

Farmers of Tamil Nadu, Andhra show the way

Shankar Bennur

Mechanised seedling planting minimises cost

Cultivation can now be done by just two persons by making one-time investment

Just 8 kg to 10 kg of seeds an acre needed, water consumption low, acreage more

— Photo: M.A. Sriram



Going hi-tech: A technician explaining the features of rice transplanter to farmers in Mysore.

MYSORE: Paddy cultivation has gone hi-tech. In Tamil Nadu and Andhra Pradesh, paddy growers are adopting new technology that can help minimise the cost of cultivation, especially of labour and seeds.

With farm workers migrating to works offered under the Mahatma Gandhi National Rural Employment Guarantee Act, thereby creating a shortage of labour for labour-intensive crops such as paddy, paddy cultivation can now be done by two persons by making a one-time investment.

Answer to shortage

Thanks to the escalation of labour costs and short supply of farm workers, paddy growers have taken the cue from their counterparts in Tamil Nadu and Andhra Pradesh and are showing interest in adopting technologies such as mechanised paddy seedling planting for minimising investments on the cultivation, especially on labour and seeds.

Now, the Department of Agriculture, Government of Karnataka, is promoting mechanised paddy transplantation — which, according to sources, had received good response in Tamil Nadu and Andhra Pradesh — among the farmers of Karnataka. The department provides 50 per cent subsidy to farmers for purchasing paddy transplanters which, the sources said, brought down labour from 20-25 persons an acre to two persons an acre.

Kannan, Area Sales Manager, Southern Agro Engine Private Limited, Chennai, says: “We have sold about 24 walk-behind type rice transplanters (Vijay Villiers Rice Transplanter) in Hassan, Chikmagalur, Kundapur, Sindhanur and Raichur.

Save on labour costs

Two persons can do paddy transplantation in four acres a day and the fuel required per acre for operating the machine is 1.5 litres of petrol. Thirty per cent more yield can be expected if mechanised transplantation method is adopted.”

Significantly, farmers can save money on the seeds as those required in mechanised rice transplantation is 8 kg to 10 kg an acre whereas the requirement is around 30 kg to 35 kg under normal transplantation method. At the same time, water consumption is reduced by nearly 40 per cent compared to the normal method.

Subsidy provided

Paddy seedlings can be planted in 3 to 4 acres a day using the rice transplanters, whereas transplantation can be done on 2 to 3 acres in a day under the normal method, according to the data provided by the company.

Jayakumar, a representative of Nadaaf Farm Equipment, an authorised dealer for Kubota Agriculture Machinery, explains, “Our rice transplanter costs Rs. 9.9 lakh and 50 per cent subsidy is provided for buying the equipment. It has many special features and makes paddy transplantation an easy task. Paddy seedlings can be transplanted on an acre of land in an hour.”

He said 12 rice transplanters had been sold in Bellary, Sindhanur and Davangere. Farmers in those places were transplanting paddy seedlings in seven acres a day. The machine can complete the task of 15 labourers in a day, he noted.

Mr. Jayakumar said awareness about mechanised paddy seedling transplantation was poor in Karnataka compared to Tamil Nadu and Andhra Pradesh.

“Now that the Department of Agriculture is giving 50 per cent subsidy for purchasing rice transplanters and also promoting them among the farmers for achieving higher yields and minimising expenditure, more number of farmers may come forward to adopt the technology,” he added.

Agriculture Director K.V. Sarvesh, while speaking at a function organised to promote mechanised paddy cultivation here, said Rs. 100 crore had been set aside for giving subsidy to farmers for adopting mechanised paddy cultivation technologies.

Scope in Karnataka

“There is scope for mechanised paddy sowing in the State where the paddy growing area is nearly over 13 lakh acres,” he said and added that mechanised paddy cultivation was being promoted under the National Food Security Mission.

Doddappa, a young farmer from Mysore taluk, says: “The rice transplanters can be beneficial for small and medium farmers like me. I am planning to adopt the technology.”

