

# THE HINDU

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Published: March 28, 2011 02:14 IST | Updated: March 28, 2011 02:14 IST MUMBAI, March 28, 2011

## Fiscal consolidation will help address inflationary pressures: Pranab



PTI From left, SBI Chairman OP Bhatt, ASSOCHAM Vice President Rajkumar Dhoot, Finance Minister Pranab Mukherjee, ASSOCHAM President Dilip Modi and Swati Piramal, ASSOCHAM Former President and Director of Piramal Healthcare showing ASSOCHAM's new logo during an Interactive session in Mumbai on Sunday. Photo: PTI

Thrust needed on improving supply response of agriculture to match domestic demand

Union Finance Minister Pranab Mukherjee said on Sunday that improving the supply response of agriculture to match the expanding domestic demand, together with fiscal consolidation, would help to address inflationary pressures in the medium-term.

“The first objective is to bring about a stronger fiscal consolidation to enlarge the resource space for private enterprise,” said Mr. Mukherjee while discussing the five principal objectives of his budget proposals for 2011-12 in an interactive session with The Associated Chambers of Commerce and Industry (ASSOCHAM) here.

He emphasised his intention to take forward the process of reforms in the financial sector through a significant legislative agenda, address issues in infrastructure finance, liberalise

Foreign Institutional Investor (FII) participation in corporate bond markets and in mutual funds and renew the focus on the manufacturing sector prospects in the medium to long term.

As his fourth agenda, the Minister said that he would continue the thrust on an inclusive development process. Fifth, Mr. Mukherjee said, his focus was to undertake reforms for simplifying and placing the administrative procedures concerning taxation, trade and tariffs and subsidies (social transfers) on an electronic interface, and free it from bureaucratic delays.

“The GDP growth in 2010-11 has been swift and broad-based. The economy is back to its pre-crisis growth trajectory. Our tax revenues have grown at an exceptional rate and there has been a strong rebound in our exports. As a result, the Current Account Deficit is much less than what was earlier expected. All this gave me the confidence to effect a sharper fiscal consolidation,” he said.

He said the initiative on agriculture, which he had announced in the budget for 2010-11, started showing results, “but there are other issues in our food economy that require attention.” For 2011-12, “I have announced five new initiatives namely on edible [palm] oils, vegetable clusters, protein supplements, nutri-cereals and fodder, which, along with the initiative on pulses and extending the green revolution in the eastern region, should help in strengthening the supply response of the sector to growing demand..”

Published: March 27, 2011 18:15 IST | Updated: March 27, 2011 18:15 IST KATTAPPANA,  
March 27, 2011

### **Cardamom growers are concerned over decline in prices**

Cardamom growers are concerned over decline in the prices during the lean production period after the main season. The prices, which have been free from much fluctuation over a period of three years, declined after ruling at a high level, though the overall production has not been increased, but remained at same level as that of the previous season.

The average prices per kilogram of cardamom at the auction centres were remaining slight below Rs 1,000 which had remained Rs 1,600 before the slump for a period of over a month. The main reason is attributed as the overstock of the producers and businessmen on the

expectation of reaching the prices to Rs 2,000 level and the jump in the arrival of cardamom when the prices started a minor decline at the auction centres.

During the lean season, instead of a declining trend in the arrival of cardamom, it showed an increasing trend, said an official at the auction centre.

One of the main reasons for the decline in the prices is the sudden fall in the export ending the last production season as compared to the previous season. The export fell from 1,500 tonne in the previous financial year to a mere 500 tonne in the current financial year.

The main market of the Indian cardamom is the Gulf countries and Guatemala, the main exporter of cardamom, retained its marketing which was affected due to a sudden fall in the production and internal disturbances in that country.

Though the export of the Indian cardamom is only a ten percent of the total production, the internal market had been a major boost for the prices. "The decline in export cannot be termed a reason for the decline in the prices, but the high level of market arrival during the off-season is the main reason for the fall in prices," said Cardamom Growers Association executive secretary K.K.Devasia. He said that internal demand for value-added products has been on a steady growth and there is no reason for fall in the price to the bottom level, though minor fluctuations are expected.

