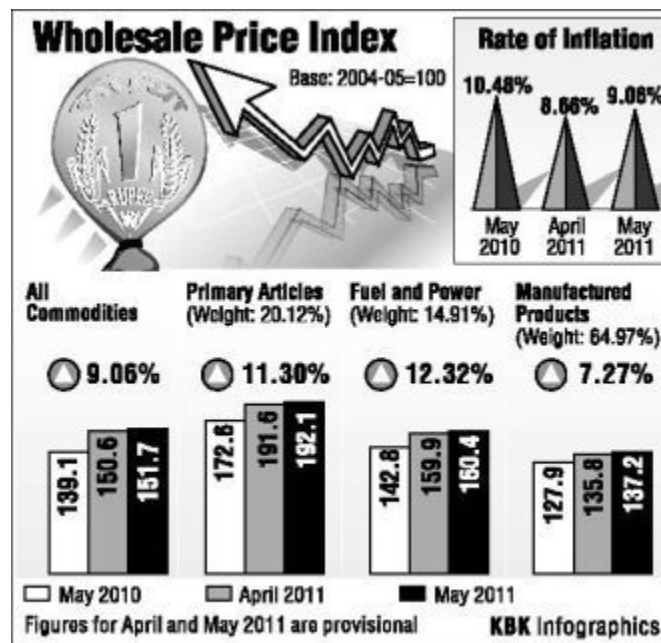


## Inflation breaches 9 % mark in May

Special Correspondent

*Pranab Mukherjee talks of appropriate steps in the coming months*



NEW DELHI: In line with the Reserve Bank's projection on price rise for the current fiscal, headline inflation resumed its northward march to breach the 9-per cent mark in May even as the government expressed concern and indicated that appropriate steps would be taken in the coming months to contain the inflationary spiral.

The official data on the Wholesale Price Index (WPI) released here on Tuesday showed that headline inflation surged to 9.06 per cent in May from 8.66 per cent in April and the main drivers

of the price spiral were food and non-food items such as fruits, milk, petrol and manufactured goods which turned costlier.

In its monetary policy announcement for 2011-12 on May 3, the RBI had forecast overall inflation hovering at an average of 9 per cent during the first half of the fiscal year before moderating to about 6 per cent (with an upward bias) by March, 2012. With the apex bank's projection coming true in May itself, another round of hikes in key policy rates as part of its mid-quarterly review on June 16 is being seen as almost certain.

Commenting on the WPI inflation numbers for May, a concerned Finance Minister Pranab Mukherjee said: "We would keep a close watch on [the] developments, both domestic as well as international, in the coming months and make appropriate adjustments as we go along."

Even as one segment of the 'appropriate adjustments' is feared to be the rate increase in repo (short-term lending) and the automatic hike in reverse repo (short-term borrowing) by the same margin, Mr. Mukherjee sought to draw some comfort from the fact that, except core inflation, food and primary inflation has declined and the latest numbers are lower than the 10.48 per cent recorded in May, 2010.

"... the picture [inflation data] for the latest month is however mixed ... Other than fruits, inflation is moderating in all food items... core inflation [other than food, fuel and power] continues to harden... this poses some concerns which will have to be addressed," Mr. Mukherjee said.

However, any action by the RBI — even by way of a 25 basis point hike in the repo rate — is likely to ruffle the industry associations as its hawkish monetary stance to tame inflation seems to have already impacted industrial growth which slumped to 6.3 per cent (under the new series with 2004-05 as base) in April this year from 13.1 per cent during the same month of 2010.

Prime Minister's Economic Advisory Council (PMEAC) Chairman C. Rangarajan feels that the apex bank's priority should be to rein in inflation. "I think the inflation numbers are in a sense upsetting ... We need to address the issue of inflation even more strongly. We need to use more monetary and fiscal policy to contain inflation...I think the RBI will probably look at the inflation issue more seriously and will take some action... [it] will probably decide to do in the context of the high level of inflation," he said.

Though disturbing, the inflationary surge in May was not a surprise. For one, the increase of over Rs.5 a litre in petrol prices during the middle of May has had a discernible impact and is reflected in the data with its prices going up by 27.31 per cent on a yearly basis.

Apart from this, other manufactured goods such as cotton textiles and certain food items like fruits, milk, eggs, meat and fish turned costlier during the month.

Meanwhile, headline inflation for March has been revised up to 9.68 per cent from the provisional estimate of 9.04 per cent.

Date:15/06/2011 URL: <http://www.thehindu.com/2011/06/15/stories/2011061558340100.htm>

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## State declines heritage tag for sites in Western Ghats

Special Correspondent

*Decision follows opposition by peoples' representatives, says Minister for Forests*



BANGALORE: The State Government has decided to write to the Union Government refusing permission to the United Nations Educational, Scientific and Cultural Organization (UNESCO) to

nominate 10 forests in the Talacauvery and Kudremukh regions of the Western Ghats for the prestigious World Heritage Site tag.

Minister for Forests C.H. Vijayashankar told presspersons here on Tuesday that the decision was taken following opposition to this move by “peoples' representatives such as MPs and MLAs”.

He said the Wildlife Institute of India (WII), on behalf of UNESCO, had written to the State Chief Wildlife Warden asking for the management plan for the 10 sites for nomination. These include four wildlife sanctuaries: Pushpagiri, Brahmagiri, Talacauvery and Someshwara; five reserve forests: Padinalknad, Someshwara, Agumbe, Kerti and Balahalli; and a national park: Kudremukh.

Mr. Vijayashankar said the proposal was opposed as it would mean a loss of government control over these forests. This would also violate the rights of tribal families living within the forest areas. Moreover, he added, the Government was not going to get any funds from UNESCO.

He argued that there was “no need” for UNESCO recognition when the Supreme Court, the Central Empowered Committee, the Union Government, the High Court of Karnataka and the Lokayukta were mandated to keep a watch on encroachment, construction or mining activity on forest land. He said that the Centre would be asked to remove these 10 forests from the WII list.

The Minister said the State Government had constituted a committee comprising Higher Education Minister V.S. Acharya, Law and Urban Development Minister S. Suresh Kumar, Environment and Fisheries Minister J. Krishna Palemar, MP D.V. Sadananda Gowda, Chairman of the Western Ghats Task Force Anant Hegde Ashisar, and BJP leaders B. Nagaraj Shetty, C.T. Ravi and M.P. Appachu Ranjan to discuss the issue.

Asked if opinions on this matter had been sought from non-BJP MPs and MLAs, the Minister said that would be done shortly.

Other sites

The 10 forests are part of UNESCO's list of 39 natural sites for nomination as heritage sites in the Western Ghats spanning four States. These include 19 sites in Kerala, six in Tamil Nadu and four in Maharashtra.

Date:15/06/2011 URL: <http://www.thehindu.com/2011/06/15/stories/2011061599961000.htm>

