

Farmers want faulty transformers replaced

Special Correspondent

They meet Collector at grievance day meeting

They also want market committees to curb practice of buying paddy from traders

They say that of 17 market committees in the district, only five are functioning

VILLUPURAM: Farmers have urged the district administration to replace faulty transformers soon to ensure quality power supply to farm wells and instruct the market committees to curb the practice of buying paddy from the traders.

These views were aired in the farmers' grievance day meeting held here on Friday with District Collector C.T.Manimekalai in the chair. The farmers' representatives said that since a vast stretch of farm lands in the district was dependent on groundwater for irrigation, any interruption in power supply would severely affect the standing paddy crop.

The power lines at Tindivanam and Olakkur were more than three decades old and it was time they were replaced with new ones. The farmers suggested construction of as many check-dams as possible to replenish the ground water level and to enable the farmers to fall back upon the storage during exigencies.

The farmers alleged that the market committees were indulging in the arbitrary practice of buying paddy from the traders, to the exclusion of farmers. Several agitations were held at

various parts of the district to end such a discriminatory approach to the genuine paddy growers, they said.

Responding to their grievances, the Collector said that the market committees would be duly instructed to buy paddy only from farmers. They should also be told to distinguish between farmers and traders and keep the latter at bay.

Ms. Manimekalai said that since the power situation was improving, the farmers need not have any apprehension in this regard. The farmers also noted that of the 17 market committees in the district only five were functioning.

Shortage of manpower was the main reason for the closure of the majority of market committees and hence the farmers called for speedy measures to revive all the market committees.

They sought timely payment for the paddy procured through the Direct Purchase Centres. The farmers pointed out that out of Rs.1,900 they were getting for a tonne of sugarcane, they would have to pay Rs.900 as cutting charges to labourers.

Mechanised harvesters

Therefore, they called upon the district administration to press into service more number of mechanised harvesters to cut cost on harvesting. The farmers alleged that the Rs.38-crore IAMWARM (Integrated agriculture modernisation and water-bodies restoration and management) project was not properly implemented in the Varaha Nadhi sub-basin.

The community halls that remained either closed or non functional at places such as Senthamangalam should be opened and reactivated. The staff quarters, consisting of 30 flats meant for agricultural officers, remained unoccupied and these should also be put to use.

The farmers from Vikkiravandi sought sinking of a borewell at V.Sathanur to improve water supply to the residents there. The Collector told them that the departments concerned would look into these issues.

Deputy Director (Agriculture) Anbalagan, Superintending Engineer (TNEB) Naushad, Joint Registrar of Cooperative Societies J.Malarvizhi and others participated.

Farmer baseline survey in Karur soon

Staff Reporter

KARUR: In consonance with the State government's plan for a second green revolution, a farmer baseline information survey to increase the income of farmers by two to three times is all set for commencement in the district.

The plan aims at increasing the agricultural productivity by 100 per cent, achieving a nine per cent growth in value addition of products, increasing the rice production from 86 lakh tonne to 134.5 lakh tonne and doubling the sugarcane production from the current 475.5 lakh tonne to 1,000 lakh tonne.

To help the Department of Agriculture officials convey the real time data and counsel farmers in improving productivity, training was imparted at a workshop here on Thursday.

Joint Director of Agriculture, Chennai, Subramaniam, was the resource person for the training attended by Joint Director of Agriculture K. Jagadeesan.

There were 19,191 small and medium farmers and the survey officials would meet at least one third of them and discuss what crops they had raised in the past, the productivity, revenue receipts and plan what could be done to double the yield, productivity and income, according to Collector V. Shobhana.

The task needs to be completed in 15 days, Ms. Shobhana said.

Farmers leaning heavily on short-term crops

R. Sairam

Neglect of long-term investment may reduce yield in future

MADURAI: Farmers in the district are investing heavily on short-term crops and neglecting investment on long-term infrastructure creation and farm modernisation, which could affect yield in the future.

An analysis of the Annual Credit Plan 2011-12 of Madurai, which contains data on target achievement for the preceding fiscal revealed that short-term crop loans accounted for nearly 85 per cent of the advances given for agriculture and allied operations during 2010-11.

Such low investments in long-term asset creation and infrastructure such as irrigation, farm mechanisation and modernisation could result in decline in agricultural output in the long run, R. Shankar Narayan, Assistant General Manager, National Bank for Agriculture and Rural Development (NABARD), told The Hindu here on Sunday.

What data says

According to the ACP data, short-term crop loans constituted Rs. 1,140 crore of the total Rs. 1,344 crore which was disbursed to agriculture and allied activities. Crop loans in Madurai district are taken out mainly for paddy and sugarcane.

In the long-term loans category, nearly Rs. 204 crore was disbursed. These include loans for the following sectors: dairy sector got Rs. 24 crore, poultry Rs. 5 crore, goat and sheep rearing Rs. 10 crore and storage facilities Rs. 8 crore.

A sum of Rs. 46 crore was disbursed for farm mechanisation, Rs. 31 crore for minor irrigation, Rs. 36 crore for plantation and horticulture, Rs. 17 crore for land development and Rs. 19 crore for other agriculture activities.

Such a trend of concentrating credit in short-term crops loans is persisting into the coming financial year also as the ACP 2011-12 had set a target of Rs. 1,244 crore. This sum accounted for nearly 84 per cent of the total Rs. 1,482 crore for allocated for agriculture and activities

Mr. Shankar Narayan said that banks tend to focus on crop loans as recovery tends to be good.

However, lack of investment in post-harvesting technology, marketing skills and standardisation were vital to increase production in the long-term.

This issue had been taken up during district banking committee meeting.

For stable agricultural growth in economic development, promoting investment credit in long term investments was a prerequisite.

At different points of time, the Union Planning Commission had stated that to take the country towards double digit GDP growth, the contribution of agriculture had to be scaled up and this was possible only through heavy investment in capital formation in the sector, he added.

Date:27/06/2011 **URL:** <http://www.thehindu.com/2011/06/27/stories/2011062751871100.htm>

EU scheme for small farmers

A European Union-supported scheme to introduce adaptive small-scale farming systems in Bangladesh, India and Nepal, is expected to benefit around 1,000 farmers in Nepal.

The project was launched on June 25. "Research and dissemination of improved agricultural practices can play a critical role in increasing production and hence promote local food and nutritional security," an EU statement said. It was launched as a part of the EU's broader support to South Asian nations that are exposed to adverse impacts of climate change.

The overall aim is to improve the food security of small farmers by identifying innovative/adaptive farming practices. It should also help small farmers cope with the climate change-induced changes.

Lluis Navarro, charge'd affaires of an EU delegation, expressed hope that it will help enhance food security in the targeted areas.

Date:27/06/2011 URL: <http://www.thehindu.com/2011/06/27/stories/2011062762390500.htm>

Bumper crop

PHOTO: CH.VIJAYA BHASKAR.



Delight for ryots: A Palm tree heavy with nuts at Avanigadda in Krishna district.—

Date:27/06/2011 URL:

<http://www.thehindu.com/2011/06/27/stories/2011062753770300.htm>

Cooperative banks to disburse Rs. 277 crore as crop loans

Special Correspondent

Minister assures steps to boost output at Bamini fertilizer plant



ensuring availability:Cooperation Minister Sellur K.Raju, second from right, inspecting the fertilizer plant at Bamini near Mannargudi on Sunday. R.Kamaraj, right, Nannilam MLA, is in the picture.

THANJAVUR: Minister for Cooperation Sellur K.Raju has said Rs.277 crore will be disbursed as crop loans by cooperative banks in Thanjavur, Tiruvarur and Nagapattinam districts this year.