Farmers welcome early opening of Mettur dam

Special Correspondent

Agriculture Department has planned to raise Kuruvai on 40,000 hectares Water is expected to reach the Grand Anicut on June 9

THANJAVUR: Farmers of Thanjavur and Tiruvarur districts are jubilant over the opening of Mettur dam on Monday for Kuruvai cultivation in the Cauvery delta districts.

It is for the first time in the history of the dam that water is being released for Kuruvai cultivation on June 6. Normally, water will be released for Kuruvai cultivation on June 12.

Comfortable storage at the dam (water level stood at 115 ft on Sunday and the storage was 85 tmcft) has made it possible for the government to advance the date and open the dam on June 6.

Farmers have welcomed the opening of the dam on June 6 and are ready for taking up Kuruvai cultivation. The Agriculture Department has planned to raise Kuruvai on 40,000 hectares each in Thanjavur and Tiruvarur districts.

PWD engineers said that water will be released from Mettur dam between 9 a.m. and 10.30 a.m. on Monday. Normally, water would be released from the dam in the evening. Water is expected to reach the Grand Anicut on June 9 and it will be released from there into the Cauvery, Vennar, Grand Anicut canal and Kollidam systems on the same evening.

In Thanjavur district, Agriculture Department officials have appealed to the farmers to raise Kuruvai under the System of Rice Intensification (SRI) method of cultivation. Under this method,

seedlings will be raised on mat or polythene sheets and transplanted. It is enough if two kg of seeds are used for transplanting on one acre of land. Moreover, water requirement is less as seedlings can be transplanted in 12 to 15 days. In normal cultivation, they have to be transplanted after one month.

PWD engineers said that the season will be good this year as there is comfortable storage at Mettur dam and as the south west monsoon has set in. Opening of Mettur dam on June 6 will also help the farmers to reap the Kuruvai crop well in advance without getting into north east monsoon rain.

Last year, water was released from the dam on July 27 as the storage was poor.

Date:06/06/2011 URL: <http://www.thehindu.com/2011/06/06/stories/2011060661550600.htm>

Plan to bring 80% of kuruvai area under SRI

G.Srinivasan

Farmers can save water, reduce expenditure, increase yield with this method

Photo:M.Srinath



seeds of hope:Farmers sowing seeds for kuruvai cultivation in Thanjavur district.

THANJAVUR: For the current Kuruvai season in Thanjavur district thrust will be on the System of Rice Intensification (SRI) method of paddy cultivation.

As the Mettur dam will be opened on Monday and release of water from Grand Anicut scheduled on June 9 farmers of the district are busy preparing for Kuruvai cultivation.

Farmers were appealed to go for SRI to save water, reduce expenditure of cultivation, and increase the yield.

"Our aim is to achieve 100 per cent coverage under SRI method, but we hope to achieve at least 80 per cent. Last year 75 per cent of Kuruvai cultivation was under this method," said agriculture department officials.

Because of the efforts taken in popularising the method, farmers in many blocks have gone for SRI cultivation. The total paddy cultivation in Ammapettai block, Thirupandal block, and Thiruvaidaimaruthur block has been covered under the method.

The usual area under Kuruvai cultivation is 40,000 hectares in Thanjavur district. Of this, we plan to bring about 30,000 hectares under SRI method this year, the officials said.

Under the SRI method of cultivation, seedlings are raised on a mat or tarpaulin by spreading the soil upon it and sowing seeds.

Seedlings thus raised can be transplanted in 12 days instead of waiting for one month as under normal cultivation. This method of raising seedlings is called Madagascar method as it originated from Madagascar.

Thus water requirement is reduced.

Moreover 2 kg of seeds are enough for cultivation in one acre of land. Seedlings should be planted with 22.5cm gap between one seedling and another and also between one row and another. Konoweeder can be used to remove weeds.