## Weather

WEATHER			
<b>ANDHRA PRADESH</b>			
Anantapur	36 25	0	73
Aroyavaram	33 23	0	21
Bapatla	37 29	0	14
Calingapalnam	27 23	44	55
Gannavaram	33 26	0	119
Hyderabad AP	37 24	0	11
Kakinada	31 23	44	100
Khammam	42 24	0	32
Kavali	36 28	0	22
Kumool	36 26	0	31
Machilipatnam	34 27	0	50
Narsapur	32 25	3	29
Nellore	36 29	0	86
Nizamabad	39 24	0	44
Ongole	36 29	0	15
Ramagundam	40 29	0	59
Tirupathi AP	38 29	0	73
Tuni	30 23	31	61
Vizag AP	29 23	32	43
Vizag	28 23	21	34
<b>KARNATAKA</b>			
Agumbe	25 19	69	756
Bangalore AP	28 20	4	44
Bangalore	29 20	1	32
Belgaum AP	29 20	2	105
Belary	35 25	0	62
Bijapur	35 21	0	45
Chitradurga	31 21	0	26
Chikmagalur	27 18	3	51
Chikmagalur	33 21	0	7
Gadag	30 21	tr	79
Gulbarga	36 23	0	75
Honavar	31 24	69	675
Karwar	32 25	41	588
Madikeri	21 18	23	235
Mangalore AP	30 24	28	549
Mysore	27 21	2	24
<b>INSAT PICTURE AT 11-30 hrs.</b> Observations recorded at 8-30 a.m. on June 14.			
Mandya	29 18	0	21
Panambur	30 25	21	490
Raichur	35 21	0	109
Shirali	30 24	62	590
<b>KERALA</b>			
Alappuzha	32 25	5	310
Kannur	30 24	28	672
Kochi AP	31 24	44	486
Kottayam	31 24	29	419
Kozhikode	30 24	42	588
<b>TAMIL NADU</b>			
Adirampattinam	35 27	0	23
Coimbatore AP	32 23	tr	46
Coonoor	23 16	1	72
Cuddalore	37 28	0	11
Chennai AP	37 29	0	55
Chennai	37 29	0	78
Dharmapuri	33 23	0	5
Kanyakumari	31 25	2	36
Karalkal	37 27	0	15
Kodalkanal	20 12	1	22
Madurai AP	38 27	0	28
Nagapattinam	38 28	0	3
Palayamkottai	37 27	0	16
Pamban	33 28	0	0
Parangipettai	38 27	0	0
Puducherry	38 28	0	17
Salem	35 24	0	8
Thanjavur	37 28	0	46
Tiruchi AP	37 27	0	49
Tiruchi	38 29	0	7
Tiruthani	38 29	0	37
Tondi	34 28	0	tr
Tuticorin	37 26	0	6
Ooty	17 13	tr	34
Valparai	23 19	52	426
Vedharanyam	34 26	0	8
Vellore	37 26	tr	3
<b>LAKSHADWEEP</b>			
Amiri Divi	32 26	4	80
Milicoy	33 27	0	95
Kavaratti	32 24	11	125
<b>OTHER STATIONS</b>			
Kolkata (Alipore)	36 29	0	10
Mumbai	31 26	4	343
New Delhi	39 30	0	11
The columns show maximum and minimum temperature in Celsius, rainfall during last 24 hours (trace) and total rainfall in mm since June 01, 2011.			
<b>Isolated rain in Tamil Nadu</b>			
CHENNAI: Conditions are favourable for further advance of Southwest monsoon into some more parts of Andhra Pradesh. Southwest monsoon has been active over Kerala. Rainfall occurred at most places over Kerala and coastal Karnataka, at many places over Lakshadweep and at a few places over coastal Andhra Pradesh and south interior Karnataka. Isolated rainfall occurred over Tamil Nadu, north interior Karnataka, Telangana and Rayalaseema. The following stations recorded heavy rainfall in centimetres: Peermade (Idukki dt) 10, Chinnakallur (Coimbatore dt), Siodapura (Udupi dt) and Piravom (Ernakulam dt) 9 each, Chalakudy (Thrissur dt) 8 and Belthangady (Dakshina Kannada dt), Munnar (Idukki dt) and Idukki 7 each. Forecast valid till Thursday morning: Rain would occur at most places over Kerala, Lakshadweep and coastal Karnataka, at many places over coastal Andhra Pradesh and south interior Karnataka and at a few places over North interior Karnataka, Telangana and Rayalaseema. Isolated rain may occur over Tamil Nadu and Puducherry.			

Date:15/06/2011 URL: <http://www.thehindu.com/2011/06/15/stories/2011061553560600.htm>

## Millet cultivation promotion scheme to be launched

R Vimal Kumar

*Plan to set up demonstration plots in Tirupur district*

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*Project cost is Rs. 70.21 lakh Focus on raising sorghum variety*

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Tirupur: To increase the production of millets and thereby generate greater consumer demand for nutrients-rich millet food products, the Department of Agriculture is all set to launch a millet cultivation promotion scheme in the district at an outlay of Rs. 70.21 lakh.

The project cost, allocated under the newly conceptualised Initiative for Nutritional Security through Intensive Millets Promotion component of the Centre-sponsored Rashtriya Krishi Vikas Yojana, will be utilised to set up demonstration plots and distribution of free seed kits, among others, to the beneficiary farmers.

#### Importance

“Our primary aim is to increase the millet production from the grain point of view, instead of using it more as a fodder crop, since the millet grains contain more nutrients vis-à-vis paddy and wheat,” Joint Director of Agriculture S. Muthusamy told The Hindu.

During the last fiscal, millets were raised on 67,100 ha in the district and a sizeable chunk of the produce was used as fodder instead of for human consumption.

Mr. Muthusamy said that it was planned to set up demonstration plots on a total of 2,000 ha spread over eight blocks in the district. The selected blocks were Avinashi, Gudimangalam, Kundadam, Mulanur, Palladam, Pongalur, Tirupur and Uthukuli.

Under the project, focus would be given on the raising of sorghum (also called great millet) variety.

Each of the beneficiary farmers on whose land holdings the demonstration plots were set up would be given four kg of seeds, critical inputs such as micro nutrients, fungicides, bio-fertilizers, potash, urea and pesticides worth Rs. 3,000 for every hectare of cultivation.

P. Santanakrishnan, Deputy Director of Agriculture, said that though the crop was raised under rain-fed conditions, the farmers would be told to have irrigation facilities ready in the case of emergency situations arising due to 'moisture stresses'.

The agriculture officials would also be keeping a baseline data on consumption and demand of millets all through the implementation of the scheme to ensure that grains were diverted more for human consumption in accordance with the project objective. The farmers who wished to seek information on the project could contact assistant directors of agriculture at the block level.

Date:15/06/2011 URL: <http://www.thehindu.com/2011/06/15/stories/2011061553070500.htm>

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### **Farmers should not worry about cotton seed: agriculture scientist**

Gollapudi Srinivasa Rao

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*Farmers should not expect high yield just by choosing one hybrid variety: R. Uma Reddy*

*'Yield of cotton depends on weather conditions, better farm management'*

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WARANGAL: Farmers should not clamour for just two varieties of cotton seed as the yield does not depend upon the hybrid variety of seed but a host of other factors. The farmers can opt for other variety of seed and still reap a good yield provided they do better crop management, says an agriculture expert.

District Agricultural Technology & Transfer (DATT) centre scientist (Crop Production), Dr. R. Uma Reddy, told The Hindu that for low input management in red and light soils, the farmers can opt for Bunny-Nuzeevedu seed, Tulasi-4-Tulasi seed, Neeraja (MRC 7201)-Mhyco seed, Dr. Brent (MRC 7347)-Mahyco seed, Jadu-Kavari seed, Ajit 155-Ajit seed, Ankur Jai-Ankur seed, Ankur 3028-Ankur seed, and Rakhi-621-Krishidhan seed.

Dr. Reddy said that the farmers were under the impression that the yield would be as high as last year and that the market price for the produce would also be higher.

“It all depends on a number of factors. The yield particularly depends on weather conditions and better farm management among others. The farmers should not expect high yield just by choosing one hybrid variety,” he explained.

#### Increased demand

Cotton is grown on five lakh acres in Warangal district and the cultivable area has been growing by eight per cent every year. Private companies have not been able to supply the quantity of seed required by the farmers in this situation.

“The demand is growing at a greater pace than the seed production resulting in the problem of seed shortage. The farmers should also try other varieties or change the crop pattern rather than get distressed over the non-available seed varieties. They can think of pulses, jowar, castor, groundnut which are equally remunerative,” Dr. Reddy said.

#### Management practices

He said there were instances where with good management practices, hybrids which did not have any demand also gave high yields. With good management practices which includes timely plant protection, many hybrid varieties available in the market can give equally good yields as 85 per cent of the hybrid yield potential is determined by management practices.

Date:15/06/2011 URL: <http://www.thehindu.com/2011/06/15/stories/2011061552670300.htm>

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#### **Cotton growers to use regulated market soon**

Special Correspondent

*Now they carry produce to Salem, Villupuram*



PERAMBALUR: Steps would be taken to help cotton growers to market their produce through the regulated market at Elambalur in the district, said Collector Darez Ahmed here on Tuesday.

Mr. Ahmed, who inspected the regulated market committee hall, said though cotton was grown on a large scale in the district, farmers had to take their produce to the markets in Salem or Villupuram. Steps would be taken to help cotton growers to market their produce using the infrastructure available at the Elambalur regulated market, he said.

Mr. Ahmed pointed out that the regulated market was functioning at a 2.75-acre complex. During 2009-10, cotton was cultivated in about 23,954 acres in the district and about 2,22,772 quintal of cotton was produced. The average productivity was 9.5 quintal a hectare. Similarly, maize was a major crop in the district accounting for about 39,046 hectares during 2009-10.