After the introduction of e-auction, there has been a transparency avoiding the chances of traders forming a cartel to reduce the prices.

He said that the increase on the supply side especially during the lean season might have resulted in the prices falling and it is only a temporary phenomenon, though the prices cannot be expected to hit the roof as Guatemala has been on retaining the exporting market.

## Weather

Chennai - INDIA

### Today's Weather



Clear

**Monday, Mar 28**

Max Min

34.4° | 25.7°

Rain: 00 mm in 24hrs

Humidity: 79%

Wind: Normal

Sunrise: 6:09

Sunset: 18:20

Barometer: 1008.0

### Tomorrow's Forecast



Cloudy

**Tuesday, Mar 29**

Max Min

35° | 24°

### Extended Forecast for a week

Wednesday

**Mar 30**



32° | 24°

Partly Cloudy

Thursday

**Mar 31**



32° | 23°

Partly Cloudy

Friday

**Apr 1**



33° | 23°

Cloudy

Saturday

**Apr 2**



33° | 23°

Cloudy

Sunday

**Apr 3**



32° | 24°

Rainy

*By PTI*

*28 Mar 2011 10:35:15 AM IST*

### **Mango production may up only marginally**



MUMBAI: Mango production in India is likely to be marginally higher -- by about seven per cent - - at 16,122.8 lakh tonnes this year due to lingering cool weather, a senior government official has said.

"We expect the total mango production to go up by seven per cent at 16,122.8 lakh tonnes, compared to the last year.

But it is too early to predict the actual production," National Horticulture Board (NHB) Managing Director Bijay Kumar told PTI.

The flowering is good this year. However, with the long winter season causing lingering cool temperature and hailstorms are likely to affect the fruiting, bringing the production down almost to last year's level, he said.

The total mango production during 2010 stood at 15,026.7 lakh tonnes, according to the data given by NHB.

## Farmers to get loan at 1% from next year: Chouhan

March 28, 2011 11:12:44 AM

**Staff Reporter | Bhopal**

The Chief Minister Shivraj Singh Chouhan has said that Madhya Pradesh Government is committed to working in the interest of farmers. The farmers will be provided agriculture loan at the rate of one per cent from next year. A sum of `1,300 crore is being distributed among frost-affected farmers. He was speaking during district level Antodaya Mela held at Shahdol on Saturday. On this occasion, the Chief Minister distributed cheques of `72.87crore among 58,763 beneficiaries under various schemes.

Chouhan said that the State Government is very sensitive towards vulnerable sections of the society. Many schemes have been launched for their upliftment. He appealed the beneficiaries to avail themselves of benefits of Government schemes. He said that there would be no paucity of funds for the development of Shahdol division. He informed that a steel development centre is being planned to open at Shahdol.

The Chief Minister also dedicated a trauma unit constructed to the tune of `1.5 crore at Shahdol district hospital. He also announced an amount of `60, 000 for the treatment of baby Khushbu Raidas. Urban Administration and Development Minister Babulal Gaur, Minister of State for Panchayat and Rural Development and District in-charge Minister Dev Singh Saiyam and Minister of State for Revenue Jaisingh Marawi also addressed the Mela. On this occasion, beneficiaries and public representatives were present.

The loans were distributed among the beneficiaries under Indira Awas Yojna, Kapialdhara Yojna, Bhumi Shilp Yojna, Nandan Floriculture Yojna, Swarn Jayanti Gram Swarojgar Yojna, schemes for Scheduled Castes and agriculture department schemes. At this event, the Chief Minister also distributed the NSC certificates of `2.5 crore among 328 girls under Ladli Laxmi Yojna.

**'Govt committed to farmers' welfare'**

March 28, 2011 11:12:47 AM

**Pioneer News Service | Gwalior**

The State Government has implemented a number of schemes to make agriculture a profitable venture. The State Government is committed for the well being of farmers.

This was stated by the Finance Minister and Minister in-charge Raghavji at the time of inauguration of a three-day State-level agriculture science fair at the agriculture college on Saturday. The programme was presided over by Farmer Welfare and Agriculture Minister Ramkrishna Kusmaria.