Former Tamil Nadu Chief Minister M.Karunanidhi renamed the SRI method as Rajarajan 1000 method at the time of Millennium Celebrations of the Big temple . SRI method is now known as Rajarajan 1000 method of cultivation.

Agriculture department and private companies have distributed so far 800 tonnes of Kuruvai paddy seeds . The varieties include ADT43, ADT45 and ADT36.

Kuruvai cultivation has already started in pump set irrigated areas . Transplantation has so far been completed in pump set irrigated areas on 2500 hectares. Of this SRI method has been followed for raising paddy on 1900 hectares.

After the release of water from Mettur dam farmers depending upon canal irrigation will start their kuruvai cultivation.

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Jackfruit's looks too matter: expert

Special Correspondent

'Careless handling, poor packaging will hamper its chances in global market'

THIRUVANANTHAPURAM: Infusion of post-harvest technology and value addition could open up global business opportunities for jackfruit farmers in Kerala and help them reap handsome returns, according to Ken Love, president, Hawaii Tropical Fruit Growers.

Talking to The Hindu here on Sunday, Mr. Love, who is here to attend the ongoing National Jackfruit Fest, said post harvest handling was crucial to tap the booming global market for tropical fruits like jackfruit. Careless handling and poor packaging could make fruits and value-added products unacceptable for potential markets, he said.

"The value addition process should start from the tree itself," said Mr. Love whose association produces 168 varieties of fruits from 750 farms spread over the U.S. State of Hawaii comprising a group of volcanic islands in the central Pacific Ocean. "Back home on our farms, every fruit growing on a tree is covered by a plastic bag. It improves the quality of the fruit and ensures higher sugar content. For the farmer it translates into better value for the product. Consumers, especially hotels and tourists, are ready to pay more for fruits of better looks and quality," he said.

A farmer and a trained chef who also teaches at culinary schools, Mr. Love produces over 150 different products from his farm produce that includes jackfruit. "We have three jackfruit-based

products, namely dried jack, jelly, and carpel in sugar syrup. All of them have a shelf life of six years.”

Guinness record

Mr. Love holds the Guinness record for producing the largest jackfruit of 39 kg. He said the Panduruthy variety weighing more than 50 kg from Tamil Nadu could make it to the Guinness Book if documents were submitted.

Technology, he said, could help farmers reach out to consumers across the world. He cited the example of localharvest.org, a website that would help consumers locate farmers' markets, family farms, and other sources of sustainably grown crops in the U.S. and shop for organic food and grass-fed meat.

The website also hosts a community-supported agriculture initiative to promote seasonal farm produce by directly linking farmers to consumers. “The website not only lists market information, but also offers the facility to order products. It has helped small farmers stay in business,” he said.

At the Kanakakunnu Palace, the venue of the jackfruit fest, Mr. Love is participating in a live demonstration of making jelly and jam with longer shelf life.

He said that post-harvesting technology was imperative to reduce the wastage of jackfruit in Kerala. The immense market potential for powdered jackfruit seed was something that farmers here could exploit, he said.

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Spices Board begins nutmeg campaign

Special Correspondent

KOCHI: The Spices Board has launched a nationwide publicity campaign at Ponkunnam — a major nutmeg-growing area — to make farmers, traders and exporters aware of the harm caused by aflatoxins to spices.

Aflatoxins are a group of secondary metabolites of the fungi, *Aspergillus flavus* and *Aspergillus parasiticus*, and are rated as potent carcinogens.

The presence of aflatoxins in nutmeg and mace has caused much concern in Europe, where many rapid alerts have been issued on the quality aspects. Nutmeg and mace find wide application in food industry and medicine, and hence the stress on quality. Countries in the European Union, Middle East, South Africa, and Japan have been importing good quantities of these products from India.

The Spices Board's campaign focusses on the quality of nutmeg and mace produced in India. Exporters, progressive farmers, and scientists from the Indian Institute of Spices Research, Kerala Agricultural University, and the Spices Board addressed the campaign meetings. The Board has released special literature on the subject besides an instructional video.