About 1.83 lakh tonnes of maize were produced in the district during the year. The average yield was 4.6 tonnes a hectare. Though farmers were able to market maize in the district, cotton growers did not have a marketing outlet here, he said.

Mr. Ahmed instructed the officials to take steps to fill up the posts of supervisor, junior assistant and watchman at the regulated market. He also directed the officials to convene a meeting with traders in association with the Cotton Corporation of India to discuss ways to create a marketing outlet for farmers in the district. T. Logeswari, Project Director, District Rural Development Agency accompanied the Collector.

Date: 15/06/2011 URL: <http://www.thehindu.com/2011/06/15/stories/2011061550610200.htm>

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### **Farmers unable to take up agriculture operations around Thuckalay areas**

Staff Reporter

*As there is inadequate supply of water to their paddy fields*

Nagercoil: The farmers in and around Karungal near Thuckalay could not undertake agriculture operations in full swing, owing to the inadequate supply of water to their paddy fields.

According to Gunaseelan, president of Water Users' Association (Karungal), said that in the year 1962 the then Government had issued an order to plant saplings on the banks of the ponds belonging to Government (PWD) with an intention to mobilise revenue to the local bodies and to ensure the environment free from any kind of pollution.

The Agriculture Department came forward to give subsidy to those farmers who wanted to plant saplings. However, the practice changed after the officials of the then Government issued orders that the Public Work Department should maintain the water sources which irrigated above 100 acres of paddy field. For areas below the 100 acres, the distribution of water for irrigation purpose should be maintained by the local bodies. In course of time, these water bodies were neglected and encroached upon by a few influential persons. The tanks had been converted into ponds, owing to the encroachments, which affected the agriculture operations.

Even though the Government issued orders in 2007 to the officials of PWD to take over the neglected tanks and ponds, it is yet to be materialised. Hence, encroaching upon tanks and ponds in the district was increasing day by day.

Hence, the district administration should take immediate steps to remove all the encroachment in the water bodies for the benefit of farmers. In the meantime, the district witnessed widespread rain on Tuesday, which would be beneficial to farmers, who wanted to undertake agriculture operations even in the tail-end areas. The maximum rainfall of 9.4 mm was recorded at Eraniel followed by 7.8 mm in Boothapandi, 6 mm in Kurunthencode, 4.4 mm in Nagercoil, 3.8 mm in Pechipparai and 3.6 mm in Mullankinavilai.

The water level in Pechipparai dam stood at 45.97 feet, 59.15 feet in Perunchani, 12.20 feet in Chittar I, 12.30 feet in Chittar II and 18.30 feet in Poigai dam.

**Date:**15/06/2011 **URL:** <http://www.thehindu.com/2011/06/15/stories/2011061553120500.htm>

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## **Water released from dams for irrigation**

Staff Reporter

*Turn system will be introduced in case of failure of monsoon or slump in storage: Collector*



**FOR THE FIRST CROP:(Right) Finance Minister O Panneerselvam pressing a button to release water from Periyar dam on Tuesday; Minister for Cooperation Sellur K Raju (second from left) releasing water from Vaigai dam at Andipatti in Theni district**



**FOR THE FIRST CROP:(Right) Finance Minister O Panneerselvam pressing a button to release water from Periyar dam on Tuesday; Minister for Cooperation Sellur K Raju (second from left) releasing water from Vaigai dam at Andipatti in Theni district**

THENI: Water was released from Periyar dam for irrigation of first crop in the double cropping area in Cumbum Valley and from Vaigai dam for irrigation of lands in Madurai and Dindigul districts on Tuesday.

While Finance Minister O. Panneerselvam released water from Periyar dam, Minister for Cooperation Sellur K. Raju released water from Vaigai dam at 11 a.m., simultaneously.

Initially, 200 cusecs of water will be released from Periyar dam for 120 days continuously for irrigating 14,707 acres – 11,807 in Uthamapalayam, 8,412 acres in Theni and 488 acres in Bodinaickanur – under registered ayacut. If there is failure of monsoon or slump in storage, turn system will be introduced to maintain supply till harvest.

The Minister appealed to farmers to raise short-term crops and get better yield this year.

Collector K.S. Palanisamy, who accompanied the Finance Minister, said that Agriculture Department had sufficient stock of seeds of paddy, small grains, pulses and oil seeds. Sufficient quantity of fertilizers – 1,008 tonnes of urea, 785 tonnes DAP, 800 tonnes of Potash and 1,256 tonnes of complex fertilizers – was stocked for distribution. “We have 79 tonnes of paddy seeds, 16 tonnes of pulse seeds, three tonnes of small grains and 2.5 tonnes of seeds of oil seeds,” he added. Six tonnes of paddy seeds had already been distributed.

In Vaigai dam, Mr. Raju released 900 cusecs of water for irrigation of 45,041 acres of land for the next 120 days. An area of 29,501 acres in Madurai North taluk and 13,747 acres in Vadipatti taluk in Madurai district and 1,793 acres in Nilakottai taluk in Dindigul district will benefit from the release.

He said that the Chief Minister, Jayalalithaa, had instructed ministers to give top priority for welfare schemes. Ms. Jayalalithaa was also instrumental in releasing Cauvery water in time.

Madurai Collector U. Sagayam, who accompanied the Minister, stated that turn system would be introduced if there was failure of monsoon or slump in storage. He also appealed to people to use water judiciously and get better yield. PWD Superintending Engineer S. Vijayakumar, Executive Officer P. Rajesh took part.

## Sericulture farmers stage protest

Staff Reporter

*Roll back duty cut, Union Government urged*

— Photo: Sampath Kumar G.P.



**FOR THE RIGHT PRICE:**Sericulture farmers staging a protest in Bangalore on Tuesday.

**BANGALORE:** Sericulture farmers from different parts of the State gathered at Freedom Park here on Tuesday to register their protest against the falling prices of cocoons and raw silk.

The farmers, who arrived in the city from sericulture-intensive districts — Chikkaballapur, Kolar, Ramanagaram, Mandya and Haveri — in buses and trains, initially gathered on the Bangalore City Railway Station premises.

The farmers opposed the sharp reduction in import duty on raw silk from 31 per cent to 5 per cent in the Union Budget, a move believed to have led to the sudden crash in prices of indigenous silk.

The farmers complained that the price of cocoons collapsed from Rs. 350 to Rs. 400 a kg to about Rs. 100 a kg on account of reduction in import duty. Shouts of “Down with Central Government” rent the air as the protestors, carrying placards criticising the Union Government,

marched through the roads to reach the Freedom Park. At the Freedom Park, the crowds swelled with the arrival of more farmers.

Though the farmers planned to lay siege to the Vidhana Soudha, the police denied them permission.

The farmers, who had gathered under the aegis of All India Struggle Committee Against Duty Free Silk Import, not only urged the Union Government to roll back the reduction in import duty but also urged the State Government to fix a minimum price of Rs. 350 a kg of cocoon.

Lakshminarayan Reddy, a farmer from Kolar, said the price of cocoons in the market has become as much if not less than the cost the farmer incurs on rearing silkworms. "We are unable to pay off our loans and fulfil our basic needs," he said.

The Karnataka Prantha Raitha Sangha, which is also part of the committee organising the protest, said the farmers will not give up their agitation till their demands are met. The sangha will support the bandh call given by the committee on June 28 in the State.

**Date:15/06/2011 URL:**

**<http://www.thehindu.com/2011/06/15/stories/2011061553260500.htm>**

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### **Kharif sowing operations under Krishna Western Delta delayed**

Staff Reporter

GUNTUR: Sowing operations in kharif in the areas covered under the Krishna Western Delta (KWD) have been delayed for the third consecutive year. Cultivation in 5.71 lakh acres ayacut covered under the KWD is usually taken up in the third week of June. A variety of factors, including unpredictable monsoon, delay in carrying out operation & maintenance (O&M) works by the water users' associations, and reluctance of farmers to take up early sowing, have led to this situation. The general mood among the farming community is one of despondency due to dip in minimum support price (MSP) and lack of credit.

At a meeting convened recently by the Irrigation Department, members of the distributory

committee and WUAs unanimously resolved to recommend to the State government to release water from Nagarjuna Sagar on July 16.

