

THE HINDU

Online edition of India's National Newspaper

Thursday, June 09, 2011

Date:02/06/2011 URL:

<http://www.thehindu.com/thehindu/seta/2011/06/02/stories/2011060252381600.htm>

FARMER'S NOTEBOOK

Farmers cannot solve the crises in agriculture on their own

M.J. PRABU

Technologies available today must be affordable and easy to locate

- Photo: R. Ashok



Concerned:Murugesha Boopathi, Vice Chancellor, TNAU, Coimbatore.

Farmers cannot solve the crises in agriculture on their own. If one does an Internet search on how to solve the present crises in Indian agriculture, there are surprises in store — several hundred answers to effectively tackle the problems on hand.

But the present crisis cannot be solved by the farmers alone. The initiative must come from the government, according to Dr. P. Murugesha Boopathi, Vice Chancellor, Tamil Nadu Agriculture University, (TNAU), Coimbatore.

“The government should view agriculture as a national requirement. Till then, the livelihood of farmers and sustainability cannot improve,” he says.

Fast economy

“Everybody today lives in a fast economy. Money alone can buy food, clothing and shelter. Absence of cash means loss of purchasing power and for a cash-strapped farmer it means the end of life. A small farmer's first need today is to make money from the meagre land holding.

“To help such small farmers, technologies available today must be affordable and easy to locate,” he adds.

The primary factor for success in any business is the consumer orientation model that fulfils the needs of the consumer and the demand of the growing nation.

Market orientation

Market orientation must be in terms of what to produce, when to produce, and how much to produce.

Losses are incurred due to excess production (storage loss and price reduction) and price rise during deficit production.

Market oriented agricultural production planning, with a medium and short term horizon, needs to be done at the national, State, and farm level.

“This can lead to effective and efficient allocation of resources,” he stresses.

Urgent need

There is an urgent need to attract private sector investment in agriculture, especially for storage and transport infrastructure if things are to improve, he argues.

“There are presently nearly eight million farmers in Tamil Nadu. But extension functionaries such as scientists and agricultural officers, are less than 10,000. This creates a gap in efficient transfer of technology.

“Most are small and marginal farmers, and many are not interested in adopting important technologies such as seed replacement rate, bio-fertilizer application, integrated plant protection, etc.,” he explains.

“Although we take efforts to disseminate the information through several media, only a few farmers show interest in adopting them.

Progressive farmers following these developments approach the nearest college campus, research stations or KVKs and get required directions. Such farmers show marvellous development.

Hard working

“Our farmers are extremely hard working and entrepreneurial. What they need is a platform, to utilize it to improve their life – market orientation and market linkages with a greater share for them in the consumer's rupee,” he says. To help the farmers, TNAU has uploaded complete details of all the technologies in its Agri Portal website www.agritech.tnau.ac.in

A farmer can get almost any information he is looking for regarding field preparation, seeds, machinery, expert advice and marketing.

Market prices

Another website www.tnagmark.tn.nic.in also disseminates technologies and suggests remedies for maladies affecting crops. In addition the University also provides market prices of agri-horti produces through DEMIC (Domestic and Export Marketing Information Centre).

New technologies

According to Dr. Boopathi, the University is making a lot of headway in technology development and transfer. Marketing, price, and export policies that improve the profitability of small farms are essential at the moment.

“It is the duty of our scientists to develop relevant need based technologies to augment productivity. It becomes the task of State extension functionaries to facilitate market orientation of the farmers and provide all the required technologies to improve.

“There is profitability in agriculture. Those interested can directly contact my office on any working day and we will be glad to guide them,” says Dr. Boopathi.

For any queries or guidance contact Dr. Murugesu Boopathi at email: vc@tnau.ac.in and pmboopathitnau@yahoo.com, phone: 0422- 2431788.

Date:02/06/2011 **URL:**

<http://www.thehindu.com/thehindu/seta/2011/06/02/stories/2011060252391600.htm>

Using agriculture to address poverty

— Photo: M.J. Prabu



Dr. John J Kennelly, University of Alberta.

A 42 month-long research programme conceived by the M.S.Swaminathan Research Foundation, Chennai and the University of Alberta, Canada was signed recently to use agriculture along with other interventions to address poverty and malnutrition in three regions known for rich agro-biodiversity.

Support

The Canadian International Food Security Research Fund (CIFSRF) of the International Development Research Centre, Canada offered assistance to support this research project.

“The aim of the project is to study the enigmatic contradiction between prosperity of nature and poverty of people and to improve the agricultural and nutritional status of 4,000 small farm families in Kundura block in Koraput district, Orissa, Kolli Hills in Namakkal district, Tamil Nadu and Menangadi panchayat in Wayanad district, Kerala,” says Dr. John J Kennelly, Dean, Faculty of Agriculture, Life and Environmental sciences, University of Alberta.

Tribal communities

“Most of these families belong to the marginalised tribal communities. The project will assist them to increase farm productivity and off-farm income through appropriate participatory technological interventions, application of eco-technologies and ICT-enabled knowledge system, value chain and market linkage, and to build their capacity,” he adds.

These interventions may encompass strengthening crop-animal-fishery integration, improving the natural resource base supporting agriculture, addressing gender-specific drudgery, promoting home gardens and local crops to improve nutritional security at individual, household and community levels.

Process

The process may involve local institutions (panchayats, banks, co-operatives) and assist in making appropriate choices and decisions on sustainable management and adding value to social and natural capital. For details contact: Dr. S. Bala Ravi, Project Director, MSSRF at sbala@mssrf.res.in and Dr. John Kennelly at john.kennelly@ualberta.ca

Date:02/06/2011 URL:

<http://www.thehindu.com/thehindu/seta/2011/06/02/stories/2011060251891400.htm>

FARM QUERY

Storing native seeds

Is there any farmer near Bangalore who can guide on storing traditional seeds?

S. Leelavathi

Bangalore

Mrs. Papamma Papanna in Kolar district has preserved about 11 varieties of native ragi (finger millet) and 50 different grain varieties in mud pots. For further details you can contact Mrs. Papamma Papanna, D. Kurubarahalli village, Mulubagal taluk, Kolar district, Karnataka, mobiles: 9341019880 and 9742106768.

Date:09/06/2011 URL: <http://www.thehindu.com/2011/06/09/stories/2011060957730500.htm>

'Cultivate hybrid rice'

Staff Reporter

COIMBATORE: The Tamil Nadu Agricultural University (TNAU) has asked farmers to grow hybrid rice CORH3 during the Kuruvai season as it has a better yield compared to other varieties.

According to S. Robin, Head, Department of Rice, TNAU, the hybrid rice variety released by TNAU in 2006 is suitable for Kuruvai season, which marks the commencement of the agricultural season in Tamil Nadu. During this season, rice will be sown in the Cauvery Delta Zone, Thamirabarani and Periyar Vaigai command area.