Campaign meets

Campaign meetings are to be held at Vanavarayar College of Agriculture at Meenakshipuram, Erattupettah, Edakunnam, Pariyaram, Adimali, and Kanjoor next week. Experts will interact with farmers at Thamarassery in Kozhikode district, Karuvarakundu in Malappuram district and Vaikom in Kottayam district. The campaign will be extended to nutmeg-growing areas along the Konkan coast. Interactions with nutmeg farmers are also planned in Raigad district of Maharashtra, where the crop is widely cultivated.

Aflatoxin is present in nutmeg primarily due to poor primary processing. As the crop is harvested in monsoon, drying by sun is not possible. Traditional methods used by farmers to dry the harvested crop are inadequate and during storage it is much susceptible to fungal attack. Thus drying of the produce at a safe moisture level at which growth of fungi and mould will be inhibited becomes an important step in nutmeg processing.

Sell potato immediately, farmers told

COIMBATORE: Since there are no chances for the price of potato to increase in June-July, farmers have been asked to sell the 'Neerbogam' season tubers immediately on harvest.

The Domestic and Export Market Intelligence Cell (DEMIC) of Tamil Nadu Agricultural University has made the prediction based on study conducted at the Nilgiris Co-operative Marketing Society at Mettupalayam.

The price of a 45 kg bag of potato is likely to be between Rs. 625 and Rs. 675 in June. One kg of potato will be between Rs. 14 and Rs. 16.

The price in April ranged between Rs. 450 and Rs. 550 for a 45 kg bag in Mettupalayam.

Potato from the Nilgiris is traded in Chennai, Coimbatore, Madurai, Tiruchi, Salem and Vellore, and also to other States.

They fetch higher price always when compared to those grown in Karnataka and Northern States because of the better quality and longer shelf-life.

Potato is priced based on quality, size, colour and shelf-life. It is also graded based on different quality parameters.

In Tamil Nadu, potato is grown in the hilly regions of Dindigul, the Nilgiris, Krishnagiri and Erode districts.

It is cultivated in 4,600 hectares in the State and the production this year is 97,200 tonnes as against the 80,600 tonnes last year.

During the lean season, traders outsource potato from Agra, Hasanpur, Indore and Kolar to cater to the needs of the consumers of Tamil Nadu.

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Inflation to fall below 8% by July, IIP to decline: IEG

After remaining above the 8% mark for almost 18 months, inflation would moderate to 7.93% by the end of July, Institute of Economic Growth (IEG) has said in its forecast.

"The WPI (wholesale price index) inflation forecasts are 8.47%, 8.24% and 7.93% for May, June and July 2011, respectively," IEG said in its monthly monitor report.

Headline inflation in the country came down marginally to 8.66% in April on the back of moderation in the prices of certain food items.

However, the industrial growth rate would slow down to a dismal 4.84% by July-end, thereby, indicating that the growth momentum could slow down in the coming months.

"Though global recovery is picking up, the inflation pushed rate hikes will pull the growth down", IEG said.

The institute has pegged the IIP (index of industrial production) growth rate for May, June and July 2011 at 5.73%, 5.48% and 4.84%, respectively.

The IIP in March stood at 7.3%, almost doubling from the previous month.

Inflation, both at food and overall level, has remained at an elevated level for over a year despite the Reserve Bank's tight monetary policy stance.

The apex bank has hiked its lending (repo) and borrowing (reverse repo) rates nine times since March 2010, to rein in the spike in prices.

<http://www.hindustantimes.com/StoryPage/Print/705910.aspx>

Business Standard

Jun 06, 2011

'China slowdown may lead to 75% dip in commodities'

Bloomberg / London June 05, 2011, 0:09 IST

A “sudden” slowdown in China may lead commodity prices to fall as much as 75 per cent from current levels, Standard & Poor’s said.