The resolution would be passed at the District Irrigation Advisory Board to be convened by district Collector on June 26 .

The WUAs have also been hit due to delay in reimbursing dues for the O&M works carried on various canals. But a recent GO directed payment of Rs. 4.14 crore towards dues.

#### Water levels

The Irrigation Department, Guntur, said that water levels at Nagarjuna Sagar reservoir were satisfactory and that they were ready to release water at any time. The government has already sanctioned the release of water.

The water requirement for irrigating 5.71 lakh acres under the delta is 20 tmcft, which makes it mandatory for the Irrigation Department to take sanction of the government and release the water.

President of WUAs U. Satish Reddy said though the State government had given financial clearance for payment of dues, the department had not paid them so far.



**HT Correspondent, Hindustan Times**

Email Author

Mumbai, June 14, 2011

First Published: 22:17 IST(14/6/2011)

Last Updated: 01:58 IST(15/6/2011)

## **Inflation at 9%, RBI sees pressure**

The Reserve Bank of India warned of an upward pressure on the inflation front on Tuesday as latest government data raised the spectre of double-digit inflation again.

The wholesale price-based inflation was 9.06% in May, up from 8.66% in April.

RBI, due to review policy rates on Thursday, said in its financial stability report (FSR) for June that there are downside risks to GDP growth.

"The uncertainties in global environment with persistently high energy and commodity prices have contributed to a slight moderation in India's growth momentum as well," said the RBI. But Indian financial system continues to remain strong and the banking system remains well capitalised, it said.

"The Indian financial system remains stable in the face of some fragilities being observed in the global macro-financial environment," the report said.

But the report mentioned that increased reliance on market borrowings could affect the banks liquidity position. It also cautioned banks to remain cautious as high inflation rates may hurt their asset quality.





"Changes in interest rate were found to have the most significant (negative) impact on slippage ratio of the banks," it said.

The report has assessed that there are signs of a slowdown in growth during 2011 in most countries. "The sovereign debt crisis in some Euro area countries and the high levels of government debt in some advanced countries remain threats to global stability," it said.

<http://www.hindustantimes.com/StoryPage/Print/709446.aspx>

## Weather

Chennai - INDIA

### Today's Weather



Cloudy

### Wednesday, Jun 15

Max Min  
37.6° | 29°

Rain: 8.0 mm in 24hrs    Sunrise: 5:42  
Humidity: 89%            Sunset: 18:35  
Wind: Normal             Barometer: 1005.0

### Tomorrow's Forecast



Cloudy

### Thursday, Jun 16

Max Min  
37° | 27°

### Extended Forecast for a week

Friday Jun 17	Saturday Jun 18	Sunday Jun 19	Monday Jun 20	Tuesday Jun 21
32°   27° Rainy	32°   26° Rainy	34°   28° Rainy	33°   28° Rainy	32°   27° Rainy

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## THE TIMES OF INDIA

15 Jun, 2011, 05.10AM IST, Sutanuka Ghosal,ET Bureau

### Good times await Indian tea makers

KOLKATA: A drop in African tea production by 35 million kg this year has put Indian tea producers in an advantageous position. With a good production till date, Indian tea producers are flooded with export enquiries, which in turn are giving a fillip to tea prices.

On an average, prices have gone up Rs 10-15 per kg and industry majors like McLeod Russel , Goodri-cke Group, Dhu-nseri Tea and Jay Shree Tea feel that this trend is likely to continue during the second flush production as well.

AN Singh, managing director of Goodricke Group , told ET: "The production is expected to be up by 10 million kg in May. The situation is much better this year production-wise. Overall, the price has increased by 10-15 per kg for good teas. Last year, a pest attack affected production during the second flush." J Kalyansundaram, secretary of Calcutta Tea Traders Association ,said: "In sale 22 of this year, the average CTC price is hovering around Rs 133 per kg as compared to Rs 119 last year.

Orthodox tea is selling in the range of Rs 160 - Rs 220 per kg. Last year, the range was Rs 140 - Rs 200 per kg. Definitely, tea prices are ruling firm this year. The second flush teas will be available from sale 26 and sale 27."

Industry officials feel that a drop in Kenyan tea production will further give a boost to Indian tea prices as export enquiries have started to pour in from Russia, the Middle East countries, the UK and the US.

In fact, the Tea Board of Kenya has indicated that tea production in 2011 could be 10% lower, owing to low output over the last four months. According to the board, due to hot and dry weather conditions experienced in January to March and depressed rainfall in April, cumulative tea production for the period January to April 2011 stood at 116.6 million kilogram, which was 20.9% lower compared to the output of 147.5 million kg recorded during the first four months of 2010.

CK Dhanuka, chairman of Dhunseri Tea , said: "Tea market is good now. Kenya is down by 35 million kg and this will put pressure on the global supply side. Therefore, I feel that market is likely to remain bullish in the coming months."

DP Maheshwari, managing director of BK Birla-controlled Jay Shree Tea, said: "Except for south Indian teas, prices have gone up by Rs 15 - Rs 20 per kg. Assam teas are fetching very good prices and, going ahead, I feel that this trend will continue."

15 Jun, 2011, 05.03AM IST,OUR BUREAU

### **Sugar mills seek 15 lakh tonne exports to tide over crisis**

MUMBAI: The sugar industry, which is going through tough times, has demanded export of 15 lakh tonne of the sweetener to shore up mills' revenues. But Prof KV Thomas, minister of state for food and consumer affairs, said a decision would be taken at an appropriate time.

"We are getting representations from state governments and the industry, which need to be looked into," he said.

"The sugar industry has lost Rs 300 crore due to the delay on export decision. The domestic price has no correlation with the market price. The international sugar price is Rs 31/kg while the domestic sugar price is Rs 23.50/ kg," said Narendra Murkumbi, managing director, Shree

Renuka Sugars and president of the Indian Sugar Mills Association .

ISMA estimates that the cane acreage in the country would go up by about 5% in the next sugar year. "The industry is bearing a loss of Rs 200/quintal to Rs 250/quintal due to the difference between the selling price and the production cost," said ISMA director general Abinash Verma.

In a year of falling sugar and cane prices, farmers and sugar mills usually fight one another. But with the new sugar year three months away, young leaders of the sugar industry have decided to join hands with farmers to present their case unitedly to the government.

"Sugar mills and farmers will work together on issues like price regulation, policy matters like exports and ethanol which are related to the payment of a better price to farmers. We will go together to the government on these issues," said Murkumbi. The industry is foreseeing another tough season.

"Flow of funds will be a big problem next year," he said. Mills are battling excess inventory as the closing stock for May is estimated to be at 140 lakh tonne even as the labour cost has doubled from last year. The inventory left with the sugar mills is expected to be worth Rs 35,000 crore.

According to ISMA, as against the cane payment of Rs 45,000 crore in 2009-10, mills paid Rs 51,000 crore to farmers in 2010-11. Murkumbi said mills had to export six lakh tonne of molasses due to excess production. "The exported quantity of ethanol would have substituted 1.5% of the country's auto fuel requirement.

The chemical industry has vested interests in lobbying against the ethanol-blending programme. But the export shows there is surplus alcohol in the country," he said.

## **Inflation rises to over 9%, RBI may hike interest rates again**

PTI | Jun 14, 2011, 03.04pm IST

NEW DELHI: Driven by rising prices of fruits, milk, petrol and manufactured goods, headline inflation surged past the 9 per cent mark in May, raising the expectations of another hike in key policy rates by the Reserve Bank of India later this week.

Inflation rose to 9.06 per cent in May from 8.66 per cent in April, prompting Prime Minister's Economic Advisory Council (PMEAC) Chairman C Rangarajan to describe the trend as "upsetting" and pitch for tightening of the monetary policy by the RBI to cool rising prices.

The central bank, which has raised key interest rates nine times since March, 2010, to check rising prices, is slated to conduct a mid-quarterly review of the monetary policy on Thursday. The RBI would try to balance the need to tame inflation and promote industrial growth, which has slipped to 6.3 per cent in April from 13.1 per cent a year ago.

"I think the inflation numbers are in a sense upsetting... We need to address the issue of inflation even more strongly. We need to use more monetary and fiscal policy to contain inflation," C Rangarajan told reporters here.

According to Wholesale Price Index (WPI) data released by the government today, several essential items, including rice, fruits, petrol, edible oils, cotton textiles and iron and steel products, became more expensive during May in comparison to April.