Raghavji said that Pt Deendayal Upadhyaya had stated that it is very necessary to give work to every hand and water to every farm.

Kusmaria said that efforts are being made to make the farmers skilled in agriculture techniques through this fair. He also laid emphasis on following the traditional agriculture schemes.

Vice-Chancellor of the Agriculture University Prof NS Tomar said that the agriculture university is proving worthy of the intention with which it was established.

On this occasion, vice-president of State Cow and Cattle Breeding Board Padam Bariya, MLA

Madan Kushwah, Bharat Singh and district BJP president Ved Prakash Sharma expressed their views.

Collector Akash Tripathi, Joint Director Agriculture MR Jatav, Deputy Director RK Dixit and YM Kool were also present on the occasion. The guests provided tractors to 10 cooperative societies. The students of agriculture college submitted a memorandum to the Agriculture Minister, demanding priority in the opportunity of employment and new prospects.

### **Unpaid dues by sugar mills worry farmers**

March 28, 2011 11:00:27 AM

#### **Rajendra S Markuna | Haldwani**

The cane crushing season is over but delay in payment of dues of farmers by the sugar mills seem to have come as a cause of concern for them.

Since the current financial year is about to end, pressure from different local cane cooperative societies for loan recovery have only added to the woes of the district's cane farmers.

Payment of `183.72 lakh is yet to be made to the cane farmers by three sugar mills including Kichha sugar mill, Baazpur sugar mill and Sitarganj sugar mill, Umed Singh Nagdali, secretary, cane cooperative society, Haldwani said.

He further informed that the Baazpur sugar mill has still to make a payment of `112.63 lakh to the farmers out of a total `688.08 lakh.

Similarly, the Kichha sugar mill has to pay `65.80 lakh to the farmers, out of a total `1,369.59 lakh, Nagdali further said.

Meanwhile, the farmers' dues with the Sitarganj sugar mill are estimated to be around `5.29 lakh



out of a total `41.70 lakh.

As per cane farming laws, the dues must be cleared within a fortnight after the cane crushing season is over.

Whereas, the Sitarganj sugar mill finished its cane crushing works on February 21, the Baazpur Sugar mill closed its cane crushing on February 28.

The Kichha sugar mill stopped cane crushing on March 14. As per payment norms, all sugar mills should already have cleared dues much earlier within a fortnight after stopping cane crushing. But, they have not done so, Nagdali said, adding that the three sugar mills are also supposed to pay `21.073 lakh ie `17.004 lakh for the year 2010-2011 and `4.069 lakh for the year 2009-2010 as commission to the cane cooperative in Haldwani.

The Kichha sugar mill is still to pay `9.726 lakh, out of `20.972 lakh, the Baazpur sugar mill has to pay `7.142 lakh out of `10.522 lakh. The Sitarganj sugar mill has to pay `136 lakh out of `635 lakh, Nagdali said.

### **MP may lose Tiger State tag in fresh wildlife census**

March 28, 2011 11:12:41 AM

#### **Staff Reporter | Bhopal**

On Monday, India will know how many tigers it really has when the latest tiger census is released. Unlike few other States, which have the population of these striped felines, the census results are more than the routine wild animals' counting for Madhya Pradesh, as its Tiger State tag is on the stake.

According to the initial plan, the census report was to be released by July. But the National Tiger Conservation Authority (NTCA) and Ministry of Environment and Forests wanted the report to

be ready by the end of May. The report is finally being released in March.

Madhya Pradesh has remained a State having maximum numbers of striped felines till the last nationwide census by Project Tiger, which was started in 1973 to save the dwindling populations of tigers. The 'Tiger State' had total 710 striped felines in the year 2002, which showed a steep decline in the subsequent census conducted in the year 2006, when the tiger tally slumped to 300.

During the last nationwide wild animals' count, the State had a slender margin over its nearest rival, Karnataka. The proposed use of cameras in the census is also likely to produce accurate figures this time round.

During the last survey in 2006, there were around 300 tigers across the State and Karnataka had followed closely with 290. However, the wipe out of big cat community from Panna and several tiger deaths in other parks of the State have put serious question marks on the Tiger State tag of Madhya Pradesh, said a senior forest official from the State.

