per cent of the stocks were sold and the remaining was taken back by growers. They said that they never expect that the price will decline so sharply on Monday. At the Erode Turmeric Merchants Association Sales Yard, the finger variety fetched Rs 5,359-7,410 a quintal, the root variety Rs 5,206-6,296.

**Salem Crop:** The finger variety was sold at Rs 6,889-8,659, the root variety Rs 5,977-6,397. Out of 2,109 bags that arrived, 325 bags were sold.

At the Gobichettipalayam Agricultural Cooperative Marketing Society, the finger variety was sold at Rs 4,810-7,560, the root variety Rs 4,027 -6,320. Out of 121 bags that arrived, 115 were sold.

At the Erode Cooperative Marketing Society, the finger variety was sold at Rs 5,572-7,599 a quintal, root variety was sold at Rs 5,219 to Rs 6,399. Out of arrival of 584 bags, 551 were sold.

At the Regulated Marketing Committee, the finger variety was sold at Rs 6,680-7,137, the root variety Rs 5,790-6,280. Out of 394 bags that arrived, 386 were sold.

## Sugar weakens further on selling by mills



Mumbai, June 13:

Selling by mills and absence of demand — locally and from other States — extended the weak trend in sugar on Monday. Spot rates were down by Rs 8-10 a quintal, tracking decline in *naka* and mill tender rates of Rs 10-15. Mr Jagdish Rawal, a wholesaler, said the market has lost huge volumes due to need-based demand and continuous selling by mills at lower price. Inventory building is absent as prices keep heading south. Production is expected to be good in the current and following season this year. The Union government has declared 16.50 lakh tonnes as free-sale sugar quota this month. Producers might resort to distress sale in the second fortnight to meet the quota in time. Demand from Gujarat and Maharashtra has also eased, he said.

Sources said 8-10 mills offered tenders on Saturday, and sold about 10,000-12,000 bags (a quintal each) at Rs 2,450-2,500 for S-grade and Rs 2,500-2,600 for M-grade. Traders were expecting tender rates to drop by Rs 10-15 on Monday. Arrivals were at 48-49 truckloads of 100 bags each, and local dispatches were at 46-47 truck loads.

**Bombay Sugar Merchants Association's spot rates:** S-grade Rs 2,600-2,652 (Rs 2,600-2,666) and M-grade Rs 2,668-2,796 (Rs 2,671-2,801).

**Naka delivery rates:** S-grade Rs 2,550-2,600 (Rs 2,570-2,610) and M-grade was Rs 2,620-2,700 (Rs 2,610-2,720).

### Rice rules flat in lukewarm trade



Karnal, June 13:

The rice market witnessed a steady trend even as trading remained lukewarm on Monday. Prices of aromatic and non-basmati varieties were mostly unchanged.

Traders are waiting for prices to stabilise as they don't want to bear any more loss, said Mr Praveen Kumar, a rice miller. Prices may continue to rule around current levels in this week, he added.

Pusa-1121 (steam) continued to rule flat and quoted at Rs 5,000 a quintal. After witnessing a drop last weekend, Pusa-1121(*se/a*) and Pusa-1121 (raw) managed to maintain their previous levels and ruled at Rs 4,000 and Rs 4,600 a quintal, respectively.

Prices of duplicate basmati were at Rs 3,500-3,600 a quintal. Pure basmati (raw) ruled at Rs 6,500 a quintal.



Prices for the brokens of Pusa-1121, Tibar was quoted at Rs 3,100-3,350, Dubar quoted at Rs 2,500-2,650 and Mongra was at Rs 1,900-2,150. Sharbati (steam) quoted at Rs 3,000-3,100 and Sharbati (*se/a*) ruled between Rs 2,800-2,900 a quintal.

After witnessing an uptrend last weekend, PR-11 varieties remained unchanged. PR-11 (*se/a*) ruled at Rs 2,000-2,200 and PR-11(raw) quoted at Rs 1,950-2,150 a quintal.

Permal (*se/a*) quoted at Rs 1,750-1,970 a quintal and Permal (raw) traded at Rs 1,900-2,100 a quintal. Among brokens of Sharbati variety, Tibar was quoted at Rs 2,350-2,500, Dubar was at 2,100-2,230 and Mongra ruled around Rs 1,750-1,800 a quintal.

### **Edible oils rebound on Malaysian cues**



Mumbai, June 13:

After declining continuously last week, the edible oils market improved as the Malaysian palm oil market rebounded on Monday. Groundnut oil extended gains from last week, rising Rs 10 for 10 kg.

Crude palm oil (CPO) futures on Bursa Malaysia Derivatives (BMD) rebounded on dip-buying after sliding to the lowest in a month. In Mumbai, soya refined oil rose by Re 1, sunflower oil by Rs 5 and rapeseed oil by Re 1 for 10 kg.

## Cotton, palmolein

Cotton and palmolein oils ruled steady as resellers offered at lower rates. Volumes remained thin as new stock-buying was absent, a wholesaler said. Local refineries have reduced palmolein and soya oil rates but offers by resellers at lower rates kept the market sentiment steady.