Inflation, according to Planning Commission Deputy Chairman Montek Singh Ahluwalia, "is a problem (but) we still remain hopeful... It has gone up, which is not unexpected, because the preliminary indications said it would go up."

## **Inflation crosses 9%, RBI may hike interest rate**

June 15, 2011 10:49:53 AM

**PTI | New Delhi**

Resuming its upward climb, the headline inflation in May rose to 9.06 per cent on costlier fruits, petrol and manufactured goods and heightened fears of another hike in interest rates by the RBI on Thursday.

Even as the increasing prices of essential items pushed up the inflation rate during the reporting month from 8.66 per cent in April, a concerned government said that more steps could be taken in the coming months to tame price rise.

“We would keep a close watch on developments, both domestic as well as international, in the coming months and make appropriate adjustments as we go along,” Finance Minister Pranab Mukherjee said after the announcement of the May inflation numbers.

The experts, however, feel that the Reserve Bank, which has raised key policy rates nine times since March 2010, will go in for another round of monetary tightening at its mid-quarterly review slated for Thursday.

The RBI would try to balance the need to tame inflation and promote industrial growth, which has slipped to 6.3 per cent in April from 13.1 per cent a year ago.

“I think the RBI will probably look at the inflation issue more seriously and will take some action... (it) will probably decide to do in the context of the high level of inflation,” Prime Minister’s Economic Advisory Council Chairman C Rangarajan said.

The inflation numbers for May also capture the increase in petrol prices by over Rs 5 litre last month. Besides other items like cotton textiles in manufactured segments and some food articles like fruits, milk and egg, meat and fish also became expensive in May.

Inflation has been above 8 per cent since January 2010. It has stayed above 9 per cent since December last year and moderated to 8.66 per cent in April this year, before the latest rise.

Mukherjee, however, said the latest numbers are below the 10.48 per cent recorded in May 2010 and said: “... The picture for the latest month is however mixed”.

While food and primary inflation has declined, “core inflation (that is other than food, fuel and power inflation) continues to harden... This poses some concerns which will have to be addressed”, he said.

Meanwhile the inflation for March has been revised upward to 9.68 per cent from the provisional 9.04 per cent.

“While the consistent rate hikes have affected investments and led to fall in growth numbers, inflation still remains RBI’s major focus. So we think the central bank will raise rates by 25 basis points on June 16,” Deloitte, Haskins & Sells director Anis Chakravarty said.

In May, prices of manufactured products, which have a weight of around 65 per cent in the Wholesale Price Index (WPI) basket, went up by 7.27 per cent year-on-year.

Fuel and power segment, with a weight of almost 15 per cent in the basket, stood at 12.32 per

cent year-on-year during the period.

However, the rate hike of over Rs 5 a litre in petrol prices by state-owned old marketing companies in mid-May had a visible impact, with prices of the item going up by 27.31 per cent on an annual basis.

Commenting on the latest numbers, Planning Commission Deputy Chairman Montek Singh Ahluwalia said that inflation “is a problem (but) we still remain hopeful... It has gone up, which is not unexpected, because the preliminary indications said it would go up”.

During the month under review, primary articles went up by 11.30 per cent on an annual basis as against 12.05 per cent in the previous month. Primary articles have a share of around 20 per cent in the overall WPI basket.

Food articles became 8.37 per cent more expensive, while prices of non-food primary articles went up by 22.35 per cent.

Fruits were up by almost 32 per cent, while milk and eggs, meat and fish became over 6 per cent more expensive.

“With rising core inflation, the focus will remain on inflation rather than on growth. Therefore, we expect the RBI to hike policy rates by 25 basis points on June 16 and another 25 basis points in the third quarter,” Nomura economist Sonal Varma said.

She said the rise in core (non-food) inflation to above 8 per cent could be interpreted by the RBI as a case for a rate hike.

The RBI's balancing act will come at a time when industrial growth has slipped to 6.3 per cent in April from 13.1 per cent a year ago.



The economic growth in the January-March quarter also slipped to 7.8 per cent, the lowest in five quarters.

However, the latest inflation numbers are in line with the RBI's projection for the first half of the fiscal.

### **Sugar production may rise by 10% in 2011-12 to 26.5 mn tonnes**

June 15, 2011 10:49:56 AM

**PTI | Mumbai**

Sugar output of India, the world's second largest producer after Brazil, could rise by about 10 per cent to 26.5 million tonnes in 2011-12 sugar year starting October on higher cane area, industry body ISMA said today.

Indian Sugar Mills Association (ISMA) has pegged the production at 24.2 million tonnes in the current sugar year as against 19 million tonnes in the 2009-10 (October-September). The annual domestic demand stands at 22-22.5 million tonnes.

ISMA demanded that the government should allow further export of 1.5 million tonnes of sugar under Open General Licence (OGL). In April, the government had allowed 5,00,000 tonnes sugar exports under OGL.

"We expect sugarcane area to go up by five per cent. The area is about five million hectare currently. Production is expected to be about 26-26.5 million tonnes in the next sugar season," ISMA President Narendra Murkumbi told reporters here.

“Next year we are expecting a surplus crop and currently we have enough stock. So, this is the right time to export sugar and reduce the sugar stocks held with the mills,” said Murkumbi, who also heads Shree Renuka Sugars.

He pointed out that the sugar prices have been slowly but continuously falling due to delays in exports and restrictions on domestic demand because of stock-holding limit on traders.

“The mills are so overburdened with surplus inventories that most of them do not have adequate storage capacities and cash flows, which has led them to resort to distress sale of sugar, which is only bringing down the prices,” he said.

“The seriousness of the problem may be judged by the fact that value of stock balance with sugar mills at present would be Rs 35,000 crore,” he added.

### **Agriculture Department least bothered about farmers**

June 15, 2011 10:50:51 AM

### **PNS | Ranchi**

Jharkhand Government is falling apart as far as providing assistance to the kharif farmers of the State is concerned. The Government has been paying just half of the subsidy what is paid in neighbouring Bihar. With monsoon season just around the corner, lakhs of farmers of the State may feel cheated this time as well.

Agriculture Department is ready to release Rs 100 as subsidy for every kilogram of purchase of high yielding variety seeds of paddy, the produce dominating the cultivation pattern of the State. The subsidy is insufficient keeping in mind un-irrigated and hilly terrain of the State where productivity is quite low as also the profit margin to the poor farmers.

Ironically, Bihar Government has been providing Rs 200 subsidy on every kilogram of hybrid paddy seed to its farmers. It is in the State where productivity is quite high with a complete crop cycle running throughout the year. Dependency on rainfall and input cost are also low in Bihar in comparison with Jharkhand.

When asked, Agriculture Minister Satyanand Jha 'Batul' admired Bihar's policy but could not give any assurance to his own farmers. "We are formulating our policies in the lines of Bihar. This issue can also be discussed in the departmental meeting. I accept that this is a matter related to welfare of the masses and should be given proper attention. Though, I cannot give any assurance on this issue right now."

It is when the State, under the centrally-sponsored Rashtriya Krishi Vikas Yojna (RKVY), can claim the entire amount in order to scale at least 4 per cent growth in agriculture. This may also lead to a situation where Jharkhand becomes ineligible to avail the funds under the RKVY in a subsequent year due to its lowered expenditure on Agriculture and allied sectors. If this were to happen, the State shall be required to commit their own resources for completing the sanctioned projects or schemes under the RKVY.

Jharkhand is a State highly dominated by mono-cropping of rice. Total cultivable area of Jharkhand is 38 lakh hectares out of which net sown area is 18.04 lakh hectares. The area under rice cultivation is 14 lakh hectares that makes nearly 80 per cent of it. The scenario becomes more pathetic for paddy cultivation with just eight per cent of the total area irrigated.

With indifferent rainfall conditions prevailing in the State, paddy cultivation is a practice with high risk involved. The productivity of the principal crop is understandably very poor because of the typical undulating topography. The drawbacks can be mitigated with sufficient Government assistance that, unfortunately, has not been the case in the State.

# Business Standard

Wednesday, Jun 15, 2011

**India imports as much black pepper as it exports**

George Joseph / Kochi June 15, 2011, 0:48 IST



India imported almost the same quantity of black pepper as it exported during the March-May period, according to the latest trade estimates. Total imports during the period were 4,500 tonnes while exports were 4,600 tonnes. A majority of these imports were from Vietnam where the price advantage is at its best in the country at present. India offers Asta grade pepper at \$6,800 a tonne, while it is \$400 a tonne less in Vietnam.

