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Tuticorin farmers still waiting for compensation

Staff Reporter

For crops damaged during 'rabi' season in 2008

Tuticorin: Farmers had been left in the lurch as compensation for crops damaged during 'rabi' season in 2008 had not been provided till date. With an aim to help farmers at times of risk, government had formulated the insurance scheme, but it had not been implemented to the satisfaction of farmers, said S. Nalliah, District Secretary, Tamil Nadu Vivasayigal Sangam.

Owing to heavy rainfall, standing crops had suffered damage. Farmers in Kovilpatti, Kayathar, Vilathikulam, Ettayapuram and Pudur had insured their black gram crop under the National Agriculture Insurance Scheme. As many as 2,957 farmers insured their crop by paying a total premium of Rs. 2.84 lakh.

Besides, 3,198 farmers from the same areas also claimed insurance benefits for green gram, but to no avail. These farmers had paid a premium of about Rs. 2 lakh at the Primary Agriculture Cooperative Banks of the taluks, he said.

Even after organising a series of protests, agitations and hunger strikes at various places, no remedial measures had been taken. While relief assistance for crop damage following the northeast monsoon rainfall in 2010 across Tuticorin district had been given by the State government, compensation based on insurance cover was not provided properly. Relief assistance to the tune of Rs. 33 crore was given to farmers across the district. These farmers were really pathetic since they could not avail benefits against their own contributions, he said.

Owing to procedural lapses, delays were caused over settlement of compensation to these farmers, sources from the Agriculture Insurance Company, said.

Efforts were being made with the intervention of S.R. Jeyadurai, MP, Tuticorin Constituency to expedite the exercise of extending compensation.

The then Collector G. Prakash had also represented the issue with authorities concerned, sources added.

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Bt. Cotton to be cultivated in additional 50,000 hectares

S. Harpal Singh

Adilabad district accounts for over one-fifth of the cotton area Over 80 per cent of the cultivation is under rainfed conditions

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ADILABAD: Given the high profit potential of Bt. cotton, an additional 50,000 hectares will be brought under its cultivation in Adilabad district this Kharif. The fact that nearly 60 farmers ended their lives unable to cope with crop failure does not seem to deter the farming community.

Pricing

Neither are the farmers worried over the uncertainty about pricing. Early predictions say the open market price of cotton will be much less that the average rate of Rs. 5,000 plus per quintal in last season. “The reduction in yield of cotton was counter balanced by the high price last kharif resulting in a turnover of nearly Rs. 2,000 crore for farmers. A reversal could see higher yields counter balancing low price,” hopes farmer S. Vilas Reddy of Hasnapur in Tamsi mandal.

Adilabad district accounts for over one-fifth of the cotton area and for the highest production of raw and processed cotton in Andhra Pradesh. This performance has been achieved despite 80 per cent of the cultivation figuring under rainfed conditions.

Farmers do not seem to be erring in their judgment as the season is likely to start on a positive note for them in terms to availability of Bt. cotton seeds, say Agriculture Department officials. “Seventeen lakh packets of seeds are available against a demand for 14 lakh packets,” says Adilabad Agriculture Officer C. Narsingu as he talks about the seed position.

The processing industry in Adilabad, considered the largest single unit in the world, is also not unduly worried over the somewhat dismal prospects that could result in shortage of raw material. The industry here has extended its catchment area for raw material to Karimnagar, Warangal and Khammam, points out an industrialist.

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Lalitamma gets best farmer award

Staff Reporter

Photo: Mohd. Arif

Fruits of labour: Lalitamma, a farmer, being honoured by Minister Damodar Rajanarasimha in Sangareddy. —

SANGAREDDY: A. Lalitamma of Rayipally (D) village of Zaheerabad mandal received the best farmer award from C. Damodar Rajanarasimha, Minister for Agriculture and Higher Education, at a programme held at the district headquarters recently .

Ms. Lalitamma, having two acres of land and hailing from the SC community, worked hard and transformed her fallow land.

She cultivated 13 varieties of crops including maize, red gram, groundnut, bajra, castor, vegetables, tomato, horsegram, bottle guard and ridge guard.

The investment she made on the two acres of land, in addition to her labour, was Rs. 6,740 and the revenue generated from the crop was Rs. 41,700. Now she has become a role model for other women in the village.

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Minister assures MSP for paddy

Staff Reporter

Total of 220 paddy procurement centres opened in Karimnagar district

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About 43,415 tonnes of paddy procured from the farmers so farTarpaulins and gunny bags kept ready at the procurement centres

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KARIMNAGAR: The district administration is making all arrangements to provide minimum support price to the farmers' produce and avoid problems during procurement of paddy this rabi season, said Minister for Civil Supplies D. Sridhar Babu, here on Sunday.

At a meeting with the district authorities here, the Minister said that a total of 220 paddy procurement centres were opened through IKP women groups, Food Corporation of India and agricultural market committees (AMC) in the district. So far, the centres have procured about 43,415 tonnes of paddy from the farmers, he added. He said that they had also kept in advance the necessary tarpaulins and gunny bags at the procurement centres.

About 5 lakh gunny bags would be arriving in Karimnagar district very soon and they would order additional bags depending upon the demand. He said that they had roped in the services of lorry owners association for the loading and unloading of paddy from the procurement centres to godowns.

Accordingly, so far 510 lorries have been deployed for the paddy procurement and additional 300 lorries would be added soon to meet the increasing demand with the arrival of more paddy to the procurement centres.