Till June 25, Rs.22.49 crore has been disbursed, the Minister said, at a review meeting held here on Sunday. He reviewed the functioning of Public Distribution System in Thanjavur, Tiruvarur and Nagapattinam districts at the meeting held at the Thanjavur Central Cooperative Bank. Last year on the same date a sum of Rs.13.82 crore was disbursed and for the current year Rs.8.67 crore more has been disbursed, he added.

For Thanjavur district, the target was Rs.109 crore. So far Rs.14.72 crore has been disbursed. For Tiruvarur the target is Rs. 90 crore and Rs 3.05 crore has been disbursed so far. For Nagapattinam the target was Rs.78 crore and Rs.4.72 crore has been disbursed.

The Thanjavur and Kumbakonam Central Cooperative banks, which have jurisdiction over three districts, have so far disbursed Rs.9.80crore and 12.19 crore respectively.

The Minister instructed officials to disburse cooperative loans in time to farmers. Loans to differently abled persons should be given priority, he said.

K.Baskaran, Collector, and Sivaji, Antony Swamy John Peter, and V.M.Chandrasekaran, Joint Registrars of Cooperatives of Chennai, Thanjavur and Tiruvarur districts respectively took part in the meeting. The Minister inspected the Cooperative Fertilizer Plant at Bamini near Mannargudi in Tiruvarur district and said steps would be taken to increase fertilizer production to 30,000 tonnes per year at the plant.



Under the previous regime, production at the plant has come down to 11,000 tonnes per year from 18,000 tonnes, he said. The plant would be renovated to augment production, he added. The Minister also said that Chief Minister J.Jayalithaa has written to the Central government to increase the State's allotment of kerosene. M.Thangavelu, District Revenue Officer, and R.Kamaraj, Nannilam MLA, accompanied the Minister.

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Weather

Chennai - INDIA

Today's Weather		Tomorrow's Forecast	
	Monday, Jun 27		Tuesday, Jun 28
Partly Cloudy	Max Min 38.8° 27.2°	Rainy	Max Min 39° 27°
Rain: 00 mm in 24hrs	Sunrise: 5:44		
Humidity: 56%	Sunset: 18:38		
Wind: Normal	Barometer: 1000		

Extended Forecast for a week

Wednesday	Thursday	Friday	Saturday	Sunday
Jun 29	Jun 30	Jul 1	Jul 2	Jul 3



34° | 28°

Rainy



34° | 28°

Rainy



35° | 28°

Rainy



35° | 28°

Rainy



35° | 28°

Rainy

THE ECONOMIC TIMES

Mon, Jun 27, 2011 | Updated 05.30AM IST

27 Jun, 2011, 05.10AM IST, Jayashree Bhosale,ET Bureau

Sugar prices slide back due to lack of clarity on stock limit

PUNE: Sugar prices, which rose by Rs 1/kg before the announcement of the second tranche of sugar export quota on Thursday, fell back later because there was no clarity on the limit of stocks traders hold. The stock-holding limit on traders had been relaxed to 500 tonne/month in March from 200 tonnes/month. As there were reports of a further relaxation in this limit, prices had moved up.

"The market was upbeat over the reports that a decision on lifting the stock limit will also be considered during the meeting to discuss sugar exports. Following this, sugar prices increased by Rs 100/quintal. But as the Centre announced the decision to export 5 lakh tonne sugar without any reference to the stock limit, prices fell by Rs 10/quintal to Rs 20/quintal on Saturday," said Ashok Jain, president, Sugar Merchants' Association of Mumbai .

Wholesale prices in the Vashi market rose from Rs 26/kg (S-grade) and Rs 27/kg (M-grade) to Rs 27/kg and Rs 28/kg respectively on Thursday. The sugar industry, which is holding 60% of the stock produced in the current sugar year, is watching the response of export decision on domestic prices. "The decision to export five lakh tonne sugar is welcome. But we are more concerned about the immediate improvement in domestic prices," said the managing director of

a leading sugar co-operative.

The ex-mill tender rates before the export quota announcement in Kolhapur, which are considered benchmark rates for futures trading, were varying from Rs 23.80/kg to Rs 24/kg. After the announcement, the rates increased up to Rs 24.75/kg. But once it was confirmed that the stock limit on traders had not been lifted, the ex-mill rates came down by Rs 20/quintal to Rs 30/quintal, settling at around Rs 24.25/kg to Rs 24.50/kg. Sugar prices were heading downward since the third week of June as mills started selling the June quota, putting pressure on the supply side.

"Now, whether the improvement in the domestic sugar prices continues or not will depend upon the announcement of the July quota and whether the mills get permission to carry forward the June quota," said Jain.

Burdened with overflowing godowns and selling below the production cost, the sugar sector has called for more measures from the central government.

Maharashtra co-operatives minister Harshvardhan Patil said, "We have decided to take a delegation to the prime minister to demand an export of 25 lakh tonne sugar, an imposition of 50% import duty on sugar and the creation of a buffer stock of 50 lakh tonne.

" The creation of a buffer stock will help mills to shift excess quantity of sugar out of their stock. It also helps the mills as the Centre will pay for the insurance of the buffer stock and its godown rentals.

Seven crore saplings to be planted this rainy season

June 26, 2011 11:14:00 PM

Staff Reporter | Bhopal

Over seven crore saplings of various trees will be planted in this rainy season in the State. These saplings will be planted by the Forest Department under several schemes along with public participation. It may be noted that the year 2011 is being observed as the 'Mahua' year in Madhya Pradesh. Around 20 lakh Mahua saplings will be planted this year. Besides, the Forest Department is also promoting the villagers to plant saplings of Khamer.

Every year saplings are planted under Haryali Mahotsava in order to enhance forest cover in the State. The Forest Department plants the saplings under the action plan budget head. In this rainy season, a target of three crore 11 lakh saplings has been set to be planted on 36,533 hectare area. In the year 2010, two crore 51 lakh saplings were planted on 38,929 hectare area.

Besides, saplings are also planted on forest land and non-forest land under the Mahatma Gandhi National Rural Employment Guarantee Act scheme (MGNREGA) for which funds are sanctioned by zila panchayat. Under the MGNREGA, 60 lakh saplings have been targeted to be planted on 8,694 hectare in the year 2011-12. In the year 2010-11, 74,00,019 saplings were planted.

Similarly, Joint Forest Management Committees of Forest Department also carry out sapling plantation works on private and allotted forest land with the funds of National Forestry Scheme and Committees. Around 21 lakh 85 thousand saplings will be planted on 2,405 hectare in the year 2011-12. One crore 38 lakh saplings were planted by the various committees on 5,883

hectare in the year 2010-11.

Under the environmental forestry, saplings are planted in parks, along the roads, schools, colleges and other private institutions in urban areas. In the year 2011-12, three lakh 15 thousand saplings will be planted on 240 hectare. In the year 2010-11, 3,63,000 saplings were planted on 559 hectare.

State Forest Development Corporation also plants saplings of teak, saal etc, taking forest land on lease. In the year 2010-12, over two crore saplings have been targeted for plantation on 10,185 hectare. In the year 2010-11, one crore 72 lakh saplings were planted on 8,039 hectare.

The Forest Department provides saplings of popular tree-species by developing them in the nurseries. The saplings are sold to the citizens and institutions for the plantation on their premises. Around four crore saplings are available for selling at 156 Forest Research and Expansion nurseries this year in the State. The saplings of various trees can be purchased from the department's nurseries. In these nurseries, saplings of trees have been prepared in polythene bag with modern technique such as teak, bamboo, khamer, neem, grafted aanwala and Mahua besides forest medicinal plant, decorative and others. All these are available for selling at the nurseries of the Forest Department.

Punjab Govt to provide relief to sugarcane farmers

June 26, 2011 10:05:28 PM

PNS | Chandigarh

Hoping sugar production to touch 32.5 lakh quintals this season, the Punjab Government has decided to provide relief to the farmers by disbursing on the spot payment for the cane.