In Rajkot, price of groundnut oil *telia* tin increased by Rs 15 to Rs 1,475 (Rs 1,460) and loose (10 kg) increased by Rs 5 to Rs 955 (Rs 950). In Mumbai, 300-350 tonnes of palmolein was traded by resellers at Rs 560-564. One refinery sold a few tonnes at Rs 563. Liberty quoted palmolein at Rs 565. Ruchi's rates were: for palmolein Rs 564, for soya refined oil Rs 625 and for sunflower oil Rs 685. Allana's palmolein was at Rs 564. Malaysia's BMD CPO July contract ended at MYR3,281 (MYR3,260), August at MYR3,256 (MYR3,239) and September at MYR3,262 (MYR3,240) a tonne. Mumbai commodity exchange spot rate (Rs/10 kg): Groundnut oil 950 (940), soya refined oil 627 (626), sunflower exp. ref. 645 (640), sunflower ref. 695 (690), rapeseed ref. oil 666 (665), rapeseed expeller ref. 636 (635), cotton ref. oil 628 (628) and palmolein 563 (565).

## Soya oil firm despite weak foreign markets



Indore, June 13:

Soya oil ruled firm despite weak foreign markets, though it attracted some buying at the lower rate. In the physical market, soya refined was quoted at Rs 610-613 for 10 kg against Rs 608-613 on Saturday. Though soya solvent declined on weak global cues, it attracted buying at the lower rate. Soya solvent in the spot was quoted at Rs 575 against Rs 578 on Saturday, while in delivery it was quoted at Rs 578 for 10 kg against Rs 580 on Saturday.

Soya refined futures also traded lower on weak foreign markets. After opening at Rs 645, soya refined witnessed first cut of the month on the National Board of Trade (NBOT) in Indore at Rs 642.20. Soya refined June contract had closed at Rs 644.60 on the NBOT on Saturday. On the National Commodity and Derivatives Exchange (NCDEX) also, soya oil futures closed marginally lower with its June and July contracts ending at Rs 642.90 and Rs 645 respectively.

Soyabean ruled sluggish on lower demand at the higher rate. Nevertheless, it attracted trading at the lower rate. Soyabean prices across *mandis* in Madhya Pradesh were quoted Rs 10-15 down at Rs 2,200-2,260 a quintal against Rs 2,230-2,250 in Indore *mandis*. In the futures, however, soyabean was quoted marginally higher with its June and July contracts on the NCDEX closing at Rs 2,322 and Rs 2,350 a quintal respectively. Arrivals of soyabean in State *mandis* were recorded at 45,000 bags against 2,000 bags in Indore *mandis*. Plant deliveries in soyabean were also quoted down at Rs 2,270-2,325 a quintal.

Soya de-oiled cake continues to rule sluggish on weak export demand. It ruled at Rs 17,700 a quintal at Kandla port on Monday.

### **M.P. to have separate budget for agri sector**

New Delhi, June 13:

Madhya Pradesh will be the second State in the country to have an exclusive 'agriculture budget' in addition to the general budget, which is presented annually in the Assembly.

The only other State in the country to have such a budget is Karnataka, which presented the first such budget in February this year.

"We will be presenting an exclusive budget dedicated to agriculture. The step is being taken as the State has seen some record production of wheat in recent times and also it has a large agrarian population," the Chief Minister, Mr Shivraj Singh Chouhan, said.

"The agriculture budget will focus on all the branches related to the farmland as horticulture, animal husbandry, fisheries, panchayats and forestry.

“The intention of such a budget is to focus on development schemes related to irrigation, power supply for farming and supply of fertilisers and other goods to the farmers,” Mr Chouhan said.

The budget will be prepared in consultation with all the stakeholders involved in agriculture, he said.

Mr Chouhan was in the Capital recently to meet Prime Minister, Dr Manmohan Singh, to apprise him about the lack of storage facilities for wheat in the State.

The Chief Minister informed the Prime Minister that the State had procured 49.4 lakh tonnes of wheat till now. He said although this was a good development, most of the wheat was lying in the open and if this was not stored before the onset of monsoon, it would rot.

Mr Chouhan urged the Prime Minister on June 11 to advance allocate the quota of foodgrains for the next year as this would solve the storage problem. The government also proposes to distribute it to the Below Poverty Line families at the rate of Rs 3 a kg.

### **Govt expects to achieve record rice production**

New Delhi, June 13:

Buoyed by the initial progress of monsoon, the government expects to achieve a record rice production of 102 million tonnes in the 2011—12 crop year, a top official of the Agriculture Ministry said today.

“This year, the starting of monsoon rains has been damn good. If this kind of rains continues, I am confident that the country’s rice production will touch 102 million tonnes,” Agriculture Secretary, Mr P K Basu said in an interview.

The progress of southwest monsoon and its spread across the country is “perfect” till date, he said, adding that he hoped that the area under paddy and other Kharif crops will be better than last year.

However, he said, “But we have to watch rains in July month as they are very important for sowing of Kharif crops.”