As far as tiger mortalities in Madhya Pradesh for 2010 are concerned, the Tiger State lost as many as 15 tigers including four cubs. The tiger mortality count consists of four cases of seizures of body parts of big cats. The figure was almost similar to the same witnessed in 2009, as unofficial figures had put the tiger mortalities at 16 in that year.

28 Mar, 2011, 06.14AM IST, PK Krishnakumar,ET Bureau

## Higher global coffee prices push exports

Global coffee prices have been shooting up on supply concerns. This seems to have benefitted Indian coffee exports, which are heading for a record show in the current fiscal. However, exporters warn that the situation is not exactly rosy for the next year with a forecast of production drop and price correction.

## Unseasonal rains bring down this year's production

Coffee production in the country is up by 3.2% to 2,99,000 tonne according to Coffee Board figures. The arabica crop was initially estimated to touch 95,000 tonne. But the final figure is expected to be slightly lower with early blossom showers and unseasonal rains in November and December affecting the crop in the main growing regions of Karnataka and Kerala. The estimate for the robusta crop is 2,04,000 tonne. The final estimate is yet to be known as the harvest isn't over.

## Indian coffee prices up 20% year on year

The international market is witnessing a shortage with a decline in supplies from Brazil, one of the leading coffee growers, due to adverse weather. The Colombian crop is also down. Indian coffee prices have shown a 20% rise over the previous year. Arabica is selling in the range of 4,600-4,750 per 50 kg, while robusta cherry is selling in the range of 2,425-2,525 per 50 kg. Prices have been steadily climbing up since the middle of 2010. International arabica prices topped 320 US cents per pound before falling to the current level of 293 cents per pound. Robusta prices are also firming up on low supply and higher consumption. Robusta prices have

touched 126 cents per pound, up from 117 cents per pound.

Exports get a push from value-addition

Around 80% of the coffee produced in the country is being shipped. Exports have crossed 3 lakh tonne and are all set to touch a new peak in 2010-11 . Shipments were at 1,95,068 tonne in the previous year. Higher import of coffee beans resulted in further export of value-added coffee during the year. As a result of surging prices, export realisation is also better this year. While exports were worth 2,061 crore last year, they are closer to 3,500 crore in 2010-11 .

Holding back of stock pushing up prices

The prospects for Indian coffee 2011-12 may not be as bright as it was this year. A lower production has been forecast while price rise beyond a point could also affect exports adversely. Prices are expected to remain bullish in the near term as there is a production deficit in the global market. Growers are holding back the stock which is raising the prices.

28 Mar, 2011, 06.12AM IST, Nidhi Nath Srinivas,ET Bureau

**Betting on sugar? cover your ears**

NEW DELHI: The one thing you don't want to be these days is a sugar factory owner . It isn't a business for the fainthearted . Almost right through the on-going 2010-11 season, sugar has been sold at below cost of production . The current wholesale price of 27 per kilo doesn't cover the cost of raw material sugarcane, transportation and processing. But there is little likelihood of prices rising. When 22 million tonne is needed and 25 million tonne is produced, how can they?

The Empowered Gro UP of Ministers last week allowed 5 lakh tonne, or 2% of this year's production , to be exported to let mills receive better price overseas. But no official permission has come yet. Will it, won't it, and for how much quantity - these questions are again giving mills

sleepless nights. However, exports alter little as they are already priced in.

The thought of next season that starts October 1, barely six months away, is more hair-raising . The government has increased the minimum price for cane as planting starts across the country. Logically, now three things can happen. One, farmers could be so delighted by profit from cane in 2010-11 and the new support price that they plant more acres.

That means India would produce more cane and therefore more sugar in 2011-12 . That's in line with rest of the world. Global production is likely to rise 5%. It would be a nightmare. Gur kolhus tend to pay poorly at such times. Mills would become each farmer's preferred customer. They would have to buy a bumper crop at bumper prices. Every kilo of sugar would be more expensive and need more working capital.