This is why a good volume of pepper is pouring into India despite good domestic supply from Karnataka. According to Kochi-based traders, the imported stuff is slowly flooding local markets.

Pepper futures are currently under a small number of operators, which made the country unattractive for leading importers from the US and Europe. Indonesia offers \$6,500 a tonne for Asta variety and the indicative price in Brazil is \$6,000-6,200 a tonne. In the last couple of years, India became a net importer of black pepper as the per-tonne cost is the highest in India.

Traders opined that imported pepper is freely available in Chennai, Bangalore, Delhi and Mumbai. Import is likely to pick up as Vietnam is likely to have a stock of 40,000-50,000 tonnes for exports, according to estimates. The production there is crucial to the global pepper market.

By next month, Indonesia will be active in the market, followed by Brazil. So far, Vietnam has shipped 68,000 tonnes and the remaining stock, coupled with the production in Indonesia will be crucial for the market in the coming months.

## **Sugar lying in open damaged in Maharashtra**

**BS Reporter / Mumbai June 15, 2011, 0:47 IST**

An estimated 1.5 million tonnes of sugar worth around Rs 4,500 crore is lying in open space in Maharashtra due to lack of covered storage. Owing to the incessant rain, the stock is liable to spoilage due to high moisture.

“We do not expect this stock to get washed away in the rain. But, high moisture will surely affect the quality of the sweetener,” said Narendra Murkumbi, president of Indian Sugar Mills Association (Isma) at the sideline of a press meet here on Tuesday.

According to Maharashtra Rajya Sahakari Sakhar Karkhana Sangh, 141 mills crushed nearly 80 million tonnes of cane to produce 9 million tonnes of sugar this year.

The average recovery was estimated at 11.29 per cent. Last year, the largest sugar producing state reported an output of nearly 7.1 million tonnes after crushing 62 million tonnes of cane.

“The slow progress in lifting of sugar and disappointing spot price has resulted into high inventory across the country, of which Maharashtra is the largest victim,” Murkumbi said.

Other than Maharashtra, the industry is witnessing sugar stored in the open in Karnataka. This is a desperate situation for the industry which requires protection from the government, says Isma.

“We want mills to survive to protect the interest of farmers so that they would continue cultivating cane next season as well. In a desperate situation, farmers divert area to other remunerative crops,” Murkumbi added. The industry estimates cane area to decline severely in 2012-13 due to lower realisation.

## **Sugar mills to lobby hard for decontrol, exports**

**Dilip Kumar Jha / Mumbai June 15, 2011, 0:45 IST**

Also urge the government to make ethanol blending in petrol mandatory.

Faced with mounting costs and unfriendly government policies on pricing, the Indian Sugar Mills Association (Isma) intends to get the industry to lobby hard on two major issues before the next season begins in October — decontrol and exports of at least 1.5 million tonnes (mt) by then.

Currently, in Maharashtra, the average cost of production is Rs 2,600 a quintal while the ex-factory selling price is Rs 2,350 a quintal. In the north, production cost and ex-mill price stands at Rs 2,850 a quintal and Rs 2,600 a quintal, respectively. Pricing is decided by the government, apart from issues like the compulsory levy for the Public Distribution System.

“We are estimating the sugar industry drain at Rs 5,000 crore by the end of September. It would be difficult to start the next season unless the government adopts a mechanism to help price escalation,” said Narendra Murkumbi, president of Isma.

“The sugar season starts from October, but four-five months ahead we are pressurising the government to take decisions in favour of the industry. We, therefore, have started working to bring all industry representative bodies, including farmers’ organisations, to join hands and form an industry lobby to press our demands.”

The first, as mentioned earlier, is decontrol. Many other industries produce essential commodities that are not controlled the way sugar is, on pricing and sales.

The cost of production has been continuously rising. Either provide these inputs at a subsidised rate or allow sugar prices to be decided by market forces, demanded Jayantilal Patel, president, National Federation of Cooperative Sugar Factories Ltd (NFCFSF).

Globally, prices risen since May 1 by \$80 a tonne, to trade currently at \$720 a tonne. In India, it has declined from Rs 2,650-2,700 a quintal to Rs 2,350 a quintal.

The second demand is to allow export of 1.5 mt before the end of the season in September. The current stock is 14 mt and output is forecast to remain at 26.5 mt. Although, the government

allowed 500,000 tonnes of export this year on open general license (OGL), this is hardly sufficient, says Murkumbi.

A recent Isma delegation met the Union agriculture minister to allow more export. Murkumbi says the industry would end this season with at least 6.5 mt of stock, when the mandatory three-month reserve is only five mt.

He said Isma had prepared realisation-based formula for the benefit of both farmers and mills. Instead, of central and state governments fixing prices, farmers will get remuneration depending upon realisation by mills from their sugar and associated business.

He also urged the government to make ethanol blending in petrol mandatory and to lift ethanol to Rs 12 less than the prevailing price of petrol.

### **Farmers crave for 'Kanaka' cotton seeds**

**Gururaj Jamkhandi / Chennai/ Dharwad June 15, 2011, 0:26 IST**

Buoyed by the good returns they got from Bt cotton last year, farmers of Dharwad district are after the 'Kanaka' variety of Bt cotton this kharif. They have shifted from the traditional soyabean and green gram seeds.

Good rains in the last week of May and the first week of June cheered the farmers who are busy with the sowing operations. Following violent incidents over the supply of seeds and chemical fertiliser witnessed in the district in 2008, the district administration is now cautious and has ensured that the farmers do not panic. Efforts are also on to convince farmers that other varieties of Bt cotton are as good as 'Kanaka'. Experts say Kanaka is good only for certain types of soil.

The district received 158.9 mm rains till the second week of June with Dharwad taluk topping the list with 230.2 mm followed by Kalghatagi (160mm), Kundgol (152.2 mm) Navalgund (137.4 mm) and Hubli (114.4 mm). The condition in Dharwad and Kalghatgi taluks is conducive to immediate sowing. The department of agriculture has targeted 248,000 hectares for sowing in kharif season. Paddy, maize, soya and cotton are the major crops in the district.

So far, sowing has been completed on nearly 8,000 hectares in Dharwad, Kundgol and Kalghatgi taluk. Against the 8,000 hectares of sown area, Paddy is sown over 6,000 hectare, while soya and Bt cotton cover the remaining 2,000 hectare land. The Met department has predicted good rains this season. Hence, the department has distributed the required quantum of seeds and fertiliser to farmers beforehand.

## THE HINDU Business Line

### Tobacco sale disrupted as farmers keep away



BUSINESS LINE A tobacco trader checks a lot at the Ongole platform in Andhra Pradesh. Sales have been disrupted in 11 platforms in Prakasam district as farmers have kept off. - Photo:

Kommuri Srinivas

Guntur, June 14:

Tobacco auctions on 11 floors in Prakasam district have been disrupted as farmers have kept away, but auctions are continuing on nine floors in other districts, according to Mr C.V Subba Rao, the Executive Director of the Tobacco Board. Farmers did not want to participate due to low prices. He told reporters here on Tuesday that efforts were being made to resume transactions. "We are in touch with the trade and we have explained the point of view of the farmers to the trade as well as the peculiar circumstances which led to the crisis in the district."



“Heavy rains in the district damaged the crop twice and farmers had to go in for plantation twice. It increased the cost of cultivation and the yields had also gone down, compounding the problem. To an extent, the leaf chemistry was also affected,” he said.

He said that in view of these problems, the Tobacco Board had requested the trade to support the farmers. “We are awaiting the response of the trade. Meanwhile, the State Government has also released Rs 20 crore to two co-operatives to enter the market and shore up the price level,” he said.

Mr Rao said that the trade had submitted that export orders had not been received till now and therefore the situation in the international market was not very encouraging. He said 57.71 million kg of tobacco had so far been sold on the floors in Andhra Pradesh at an average price of Rs 112.19 a kg against 91.17 million kg during corresponding period last year at an average price of Rs. 98.63 a kg.