Nearly five lakh hectares will be covered under rice this season. Considering the importance of the season, TNAU has asked farmers to take up CORH3 hybrid rice cultivation due to its high yielding potential and other unique advantages. The rice variety has a yield potential that is 30 per cent higher than normal varieties, withstands salinity and cold, is resistant to blast and rice tungro virus diseases, is suitable for making idly and dosa, suitable for System of Rice Intensification cultivation, is non-lodging and can withstand rains during harvest, and more importantly fetches a market price that is equal to that of other varieties and private hybrids.

Since hybrid seed is costlier than inbred seed, the university has asked farmers to use it judiciously to reduce the cost of cultivation.

CORH3 rice seeds are available for sale at the Department of Rice, TNAU, Coimbatore, and is priced at Rs. 150 a kg. For details, contact 0422-2474967; or e-mail to rice@tnau.ac.in.

'Farmers must be trained in extension activities'

Staff Reporter

Taking technology quickly to farmers is need of the hour

PHOTO: G. KARTHIKEYAN.



S. Senthil Vinayagam, director, National Institute of Agricultural Extension Management, addressing a training programme at Gandhigram Rural Institute in Gandhigram, near Dindigul, on Tuesday. —

DINDIGUL: Taking technology and marketing strategies to farmers quickly is need of the hour.

To achieve it, farmers should be motivated and trained in extension activities. These were highlighted at a training programme on 'Horticultural extension management for extension functionaries,' organised by the National Institute of Agricultural Extension Management (MANAGE), Hyderabad, in Krishi Vigyan Kendra at Gandhigram near here on Tuesday.

In his inaugural address, MANAGE Director (Agriculture Extension) Director S. Senthil Vinayagam said that present ratio of agriculture extension officials and farmers was 1:20,000.

It would be difficult to scale down the gap between the two. Technology-led extension activities, market-related extension activities and farmer led extension activities were three pronged strategies to reach farmers.

The 12 {+t} {+h} five year plan has components for such activities. Farmers should be fully trained to take these technologies and strategies among other farmers. Mission mode approach only would bring a desirable change in this connection, he opined.

In his special address, Annamalai University, Faculty of Agriculture Dean J. Vasantha Kumar stated that there was a wide gap between research and extension activities in the country.

“Even as the country topped in vegetable and fruits production, we could not tap European and US markets. We have not tapped the global market potential effectively in the WTO era,” he added.

A decade ago, Punjab had exported 500 tonnes of ladies finger to the UK.

It was reduced subsequently. There was nothing from Tamil Nadu, he deplored. Several agriculture produces like cashew, produced in our State were rebranded and exported to foreign countries.

Date:09/06/2011 URL: <http://www.thehindu.com/2011/06/09/stories/2011060953880500.htm>

40,000 ha to come under kuruvai cultivation

Staff Reporter

NAGAPATTINAM: The area under kuruvai cultivation is expected to increase by an additional 5,000 ha owing to the early release of water from Mettur dam. The usual area of 35,000 ha is slated to be increased to 40,000 ha. As of date, works have commenced in about 8,735 ha, with 1,370 ha of area prepared for seedlings. Further, 156.92 metric tonnes of kuruvai seeds have been distributed through Agricultural Expansion Centres. Short-term seeds such as Aduthurai 43, Aduthurai 44, and Ambai 16 are stocked to the tune of 189.64 metric tonnes. Additionally, about 462.5 metric tonnes of seeds have been distributed through private dealers, and cooperatives; and about 256 metric tonnes of seeds have been kept as stock in hand. Fertilizers including 4,281 metric tonnes of Urea, 2,027 metric tonnes of DAP, 1,901 metric tonnes of Potash, and 1,892 metric tonnes of other fertilizers are available at all primary agricultural cooperative societies and private dealers.

Agricultural loans to the tune of Rs.571.6 crore are envisaged under commercial banks and crop loans and jewel loans to the tune of Rs.78 crore are envisaged under Primary Agricultural Societies. According to a release, desiltation projects are under progress along the main channels under the Cauvery and Vennar division. Further, a monitoring cell has been set up to ensure unhindered supply of agricultural inputs. Any hiccups in the channels of distribution may be remedied by contacting the cell on 04365-242351.

Date:09/06/2011 URL: <http://www.thehindu.com/2011/06/09/stories/2011060953830500.htm>

Water to be released from Grand Anicut today for kuruvai cultivation

Special Correspondent

Farmers expect a good price for paddy this year

— M. Srinath



Preparation:Farmers sowing seeds of kuruvai in Thanjavur district.

THANJAVUR: Water will be released from Grand Anicut on Thursday for kuruvai cultivation in the Cauvery delta districts of Thanjavur, Tiruvarur, and Nagapattinam.

According to PWD engineers, water will be released into Cauvery, Vennar, Grand Anicut Canal, and Kollidam systems at 5 p.m. on Thursday. Mettur dam was opened on June 6 for kuruvai cultivation in the delta districts.

At present 12,000 cusecs is released from Mettur dam. Water is expected to reach Grand Anicut tonight. Ten thousand cusecs of water is expected to be realised at Grand Anicut.

Taking this into consideration, PWD engineers have planned to release 4,000 each into Cauvery and Vennar systems, 1,500 into Grand Anicut Canal System, and 500 cusecs into Kollidam from Grand Anicut.

The engineers appealed to the farmers to use water judiciously and raise a good kuruvai crop. They also sought the co-operation of the Agriculture Department officials to help them in providing water wherever required without any delay by informing them about the demand two days earlier. "If they inform us where water is required earlier, we may be able to plan the water flow into that area," PWD engineers said.

The plan is to raise kuruvai on 40,000 hectares each in Thanjavur and Tiruvarur districts this year. Agriculture Department has distributed nearly 800 tonnes of kuruvai seeds in Thanjavur district alone. The varieties are ADT36, ADT43, and ADT45. Water level at Mettur dam stood at 116 ft on Wednesday and the storage was 85 tmc ft. Farmers expect to reap a bumper kuruvai crop this year as the storage is very comfortable at Mettur dam and south-west monsoon has also set in and is active in catchment areas.

Farmers also expect a good price for paddy this year. Already, Central Government is considering an increase of 17 per cent in the minimum support price for paddy this year.

Accordingly, common variety will get a price of Rs.1,100 per quintal and fine variety, Rs.1,200 per quintal. As State Government will also provide its incentive to this price, farmers hope to get a reasonably good price for paddy this year.