State governments make UP and Tamil Nadu mills pay more for cane than rest of India. Would the retail market recompense? Not when supply is abundant. Pressure to pay farmers and repay banks would quicken sales. Exports would remain closed unless there is extreme political pressure. That means a second successive year of bleeding balance sheets. Now suppose farmers are unimpressed by returns on cane in the last season and refuse to plant an extra acre.

When farmers are disenchanted with a crop, they don't invest too many inputs into it to keep costs low. If cane suffers neglect , it contains less juice. Mills would have to pay more for cane of poorer quality because it is sold by weight, not the juice it contains. They would have to process more cane for the same quantity of sugar . India's total sugar production may dip. But with plenty left over from this season, wholesale prices would remain capped. In short, break-even would still be tough.

The third scenario is if some cane farms plant top money-spinner cotton that gave 250% returns. This can happen only in parts of Maharashtra , Andhra Pradesh and Karnataka.

Western UP doesn't grow cotton. So a dramatic drop is unlikely in either cane or sugar. All in all, the forthcoming season bodes ill. Raw material costs would be pushed up by larger quantities of steeply priced cane.

Sugar prices would remain depressed or at best 'range-bound' in analyst-speak as India remains cut off from the world market. Bigger harvest also means more bagasse, sold to paper industry, and molasses, sold to alcohol makers. So by-product prices are unlikely to pick up the slack. Several sugar companies have already hived off the business of selling electricity generated from boilers burning bagasse to state grids into separate entities.

That allows the power generation business to make its own pitch before bankers and investors. But it leaves sugar worse off. So what does it mean for you and me? As consumers, we can only rejoice. Sugar is an important source of energy in our daily diet and needs to remain affordable. Affordable sugar is equally good news for corporate consumers that use it as ingredient in soft drinks, ice creams, biscuits, mithai, a host of processed foods and medicines.

Ditto for traders whose business has been muzzled for last two years by stock control limits. They can hope for a gradual easing of restrictions. In 2010, raw sugar was the worst performer globally amongst 53 major agricultural and energy commodities and metals. If you are invested in an Indian sugar company or still betting on a local bull run, better pray for a bad monsoon. Or a mistake in government crop estimates. Or free trade. It's the only way profits can catch fire.

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## Nearly 31% of volume withdrawn at Coonoor tea auction



Business Line

Coonoor, March 27:

As much as 31 per cent of the 11.26 lakh kg on offer was withdrawn for want of buyers even after shedding Rs 3 a kg. Teas worth Rs 2.52 crore remained unsold.

“Generally, very less demand prevailed for orthodox leaf market which lost Rs 2-5 a kg. High-priced CTC leaf lost Rs 2-5, mediums Rs 2-3 and plainers suffered withdrawal even after shedding Rs 3. Primary orthodox dusts lost Rs 1-3 and CTC dusts Rs 2-5”, an auctioneer said.

Export purchases continued to be weak. Pakistan bought very selectively for Rs 54-69 a kg and the CIS, Rs 57-76.

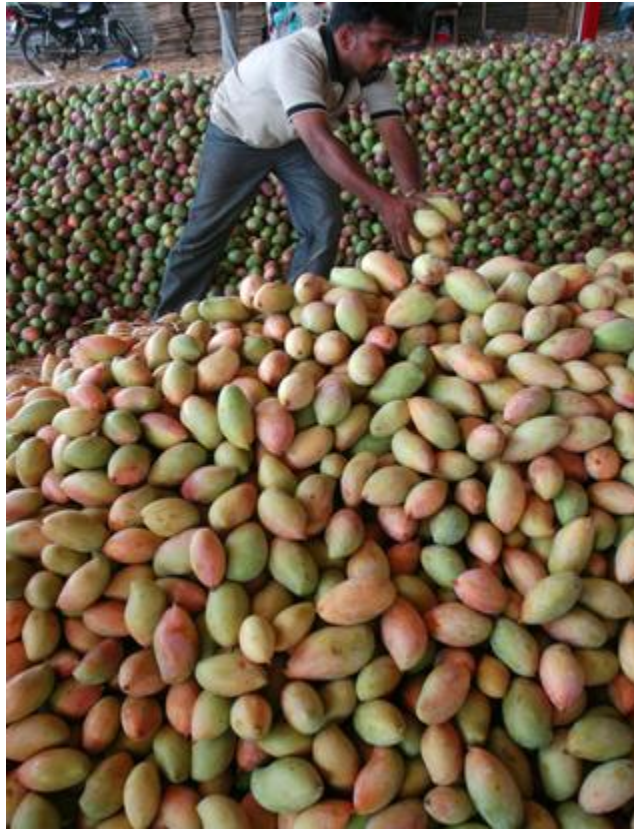
Quotations held by brokers indicated bids ranging Rs 48-54 a kg for plain leaf grades and Rs 85-126 for brighter liquoring sorts. They ranged Rs 50-55 for plain dusts and Rs 85-132 for brighter liquoring dusts.