For this purpose, necessary instructions have been issued to the all 24 sugar mills, having crushing capacity of 67.016 TCD (Tonne Sugar Cane crushed per day), across the State for the

facilitation of farmers.

As the area under sugarcane cultivation has increased to 0.93 lakh hectares from 0.84 hectares, an expected production of cane is expected to 618 lakh quintals. With this, Punjab was hoping 32.5 quintals of sugar, which would be 2.3 lakh quintals higher than previous season.

An official spokesman said that State Government has made adequate arrangements of disbursing on the spot payments to farmers and crop-value has been already fixed for the current 2011-12 year according to State Agreed Price. He said that `230 per quintal has been fixed for early cane crops while `225 for mid type crops and `220 for late type of cane crops.

New proposal for irrigation facility in drought-hit areas

June 26, 2011 11:17:12 PM

Staff Reporter | Bhopal

As part of the efforts for extension of irrigation facilities, the State Government has chalked out a plan for construction of 67 new reservoirs under a multi-purpose project for drought-affected areas in the State. This will bring an additional 1,000 hectare under irrigation apart from developing other facilities. Estimated to cost Rs 337 crore, the scheme has been sent to the Central Government for approval. The scheme will be implemented as soon as it is approved by the Centre.

This irrigation project covers the drought-affected areas in 18 districts falling in five basin areas which need water for various purposes. As per the policy chalked out in this connection, drinking water will also be supplied to both urban and rural areas. Water will also be supplied to industries and for other purposes.

Five basin areas of the State identified for the implementation of this project include Narmada-

Tapti basin, Chambal-Betwa, Dhasan-Ken, Ganga and Seoni basins. The draft of the project has been prepared in consonance with the Accelerated Irrigation Benefit Programme of the Central Government. All the norms set by the Union Government which are necessary for the approval of the project have been adhered to in the proposals.

Business Standard

Monday, Jun 27, 2011

Sugar prices seen up on additional exports

Rutam Vora / Mumbai/ Ahmedabad June 27, 2011, 0:28 IST



As a fallout of the union government's decision to allow additional 500,000 tonnes of sugar exports in the current season sugar prices are seen heading northwards.

The sugar cooperative societies in Gujarat expect the prices of sweetener to rise by Rs 50 per quintal from around Rs 2,600 per quintal to Rs 2,650 per quintal in the next few days.

According to market participants, the decision of 500,000 tonnes of sugar exports in the current season would stabilise prices from sinking further.

"Country's sugar production is estimated at around 24 million tonnes in the current season. Considering the bumper production this year, the prices have been ruling low. The Centre's move to allow additional 500,000 tonnes of sugar exports will give support to the falling prices. We see prices rising by around Rs 50 per quintal in next few days," said Mansinh Patel, president, Federation of Gujarat State Cooperative Sugar Factories (FGSCSF).

The international sugar prices are hovering higher than the domestic prices.

While domestic prices are pegged in the range of Rs 2,500-2,600 per quintal, the international prices are calculated in Indian currency at around Rs 2,800 per quintal giving a premium of around Rs 200 per quintal.

The price rise in domestic market is believed to boost farmers' sentiment for sugarcane cultivation.

"The sugar prices had touched a bottom of Rs 2,400 per quintal as exports were capped till now. Lower prices would result in reduced realisation for farmers. This would make them shift to another crop. So it was necessary to keep farmers stay interested in cane farming. The realisation may be around Rs 2,500 per quintal in the current season," said Dilip Bhatka, chairman, Madhi Sugar Cooperative Society.

Earlier, farmers' realisation was feared to be as low as Rs 1,900 to Rs 2,200 per tonne of sugarcane against Rs 2,400 to Rs 2,500 per tonne given last year. The sugar acreage in the state has remained stable at around 200,000 hectares, with nearly 300,000 farmers associated with it.

Meanwhile, the industry is still demanding more exports of sugar. "After allowing exports of 500,000 tonnes of sugar, the total export permit so far has reached to one million tonnes. But we have demanded for a total sugar exports of two million tonnes by the end of the current season. This will not affect the availability in the domestic market," said Patel.

Against the total estimated sugar production of about 24.4 million tonnes for the year 2010-11 (October-September) the domestic demand is believed to be around 22-22.5 million tonnes.

Maharashtra sugar industry for export of 2.5 mn tonnes

Sanjay Jog / Mumbai June 26, 2011, 0:47 IST

Pitches for buffer stock of 5 million tonnes

Maharashtra cooperative sugar industry, which is reeling under a financial crisis due to mismatch between the production cost and the realisation, has made a strong pitch for allowing exports of 2.5 million tonnes, imposition of 50 per cent import duty, creation of a buffer stock of five million tonnes, exclusion of sugar from the Essential Commodities Act and also from futures trading.

An industry delegation led by Vijaysinh Mohite-Patil, chairman of the Federation of Cooperative Sugar Industry, which met state chief minister Prithviraj Chavan, also called upon the Centre to

release, without further delays, Rs 100 crore of subsidy claims of exports pending since last three years. Mohite-Patil also insisted the Centre needs to cancel the sugar packaging and marketing order of 1970.

Chavan agreed to lead a high-level delegation of state sugar industry on June 30 to take up these issues with the Prime Minister, the finance minister, the agriculture minister and minister of state for food.

Mohite-Patil told Business Standard, "The sugar industry is passing through rough weather. Due to a slide in sugar prices during the last three months a large number of mills are facing a problem of short margin on deficit of the order of Rs 1,277 crore.

This may increase to Rs 1,500 crore. Therefore, the mills want the Maharashtra State Cooperative Bank (MSC Bank), on an approval from the National Bank for Agriculture and Rural Development, to start converting the short margin on deficit into working capital term loan for three years.

Besides, the MSC Bank and the district central cooperative banks should provide pre-seasonal loan/short-term loan of Rs 963 crore. This is required from the next month, even though the next crushing season is going to start in October." He also said the government needs to immediately simplify the procedures for export of molasses.

Mohite-Patil also sought the state government's intervention for the release of subsidy for mechanised harvesting machines to be purchased by the mills. He said the government has proposed a subsidy of Rs 50 lakh per mill for purchasing such machines.

Record guarseed prices lure growers



June 26, 2011:

Guarseed and guar gum are the most speculated commodities on futures exchanges in the country. In the last few years, monsoon projections have swayed the fortunes of these on the futures and, in turn, the spot market. Two years ago, guar production dropped to a 11-year low to around 2.25 lakh tonnes against the normal 9-10 lakh tonnes. Last year, production recovered to over 10 lakh tonnes.

But guarseed and gum prices are ruling at record levels now.

Currently guarseed is quoted at Rs 3,520 a quintal in the spot market, while guar gum, a derivative, is quoted at Rs 11,190 a quintal. On National Commodities and Derivatives Exchange, the active October guarseed contract is ruling at Rs 3,615, while active September guar gum contract is quoted at Rs 11,370.

“The higher prices will lure growers towards guar this year,” says Mr Purushottam Hissaria, President, Guar Gum Manufacturers Association. Guar is grown in around 27 lakh hectares (lh) in Rajasthan, the main producer, and another 3 lh in Haryana. The contribution of other States such as Gujarat, Punjab and Madhya Pradesh is meagre.

“There have been rains in some growing areas. Sowing has begun in those areas,” says Mr Hissaria. Rajasthan is one of the areas where monsoon has been in excess till now. “Even if rain is delayed, farmers will not shift to any other crop because guar provides handsome gains,” he says.

On the futures exchange, the guar counter is preferred for the flexibility it offers.

Guar contracts can be rolled over if anyone has stocks in the warehouses. They can be rolled over for around six months.

Guar or cluster beans is a legume crop that grows best in semi-arid regions of the country.