Date:09/06/2011 URL: <http://www.thehindu.com/2011/06/09/stories/2011060960490300.htm>

Paddy growers firm in their resolve

Staff Correspondent

They are demanding support price for their produce

DAVANGERE: Paddy growers in the district, who have been agitating for the past month demanding of support price, have decided to intensify their agitation as the Government has failed to announce a support price or set up procurement centres.

The farmers have decided on a 'jail bharo' on June 20 by laying siege to the office of the Deputy Commissioner.

Speaking to presspersons here on Wednesday, Avaragere Rudramuni, Karnataka Rajya Raitha Sangha leader, said that prior to the June 20 agitation, farmers would stage demonstrations and take out processions in different parts of the district, where paddy was grown in abundance.

The farmers have decided to stage agitation at Chennagiri on June 11 and 12, at Honnali on June 13 and 14, at Harihar on June 15 and 16 and in prominent villages of the Tungabhadra basin on June 17 and 18.

Mr. Rudramuni said farmers who got themselves arrested on June 20 would not come out of jail until the Government issued an order announcing the support price.

Even if the jail authorities pushed them out of the jail, the farmers would stage demonstrations outside the Deputy Commissioner's office and lay siege to it to get themselves arrested again, he said.

It was a matter of "life and death" for paddy farmers, and if they did not get a good price, they would be caught in a debt trap, the KRRS leader said, adding that the farmers were determined either to get a support price for their crop or lay down their lives.

Losses

He said that both the Union and State governments had failed to come to the rescue of farmers when prices had fallen sharply and farmers stood to incur a loss of at least Rs. 400 for every tonne of paddy that they sold in the market, at the current rate.

After scientific analysis, the Agriculture Department recommended that the State Government announce Rs. 1,523 a tonne, he said, and asked why the State was not ready to implement the recommendations of the department.

Mr. Rudramuni insisted that the Government give an incentive of Rs. 500 a tonne of paddy to farmers.

He noted that farmers were unable to cultivate their lands for the next season as their crop had not been sold because of the crash in prices, and they had virtually no money to take up agricultural activities.

Vasanada Onkarappa, Palavanahalli Prasannakumar, Anjinappa, and G. Prabhugowda were among other farmers' leaders present.

Date:09/06/2011 **URL:** <http://www.thehindu.com/2011/06/09/stories/2011060964680500.htm>

Farmers confront top official

Staff Reporter

TENALI: Scores of farmers vent their anger at Principal Secretary (Agriculture) C.V.S.K. Sarma at the Rythu Sadassu held here on Wednesday for alleged inaction on the part of the State government in solving problems arising out of lack of MSP for and non–procurement of paddy. They expressed regret that the assurances given by the district administration were evidently confined to rhetoric and the officials continued to make tall claims. Mr. Sarma was taken aback as the angry farmers objected to the conduct of the sadassu saying it was a publicity stunt aimed at glossing over the stark facts.

The progress on the procurement front is negligible. Massive quantities of foodgrains are yet to be lifted by the government agencies. The slow pace of the Krishna Western Delta modernisation works is bound to hit the farmers hard, but the government has a different set of priorities.

Tension prevailed for some time as the slogan–shouting farmers rushed towards Mr. Sarma to grill him over their plight, but the police prevented them from surging ahead. What all Mr. Sarma could say was that he would take farmers' grievances to the government's notice.

District Collector V.N. Vishnu said arrangements were made for disbursing Rs. 61.76 crore as input subsidy to farmers of 18 mandals in the Tenali division. Ponnur MLA Dhulipalla Narendra

Kumar said that the government should give top priority to farmers' issues as they were in deep distress.

Earlier, Mr. Sarma released the Kharif Action Plan .

Date:09/06/2011 URL: <http://www.thehindu.com/2011/06/09/stories/2011060964930600.htm>

Paddy procurement crosses 17.4 lakh tonnes

Special Correspondent

Civil Supplies Commissioner appeals to farmers not to resort to distress sale

HYDERABAD: The quantity of paddy purchased so far by the State government agencies and the Food Corporation of India as part of the rabi procurement operations crossed 17.46 lakh tonnes compared to 3.7 lakh tonnes around the same time last year.

According to a press note issued here on Wednesday by Harpreet Singh, Commissioner, Civil Supplies, over 3.84 crore gunny bags have been used for the procurement till date while another huge quantity of 84.58 lakh was made available in the districts. More gunny bags were being obtained from West Bengal.

He said payment of a sum of Rs. 1,030 per quintal to farmers was being ensured as MSP as stipulated in case of fine quality and Rs. 1,000 for common varieties.

The Commissioner appealed to the farmers in the State not to resort to distress sale and instead, contact the Joint Collector or district supply officer if they faced any problem regarding procurement and payment of the minimum support price.

Date:09/06/2011 URL:

<http://www.thehindu.com/2011/06/09/stories/2011060960150300.htm>

Steps afoot to ensure supply of seed, fertilizers to farmers in time

Staff Reporter

BERHAMPUR: Administration has started efforts to provide seed and fertilizers to farmers of Ganjam district in time. It was discussed at a review meeting at the conference hall of the Revenue Divisional Commissioner (RDC), southern division. The meeting was attended by RDC Laxmi Narayan Nayak, Ganjam Collector Kishen Kumar, director of agriculture R.Santh Gopalan, representatives of fertilizer companies, and truck owners involved in transportation of fertilizers and seed.

It may be noted that farmers of Ganjam district had suffered extreme crop loss during the last kharif season because of the untimely cyclonic rains in December. According to the Collector, the total loss of peasants was worth around Rs. 7 to 8 crore . It was accepted that the compensation provided by the government to these farmers would not be enough to meet their real losses.

It was pointed out that the farmers now did not have seed stock to continue cultivation in the next kharif season. Administration has decided to procure seed from outside.

The State Agriculture Department was advised to provide high yield variety seed to the peasants.

It was stressed that the seed should reach the farmers in time so that kharif cultivation was not delayed. During past years there have been allegations of delay in supply of seed. Administration wants to avoid that this year. Mr Kumar said all efforts should be made so that the farmers get high yield this kharif season which may compensate their last year's losses.

Discussions were also held regarding streamlining of transportation of fertilizer and seeds to rural areas so that farmers could get them in time.

State Revenue Minister Surya Narayan Patra also reviewed the progress of broadening and renovation of the State Highway 17 between Berhampur and Taptapani.

© Copyright 2000 - 2009 The Hindu



Weather

Chennai - INDIA

Today's Weather



Partly Cloudy

Thursday, Jun 9

Max Min
37.6° | 27°

Rain: 00 mm in 24hrs

Humidity: 71%

Wind: Normal

Sunrise: 5:41

Sunset: 18:34

Barometer: 1003.0

Tomorrow's Forecast



Rainy

Friday, Jun 10

Max Min
35° | 28°

Extended Forecast for a week

Saturday

Jun 11



34° | 28°

Rainy

Sunday

Jun 12



33° | 28°

Rainy

Monday

Jun 13



32° | 28°

Rainy

Tuesday

Jun 14



31° | 26°

Rainy

Wednesday

Jun 15



30° | 27°

Rainy

8 Jun, 2011, 12.39PM IST,PTI

Cardamom futures rises on spot demand

NEW DELHI: Cardamom prices rose by Rs 10 to Rs 828 per kg in futures trade today as speculators created fresh positions, supported by a rise in demand in the spot market.