Mr Subba Rao said that on the whole the situation was not as gloomy as projected, but there was definitely a problem in Prakasam district. “We are making all efforts to resolve it and bring some relief to the farmers in that district hit by natural calamities,” he said.

Meanwhile, Mr Kandula Narayana Reddy, legislator from Markapur (Ongole), has launched a hunger strike along with some other farmers in Podili, demanding remunerative prices for tobacco farmers. “The Tobacco Board promised farmers that they would get Rs 124 a kg. But they were getting just Rs 90-93, far less than the cost of production,” he told *Business Line* over phone from the dharna site.

“We have asked the Board to help cooperative societies to buy tobacco in order to encourage competition in tobacco purchases. But they sanctioned Rs 10 crore for this purpose, which is inadequate.

The Board should use the Rs 250-crore fund it has under its disposal to stimulate competition,” he said.

In the absence of competition, corporate houses were unilaterally fixing prices, leaving the farmers in losses.

## TN demand ban on cotton exports



Chennai, June 14:

The Tamil Nadu Government has urged the Centre to immediately ban cotton exports to ensure domestic availability.

The Chief Minister, Ms J. Jayalithaa, has represented to the Prime Minister, Dr Manmohan Singh, to ban further exports of cotton which would affect the spinning and weaving industry in the State. Tamil Nadu has 1,931 of the 3,012 spinning mills in the country.

She has represented that the recent decision of the Group of Ministers to allow an additional export of 10 lakh bales of cotton this year, taking the total to 65 lakh bales of cotton will result in a further increase in the price of cotton. The Cotton Advisory Board has estimated production during 2011-12 as 312 lakh bales against an estimated consumption of 300 lakh bales.

## Farm mechanisation

To support the State's initiative in farm mechanisation, the State Government has asked for an Rs 450- crore special package to enable mechanisation in areas where the modern System of Rice Intensification has been adopted.

The State, which has set a target of 115 lakh tonnes of foodgrain production, is facing a severe shortage of agriculture labour. Among other inputs, 5,000 seed drills, 30,000 power conoweeders and 30,000 paddy transplanters are essentially required, she said in the representation.

The Tamil Nadu Government has also urged the Centre to supply adequate fertilisers to meet its needs. The Centre has allocated 47,000 tonnes of DAP to Tamil Nadu for April and May but the supply was only 26,000 tonnes, leaving a shortfall of 21,000 tonnes of DAP.

### Tea rejected by Iraq may not be fit for consumption



Kochi/Chennai, June 14:

About 300 tonnes of tea rejected by Iraq on grounds of quality may not be safe for human consumption.

According to Customs Department officials in Kochi, the rejected consignments had failed initial plant quarantine tests.

Tea Board sources said the consignments were found to have more fibres. The consignments are now lying at the Rajiv Gandhi Container terminal of the Kochi port.

The shipments returned before the container terminal operations shifted to Vallarpadam.

According to sources, Iraq had rejected 12 containers in December and they were sent back to India. But the consignments, sent by a Coimbatore-based firm, have been detained by Customs authorities.

On its part, the Tea Board has told the Customs authorities that the rejected teas could not be sold in the country. They have also been told to alert the Board if the consignments were handed back to the exporting firm.

Customs official said they would adjudicate the case, which could take up to six months. According to the process, the exporting firm will first be issued a show cause notice and based on the reply, the adjudication process will be initiated. The authorities are yet to issue a notice. "We will issue a notice within a month," an official said.

If the shipments are found unfit for human consumption, then Customs authorities will destroy them.

The exporting firm will have to pay a hefty amount as demurrage and detention charges when the cargo is cleared from the terminal.

The rejected ones are among the 200 that have been reportedly sent back from Iraq's Basra port.

Tea Board sources said the shipments had failed the Prevention of Food Adulteration norms of Iraq. Plantation industry sources said that such rejections were causing concern. The United Planters Association of Southern India, pointing out at the rejections, had asked the Tea Board to set up a pre-shipment inspection council.

In September, the Deputy Chairperson of Tea Board, Ms Roshni Sen, told *Business Line* that the Board was considering such inspection for select destination and tea below certain value. However, except for a couple of more meetings between the Tea Board and the tea industry nothing has happened. Tea Board sources said they had problems putting personnel to manage such inspection.

Plantation sources said it would help even if a council that can examine the sample, sent to bag orders, with the actual produce being shipped is set up.

Tea Board sources, on the other hand, say the rejections could also be on grounds other than quality. Importers may have their own reasons for rejecting the consignments, they say. Trade sources said some of the consignments that were rejected had been certified for quality by a

private inspection agency. However, Tea Board officials were not sure whether any exporter had got certification from any agency.

According to plantation sources, tea consignments to Europe are sent only after certification for quality by agencies such as SGS.

Tea Board sources said “business ethics” was required to prevent such events but plantation industry sources are sceptical.

### **Millet cultivation more viable than commercial crops**



Hubli, June 14:

“Millet cultivation provides farmers more economic stability than commercial crops,” said Mr P.V. Satish, Convenor, Millet Network of India (MNI).

Speaking at the millet food festival at Dharwad, he said, “It is a mere myth that commercial crops benefit the farmers monetarily. Instead, it is found that farmers who committed suicides due to agrarian crisis were the ones who went for commercial crops and not traditional crops like millet.”

Citing statistics to prove a point, Mr Satish said that the maximum yield per acre for commercial crops such as the Bt cotton was 5-6 quintals and the gross income was Rs 10,000-12,000 an acre.

The net income for an acre would be around Rs 5,000 after deducting the expenses. Whereas millet ensured minimum five quintals of yield/acre and there was no investment required.

The gross income per acre was between Rs 16,000 and Rs 18,000 and the farmer's net income would be around Rs 13,000-15,000 an acre after deducting expenses which would not cross Rs 3,000-4,000 an acre.

Millet, which once formed the staple diet of the people in parts of Karnataka, has gradually disappeared from the menu. Although rich in nutrients, the cultivation of millets had gone down following the problems after harvesting. The food festivals act as a platform in sensitising farmers on the profitable cultivation of millet.

### **Govt incentives**

Keeping all this in mind, the government should provide an incentive of Rs 5,000/acre to the farmers cultivating millet, said Mr Satish. It is time for the government to take steps to promote the millet cultivation. Millet is nutritious and is gaining popularity among the urban people. Millet is grown in 10-20 million acres of land in India and the total amount required to provide incentives would not be more than Rs 1,000 crore. The fertiliser subsidy provided by the Government was Rs 1.40 lakh crore last year, he further said.

### **Vaigai Dam opened for irrigation in TN**



Water, released for irrigation, gushing out from Vaigai dam (file photo)

Theni, June 14:

The Tamil Nadu Finance Minister, Mr O. Panneerselvam, and the Minister for Co-operatives, Mr Sellur Raju, today opened the Vaigai Dam for irrigation. About 900 cusecs of water would be released to irrigate 45,047 acres of land.

Talking to presspersons later, they said the Government was taking steps to harness solar energy to increase power output in the State. Steps would also be taken to improve horticulture and agricultural productions in the State.

### **Cardamom up on export buying**



Business Line

Kochi, June 14:

Export buying last week kept cardamom prices nearly steady most of the days last week except Thursday and Friday. But, prices recovered on Sunday on good overseas demand at auctions.

Arrivals were moderate and yet, prices moved up on Sunday, market sources said.

However, on Monday the average price declined marginally at the CPA auction probably due to inferior quality of the material, they said. The material brought to this auction is usually of inferior quality, they said. Total arrivals there were at 11 tonnes and the entire quantity was sold out.

Auction average was at Rs 717.50 a kg.

An estimated 60 tonnes of cardamom must have been bought by exporters and more buying is likely in the coming days as the consignments should reach the overseas markets at least a month before Ramzan i.e. before July 31, they said.

The advantage of early Ramzan is that by this time Guatemala cardamom will not be available as the crop has yet to ripen. Hence it won't emerge as a competitor during the period, they said.

There could be some more buying interest emerging from Gulf markets in the coming days for the Indian produce, which could keep the market steady to firm, they said.

Upcountry buyers were also seen active but buying small quantities, as a result the entire quantity of 56.8 tonnes of cardamom arrived at the Sunday auction was sold out. The maximum price fetched was Rs 929 a kg and minimum Rs 450 a kg. The auction average improved to Rs 730.41 a kg, Mr P C Punnoose, General Manager, CPMC told *Business Line*.