While guar is seen as a vegetable in the South, it is primarily seen as a raw material to produce guar gum in the North.

Guar gum is used as a thickening agent and additives in food products such as instant soups, sauces, processed meat products, baked goods, milk and cheese products, yoghurt and ice-creams.

It is also used in industrial applications such as paper and textile sectors, ore floatation, explosives manufacture and fracturing of oil and gas formations. India is the major producer of guarseed and gum, making up 80 per cent of the total global supply.

Cotton, oilseeds plantings trail as monsoon plays truant in Peninsula

Chennai/New Delhi, June 26:

A 6.6 per cent overall surplus monsoon rainfall till now may not seem bad at all for India's kharif crop prospects, with attendant implications for food inflation and rural incomes.

But, when this rainfall is not all that spatially well-distributed — which is the case now — it raises a few worries.

The current south-west monsoon season (June-September) has so far seen the country receive an average area-weighted rainfall of 140.8 millimetres (mm), which is more than the 'normal' 132.1 mm for this period.

But, this nationwide surplus masks the deficient rains in the contiguous belt covering Marathwada (-48 per cent), Vidarbha (-17 per cent), Telangana (-42 per cent), Rayalaseema (-21 per cent) and coastal Andhra Pradesh (-17 per cent), besides the whole of interior Gujarat (-85 per cent), Saurashtra-Kutch (-64 per cent) and West Rajasthan (-38 per cent).

The crops that could take a hit on this count are mainly cotton, oilseeds and onion.

Insufficient soil moisture has halted the progress of groundnut sowing in Gujarat and Andhra Pradesh, discouraging farmers initially enthused by the high prices fetched by this crop.

Cotton plantings have, likewise, been held up across the South and Central zones — though not in irrigated north-west India, where sowing is complete and more than last year — with farmers desperately waiting for the rains.

Price signals

The price signals this time are especially good in maize and guar, above-average for most oilseeds and onion, and not that good for pulses (where last year's record crop has depressed rates, prompting farmers to switch to cotton, maize and soyabean).

Farmers may not make money — on the scale of the last couple of years — in cotton, basmati rice and sugarcane; but it will still be enough to retain their interest in these crops.

All the above calculations are, however, prone to alteration depending on the way the monsoon progresses.

The disappointing bit is the absence right now of any major depression or low pressure system either in the Arabian Sea or Bay of Bengal that could bring succour to the farmers of Gujarat, interior Maharashtra and Andhra Pradesh.

The India Meteorological Department has, in fact, predicted rainfall to be 'below-normal' in the crucial sowing month of July.

What is of consolation, though, is the foodgrain stocks in the Central pool, which are at an all-time-high of 65.6 million tonnes.

Moreover, the entire rice-growing stretch from West Bengal, Orissa and Chhattisgarh to Jharkhand, Bihar, Uttar Pradesh, Haryana and Punjab has had good rains. That would help insulate the economy from any serious cereal price pressures.

Groundnut could lose, soya may gain



Business Line The area under soyabean cultivation is likely to increase.

June 26, 2011:

Mr Haskmukhbhai Harjibhai of Rajkot district in Gujarat is caught in a dilemma. Last year, of the 20 acres that his family owns, he had sown groundnut on 15 acres and cotton on the rest.

“I would like to sow groundnut this year too. But the problem is that we are yet to get rain,” he says.

“I can wait for another 15 days or so. I can make up by going for a short-duration groundnut crop,” Mr Harjibhai says. What if rains are delayed beyond that? “In that case, I will totally go for cotton,” he says.

Decision-making rationale

One of the reasons for the farmers who had sown groundnut last year going for it again is the price. In fact, groundnut oil almost touched Rs 100 a kg last week on shortage of nuts.

“These days, it is difficult to get groundnut even for consumption,” says a Chennai-based analyst. “HPS (hand picked and selected) groundnut is in great demand for exports. Some exporters are shipping it to big stores abroad. Some Far-East nations are buying it to produce peanut butter,” says an exporter.

“Despite better demand and price, there could be a marginal shift from groundnut to cotton this year,” says Mr B.V. Mehta, Executive Director, Solvent Extractors' Association of India.

“Going by sale of agricultural inputs, there seems to be some five per cent shift from groundnut to cotton,” says Mr Shyamjibhai Raiyani, an agro input seller in Rajkot, Gujarat. “Monsoon holds the key. Last year, the Saurashtra region in Gujarat received good rains. This year, there has been a delay. In fact, rainfall is 62 per cent deficient till now.

“Some farmers had gone in for early sowing of groundnut during April-end and May. There has been 10-15 per cent increase in early sowing. The crop has been irrigated once or twice. But follow-up rain is needed,” said Mr Mehta. “There is no water in the reservoir for irrigation. That is discouraging us from sowing groundnut,” says Mr Harjibhai.

The rationale behind some farmers thinking of shifting to cotton is that the natural fibre gives better return. Last year, some groundnut farmers were affected as rain in November damaged their crop that was ready for harvest.

Sowing of soyabean

But, things seem to be fine with soyabean, the major kharif oilseed crop. “We will be sowing soyabean in all the 30 acres we have like last year,” says Mr Sunil Mukhati, a farmer near Indore in Madhya Pradesh.

“Area under soyabean may increase by 2-3 lakh hectares,” says Mr Rajesh Agrawal, spokesman for the Soyabean Processors Association of India.

“Sowing has begun in small areas. There has been good rainfall in east and central Madhya Pradesh, while western Madhya Pradesh has received sporadic rainfall. Rajasthan has also got rains,” Mr Agrawal said.

Conceding that some farmers in Maharashtra are shifting to cotton, he added that the drop in soyabean area could be made up in Madhya Pradesh where growers are increasingly going for soyabean.

“We see the acreage to be 94-95 lakh hectares,” Mr Agrawal said. A higher minimum support price could also encourage farmers to opt for oilseeds, said Mr Mehta.

According to scientists at the University of Agricultural Sciences, Dharwad, “due to good remunerative price for other commercial crops, there is a shift from oilseeds to cereals (in Karnataka).”

Karnataka is targeting 13.75 lakh hectares (lh) and production of 10 million tonnes this kharif, an increase of 18 per cent in area under oilseeds compared to last year.

In Andhra Pradesh, the area may be two lh lower than the normal area of 19.80 lh. Though overall as-on-date average for the sector looks satisfactory with sowings of 1.85 lakh ha as against 2.11 lakh ha recorded on the same day last year, crops such as soyabean, sunflower and sesamum face problems.

The sowing average for sunflower is just 8 per cent and for soya, it is 16 per cent and 50 per cent for sesamum. Loss of these crops is a gain to cotton, a Government official said.

One of the reasons why oilseeds coverage will be over 17 lakh hectares is that the farmers are sowing groundnut.

Golden fibre



Business Line Weather's blessings: A jute farmer inspects his field at Gushkara village in West Bengal's Hooghly district. Jute production is likely to be 10 per cent higher this year due to favourable weather. Area under jute has increased to 8.62 lakh hectares this year from 7.88 lakh hectares last year.

Rain holds key to onion prospects



June 26, 2011:

One reason why onion prices surged last week was lack of rains in growing areas of Maharashtra and Gujarat. Currently, the modal price of onion is ruling at Rs 775-800 a quintal against Rs 650 last year.

If the market senses some uneasiness with kharif onion crop, what is the ground reality? "There has been no rain in growing areas. This has delayed sowing," says Dr R.P. Gupta, Director of National Horticultural Research Foundation.

"The onion-growing areas are rain-fed. Farmers need to prepare their field. Lack of rains is hurting," says Mr Rupesh Jaju, Director of United Pacific Agro Ltd in Nashik. Onion is a kharif and rabi crop. The harvest of rabi onion ends by May and kharif onion arrives sometime at the end of September. Therefore, between June and September, onion prices tend to be high. . Since kharif onion arrives after a three-month gap in the market, it plays a very significant part in keeping a leash on prices.