Unexpected shifts in government policies or problems in the banking sector may trigger such a slowdown, S&P said in a report e-mailed on Saturday. The floor for aluminum is 65 cents to 70 cents a pound (\$1,433 to \$1,543 a metric ton), compared with about \$1.20 a pound now and copper’s floor is \$1.50 to \$1.75 a pound, compared with \$4.10 a pound currently, S&P said.

“Given the extent to which China has bolstered commodity prices, that’s something that we have to be concerned about,” S&P analyst Scott Sprinzen said by telephone from New York. “The efforts by the government in China to slow growth are having an effect on commodity prices. It’s been a pretty modest correction so far.”

The Standard & Poor’s GSCI index of 24 commodities dropped 6.8 per cent last month, the first decline since August, as accelerating inflation in China fanned speculation growth will slow. China’s central bank has raised benchmark interest rates four times and boosted lenders’ reserve-requirement ratios by three percentage points since September.

The central bank may raise rates ahead of a public holiday on June 6 because consumer prices are expected to rise to a new high in May, the Shanghai Daily said May 31, citing UBS AG. Inflation rose 5.3 per cent last month, exceeding the government’s full-year target of 4 per cent.

MODERATING GROWTH

China's gross domestic product may grow 9.5 per cent this year, down from 10.3 per cent in 2010, according to a median of 11 analyst estimates compiled by Bloomberg. Under S&P's base- case scenario, China's economic growth will moderate, while private consumption will remain strong, according to the report.

"The current situation isn't a bubble and it's not going to burst, but there is a risk," Sprinzen said.

In case of a sudden slowdown in the world's biggest consumer of commodities, iron ore's floor is \$85 to \$95 a metric ton compared with about \$170 now, seaborne coking coal at the mine has a floor of \$100 to \$120 a ton, compared with about \$180 now, and hot rolled coil steel's floor is \$475 to \$525 a ton compared with about \$750 now, according to the report.

"In considering the downside for metals, we generally assume that the global industry production cost curve would set a pricing floor," Sprinzen wrote. "Specifically, we assume that prices are unlikely to fall for an extended period below the level at which 10-20 per cent of world capacity cannot generate positive operating cash flow before investment."

Commodities may "easily" drop 25 to 40 per cent in the next 12 months, presenting an "enormous opportunity" for investors, David Stroud, chief executive officer of TS Capital, a hedge fund manager in New York, said in an e-mail.

Cashew nut prices up 20 per cent

VDS Rama Raju / Chennai/ Visakhapatnam June 06, 2011, 0:24 IST

Cashew nut prices in the Palasa-Kasibugga market have increased by over 20 per cent during this season as compared with the last season.

This is mainly due to a shortfall in raw material from both domestic and international markets. Cashew nuts are normally available from April till June 15 in the domestic market and during March and April in the international market.

"Last season, we purchased nuts at '3,800-4,200 per 80 kg bag, whereas this season cashew processing operators are paying Rs 4,600-6,000 per bag," said Malla Srinivasa Rao, president of the Palasa Cashew Manufacturers Association.

He said production dropped by more than 30 per cent in some districts of Andhra Pradesh due to bad weather. The average nut production last season was 2.5 tonnes per hectare, which has declined to 1.5 tonnes in most parts of the state.

This apart, political unrest in the Ivory Coast and in some African countries, which are the main cashew nut exporting countries, impacted exports. This led to a rise in the cost of imported nuts.

“During last season, we imported nuts at '2,800-3,00 per 80 kg bag. Now the same bag costs '5,000-5,600,” he said.

Moreover, cashew kernels yielding has also dropped significantly. “Usually, we get 22-23 kg cashew kernels by processing 80 kg nuts. But this year, the yield has reduced to 19-20 kg per bag of nuts as bad weather affected the crop,” he said.

At Palasa-Kasibugga in Srikakulam district, there are about 200 cashew processing units, which require 250-300 tonne nuts per day. On average, these units operate about 250 days in a year.