Restricted arrivals from producing regions also supported the upside in cardamom futures prices.

At the Multi Commodity Exchange , cardamom for delivery in July rose by Rs 10, or 1.22 per cent to Rs 828 per kg, with a trading volume of 204 lots.

Cardamom for August delivery moved up by Rs 8.60, or one per cent to Rs 870.50 per kg, with trading volume of 44 lots.

Similarly, the spice for delivery in June moved up by Rs 4, or 0.54 per cent to Rs 750 per kg, with a trade volume 116 lots.

Market analysts said the cardamom futures prices rose sharply on the back of pick-up in spot market demand against restricted arrivals from producing belts.

8 Jun, 2011, 01.18PM IST,PTI

Mentha oil futures up 0.79 pc on spot demand

NEW DELHI: Mentha oil prices moved up by Rs 6.90 to Rs 883.50 per kg in futures trade today as traders created fresh positions, driven by pick-up in domestic as well as export demand.

At the Multi Commodity Exchange , mentha oil futures for delivery in August rose by Rs 6.90, or 0.79 per cent to Rs 883.50 per kg, with trading volume of 49 lots.

Mentha oil futures for delivery in June rose by Rs 6.70, or 0.73 per cent to Rs 893.30 per kg, with a business volume of 215 lots.

Similarly, the oil futures for delivery in July moved up by Rs 5, or 0.57 per cent to Rs 880.50 per kg, with a business volume of 54 lots.

Market analysts said fresh positions created by speculators on the back of pick-up in domestic and export demand led to the rise in mentha oil prices at futures trade.

Business Standard

Thursday, Jun 09, 2011

Cane area seen rising to depress sugar price

Reuters / Mumbai June 09, 2011, 0:26 IST

India's sugar cane acreage is likely to rise in 2011-12 as farmers are still finding the crop remunerative over competing crops, raising hopes the world's biggest sugar consumer will have a surplus for the second straight year beginning October.

Higher sugar output is likely to pressure the government to increase the export limit beyond 500,000 tonnes, to support local prices which have fallen 12 percent in 2011, said industry and government officials.

Maharashtra and Uttar Pradesh are top two sugar producers in the country and account for 60 per cent of the country's total output.

In Uttar Pradesh, the area is likely to rise about 10 per cent in 2011-12 due to the increase in cane procurement prices and regular and timely payments to farmers by mills, said S P Bali, deputy commissioner at the sugar commissioner's office.

"Acreage is estimated to increase by about 200,000 hectares to 2.3 million hectares in the 2011-12 season from 2.1 million hectares last year," he said. The federal government fixes minimum price at which millers can buy cane from farmers. It had fixed price at Rs 139.12 (\$3.11) a quintal for 2010-11 season, but most millers bought cane at around Rs 200 a quintal.

Rizwan, a farmer from Hardoi district in Uttar Pradesh, says he has raised acreage under cane to 8 acres and hopes the government will raise support price again as assembly elections are round the corner.

"We expect cane prices to remain between Rs 220-230," he added.

In Uttar Pradesh, most of cane planting takes place between February and May and rest in September-October.

Most of the cane for the 2011-12 crushing season has already been planted. Acreage in the country stood at 5.061 million hectares as on June 3, compared with 4.863 million hectares a year ago, data with the farm ministry showed.

In Maharashtra, the state government is expecting the acreage to remain steady at last year's level.

"In 2011-12, the cane acreage will remain steady at around last year's level of 1.02 million hectares," said a senior official at the state's sugar commissioner's office.

MONSOON PLAY

Farmers, officials and analysts all said cane yields are dependent on monsoon rains, which covered half of the Maharashtra state five days ahead of normal time.

"Cane area has risen. Growing areas are getting good rainfall. It should help cane crop," said Ashwini Bansod, a senior analyst at MF Global Commodities India.

"But still many things depend on how weather remains in rest of the year, especially at the beginning and end of the crushing season," she said.

India's weather office has already forecasted a normal June-September monsoon this year. Cane is a perennial crop and is harvested after 12-14 months from plantation.

It is also capital- and water-intensive and farmers get payments only after 13-15 months from cultivation.

"Sugar prices are depressed due to higher sugar production. They will remain under pressure unless the government allows more exports," said Ashok Jain, president, Bombay Sugar Merchants Association.

India has allowed exports of 500,000 tonnes for the current sugar year ending in September and the industry is demanding more exports to support falling local prices.

Areca nut prices up 26% in 5 months

Mahesh Kulkarni / Bangalore June 09, 2011, 0:25 IST

After a lull in the trade for about three months, the areca nut market has been reactivated in Karnataka with renewed interest from major buyers. The north Indian buyers, mainly gutkha manufacturers and exporters, have shown interest, to buy areca nut resulting in upward movement in the prices. These have shot up by 26-40 per cent in the last few months.

The price of white areca nut (chali) have more than doubled to Rs 14,000 a quintal as against Rs 6,000 a quintal in December 2010. The red variety are up by 26-40 per cent to touch Rs 14,500 a quintal yesterday in major markets of the state as against Rs 11,500 a quintal in February this year.

Davanagere, in central Karnataka, has been witnessing arrival of about 5,000 quintals every day, where the red variety is sold in large quantities. Mangalore, on the west coast, has been seeing huge demand for the white variety.

According to traders, the rise in prices is attributed to shortage of crop this year and fall in import. The import had been halted after the imposition of severe restrictions and closure of

borders in eastern India due to recent elections in West Bengal. Traders in north India import arecanut from Indonesia, via Nepal.

“As gutkha makers mainly prefer red variety of arecanut, prices had crashed as a result of the court orders. Subsequently, farmers had stopped selling red arecanut owing to low prices. This led to short supply and the gutkha makers had no choice but to procure white arecanut,” A S Bhat, managing director, Central Arecanut and Cocoa Marketing and Processing Cooperative Limited (Campco) told Business Standard.

The price of red arecanut had dropped to around Rs 10,000 a quintal to Rs 11,500 a quintal, depending on the quality, in February this year following the Supreme Court order on banning the use of plastic sachet by gutkha manufacturers.

Traders also attribute the rise in prices to limited stocks of older crop. This has helped farmers fetch higher prices for the new crop.