"Some farmers have sown onion in areas that have received rains. But, there is still concern," says Mr Jaju. Lack of rain in the Nashik region is a reason to worry. This is because Nashik and Ahmednagar districts in Maharashtra make up 40-45 per cent of the country's onion production. Rainfall deficiency in the region is over 40 per cent, according to India Meteorological Department. But, the area under onion cultivation could be the same as last year. "We expect a normal acreage this year," says Dr Gupta. "If we get good rain, area will be normal. But if monsoon plays truant, then there could be problem," says Mr Jaju. But Dr Gupta doesn't see any problem of a lower kharif crop. "We have had a good rabi harvest. Farmers are holding back the produce and it will help in prolonging arrivals," he says.

Basmati likely to gain at the cost of common paddy



June 26, 2011:

The current kharif season is likely to see higher basmati rice plantings by farmers in the two grain-bowl States of Punjab and Haryana. This notwithstanding the huge carry-forward stocks from the 2010 crop that could impact buyer sentiment at the time of harvest.

Last year, farmers got Rs 23-24 a kg for Pusa-1121, a popular evolved basmati variety that yields 16-18 quintals an acre compared with 9-10 quintals for the traditional tall cultivars. "This time, we may be able to pay only Rs 17-18," said a basmati miller-cum-exporter.

The basmati trade is currently caught in a payments crisis, with over Rs 2,000 crore worth of receivables piled up against shipments to Iran and Iraq. This could result in a third of last year's estimated basmati paddy crop of 12 crore bags (of 50 kg) being carried over to the new marketing season from October.

But, all that may still not affect the acreage.

Rising basmati share

In 2010, basmati varieties accounted for roughly 7.2 lakh hectares (lh) out of Punjab's total 27 lh sown under paddy. Within the 7.2 lh basmati area, 1.84 lh was constituted by traditional varieties such as CSR-30 and HBC-19 and the balance by Pusa-1121, Pusa Basmati-1 and other evolved lines. In Haryana, the proportion of basmati to overall paddy area was even more – 7.8 lh out of 11.5 lh, with traditional varieties alone being 2.45 lh.

Compared with 2009, the overall basmati acreage rose from 5.1 lh to 7.2 lh in Punjab and from six lh to 7.8 lh in Haryana. A major contributing factor here was the heavy downpour and floods in early July, inundating large tracts of northern Haryana and south-east Punjab, where farmers had already undertaken transplanting of normal non-basmati paddy.

Since this area could not have been re-transplanted with non-basmati (the window for which was over by end-June), they had to go in for basmati varieties (where the regular transplantation schedule is from July 1 to end-July, extending to the first week of August for traditional basmati). This time round, basmati acreage might go up even further, floods or no floods. The increase is

seen particularly in Pusa-1121, even while farmers may plant less of traditional basmati. The reason for this is pure economics.

Basmati vs Parmal

“The average yield in parmali (ordinary non-basmati paddy procured by government agencies) is 25-26 quintals an acre, which is more than the 16-18 quintals for Pusa-1121. But, the official minimum support price for parmali is only Rs 11.10/kg, whereas the realisation from Pusa-1121 would be Rs 17-18, with potential for upside,” according to the miller.

“The rice from paddy bought for Rs 17-18 can be comfortably exported at \$925-950 a tonne. And given current export realisations of \$1,050-1,100 a tonne for Pusa-1121, there is no way farmers will receive less than Rs 17-18. If at all, they will only get more,” he added.

The other advantage with Pusa-1121 is its transplanting time after the monsoon's arrival, which reduces the outlay on diesel or electricity. This is unlike in parmali, where transplanting takes place in the peak summer during end-May to June, entailing additional irrigation costs.

The farmer, therefore, incurs lower expenses in basmati cultivation.

Taken as a whole, then, the returns from Pusa-1121 outweigh the risks on account of no assured government procurement unlike in the case of parmali paddy.

“I expect a decline in total paddy sowing this time, though the coverage of basmati varieties will increase in both relative and absolute terms. Moreover, there would be some diversion of paddy area to cotton, sugarcane and even maize,” Dr B.S. Sidhu, Director of Agriculture, Government of Punjab, told *Business Line*.

In fact, farmers in Punjab have, so far, planted only 4.26 lh under paddy, against the 5.75 lh covered during this period last year.

On the other hand, cotton area has registered expansion in both Punjab (from 5.59 lh to 5.75 lh) and Haryana (4.92 lh to 5.98 lh).

Area under pulses likely to come down



June 26, 2011:

Last year, urad at Ulundurpettai agricultural produce marketing committee yard in Tamil Nadu's Villupuram district was ruling at nearly Rs 5,000 a quintal. Now, it costs Rs 4,250.

Similar is the case with other pulses such as tur and moong.

“In the last one month, prices of urad have dropped Rs 1,000 a quintal,” says Mr B. Krishnamurthy, Secretary, Tamil Nadu Pulses Importers Association.

“If the open market prices for pulses such as urad continue to drop, then farmers may be forced to switch over to other crops such as cotton or oilseeds,” he says.

The Centre has announced a higher minimum support price (See Table) for kharif pulses. But open market prices have always ruled far higher than MSP in the last few years.

Initial trends point to drop in area under pulses. Last year, the area under pulses had increased mainly on higher open market price. It, in fact, led to sharp drop in global prices.

With the commencement of the south-west monsoon, sowing of kharif pulses has begun. According to latest data from the Agriculture Ministry, coverage of pulses is down 8 per cent to 3.77 lakh hectares (lh) compared with 4.09 lh during the corresponding period a year ago.

In Andhra Pradesh, area under tur is down 30 per cent at 4,958 hectares, while that of moong has slid 31 per cent to 8,259 hectares. Coverage of urad, however, is up 24 per cent at 974 hectares.

In Karnataka, pulses coverage is around 2.22 lh. Tur coverage is 0.43 lh (target 8.60 lh), horsegram 0.01 lh (1.11 lh), urad 0.22 lh (1.25 lh), greengram 1.14 lh (3.80 lh), cowpea 0.39 lh (0.90 lh), avare 0.02 lh (0.98 lh) and mothbean 0.04 lh (0.04 lh).

“The Government had announced that 60,000 villages will be brought under pulses cultivation this year. This could have some positive effect in production,” said Mr Krishnamurthy.

According to senior officials of the Karnataka Agriculture Department, there has been shift in some crops compared with last year. Drip irrigation is being encouraged for transplanted tur to improve its output. In fact, shortage of cottonseeds in Karnataka has forced farmers to switch over to pulses.

Cultivation costs could rise if rain plays truant. Ms Smita Sinha, Head-Advisory Desk, Karvy Comtrade, said though the pulses output projection has been good, the outcome may vary depending on the monsoon's progress. Mr Suresh Agarwal, Vice-President, Pulses Importers Association, said there is a disparity with the domestic prices being quoted lower than the international prices.

“Pulses such as urad, tur and moong are not imported at present as there are enough inventories in the country,” he said

All is not that sweet for sugarcane



Business Line Kharif prospects: Not so sweet. - Photo: Akhilesh Kumar

June 26, 2011:

In sugarcane, unlike other monsoon-dependent crops, the bulk of planting for the ensuing 2011-12 crushing season (October-September) is already over.

The country's No. 1 sugar producer, Maharashtra, grows three cane crops. The 18-month *adsali* cane is planted during April-July, which is followed by a 'pre-seasonal' crop of 15 months sown from July to December. Besides, there is a third 12-month *suru* crop planted in January and early February.