THE HINDU Business Line

Nearly 23% of highest offer at Coonoor tea sale unsold

Coonoor, June 5:

Nearly 23 per cent of the year's highest offer of 16.01 lakh at Sale No: 22 of Coonoor Tea Trade Association auctions remained unsold.

Teas worth about Rs 2.13 crore were withdrawn for want of buyers despite shedding Rs 3 a kg.

“Better medium CTC leaf lost Rs 1-2 a kg and plainers suffered withdrawal even after shedding up to Rs 3. Browner sorts eased Rs 2-3.

High-priced sorts, however, sold Rs 2-5 more.

Orthodox leaf gained Rs 2-3. Primary orthodox dusts lost Rs 5-10.

Better medium CTC dusts managed to be steady but plainers eased Rs 1-2. High-priced CTC dusts gained Rs 2-5," an auctioneer told *Business Line*.

Homedale Estate tea, auctioned by Global Tea Brokers, topped the CTC market at Rs 137 a kg. Vigneshwar Estate got Rs 136, Shanthi Supreme Rs 131, Hittakkal Estate Rs 130, Sree Tea Supreme Rs 129, Professor got Rs 126, Deepika Supreme Rs 122 and Garswood Estate clonal Rs 120. In all, 75 marks got Rs 100 and more.

Among orthodox teas from corporate sector, Chamraj got Rs 193, Kairbetta Rs 152, Havukal Rs 150, Highfield Estate Rs 145, Curzon Rs 138, Quinshola clonal Rs 136 and Tiger Hill clonal Rs 131. In all, 20 marks got Rs 100 and more.

On the export front, Pakistan gave strong support for select grades in the wide range of Rs 39-61 a kg.

The CIS bought for Rs 40-76 a kg. There was some buying for European ports.

Quotations held by brokers indicated bids ranging Rs 39-41 a kg for plain leaf grades and Rs 80-130 for brighter liquoring sorts. They ranged Rs 40-44 for plain dusts and Rs 85-130 for brighter liquoring dusts.

Pepper drops on bearish activities

Kochi, June 5:

If the projections about the output in all producing countries turn out to be true, one could come to the conjecture that there is going to be a shortfall in availability this year, and in that case the current price decline might turn out to be a temporary phenomenon.

However, much will depend on the factual position so far as output and availability is concerned as, if one goes by the past experience, the projections and actual availability were never tallied. The output often remained much above the projections. Given this scenario the market becomes highly speculative and volatile without having any co-relation with the fundamentals.

Though there has been an easier trend in other origins in recent days, the price for Asta grade pepper did not drop below \$6,000 a tonne. Indonesia and Brazil were also quoting above \$6,000 a tonne.

Indian parity, however, when calculated on the futures market June delivery price, was at above \$6,600 a tonne and remained much above the other origins. But, when calculated on the basis of the Karnataka pepper price at Rs 265 a kg the parity would become competitive with other origins. Therefore, some export business might take place directly from Karnataka-based planter/exporters, market sources told *Business Line*.

Offering at Rs 265 a kg anywhere in India by the Karnataka growers has attracted the upcountry buyers .

Last week the market was down on bearish activities. June, July and August contracts declined by Rs 35, Rs 342 and Rs 351 respectively to close at Rs 29,190, Rs 28,824 and Rs 28,913 a quintal.

Total turn over fell by 20,774 tonnes to 39,996 tonnes while total open interest dropped by 836 tonnes to 14,159 tonnes.

Spot prices on selling pressure dropped by Rs 400 during the week to close at Rs 27,100 (ungarbled) and Rs 27,900 (MG 1) a quintal.

Indian parity in the international market was at around \$6,700 a tonne (c&f) and remained out priced.

Kochi tea prices slide on higher arrivals

Kochi, June 5:

With the onset of early monsoon showers at the end of last month, arrivals continued to surge at the Kochi Tea Auction, especially at the leaf tea sales.