Vigneshwar speciality teas, holding the record for South India's all-time highest price for CTC bought-leaf teas, continued to top Coonoor Tea Trade Association auctions with its four grades leading CTC market at Sale No: 12.

In all, 80 marks fetched Rs 100 and more.

Among orthodox teas from corporate sector, Chamraj and Curzon got Rs 175 each, Havukal Rs 169, Kairbetta Rs 168 and Tiger Hill clonal Rs 161 In all, 29 marks got Rs 100 and mor

**Mango production may rise only marginally this year**



Mangoes ready for sales at the market. File Photo: K. Murali Kumar.

Mango production in India is likely to be only marginally higher - by about seven per cent - at 16,122.8 lakh tonnes this year due to lingering cool weather, a senior government official said."We expect the total mango production to go up by seven per cent at 16,122.8 lakh tonnes, compared to the last year. But it is too early to predict the actual production," National Horticulture Board (NHB) Managing Director Mr Bijay Kumar

Mumbai, March 27:



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“We expect the total mango production to go up by seven per cent at 16,122.8 lakh tonnes, compared to the last year. But it is too early to predict the actual production,” National Horticulture Board (NHB) Managing Director Mr Bijay Kumar told PTI.

The flowering is good this year, however, the long winter season causing lingering cool temperature, and hailstorms are likely to affect the fruiting, bringing the production down almost to last year’s level, he said.

The total mango production during 2010 stood at 15,026.7 lakh tonnes, according to data given by NHB. In India, mango is mainly harvested in two seasons, the early season begins from February and lasts till June.

King of mango, Alphonso, falls under the early varieties and this year Alphonso fruiting is on par with the last year.

Earlier it was estimated that the production will be 25 per cent more than last year. Alphonso production stood at 17.7 lakh tonnes in 2010, cultivated over 3.40 lakh hectares, Mr Kumar said.

Alphonso is also the most popular variety abroad and about 40 per cent of the produce is usually exported to the Middle East countries, Europe and the US.

The second season begins in June and goes on till August, when most mango varieties are harvested.

## McLeod Russell sees a firm tea market ahead



PTI ITA Chairman, Mr Aditya Khaitan interacts with the media in Kolkata on Friday.

Kolkata, March 27:

If the present situation is any indication, the tea market is to remain firm till July, with the new season due to start shortly with an average price increase of 15 to 20 per cent over last year, higher for quality tea, according to Mr Aditya Khaitan, Managing Director of McLeod Russell India Ltd, the world's largest tea producing company with an annual production capacity of 100 million kg and. spread across India, Africa and Vietnam.

Talking to *Business Line*, Mr Khaitan gives reasons for his optimism. First, the demand is strong due to various factors such as last year's production shortfall of about 25 mkg and a pipeline shortage of over 60 mkg together with this year's normal consumption growth.

Second, the crop prospects so far this year look better. "There has been required rainfall in February and March both in Assam and Dooars and the demand for new season tea appears to be good," he observes. "Last year, we lost crop in Assam due to excessive rainfall and pest attack and that too in May and June, the months of quality tea."

The global market too, he feels, would remain firm. "Reports of dryness of African crop, which influences the market a great deal, are pouring in and the Sri Lankan crop too is reportedly on the lower side," he says adding, "McLeod Russell will take full advantage of it."