Given that the *adsali* and pre-seasonal cane being planted now would be crushed only from October 2012, it means that the fate of the 2011-12 season crop is already 'sealed' in terms of area (the pre-seasonal crop accounts for three-fourths of the State's cane, with *adsali* and *suru* making up 15 per cent and 10 per cent)

The same is the case for Uttar Pradesh (UP), where farmers plant cane during March-May, which is ready for crushing the following February-March. In addition, there is a 9-10 month 'ratoon' that grows from the stubble of the previously harvested plant-cane. The cane to be crushed in the 2011-12 season would, thus, include the ratoon from the plant-cane harvested this February-March.

The current monsoon season rainfall would, in other words, impact not the area as much as yields of the cane to be processed by mills in the forthcoming season.

Production prospects

The 2010-11 season has seen total sugar production of 239.73 lakh tonnes (lt) as on June 15, compared with 189.12 lt for the whole of 2009-10. With crushing completed in all States — barring Tamil Nadu, Karnataka and Maharashtra — output for this season may end up at around 245 lt.

Among the States to have finished crushing, UP has produced 58.83 lt (against 51.79 lt in 2009-10), Gujarat 12.50 lt (11.89 lt), Andhra Pradesh 10.06 lt (5.15 lt), Haryana 3.92 lt (2.48 lt), Bihar 3.85 lt (2.58 lt), Uttarakhand 3.02 lt (2.92 lt) and Punjab 2.99 lt (1.81 lt). Karnataka had, till June

15, produced 36.15 lt (versus 25.58 lt for the entire 2009-10 season), while the corresponding figure for Maharashtra, till June 24, was 90.38 lt (70.67 lt).

What are the prospects for the new season? The Maharashtra Government has estimated the total area under cane for crushing during 2011-12 at 10.50 lakh hectares (lh), up from the 10.22 lh for the current season. This would yield about 850 lt for crushing – against the 804-805 lt for 2010-11, resulting in a sugar output of 97-98 lt at 11.5 per cent recovery.

Divergent view

But the estimate is disputed by others. “I don't think we will even touch 85 lt. I also doubt if farmers have increased cane area because they did not get a good price, even while their costs of planting and labour have substantially gone up,” said Mr Raju Shetty of Swabhimani Shetkari Sanghata, an organisation representing growers.

During 2009-10, Maharashtra mills paid growers an average ex-field price of Rs 2,150 a tonne, whereas this time, they have only declared a first instalment rate ranging from Rs 1,750 to Rs 2,000. “It is more profitable to grow banana, soyabean, turmeric and vegetables,” Mr Shetty claimed.

In UP, the Cane Commissioner's office at Lucknow is expected to collate district-wise area data, based on joint surveys by factories and cane societies, by the month-end. Preliminary indications point to a 10 per cent increase, though farmers have been complaining of severe labour shortages for planting and inter-culture (weeding) operations.

“How much of all this will affect yields is not known. Labour is definitely a problem, as growers have had to shell out Rs 25-30 a quintal for harvesting their cane, as against Rs 15-20 last year,” noted Dr G.S.C Rao, CEO, Simbhaoli Sugars Ltd.

In all, UP could produce about 65 lt of sugar in the new season, with the corresponding all-India number adding up to 260 lt or thereabouts.

Needless to say, these estimates are subject to uncertainties, not excluding the vagaries of the monsoon.

K.V. Kurmanath reports from Hyderabad:

In Andhra Pradesh, low morale of paddy farmers has resulted in shift to sugarcane. "Sugarcane area is likely to go up by 20 per cent this year to five lakh acres from about four lakh acres last year. Assured yields of not less than 25 tonnes and plenty of crushing capacity around induce farmers to sugar cane. This is the reason for farmers to stick on to sugar cane despite not-so-favourable policy environment and delayed payments by factories," Mr N.S.V Sharma, a sugarcane farmers from Hanuman Junction in Krishna district, said.

Cotton growers look to weather woes of monsoon



Business Line Awaiting monsoon: A farmer of Nandikur village in Karnataka's Gulbarga taluk points to his barren land. He is waiting for rain to take up sowing of cotton. – Photo: Arun

June 26, 2011:

Mr Anilbhai B. Patel owns 12 acres in Dhoraji village of Gujarat's Rajkot district. Last year, he had grown cotton on 10 acres, dividing the rest for pulses and groundnut. Despite cotton prices plunging nearly 40 per cent since April this year, Mr Patel says he will still sow cotton this year.

Mr Narsing Rao of Warangal in Andhra Pradesh too has similar plans. Several thousand farmers are shifting from oilseeds, maize and paddy to the natural fibre throughout cotton-growing States in the country.

Industry sources have put the consumption of seeds at 4.20 crore packets (of 450 gm each) against 3.70 crore packets last year. On an average, farmers sow 1.5 packets an acre.

PRICE SCENARIO

An encouraging pricing scenario last year made the farmers stick to cotton, while others turned to it to join the party.

Though lower now, cotton prices rallied for most part of last year.

This, however, is not to be. Delay in rains has impacted sowings in the South and central zones, particularly in Gujarat, Maharashtra and Andhra Pradesh that are in the top league of cotton production.

Maharashtra tops the list with 1.45 crore, followed by Andhra Pradesh with 90 lakhs and Gujarat 60 lakh packets.

Karnataka has seen a jump of 40-50 per cent to 20 lakh packets this season, with maize and soya farmers shifting loyalties to cotton.

Farmers in Andhra Pradesh, who had already consumed 70 lakh packets, made beelines in front of seed shops when reports of probable shortage spread like wildfire. Despatch of seeds was delayed with the Government inordinately deferring its decision on pricing.

GOOD NEWS

Delay in monsoon, however, is not going to take farmers away from cotton.

“If monsoon is delayed by another week or so, whatever sown would go waste. They have to buy seeds again. But, the good news is that farmers can wait a few more weeks as cotton is a long duration crop,” Mr P. Satish Kumar, President of Andhra Pradesh Seedsmen Association, said.

For now, their fate hangs in balance.

They can wait but poor rains could lead to attacks of pests that generally thrive in this low rain, cloudy weather.

Three weeks after its half-hearted arrival, monsoon was deficient by 37 per cent as of now in Andhra Pradesh.

Rainfall stood at 52 per cent as against the normal figure of 83 mm and 97 mm last year in Andhra Pradesh.

Reports from Maharashtra also indicated bleak picture.

“Last year, we had to sow thrice in some areas because of excess rainfall and floods. This year too, we may have to go for one more sowing due to lack of rains.”

Prospects

“Farmers tend to get more from cotton compared with other crops, including pulses,” said Mr Anand A. Poppat, Vice-President, Saurashtra Ginners Association.

“Sowing has begun in some areas after they got some rain,” said Mr Poppat. “In some places, farmers have sown seeds expecting rain. But if monsoon is delayed or rain doesn't come on time, then seeds could burn out,” he said. Mr Shyamjibhai Raiyani, an agro input merchant in Rajkot, says going by purchase of inputs, the area under cotton in Gujarat could increase by 15 per cent.

“Cotton is a very competitive cash crop. Farmers get a good per hectare return from the white gold,” says Mr B.V. Mehta, Executive Director of Solvent Extractors Association of India.

Though prices have dropped sharply, they are still higher than the same time last year. For example, Shankar-6 is quoted around Rs 40,000 for a candy of 356 kg now against about Rs 30,000 during the same time last year.

Lucrative maize could find more takers



Bright prospect: Corn is a lucrative crop in the Kharif season.

June 26, 2011:

It is an event that rarely occurs. But, currently, maize (corn) seems to cost as much if not more than wheat. Therein lies the prospect for maize this kharif season.

Last season, growers of maize got a double bonus – production was a record 21 million tonnes (mt) and farmers got a good price.