The Agriculture Ministry has fixed a target of 102 million tonnes for the 2011—12 crop year (July—June). Bulk of the paddy is sown in the Kharif season, which has already started from the current month.

Mr Basu further said the sowing of kharif crops is not in full swing and the announcement of hike in the minimum support price (MSP) will help farmers to take a considered view on what to plant in the current season.

The government announced hike of up to 16 per cent in the MSP of Kharif crops. MSP of paddy (common) has been fixed at Rs 1,080 per quintal, while that of cotton (long length staple) at Rs 3,300 per quintal.

The Southwest monsoon set in over Kerala on May 29, two days earlier than the forecast made by the India Meteorological Department (IMD).

#### **Gujarat to extend area under cultivation**



PTI The Gujarat Chief Minister, Mr Narendra Modi being felicitated with a wooden cart by the Agriculture Minister, Mr Dilip Sanghani during "Krushni Mahotsav". (file photo)

Vadodara, June 13:

The Gujarat government is mulling to bring under cultivation additional 3 lakh hectares of land thus capping the current area under sowing to 90 lakh hectares, Agriculture Minister, Mr Dilip Sanghani said.

"It has become possible due to the success of more than one—month long agriculture fairs covering total of all the 18,000 villages across the state," Mr Sanghani said.

The sowing for the Kharif season is already underway in various regions of the state including Saurashtra, the minister said.

Mr Sanghani said, recently held agricultural fairs held under the aegis of Krishi Mahotsava were a huge success in its seventh successive year.

All the ministers and agriculture experts from the state universities, besides one lakh government employees, interacted with the farmers in the state under the Krishi Mahotsava.

The Gujarat government in the recent past allowed the farmers to share water for farming purposes through participatory management, Mr Sanghani said, adding, the state government has taken up a massive water conservation project, introduced scientific methods of farming and promoted animal husbandry to supplement tillers' income.

The 'soil health card' is another innovative initiative which has helped the farmers to choose crops of their choice for maximising production, he added.

The policies of the state government have led to double the income from agriculture produce to Rs 59,000 crores from Rs 8,000 crore in 2003, the Minister said.

### **Tea industry expects good second flush**

Kolkata, June 13:

The tea industry is upbeat about a good second flush in north India due to favourable weather conditions, an official of the apex body of tea planters of north India, Indian Tea Association (ITA), said.

Compared to last year the second flush this year is better, the ITA official told PTI, adding that the second flush is very important for its quality. The first flush season ended in April and the second flush would continue till July.

However, there are reports of pest attacks in few pockets of Assam. Last year, the second flush was badly affected due to lack of rainfall and pest attacks.

In south India, although the production took place throughout the year, it went down marginally due to the bad weather, the official added.

### **Study projects fertiliser demand to touch 41.6 mt by 2020**

Ahmedabad, June 13:

A study by the Indian Institute of Management, Ahmedabad (IIM-A) suggests that for self-sufficiency in agricultural production, availability of fertilisers at affordable prices should be prioritised over higher output prices.

The study 'Demand for Fertiliser in India: Determinants and Outlook for 2020', was done by Professor Vijay Paul Sharma of the Centre for Management in Agriculture, IIM-A, and Hrima Thaker of the same institute. It has projected the demand for fertilisers in India to increase to 41.6 million tonnes by 2020.

By estimating the demand for fertilisers, one can understand the implications of fertiliser price policy including subsidy and agricultural product price for fertiliser use and their interrelationship, Mr Sharma said.

"The results clearly indicate that non-price factors such as irrigation, high-yielding varieties and cropping intensity were more powerful in influencing the demand for fertilisers compared with price factors," the study said.

"Price of fertilisers had an adverse affect on fertiliser consumption and was more powerful than output price," it added.

"In order to ensure self-sufficiency in foodgrains production in the country, availability of fertilisers at affordable prices to the producers is of utmost importance," the study concluded.

"The high product price support policy benefits the large farmers who have net marketed surplus while low input prices benefit all categories of farmers," the study said.

With regard to calculating the demand for fertilisers in the future, it has made a projection using annual time series data from 1976-77 to 2009-10 and using simple linear regression model using ordinary least squares (OLS) method.

“By 2020, fertiliser demand in the country is projected to increase to about 41.6 million tonnes and is expected to grow at a faster rate in eastern and southern regions compared with north and west,” the study concluded.

As per the data collected for the study, the overall consumption of fertilisers in the country has increased from 65.6 thousand tonnes in 1951-52 to 26.49 million tonnes in 2009-10.

Accordingly, per hectare consumption of fertilisers, which was less than one kg in 1951-52, has gone up to the level of 135 kg in 2009-10.

The average intensity of fertiliser use in India at national level was still much lower than in other developing countries and there were many disparities in fertiliser consumption patterns both between and within regions of India, it said.

“About 18 per cent of the districts in the country account for half of total fertiliser use while bottom half of the districts account for only 15 per cent of total fertiliser used in the country,” an analysis of data from the Fertiliser Association of India and Agriculture department, done during the study indicated.