“After the ban on use of plastic in packing gutkha, a lot of consumers are turning to chewing arecanut. This sudden demand for white arecanut has resulted in the price rise. Of an estimated crop size of 500,000 tonnes, white arecanut accounts for about 30 per cent in Karnataka,” Bhat said.

World food prices to remain high

Dilip Kumar Jha / Mumbai June 09, 2011, 0:23 IST

FAO forecast of generally tight situation for most crops and commodities over next 18 months.

Consumers are unlikely to get relief from high food prices till December 2012, despite a modest increase in global foodgrain production. High and volatile agricultural commodity prices are likely to prevail for the rest of this year and into 2012, says a report of the Food and Agriculture Organisation of the United Nations.

The next few months would determine how the major crops fare. Although prospects are encouraging in some countries such as the Russian Federation and Ukraine, weather conditions, featuring too little and in some cases too much rain, could hamper maize and wheat yields in Europe and North America.

“The general situation for agricultural crops and food commodities is tight, with world prices at stubbornly high levels, posing a threat to many low-income food deficit countries,” according to David Hallam, Director of FAO’s markets and trade division.

International food prices, which earlier this year soared to levels seen in the 2007-08 food crisis, dropped a meagre one per cent in May. The FAO Food Price Index averaged 232 points in May from a revised estimate of 235 points in April but was still 37 per cent above May 2010. Declines in international prices of cereals and sugar were responsible for the slight decrease in the May index, more than offsetting increases in meat and dairy prices.

PROSPECTS

Current prospects for cereals in 2011 point to a record harvest of 2,315 million tonnes, a 3.5 per cent increase over 2010 and a marginal one per cent drop over 2009. The increase in world production in 2011 should ease the tight market but won’t replenish stocks sufficiently. FAO’s first forecast for world cereal production in 2011 points to a record, indicating a rebound of 3.5 per cent after a slight one per cent decline in 2010. Expectations of yield recoveries and larger plantings are the main reasons for the increase. The first forecast for total cereal utilisation in 2011-12 points to an increase of 1.4 per cent from 2010 -11, compared with a two percent rise in 2010-11, as a result of a slowing in the rate of increase of industrial use of cereals for production of biofuels.

Global wheat output is expected to be 3.2 per cent up from last year’s reduced crop, mostly reflecting improved yield prospects in the Russian Federation.

World production of coarse grains is set to increase by 3.9 per cent, exceeding the 2008 record. Most of this increase is expected in the United States and the Commonwealth of Independent States. World paddy production seems to be also heading to a historic high, expanding by 1.8 per cent amid expectations of improved climatic conditions.

World wheat consumption is forecast to increase by a mere one per cent, to 677 million tonnes, in 2011-12. A record crop of 84.3 mt is being harvested in India this year as against 80 mt last year, where high prices spurred a large area increase and growing conditions were mostly favourable.

The price strength that characterised the global rice market in the second part of 2010 started to wane in December. By May 2011, rice quotations were three per cent below their January value, but still 22 per cent above their May 2010 level.

Despite a season fraught with problems, which have resulted in lower crop performance than originally envisaged in November, global rice production is estimated to have risen by 1.8 per cent to a new record at 463.8 mt.

Global rice consumption is predicted to increase by two per cent to 459.6 mt in 2011. On a per capita basis, rice food consumption is expected to remain stable, at around 56 kg per year, constrained by higher domestic prices, which have triggered a spate of government responses to keep food inflation in check.

Govt eases cotton export cap

BS Reporter / New Delhi June 9, 2011, 0:20 IST

Allows export of another 1 million bales in this crop year.

After months of differences between the agriculture and textiles ministry over lifting the cap on export of cotton, the government on Wednesday finally allowed export of another 1 million bales of cotton in 2010-2011 crop marketing season that started in October (1 bale=170 kg).



With this, almost 6.5 million bales of cotton will be allowed to be exported this year.

Earlier, it had capped export at 5.5 million bales. However, the agriculture ministry had opposed the cap on the grounds that production this year was more than the consumption.

"We have allowed additional export of 1 million bales of cotton this year," Commerce minister Anand Sharma told reporters after a group of ministers' meeting. All other details about the method of exports and the timeframe in which the cotton needs to be shipped will be determined by the commerce ministry.

Sources said in Wednesday's meeting, the textiles ministry had opposed easing of the export cap on the ground that production of cotton in 2010-2011 is estimated to be 31.2 million bales, down from the earlier estimate of 32.5 million bales.

In such a situation if more exports are allowed then the surplus left at the end of the season will be even less than the country's monthly consumption. However, its objection did not find much support.

According to the agriculture ministry's third advanced estimate, production of cotton in 2010-2011 is estimated to be around 33.92 million bales, almost 40 per cent more than last year.

Agriculture minister Sharad Pawar had twice written letters to the Prime Minister requesting him to lift the cap on exports in the interest of farmers. Cotton prices have softened from Rs 62,000 a candy to Rs 45,000 a candy (1 candy =376 kg) in the last few months.

Meanwhile, the Confederation of Indian Textile Industry (Citi), the apex body of textiles industry in the country, termed the government's decision to allow more exports as 'disturbing'.

"We have met the minister on Wednesday and urged him not to allow more exports or else the country will be left with very little cotton by the end of this season," Shishir Jaipuria, chairman of Citi told Business Standard.

He said as per their assessment after on Wednesday decision, the country's closing stock of cotton will come down to just 1.75 million bales, which is not even sufficient to meet one month's consumption.

"We consume around 2.3 million to 2.5 million bales of cotton every month and after on Wednesday decision, the surplus will come down to just 1.75 million bales," Jaipuria said. He said the closing stock of cotton would have been around 2.75 million bales if the government struck to its earlier decision to cap exports at 5.5 million bales.

Upsurge continues in cashew market on supply-demand mismatch



Kochi, June 6:

Cashew kernel prices rose on good demand amid limited supply and business was done for W240 up to \$4.65 and W320 up to \$4.25 (f.o.b), while some processors were even able to sell few a cents higher. There were bids for splits up to \$3.75 and pieces up to \$3.60 (f.o.b). Trading was well spread amongst various markets and buyers, albeit volume, was not large.

Indian domestic market saw more activity in broken grades — prices are about 10 per cent higher than international market. Domestic demand for wholes is expected after few weeks, according to trade sources.

Raw Cashew Nut

Raw Cashew Nut (RCN) market is steady. Lots available in most origins are of lower quality. Goods bought few weeks ago but not shipped are also deteriorating. Container and vessel availability is very tight. The arrival of nuts into India and Vietnam is going to be late and spread

over a longer period than normal. Shipments made early April are just arriving in India and Vietnam about 3-4 weeks late. First vessel to Brazil is expected to arrive over the weekend, they said.