“Generally, maize from Uttar Pradesh is discounted. But this time, even there, farmers got good prices,” says Mr Madan Prakash, Director of Rajathi Group of Companies that exports agricultural produce.

“There are chances that a lower open market price of pulses could lead to farmers shifting to maize in Andhra Pradesh,” says Mr B. Krishnamurthy, Secretary, Tamil Nadu Pulses Importers Association.

“As prices are ruling higher, many farmers will be enticed to go for maize. The area under maize in Andhra Pradesh is likely to double. There will be a big crop from there,” says Mr A. Rajkumar of Alagendran group of companies.

A higher minimum support price of Rs 980 is likely to encourage growers.

“The prospects for pulses are bearish. Therefore, those growers are likely to plump for maize,” said Mr Rajkumar. “Growers will be tempted by lower input costs for maize. Also, it is almost trouble-free to grow,” he says.

Some farmers have shifted to cotton in Andhra Pradesh. With demand still in tact from the food, poultry and bio-fuel industries, maize farmers have received encouraging news from the Andhra Pradesh Government in the form of input subsidy of Rs 5,000 a hectare. Initial estimates suggested that cotton could cut into 30,000-50,000 hectares of maize in Andhra Pradesh. But maize area, as on date, is 54 per cent at 53,000 hectares as against the average of 97,000 ha.

In Karnataka, farmers in southern and central parts have chosen horticultural crops. Keeping this in mind, the Karnataka Agriculture Department has fixed a lower target of 11.24 lakh hectares. But, with uncertainty over monsoon, there is a chance of farmers switching back to maize as they have time till August to sow the crop.

, "Maize is a crop that needs less labour. This itself is significant saving in input costs," says Mr Rajkumar.

Other savings come from the fact that the crop needs less water. Also, it is almost disease-free.

The most encouraging factor that makes growers go for maize is that the market is looking bullish.

"Prices are unlikely to drop from current levels. We expect them to touch Rs 1,500 a quintal next year. Maize really looks lucrative," a trade source said.

According to scientists of University of Agricultural Sciences, Dharwad, some farmers always keep the future price in mind before opting for a specific crop. "Based on our price forecast, maize is expected to range between Rs 1,000 and Rs 1,200 a quintal during August and September.

The minimum support price (MSP) announced by the Central Government for maize is Rs 980.

This cost equation has made farmers shift to other commercial crops," said a scientist.

Volumes offered rises at N India tea auctions

Kolkata, June 26:

Last week at Sale 25, the total offerings (packages) at three North Indian tea auction centres at Kolkata, Guwahati and Siliguri were 313,317 kg as compared to 282,657 kg in the corresponding sale of the previous year, according to J Thomas & Company Pvt Ltd., the tea auctioneers.

The offerings at Kolkata were 149,375 kg (CTC/Dust 107,013 kg, Orthodox 37,487 kg and Darjeeling 4,875 kg) as compared to 118,716 (CTC/Dust 81,552 kg, Orthodox 33,528 kg and Darjeeling 3,636 kg) in the corresponding sale of the previous year.

The corresponding figures for Guwahati were 94,588 kg (92,859 kg) and for Siliguri 69,354 kg (71,082 kg).

Assam CTC teas showing seasonal improvement in quality met with strong demand and appreciated in value. The remainder tended irregularly easier following quality. Dooars sold irregularly around last levels. Tata Global operated actively while Hindustan Unilever lent useful support. Western India dealers were active for the improved sorts. There was good support from local and other internal sections. There was selective export enquiry on bolder brokens and grainy fannings.

Improved Orthodox offerings continued to meet with good demand and sold at dearer rates. The remainder were irregular around last levels. CIS and West Asia shippers were active. Continental buyers operated on the tippy sorts. Local dealers operated on the fannings and smaller brokens. Hindustan Unilever operated selectively on the fannings.

Darjeeling -Leaf grades showing seasonal improvement in quality were competed for and absorbed by traditional exporters. Brokens and Fannings sold at irregular rates. Tata Global was selective. Local buyers operated for smaller grades.

Mixed trend at Kochi tea auction

Kochi, June 26:

The arrivals continued to be high at 1,518,000 kg of dust and 3,97,000 kg of leaf tea at the Kochi tea auction.

However, prices of several teas started looking up after the fall experienced over the past few weeks. Good liquoring grades were absorbed by AVT, Kerala State Civil Supplies Corporation and loose tea traders.

Hindustan Unilever and upcountry buyers lent fair amount of support. Tata Tea remained very selective and bid only for small quantity.

Good export enquiry was noticed at lower levels. High grown grades quoted lower at the orthodox dust auction while medium grades remained firm to dearer. Bulk of the orthodox dust grades were absorbed by exporters.

Leaf Auction

High grown and medium orthodox leaf teas were generally irregular and lower and there were heavy withdrawals as well. High grown BOP fannings moved up on quality demand.

Medium fannings tended to ease. Exporters to CIS remained subdued. Exporters to Tunisia operated at lower levels.

Fannings witnessed good enquiry from tea bag exporters. HUL operated on CTC whole leaf grades.

There was good demand at the CTC leaf auction although the better grades were barely steady. Medium and plain grades were dearer. HUL was selective and bulk of the offerings was absorbed by internal and upcountry buyers. Some export enquiry was evident at lower levels.

Top Prices

Injirara SFD fetched the top price at dust auction at Rs 131 followed by Injipara SRD at Rs 128, Injipara RD at Rs 126 and Injipara FD at Rs 117.

At the leaf auction Pascoe's green tea fetched the top price at Rs 291, followed by Havukal BOPF at Rs 210, Chamraj OP at Rs 199 and Sutton FOP at Rs 165.

Homedale fetches record price at Coonoor tea sale



Coonoor, June 26:

Homedale tea created a new record at Sale No: 25 of the auctions of Coonoor Tea Trade Association when its Red Dust grade topped the CTC market.

“This tea, auctioned by Global Tea Brokers, was bought by Paras Tea Co., for Rs 160 a kg. It is the highest price fetched by our teas since manufacture started in our factory 60 years ago”, Homedale Managing Partner, Mr Prashant Menon, told *Business Line*.

Vigneshwar Estate got Rs 141, Shanthi Supreme Rs 137 and Hittakkal Estate Rs 136. In all, 80 marks got Rs 100 and more.

Orthodox

Among orthodox teas from corporate sector, Chamraj got Rs 190, Corsely and Havukal Rs 148 each, Kairbetta Rs 146 and Sutton Rs 140. In all, 31 marks got Rs 100 and more.

Among green tea, Wood Bridge Estate's 'Hyson' grade, auctioned by Paramount Tea Marketing, fetched Rs 216 and 'super fine' grade, Rs 210.

Buoyant mood

For the third consecutive week, jubilant mood prevailed with 88 per cent of the year's second highest offer of 16.20 lakh kg being sold at Rs 3 a kg more than previous week on the average.

Overall, 92.87 per cent of the leaf and 83.33 per cent of the dust offer were sold.

“CTC leaf gained up to Rs 3. Cleaner, blacker fannings received impressive demand. Orthodox leaf market was irregular. CTC dusts fetched Rs 2-3 more. Orthodox dusts gained up to Rs 3 a kg”, an auctioneer said.

exports

Forceful export competition continued. Pakistan gave strong support in wide range – Rs 41-76 a kg, the CIS Rs 42-64 and European markets Rs 49-74.

Quotations held by brokers indicated bids ranging Rs 38-43 a kg for plain leaf grades and Rs 80-135 for brighter liquoring sorts.

They ranged Rs 43-47 for plain dusts and Rs 85-136 for brighter liquoring dusts.

High volatility keeps pepper under uncertainty



Demand is likely to emanate from the domestic market. As the Indian parity has become competitive there are chances for overseas demand to come.