There was 14.38 lakh kg of dust and 3.79 lah kg of leaf tea on offer at the auction. With the sumptuous arrivals, prices quoted low at the dust auction. Even the good liquoring grades which

were holding firm earlier began to ease at the auction while the other dust varieties quoted even lower.

Almost 40 per cent of the teas remained unsold due to poor and lower bids.

Good liquoring CTC grades found some support from AVT and Kerala State Civil Supplies Corporation. Hindustan Unilever and Tata Global remained selective while loose tea traders and upcountry buyers remained subdued. Fair amount of enquiry was witnessed at lower levels. Although the prices quoted lower at the orthodox dust auction, bulk of the teas on offer were absorbed by exporters.

The buyers found quality declines in Nilgiri orthodox leaf varieties and prices quoted lower. Medium broken and whole leaf grades sold at last week's levels. Prices of most other grades tended to ease.

Traditional exporters lent fair amount of support. Exporters to Tunisia were more active. Demand from tea bag exporters remained subdued. There was fair amount of buying at the CTC leaf auction but the prices tended to ease.

Internal buyers lent fair amount of support while exporters focused on quality teas. HUL operated on plainer grades.

At the dust auction Pasuparai SFD fetched the top price at Rs 124. Pascoe's green tea fetched the top price at the leaf auction at Rs 300.

Planting may take a hit

New Delhi, June 5:

For farmers intending to plant basmati – the nursery preparations for which will start now – the ongoing Iran payments imbroglio is not a good augury.

The trade estimates the opening stocks of paddy for the new marketing season from October at around five crore bags (of 50 kg), including three crore of Pusa-1121 and two crore of traditional basmati varieties.

Given annual rice exports of 25 lakh tonnes (lt) or a paddy equivalent of 50 lt, the “normal” opening stock to take care of two months' requirement would be 8.33 lt. That translates into 1.67 crore bags or, say, two crore at the maximum.

That leaves a surplus of three crore bags, the value of which, at last year's average procurement price of Rs 22/kg, comes to Rs 3,300 crore. These stocks are mostly pledged with banks and would have to be milled and liquidated for exporters to be able to repay the loans used to finance their purchases. ICICI, HDFC and Axis Bank are among the banks with major exposure to the basmati industry.

The huge carry-forward stocks from last season would diminish the millers' appetite to procure fresh paddy in the coming season. Last year, farmers got up to Rs 24/kg for Pusa-1121. This time millers may not pay more than Rs 17-18, though this is still more than the likely official procurement price of Rs 11.90/kg for regular 'Grade A' non-basmati paddy.

Uncertainty over payments from Iran hits basmati trade

Exporters rue buyer-centric terms of trade

TOP BASMATI RICE EXPORTERS IN 2010-11*			
	Quantity (tonnes)	FOB Value (\$ million)	Avg. Price (\$/tonne)
Best Food International Pvt. Ltd	2,38,884	245.33	1,027
KRBL Ltd	1,09,064	137.17	1,258
Sunstar Overseas Ltd	1,27,437	133.39	1,047
D.D. International Pvt. Ltd	1,20,745	128.24	1,062
Tanna Agro Impex Pvt. Ltd	65,006	116.59	1,794
SSA International Ltd	76,312	83.89	1,099
Amira Foods India Ltd	58,450	80.40	1,375
Tilda Riceland Pvt. Ltd	54,769	74.86	1,367
REI Agro Ltd	57,690	72.28	1,253
L.T. Foods Ltd	60,758	71.64	1,179
Kohinoor Foods Ltd	66,452	71.51	1,076
K.S. Agro Exports	73,136	68.86	942
Lakshmi Energy & Foods Ltd	54,331	55.86	1,028

*Based on registration-cum-allocation certificates issued by APEDA.

New Delhi, June 5:

Ahead of plantings for the new season, basmati rice exporters are caught in a payments crisis, with over Rs 2,000 crore worth of receivables piled up against shipments to Iran and Iraq.