“In a normal situation, after a 35-40 per cent rise in prices, one would expect a correction or softening of prices. But this has not been happening because (1) the rise has been gradual spread over 12 months (2) it is based on real shortage in supply leading to higher RCN prices (3) increase in processing costs,” Mr Pankaj N. Sampat, a major dealer told *Business Line*.

There have been periodic dips, but each dip has been followed by a spike which has taken the price to a newer high, he said, adding, “The big question is — when will this trend break?”

At the moment, there is nothing on the horizon to warrant a large, sustained decline in prices, he claimed. Supply-demand balance will not be restored until there are at least two good crops. Meantime, the month-to-month tightness will continue as RCN arrivals are slow and unlikely to speed up as things are not improving in Africa, he pointed out.

Although people expect lower off take in the US and EU due to higher prices, a large decline in off take may not happen till end 2011/early 2012 because the old price deliveries will continue for a few months. Asian markets which had good off take despite the high prices at the end of 2010, may not have much difficulty in accepting the price increase of the last 3 months.

Indian, West Asian demand

The third quarter of the year will see good demand from India and West Asia due to the festivals. Also, “we can expect continuation of the pattern of periodic buying by the traditional markets as most buyers do not have forward cover and will need to buy at regular intervals. Since there is unlikely to be any buildup of RCN inventory with shellers, they will not be under pressure to reduce prices and on the contrary, we would not be surprised if prices went up a bit more in the coming weeks,” the trade predicted.

The end of third quarter and the beginning of last quarter, will be an interesting period. By that time, “we will get a good idea of impact of current price levels on retailers and roasters/re-packers strategies for 2012 + spot off take in Asia and a fair idea of Southern Hemisphere

crops. Then, we will know if the trend will change and prices drift to end 2010 levels or whether they will remain around current levels for some more time.”

As reported earlier, the last 9-12 months have been exceptionally difficult for everyone in the cashew business. It seems that the next 6 months will be no different, with so many uncertainties and variables. It will take quite some time for things to come back to normal, until then, everyone will have to be alert to adapt to any development, fundamental or external, Mr Pankaj said.

Darjeeling tea planters relieved at prospect of peace in the hills



The garden or forest, with its cycle of growth and evolution, is a more appropriate source for understanding life in organisations.

‘Political settlement is the basic prerequisite for peace, development and growth in the Darjeeling hills. The earlier the settlement is reached, the better.’

Kolkata, June 8:

The Darjeeling tea planters are relieved at the prospect of an early return to normalcy in the Darjeeling hills. Tuesday's announcement by the Chief Minister, Ms Mamata Banerjee, suggests that the long-drawn conflicts in the Darjeeling hills will be resolved soon as a political settlement is on the anvil.

“Political settlement is the basic prerequisite for peace, development and growth in the Darjeeling hills,” a planter told *Business Line*, adding, “the earlier the settlement is reached the better.”

Since both Gorkha Janmukti Morcha and the State government agreed to ensure peace in the hills, he hoped that the development work, long neglected, would now receive a boost. The work on setting up of an agri-export zone and other projects would be expedited. There are 87 big tea gardens in the Darjeeling hills producing nearly nine million kg of tea annually.

The tea planters, among others, would like to see the proposed body with full administrative, financial and executive powers is formed without delay to start work early in the interests of the hills people.

Apprehension

They are, however, apprehensive of the talk of probable change in land lease status. They seem to favour status quo on the matter. “The change in the present status might create uncertainty,” one planter said.

Small estate owners, however, have a different view. “The present embargo on land acquisition must go so that we can expand our area of operation,” said a spokesman for small tea growers.

“The State government and the Tea Board, which is a central government body, should take steps to promote production of tea by small growers,” he said. There are about 1,000 small tea growers in Darjeeling hills producing a total of five to six lakh kg of green leaf tea, mostly of organic variety.

PTI adds from Jalpaiguri: Hundreds of Gorkha Janmukti supporters today greeted party general secretary Mr Roshan Giri and two other leaders when they arrived here from Kolkata, hailing yesterday's agreement ending the 15-year-old Darjeeling problem.

Raising slogans in support of the 'positive' agreement, the supporters draped 'khada' (uttariya) around Mr Giri and the two other leaders Mr Harkabahadur Chettri and Mr Sankar Adhikari when they got down from train at the New Jalpaiguri railway station in the morning.

Mr Chettri, the GJM spokesman, expressed satisfaction at the agreement and said the hills would now witness all-round development, particularly in health, education and water supply.

Mr Chettri said the Gorkhaland demand would be discussed in the tripartite meeting to be called soon. He said the decision to set up two committees — one to look into the territorial composition of the new hill council and the other on tea garden areas — was a welcome development.

Rubber weakens as buyers abstain



Kottayam, June 8:

Physical rubber prices ruled weak on Wednesday. There were no fresh incentives specific to the commodity from the domestic or international scene to keep the prices firm.

A positive change in weather during the past 48 hours in the absence of rains has prompted the buyers to stay back though it was only a temporary phenomenon during the season. The trend was mixed.

According to dealers, sheet rubber moved down to Rs 225 (226) a kg on buyer resistance. The grade dropped to Rs 225.50 (226.50) a kg both at Kottayam and Kochi, as reported by the Rubber Board.

The June series weakened to Rs 224.43 (225.07), July to Rs 228.50 (229.17), August to Rs 229.79 (230.27), September to Rs 228.75 (229.13) and November to Rs 228.00 (229.00) a kg on National Multi Commodity Exchange.

RSS 3 (spot) slipped further to Rs 234.48 (234.64) a kg at Bangkok. The grade weakened at its June futures to ¥ 419.2 (Rs. 234.90) from ¥ 422.0 a kg during the day session but then remained inactive during the night session on Tokyo Commodity Exchange.

Spot rubber rates (Rs/kg) were: RSS-4: 225 (226), RSS-5: 223 (224), Ungraded: 220 (221), ISNR 20: 219 (219), and latex 60 per cent: 143 (143).

Genetic diversification research in pearl millet pays off



Hyderabad, June 8:

The near doubling of productivity of pearl millet promises to make an impact on the food and nutritional security needs of the rural poor. The growth has come through years of strategic research on genetic diversification by the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) and the Indian Council of Agricultural Research (ICAR)

The joint work has boosted pearl millet yield in three phases of hybrid development. From an average of 620 kg/hectare in 1990-1993, pearl millet yield went up to 714 kg/ hectare in 1994-1997 and increased further to 917 kg/hectare in 2006-2009, for a 47.9 per cent improved yield.

“This was achieved with much lesser investment in research and development (R&D) compared to other crops and given the greater environmental challenges in pearl millet production,” said Dr O.P. Yadav, Project Coordinator of the All India Coordinated Pearl Millet Improvement Project of ICAR.