Kochi, June 26:

Pepper market, of late, has been allegedly functioning without out adhering to the market fundamentals and as such there is an uncertainty resulting in many loosing confidence in the market.

There has been no selling pressure either from the farmers or from the dealers. Only investors were liquidating and getting out of the market. And yet, the market has been dropping.

Even though the Indian parity has become competitive today at \$6,450-6,500 a tonne (c&f) nobody has the courage to make any commitments because of the high fluctuations in the prices without any reason. "Nobody knows to which direction the market would head on Monday", they said.

Investors having validity expired stocks were ready to sell at Rs 10 below the July price and some exporters and processors said to have bought some.

Lack of processing facilities in this unfavourable weather conditions and non-availability of space in the warehouses are also creating problems. In the new warehouses in the neighbouring Alapuzha district other imported spices have been given space, they alleged.

The market has been in the bearish hands at the closing days of the week when the prices hit the lowest levels consecutively for two days. Consequently all the contracts fell sharply during the week. July, August and September fell by Rs 1,725, Rs 1,353 and Rs 1,001 respectively to close at Rs 27,426, Rs 27,743 and Rs 28,040 a quintal.

Turnover gains

Total turn over increased by 43,834 tonnes to 77,850 tonnes. Total open interest increased by 2,447 tonnes to close at 10,760 tonnes indicating heavy additional purchases and yet the market fell sharply during the week. It is a clear indication that the market is not running on market fundamentals.

Spot prices fell by Rs 1,100 a quintal during the week, without any selling pressure and just in tandem with the futures market trend to close at the weekend at Rs 26,200 (ungarbled) and Rs 27,000 (MG 1) a quintal.

Demand is likely to emanate from the domestic market. But, the trend is that nobody would buy from the declining market. Similarly, as the Indian parity has become competitive there are chances for overseas demand to come. But there the market is hovered by uncertainty due to high fluctuation in prices, created mainly by market manipulators.

In fact, the market in other origins were reportedly firm and there hasn't been any reported improvement in availability so far, so as to pull down the prices in the international market, they claimed.

Overseas trend

In Vietnam, local price increased marginally by 1 per cent, but fob price was stable. In May Vietnam exported around 15,000 tonnes of pepper valued at \$82 million.

Total export of Vietnam in the first five months would be around 56,000 tonnes worth \$293 million, recording 60 per cent increase in value over the last corresponding period.

In Sarawak, prices dropped marginally both in local and f.o.b., possibly due to adequate quantity from the current crop.

PSU banks in Dharwad lag behind in agri sector lending

Hubli, June 26:

Public sector banks in Dharwad district except State Bank of India (SBI), despite having good branch network and deposit mobilised from the public, lag behind in agriculture sector lending. However, new generation banks have done well by achieving more than the target fixed for them.

The district-level review committee (DLRC) meet is to be held on Monday at Dharwad. According to the note prepared by Vijaya Bank, the lead bank for Dharwad district on the

performance of banks for financial year 2010-11, despite good potential available to banks for lending to agriculture and allied sectors, they have failed.

Lost opportunity

Commenting on non-performance of public sector banks, Mr Y. N. Mahadevaiah, AGM, Nabard, Dharwad district, said, "Banks failed to popularise interest subvention schemes of Central and State Governments effectively among farmers, apart from implementing the Centre's schemes like rural godown, agriculture marketing infrastructure, dairy entrepreneurship development, venture capital fund for poultry, sheep and goatery development to increase credit flow under agriculture and allied sector."

"The Farmers Clubs and Joint Liability concepts and programmes of Nabard need to be effectively and proactively used by the banks to increase credit under the sector, he added.

Following are banks' achievements against the target set: Syndicate Bank (23 branches), target Rs 41.79 crore, achieved 34.3 per cent at Rs 14.35 crore; Vijaya Bank (23 branches), target Rs 65.68 crore, achieved 50.6 per cent at Rs 33.23 crore; State Bank of Mysore (11 branches), target Rs 24.18 crore achieved 24.5 per cent at Rs 5.92 crore; Canara Bank (15 branches), target Rs 21.93 crore, achieved 74 per cent at Rs 16.23 crore; KVG Bank (59 branches), target Rs 151.29 crore, achieved 77.8 per cent at Rs 117.71 crore; Corporation Bank (nine branches), target Rs 8.95 crore, achieved 49 per cent at Rs 4.39 crore.

Only State Bank of India (28 branches) has done exceptionally well and has achieved 111 per cent at Rs.53.96 crore, against the given target of Rs 49.23 crore.

New gen banks

New generation banks have performed well. HDFC Bank (three branches), target Rs 4.93 crore, achieved 774 per cent at Rs 38.16 crore. ICICI Bank (four branches), target Rs 4.44 crore, achieved 159 per cent at Rs 7.04 crore; Axis Bank (two branches), target Rs 5.42 crore, achieved 117 per cent at Rs 6.37 crore.

Performance of banks in 2010-11

According to the DLRC note, performance of banks for financial year 2010-11 is as follows: Banks' priority sector disbursement 71 per cent at Rs 1,004.55 crore (as against the target of Rs 1,409.49 crore); non-priority sector 191 per cent at Rs 544.95 (target Rs 284.77 crore); agriculture sector 63 per cent at Rs 423.55 crore (target Rs 676.14 crore); small scale industries 69 per cent at Rs 98.50 crore (target Rs 143.73 crore); other sector 82 per cent at Rs 482.52 crore (target Rs 589.62 crore).

Taluk-wise performance

Among the taluks, Dharwad stood first with an achievement of 78 per cent against the disbursement target, followed by Hubli 75 per cent, Navalgund 67 per cent, Kalghatgi 53 per cent and Kundgol 46 per cent. Where as In respect to quantum of disbursement, Hubli stood first at Rs 511.34 crore, followed by Dharwad at Rs 263.04 crore; Navalagund Rs 138.68 crore; Kundgol Rs 56.28 crore and Kalaghatgi Rs 35.21

Exposure draft of accounting standard on agriculture soon

New Delhi, June 26:

The Institute of Chartered Accountants of India will soon issue an exposure draft of the proposed accounting standard on agriculture.

This standard will prescribe 'fair value' measurement only for certain agricultural crops and not for all, sources close to the development said.

The CA institute has not given up on plans to develop an accounting standard for agriculture in line with the Indian situation. Already, the standard setters have initiated consultation with various stakeholders for this purpose.

Although the Indian accounting standards are in place for most of the issues for which international standards have been developed, there has been so far no Indian accounting standard for agriculture.

The domestic industry has some apprehensions over adoption of ' fair value' concept for all agricultural crops.

'Area under groundnut expected to decline in the current season'



New Delhi, June 26:

Area under groundnut is expected to decline by 5-7 per cent in Saurashtra, popularly known as India's groundnut bowl, in the current kharif season due to the farmers opting for cotton as it is more economically viable, an industry body said. "We expect the area under groundnut in Saurashtra to go down by 5-7 per cent in this season (kharif) as farmers are turning towards cotton as it would fetch them better returns," Solvent Extractors Association of India (SEA) Executive Director Mr B V Mehta told PTI.

According to the government data, area under groundnut declined by 43 per cent to 4.44 lakh hectares for the week ended June 23, as against 7.79 lakh hectares in the year-ago period. Cotton has been sown in 26.22 lakh hectares so far in the current kharif season, the data said.

"But this time the area under soyabean and castor seed is expected to rise due to their growing demand," Mr Mehta added. Area under soyabean has risen by 15 per cent to 1.18 lakh hectares so far, compared to 1.03 lakh hectares in the year-ago period, according to the government data. Castor, whose oil is used in food additives and medicines, has been sown in 0.72 lakh hectares up till now, it added. Mr Mehta said a clearer picture would emerge in the next 10-12 days when monsoon is expected to reach further into the Indian mainland and sowing is in full swing.