## West Asia crisis

Last year, the company's normal exports of about 25/26 mkg from India suffered by four mkg due to crop loss. Hopefully, this would not happen this year. The turmoil in North African countries, as he points out, did not affect McLeod as exports to these countries are negligible. Libya is a low-quality tea market while Egypt consumes orthodox tea. The world needs an additional 55 to 60 mkg of black tea every year to meet the normal consumption growth.

The dryness in Africa, he concedes, will also impact company's production in Uganda and Rwanda but not as much as Kenya. McLeod does not have property in Kenya. The prospects of Vietnam production too appear to be low due to persistence of cold weather. "But it is too early to predict as the season is about to start." McLeod's overseas capacity is close to 25 mkg.

The company's performance in 2010-11, he estimates, will be good. "We did not acquire any property in 2010-11 and therefore will be able to reduce our debt burden hopefully by about Rs 80 crore or so, Mr Khaitan added.



Kochi, March 27:

If overseas reports are to be believed global pepper supply appears to be facing a squeeze despite harvesting under way in Vietnam, and as a consequence prices in all origins are ruling firm.

Aggressive buying by China from Vietnam, which has narrowed supply from the country, has also aided the market in firming up in recent days.

According to International Pepper Community (IPC), there is a shortfall in global supply this year at a time when there has been good demand in consuming countries.

Consequently, demand has an edge over the supply.

Meanwhile, according to another overseas report some of the pepper growing areas in Vietnam had received unusual rains last week and earlier which is expected to continue for another week, disrupting/delaying harvesting in the region. Vietnam farmers seem to be “much wealthier than in previous years due to the unusually high prices of virtually all the commodities they are involved in farming,” the report said.

Brazil is reportedly trading a few parcels here and there of heavy pepper for decortication, but generally are withdrawn. Buyers are showing interest for Brazil's new crop (August-Sept) shipments but sellers are unwilling despite 2011 crop prospects looking better than the previous year.

“Buyers both in the US and Europe are getting a tad nervous as they are not seeing their expected downturn in Viet prices as the new crop is being harvested. This might force them to step in very shortly,” it claimed. Thus, all the reports emanating of late from overseas have been bullish!

In India also there are concerted efforts to push up the market.

Investors were buying and selling in April, May and market, as a result, has been highly volatile.

Good quantity of farm-grade pepper was traded at Rs 229 to Rs 235 a kg depending upon the area of production and quality, to different directions last week.

## Cultivable land in India shrinking



Business Line Agricultural workers in a paddy field near Palakkad in Kerala. Increasing human and animal population has reduced the availability of land over the decades. File Picture: K. K. Mustafah.

New Delhi, March 27:

The cultivable land in India has shrunk marginally by 0.43 per cent to 182.39 million hectare in last five years. This is due to shift in area for non-agricultural purposes such as buildings, road and railways among others.

The total agricultural land in 2003-04 was 183.19 million hectares against 182.39 million hectare in 2008-09, a fall of 0.80 million hectare, according to the government data.

Major foodgrains producing states like Punjab, West Bengal, Bihar and Kerala are also witnessing this disturbing trend as it does not augur well for the agriculture sector.

In Punjab, "the food basket of the nation", the agricultural land has shrunk by 0.33 per cent to 42.15 lakh hectare in 2008-09 from 42.29 lakh hectare in 2006-07, according to the data.

Similar is the case with West Bengal and Bihar, the major rice producing regions of the country, where area under agricultural land declined by 62,000 hectare and 1000 hectare respectively in 2008-09 as compared to 2006-07.

Among Southern states, Kerala saw a drop in agricultural land by 24,000 hectare due to this factor during the period. Interestingly, Gujarat, Odissa and Tripura remained unaffected.

In order to stop conversion of agriculture land for non-agriculture purposes, the government has formulated the National Policy for Farmers and the National Rehabilitation and Resettlement Policy.

The National Rehabilitation and Resettlement Policy 2007 envisages that projects should be set up on waste land, degraded land or un-irrigated land.

Besides this, the policy has stated that the acquisition of cultivable land for non-agriculture purposes should be kept to the minimum.