Genetically diverse hybrids are currently grown in over 60 per cent of approximately 10 million hectares in India. Total grain production has increased from 3.5 million tonnes in 1965 to 9.5 million tonnes in 2010, owing to the development of high-yielding single cross hybrids and their adoption by Indian farmers.

“The current research strategy at ICRISAT is to develop crop varieties that will overcome the adversities of climate change, and thereby reinforce the food and income security of the poor, particularly in the dryland tropics,” stated the Institute's Director-General, Mr William D Dar in a news release.

In terms of income generation, the 47.9 per cent increase in grain yield translates to an additional income of more than \$395 million/year for Indian farmers based on 9.5 million hectare area and a gate price of Rs 7/kg .

With increased productivity, pearl millet, a nutritious cereal, has also been significantly contributing to the food and nutritional security of 15 million households in India. Research on the diversification of the genetic base of seed parents of hybrids by ICRISAT and ICAR also led to overcoming the recurring problem of downy mildew epidemic in pearl millet hybrids.

Castorseed rises on export, traders' demand



Rajkot, June 8:

Demand from traders and exporters buoyed castorseed futures on Wednesday even as arrivals remained high. June contract on the Rajkot Commodity Exchange increased by Rs 11 to Rs 4,354 and September contract went up by Rs 17 to Rs 4,526 a quintal. However in the spot market, castorseed declined to Rs 4,340 from Rs 4,390 a quintal because of higher arrivals.

On the National Commodity and Derivatives Exchange, castor for June delivery increased by Rs 13 to Rs 4,615 a quintal with an open interest of 7,560 lots. July contract gained Rs 23.50 to Rs 4,630 with an open interest of 7,160 lots.

Castorseed June contracts on Ahmedabad Commodity Exchange rose to Rs 4,610 from Rs 4,600 with an open interest of 203 lots, and July contract traded at Rs 4,630 a quintal with an open interest of 48 lots. Spot castorseed dropped by Rs 2 to Rs 4,475.50.

In Gujarat, 75,000-80,000 bags arrived and fetched Rs 860-890 for a maund 20 kg. In Saurashtra, 35,000-40,000 bags arrived that sold at Rs 840-875 a maund.

World food prices to remain high, says FAO



In terms of per capita availability, India has only 176.3 kg of foodgrains a year against the world average of 358.4 kg a year.

Mumbai, June 7:

Confirming many policymakers' worst fears, the Food and Agriculture Organisation today forecast that world food prices are set to stay at elevated levels for the rest of the current year and into 2012, despite prospects of a rebound in crop production from the adverse effects of bad weather in 2010.

Suggesting that crops are expected to barely meet consumption, the latest Food Outlook – a biannual report of FAO – cites a sharp rundown on inventories and only a modest overall production increase for the majority of crops as reasons for continuing strong prices.

The FAO Food Price Index averaged 232 points in May from a revised estimate of 235 points in April, but was still 37 per cent above May 2010.

The northern hemisphere has already entered the period of crop planting and therefore, the next few months will be critical for crop progress. Weather will be the major driver of food markets until harvest time in September.

Stubbornly high food prices are posing a threat to many low-income food deficit countries, the report pointed out.

Current prospects for cereals in 2011 point to a record harvest of 2,315 million tonnes, an increase of 3.5 per cent over 2010, which marked a one per cent drop over 2009. While world wheat output is set to expand by 3.2 per cent mainly because of return to improved yields in Russian Federation, coarse grains are set to climb 3.9 per cent. Rice production may rise by an expected 2 per cent to 463.8 million tonnes.

Meat prices are hitting record highs following tighter availability. World meat production will rise by a mere one per cent to 294 million tonnes in 2011, constrained as it is by high feed prices, disease outbreaks and depleted animal inventories.

FAO report said the futures market in agricultural commodities is under scrutiny. Even if not justified by market fundamentals, flow of speculative capital into commodity derivatives market is believed to drive up prices.

Coonor tea turnover falls by 1.87%



Coonor, June 8:

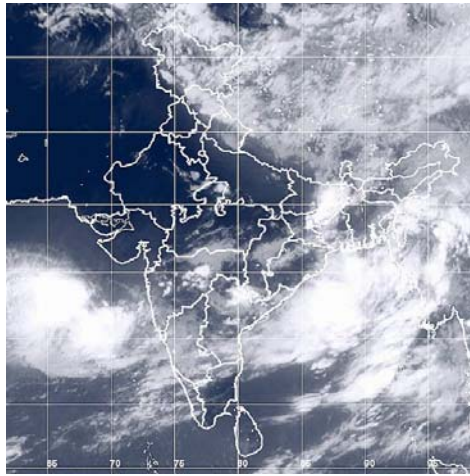
The turnover at the auctions of Coonor Tea Trade Association has fallen by 1.87 per cent in the first five months of current calendar over the same period of last year, reveals an analysis of market reports.

This has happened despite teas fetching higher prices because less volume was sold. The demand was inadequate to absorb the teas at higher prices. When the asking price was more, only lower volume could be sold.

In all, 21 auctions had been conducted between January and May. The average price increased to Rs 67.98 a kg from Rs 65.24 last year. But, this pulled down the volume sold to 1.78 crore kg from 1.89 crore kg in 2010. Consequently, the turnover dropped to Rs 121 crore from Rs 123.30 crore.

This decline of Rs 2.30 crore marked a fall of 1.87 per cent. This decline is the least compared to all other months of this year so far. In January-end, turnover was 2.33 per cent less than January 2010.

'Low' over Bay, may signal next monsoon phase



Thiruvananthapuram, June 8:

On a day of fast-paced developments, the low-pressure area over east-central Arabian Sea became “well-marked” in the first round of intensification.

India Meteorological Department (IMD) expected it to further intensify into a monsoon depression over the next two days.

Significantly, the strong flows have opened up a window on the Bay of Bengal side as well with a counterpart “low” being thrown up straddling the northwest of the basin as also adjoining land in coastal Orissa and West Bengal.

The monsoon has since advanced over more parts of Bay of Bengal and the Northeastern States, the IMD update said.

The northern limit passed through Dahanu, Nasik, Gulbarga, Rentachintala, Narsapur, Agartala, Shillong and Itanagar.

Conditions are favourable for its further advance over remaining parts of Bay and the Northeastern States and parts of Orissa, West Bengal and Sikkim during through the rest of the week.

Satellite pictures on Wednesday afternoon showed convective clouds standing tall over parts of coastal Orissa, Telangana, east-central and adjoining west-central Arabian Sea, Bay of Bengal and the Andaman Sea.

The Bay 'low' would have a crucial bearing in bringing monsoon flows into east and central India during the course of the week and early into the next.