Total arrivals during last week increased to 257 tonnes from around 230 tonnes the week before.

Total arrivals during the current season from August 1-June 12, 2011 stood at 10,856 tonnes. Of this 10,581 tonnes were sold.

Arrivals and sales in the same period of the previous season were 10,235 tonnes and 9,945 tonnes respectively.

Weighted average price as on June 12, was at around Rs1,038.05 per kg, as against about Rs 830.50 per kg same day last year.

Exporters are said to be holding orders in hand and hence are expected to buy good quantity to meet their overseas Ramzan requirement, a major dealer in Bodi said.

Prices of graded varieties in Kumily(Rs/kg) were: AGEB 1,000 - 1,100; AGB 790 - 800; AGS 760 - 770 and AGS 1- 710 -720.



## Spot rubber improves on supply concern



Kottayam, June 14:

Domestic rubber prices improved on Tuesday. On the spot, the market turned better on supply concerns following intensified rains during the past couple of days and a partial recovery in rubber futures on the National Multi Commodity Exchange. According to observers, the commodity is expected to strengthen further based on weather predictions. Volumes were slightly better.

Sheet rubber increased to Rs 227.50 (226) a kg, according to traders. The grade closed firm at Rs 227 (226) a kg both at Kottayam and Kochi, according to the Rubber Board.

RSS 4 improved at its June series to Rs 227.69 (225.17), July to Rs 231.80 (229.91), August to Rs 233.85 (232.09), September to Rs 232.58 (230.38) and October to Rs 231.50 (230.94) a kg while the November series slipped to Rs 231.50 (231.85) on the NMCE.

The June futures weakened further to ₹411.9 (Rs 229.84) from ₹414 a kg during the day session but then remained inactive in the night session on the Tokyo Commodity Exchange. RSS 3 (spot) recovered to Rs 232.20 (231.84) a kg at Bangkok.

Spot rates were (Rs/kg): RSS-4: 227.50 (226); RSS-5: 225 (223.50); ungraded: 222 (220); ISNR 20: 223 (221) and latex 60 per cent 143 (143).

### **AP procures 75 lakh tonnes foodgrains**

Hyderabad, June 14:

Nearly 75 lakh tonnes of foodgrains have been procured in Andhra Pradesh by the State Government departments and millers so far. The Government has also paid Rs 1,200 crore to the farmers.

The State Government share is about 25-30 per cent of the procurement. Interestingly, the Indira Kranthi Patham (IKP) through the Civil Supplies Department has so far procured a record 19 lakh tonnes (mt) of foodgrains from the farmers.

Informing this to the Chief Minister, Mr N. Kiran Kumar Reddy, Government officials said in a release that this sort of high procurement was done by the Government to ensure that farmers got the Minimum Support Price (MSP).

### **Arrears**

The Chief Minister directed the officials that arrears towards the payment for procurement from the farmers should be released within three or four days at a meeting held on Tuesday morning with the CMO officials.

He also asked the top officials, District Collectors and officials of the Civil Supplies Department that foodgrains stored temporarily at Government School buildings here and there should be immediately shifted.

## Purchase centres

The Government agencies have opened 1,399 purchase centres viz. 1,231 by the AP State Civil Supplies Corporation and the IKP and 168 centres by the Food Corporation of India to purchase paddy from the farmers at MSP.

Total quantity of paddy purchased so far during the rabi season by the Government agencies is 19,12,289 mts at minimum support price of Rs 1,030 a quintal for Grade A and Rs 1,000 a quintal for Common.

This is against 3,74,843 mts purchased on the corresponding day last year.

## Industry chamber sees higher agri-growth for AP



Business Line Mr Dilip Modi (centre), President, ASSOCHAM; Mr Ravindra Sana Reddy (left), Chairman, Southern Chapter; and Mr D.S. Rawat, Secretary-General, releasing the 'Andhra Pradesh Vision 2020' document in Hyderabad on Tuesday. — Photo: P.V. Sivakumar

Hyderabad, June 14:

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) said agriculture, which registered a growth rate of 5.45 per cent during 2009-2010, in Andhra Pradesh has potential to grow at 9 per cent annually.

Andhra Pradesh Vision 2020, prepared by the apex chamber, and released on Tuesday said the State has the potential to enhance gross state domestic product (GSDP) to Rs 6,27,600 crore during the period from Rs. 2,65,000 now, according to 2009-2010 estimates.

Mr Dilip Modi, President of ASSOCHAM, said, "The industry in [the] Deccan State has the potential to grow at an annual rate of 11 per cent with contribution of Rs 1,90,000 crore to the GSDP by the end of this decade. To achieve this, Andhra Pradesh will require huge investments by the private sector."

Releasing the vision document along with Mr Ravindra Sana Reddy, Chairman, ASSOCHAM's Southern chapter, and Mr D.S. Rawat, Secretary General, Mr Modi said the industrial sector in Andhra Pradesh in 2008-2009 contributed over Rs 62,000 crore to the GSDP, marking a growth of only 0.22 per cent over previous year's performance.

### **Strong base**

According to the study's findings, food and agri-sectors have a strong base in the State, and there is plenty of scope for setting up agro-based industries like food processing, sugar, tobacco and sunflower. The State must promote small-scale, tiny artisan units to reduce poverty and unemployment through low investment, Mr Modi said.

The chamber plans a series of initiatives to sustain the growth rate by taking up public-private partnership projects. It suggested encouraging the private sector in some of the infrastructure projects, including power distribution, to ensure a steady flow of investment.

Mr Modi said small-scale industries have to be set up through technological support, capital infusion and innovative marketing. They can create jobs and supplement industrialisation. The Government encourage clusters to develop the sector.

The chamber has set a target of 6 per cent annual growth rate for agriculture for its share in GSDP to cross the Rs 1-lakh-crore mark by 2020 from Rs 60,000 crore in 2008-2009. That would require an investment of about Rs 1.8 lakh crore up to 2020.

The Government would do better by laying thrust on education, it said.

### **Fishermen to learn coastal vigilance during monsoon vacation**



PTI Sailing respite: Boats are seen anchored at the Daman coast on Tuesday as fishermen have gone for the vacation during the off-season.

Daman, June 14:

With the majority of fishermen in Daman and Diu all set to go for a month-long break from fishing activities due to monsoon, the police has planned to provide these fishermen training in coastal vigilance for the first time.

“With the onset of the monsoon, fishermen observe a vacation, as the cost of venturing into sea escalates and chances of the catch also diminish,” Mr Abhilasha Agarwal, a Fisheries Department official, said.

There are close to 18,000 fishermen in Daman and Diu, of which 7,000 are in Daman, the official added.

The police are also gearing up to provide them lessons on coastal vigilance.

“We shall be arranging a seminar to educate fishermen about the unregulated fishing activity, colour coding of boats and about establishing communication with patrol boats, and other safety measures,” Daman Inspector General of Police, Mr Muktesh Chander, told PTI.

He said the aim of providing them training in coastal vigilance is to involve the community in keeping an eye on the suspicious movements in the sea.

“Once the training is over, the fishermen will be roped in to maintain vigil along the vast coastline, for which, they shall be given some monetary assistance too,” Mr Muktesh Chander said.

The vacation period for fishermen gets over on the day of Nariyal Poornima, which coincides with Raksha Bandhan. The community worships the ‘Sea God’ on that day.

During this annual vacation period, fishermen polish their ships with wax and chemical solutions, to save them from the adverse effects of salty water. The engine of the boat is also sent to garages for repairing.

### **Call for holistic development of agri sector**

Hyderabad, June 14:

Assocham has called for holistic development of agricultural sector when it takes up next Green Revolution. “Indian agricultural sector needs to be revamped to meet future food demand and nutritional security of this huge population,” Mr Dilip Modi, President of Assocham, said.

Addressing the inaugural of the global summit on Green Revolution II - Growth in transformation here on Tuesday, he said the agricultural sector was in “grave need of a development path involving greater productivity growth across the entire agribusiness value chain to ensure inclusive economic growth and reduction in poverty”. He also released a study on Green Revolution II, jointly conducted by Assocham and ICRISAT (International Crops Research Institute for Semi-Arid Tropics). “Provision for end-to-end services, solutions to problems faced by farmers and providing a linkage to market is significant to facilitate access to better technology and other resources,” Mr Modi said.