During 2010-11 (April-March), India's basmati exports were placed at around 25 lakh tonnes (lt), of which some 9 lt went to Iran and another 1.5 lt to Iraq. Against the 10 lt-plus rice shipped out to the two West Asian countries, payments on 40-50 per cent are estimated to be overdue. At an average price of \$1,100 a tonne, the value of this money – which, given the thin margins in the trade, ought to have been remitted into exporters' accounts by now – would be upwards of Rs 2,200 crore.

Most exporters *Business Line* spoke to admitted to the industry's problems, though they were quick to deny any impact on their own firms' fortunes (Data on company-wise basmati exports shown in the Table is based on officially registered contracts and not on payments against actual shipments).

Genesis

The story of the current crisis goes back to 2006-07 and 2007-08, when companies, led by KRBL Ltd, began exporting the premium Pusa-1121 basmati in a big way to Iran.

Being a variety heavily in demand, buyers typically forked out a 20 per cent advance for cargoes contracted by them. The balance 80 per cent was paid on receiving the faxed export documents (bill of lading, invoice, phytosanitary certificate, etc) from Indian shippers. Once the payment was made, the exporters sent the originals, against which the buyers took physical delivery at Dubai or Bandar-Abbas port. But from the 2008-09 season, some exporters stopped insisting on the 20 per cent advance.

They would send the original documents straight after shipping to the importer's bank, which would be instructed to release the material once the payment was remitted.

Race to the bottom

The real problems arose when exporters graduated to the next stage of selling on credit and handing over documents to importers (or their agents) for taking delivery against post-dated cheques. The credit was initially extended for 60 days, then for 90 days, to the point where the industry was practically financing the importers – who were even demanding “haircuts” on the originally contracted prices.

“It was one-way deal with no provision to benefit from upside if world prices rose in the intervening period. In short, the buyers were being presented a put option,” said a trade source. The importers are now totally calling the shots, with many exporters having to ship out fresh material just to be paid for a previous consignment, he added.

Some of the bigger firms have stopped doing business with Iran, even at the expense of their topline being hit. “I recently got an offer to supply 50 containers for \$ 1,120 a tonne on 90-days credit. I felt the money will not come when he refused my counter-offer at \$ 1,060 against immediate cash payment”, revealed a leading exporter.

He blamed the present situation to the “unhealthy competition” among exporters to grab business. The spoilers included new entrants from Punjab's Jalalabad-Moga belt, who were previously milling ordinary par-boiled parmal rice for the Food Corporation of India.

“In 2008 and 2009, the joke used to be that anyone you meet in these towns, barring barbers, is exporting Pusa-1121 to Iran,” the exporter remarked.

Monsoon races into Mumbai despite still-born 'low'

Thiruvananthapuram, June 5:

The south-west monsoon continued to make rapid progress despite of a 'still-born' low-pressure area in the Arabian Sea.

Seasonal rains have raced into Mumbai on Sunday, at least five days ahead of schedule, even as global models debated the dynamics of the fast-unfolding events.

To its credit, India Meteorological Department (IMD) had withdrawn the watch for formation of a 'low' the very next day it was mounted a few days back.

The European Centre for Medium-Range Weather Forecasting, which went as far as to predict a full-blown tropical cyclone in the region, has since backtracked.

But the Roundy-Albany tracker continues to maintain a watch for a 'low'/depression close to southwest Gujarat coast and entering northwest India during the course of the week.

The Central Weather Bureau of Taiwan too has stuck to its forecast of such a system forming in the region. But it put the system on a track to southern coast of Pakistan.

Some other models still do expect the formation of a system close to the Konkan-Mumbai coast but seem to have marked down expected strength and intensity.

But it is a fact that there is massive convective (cloud-building) activity happening in the region with convective clouds milling around and triggering precipitation.

The offshore trough and the long-standing upper air cyclonic combination have proved a potent combine to sweep in the flows across the Equator.

Various models had anticipated that the cyclonic circulation would descend to lower levels to set up a 'low' that might spin up a stronger system.