In fact, the churn in the peninsular seas is a precursor to an emerging strong monsoon phase likely being underwritten by an eastward-bound weather-friendly Madden-Julian Oscillation (MJO) wave.

The MJO wave travels in the upper levels of the atmosphere and weighs down on ground weather by triggering build-up of convective clouds and precipitation. It has been known to set up monsoon onsets and initiate storm-building.

The European Centre for Medium-Range Weather Forecasts (ECMWF) sees a westerly trough passing through northwest India and appropriating both the 'low's to itself.

Interaction of the three weather systems could tick off a productive monsoon session over northern peninsula, central and east India, the ECMWF said.

AP promulgates Ordinance to protect tenant farmers



Hyderabad, June 8:

The Andhra Pradesh Government on Wednesday promulgated an ordinance that seeks to protect the interest of tenant farmers.

The Governor, Mr E.S.L. Narasimhan, gave his assent to the ordinance that extends the benefits of owners of land to even tenant farmers, with regards to crop loans, insurance, input subsidy among other benefits.

The Andhra Pradesh Land Licensed Cultivators Ordinance 2011 has been promulgated as the Bill that sought to be passed bringing certain changes to the existing provisions during the Budget session could not be passed as the session was constantly disturbed due to protests. With the south-west monsoon setting in the State and farmers readying themselves for the kharif crop season, the ordinance was sent to the Governor for his assent after earlier securing the Chief Minister, Mr N. Kiran Kumar Reddy's nod. The ordinance was drafted after wide range of consultations with various stakeholders – farmers, bankers, insurance firms among others.

According to Government sources, the ordinance will come into fore with immediate effect and all the tenant farmers in the State would be able to claim various benefits that the State extends

to the farm community. Hitherto only land owners were eligible for various benefits, including crop loans and insurance as the land also served as collateral to loans extended in some cases.

In addition to various other benefits, the tenant farmers would have access to the State Government's pet scheme 'Pavala Vaddi,' which provides loans at low interest rates. The Government also plans to issue special identity cards to the farmers and this would enable them to seek fresh loans and also secure other benefits from the State.

eFresh portal launches crop ambulance service for farmers



Business Line Rythu Ratham: Code named - 208 Service, an ambulance for the farmers to incorporate best farm practices, was launched by e-FRESH in Hyderabad on Wednesday. —

Photo: P.V. Sivakumar

Hyderabad, June 8:

Who said emergency phone numbers are only for patients and their kin? Farmers also need it to attend to health problems of their crops.

Here comes an emergency number for them – 208, on the lines of 108 that is gaining currency in the country.

“Farmers can call 1800 2666 208 to schedule a visit of ‘Rythu Ratham’ (which looks like a 108 ambulance). It is a one-stop-shop information source for all farming needs that includes information on fertilisers, crop diseases and government schemes,” Mr Srihari Kotela, Managing Director of eFresh Portal (Private Limited), said.

Good practices

At the launch of 208, he said the ‘Rathams’ would encourage good agricultural production practices in order to get additional incomes for farmers.

The company tied up with Acharya N G Ranga Agricultural University, University of North Bengal and Food Safety and Knowledge Network for the initiative.

Agri-related issues

He also announced the launch of eFresh portal providing information on a variety of issues related to farming, policy and commodity markets.

“The portal will create awareness to farmers on market conditions, helping them in price discovery,” Mr R Ramachandran, Chairman and Managing Director of Andhra Bank, said.

More ambulances

The company is planning to have a fleet of four 208s by the end of the financial year.

Mr Srihari said though India ranked very high in production of several agricultural commodities, its visibility globally was very poor.

Commercial banks to double farm sector credit in Maharashtra

State govt steps up pressure in the face of MSC Bank woes

Mumbai, June 8:

Financial woes of the Maharashtra State Cooperative (MSC) Bank have prompted the State Government to ask commercial banks, especially from the public sector, to step up credit to the agriculture sector in the State in FY 2012.

As financial health of entities in the three-tiered rural cooperative credit structure is not up to the mark, commercial banks will double the amount they disburse as agriculture credit in the State, which means they will disburse Rs 10,000 crore in FY 2012 (Rs 5,000 crore in FY 2011).

Co-op banks' role

The cooperative sector, including MSC Bank, District Central Cooperative (DCC) Banks, and Primary Agricultural Cooperative Societies (PACS), will disburse Rs 12,000 crore (Rs 8,000 crore in FY2011), said Mr Anup Sankar Bhattacharya, Chairman and Managing Director, Bank of Maharashtra.

BoM is the convenor of the State Level Bankers Committee in Maharashtra. State Cooperative Bank, DCC Banks, and PACS are the three-tiers of the rural cooperative credit structure.

Unlike in the rest of the country, where nationalised banks dominate agriculture credit, cooperative banks account for a chunk of agriculture credit in Maharashtra. However, because of the weak financial position of the apex bank (MSC Bank) in the State and a host of DCC Banks, the credit disbursed by these banks is expected to come down.

Commercial bank advances

Incrementally, commercial banks will increase their advances to the agriculture sector in Maharashtra, said Mr M.D. Mallya, Chairman, Indian Banks' Association, and Chairman & Managing Director, Bank of Baroda.

A special meeting of the State Level Bankers Committee was convened to ensure adequate agriculture credit during the kharif season, said the Chief Minister, Mr Prithviraj Chavan.

Mainline banks should to disburse agriculture credit through a network of Primary Agriculture Credit Society (PACS) and Business Correspondents, he added

Maharashtra's Minister for Cooperation, Mr Harshavardhan Patil, said the State government wants nationalised banks to give more agriculture credit. In those areas where the DCC Banks have been served 'Chapter 11' notices (as they have negative networth) their credit disbursal targets should be reduced and the targets of nationalised banks should be increased.

MSC Bank's 44 member jumbo board was superseded by the State government last month on the RBI's directive. The 100-year-old bank has been placed under administration. The action has been taken as the National Bank for Agriculture and Rural Development (Nabard), in its annual inspection, found deficiencies in the bank's key financial parameters.

As of March-end 2011, the bank had a negative networth of Rs 144 crore, high level of bad assets (net non-performing assets of 7.5 per cent), high exposure to sugar cooperatives (42 per cent of total loans), and unsatisfactory capital adequacy ratio (the number was not disclosed by the bank).

Refinance plea

Meanwhile, Mr P.R. Karnad, In-Charge Managing Director, MSC Bank, said the bank has moved Nabard for refinance amounting to about Rs 5,000 crore. The apex State cooperative bank had received Rs 2,180 crore as refinance in FY2011.

According to Mr Karnad, MSC Bank has already given refinance amounting to Rs 450 crore from its own funds to a few DCC Banks at 8 per cent interest. If Nabard extends refinance then MSC Bank could give refinance to DCC Banks at 6 per cent.