The Minister called upon the farmers not to get panicky and resort to distress sales as the government was committed to provide MSP to the farmers' produce.

Collector Smita Sabharwal, Additional Joint Collector Sundar Abnar, DRDA project director Ravinder, DSO Ravikiran and others were also present.

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Farmers keep away from procurement centres

Staff Reporter

Rice millers offering them a better price

Paddy yield goes up from 8.5 lakh tonnes to 10.6 lakh tonnes this seasonRice millers are placing no restrictions on purchase of paddy

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RAJAHMUNDRY: With rice millers offering a better price than the government, the paddy procurement centres established by the administration and the FCI in East Godavari district have not received a single bag of rice till date.

However, the ongoing strike in more than 600 rice mills in the district has severely affected the procurement process. In all, the government has opened 49 procurement centres and the FCI 18. Paddy production has gone up from 8.5 lakh tonnes to 10.6 lakh tonnes in the district this season.

Farmers from Kakinada, Korukonda, Gokavaram, Seetanagaram, Rajanagaram, Kadiyam, Mandapeta, Bikkavolu, Jaggampeta, Pithapuram, and Peddapuram are willing to sell their produce only to the rice millers.

The norms laid down by the government are also a reason for farmers preferring rice millers to procurement centres. However, the millers are coming forward to purchase paddy without putting any restrictions.

MSP

Additional Joint Collector Rama Rao has said that there is no GO as far as discoloured paddy is concerned. Minimum support price of Rs.750 per 75-kg bag is being offered. The rice millers are offering Rs.800 to Rs.850 for superfine variety and Rs.750 for discoloured paddy, with relaxation of Rs.30 per gunnysack.

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Foodgrain production to reach all-time high

Special Correspondent

Third advanced estimates put the figure at 128.38 lakh tonnes

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Production of cereals and pulses to go up Grain production had been oscillating from 2001 to 2004

FILE PHOTO

Good omen:Increased production of red gram and green gram may contribute to the high foodgrain output.

GULBARGA: The foodgrain production in the State is expected to reach an all-time high of 128.38 lakh tonnes in 2010-11 as per the third advanced estimates.

The foodgrain production during 2010-11 is expected to surpass the 2007-08 figure of 120.49 lakh tonnes. The State had witnessed a drop in foodgrain production during 2008-09 and 2009-10. The production level came down to 112.75 lakh tonnes during 2008-09 and 109.55 lakh tonnes the next year.

Expectation

Official sources informed The Hindu here on Sunday that the production of cereals and pulses was expected to reach an all-time high in 2010-11. While the production of cereals might touch 114.79 lakh tonnes, pulses production might touch 13.59 lakh tonnes.

Increased production of maize and ragi among cereals and red gram and green gram among pulses might help the State in achieving new levels in foodgrain production. As per the third advanced estimates, the production of maize went up to 42.5 lakh tonnes last year and this was in comparison to 30.14 lakh tonnes during 2009-10. The production of ragi may go up from 13.12 lakh tonnes during 2009-10 to 15.35 lakh tonnes.

Same levels

The production levels of other major cereals including rice, jowar, bajra and wheat may remain more or less same.

Among pulses, the production of the red gram may increase to 4.98 lakh tonnes from 2.82 lakh tonnes during 2009-10 and the production of the green gram may go up from 46,000 tonnes in 2009-10 to 1.06 lakh tonnes.

Foodgrain production had been oscillating from 2001 to 2004 with the production slumping to a new low. It started recovering, aided by some farmer friendly weather conditions, in the next six years.

If the foodgrain production was 109.6 lakh tonnes in 2000-01, it fell to 86.97 lakh tonnes in 2001-02 and further to 66.64 lakh tonnes and 65.62 lakh tonnes during 2002-03 and 2003-04 respectively. However, a remarkable recovery was reported during 2004-05, with the production level recovering to 104.91 lakh tonnes. The foodgrain production reached the highest level in 2007-08.

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Vegetable gardens planned

Staff Reporter

KOCHI: Vegetable and Fruit Promotion Council Keralam (VFPCK), which is implementing the ‘Harithanagari' programme to encourage people to cultivate vegetables, will set up vegetable gardens at households under the programme.

Gardens with 25 potted seedlings will be set up any place within a radius of 10 km of the VFPCK office in Kakkanad at a cost of Rs. 3,500. If the households are ready to bear the additional expenses, the council will set up the gardens at further distances, said a press release issued by the councilFor more details contact VFPCK on Tel: 0484-2427455/7544.

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Whether sale of trees is agricultural income

QUESTION: During the current financial year, I have sold trees from my land which is situated beyond municipal limits for a total value of Rs.25 lakh. Part of the trees was grown without any aid. Besides these receipts, I have income from business, which is subject to audit under Sec. 44AB. I am advised that I have to pay tax on the income from the sale proceeds of trees grown without aid as income from long-term capital gains, the other portion being exempt as agricultural income. For the portion of income to be treated as long-term capital gains only the expenditure incurred on sale is admissible. I am also advised to include the income liable for capital gains for purposes of payment of advance tax. Since I have not maintained any accounts for the maintenance of land, namely, salary for watchman, irrigation expenses for a portion of trees which include installation of motor pump and electricity charges, am I not entitled to claim these in computing the income to be taxed under capital gains or agricultural income? Kindly advise whether I can get any tax exemption on the sale proceeds of trees.

ANSWER: The advice that sale proceeds should be split up as between those trees which were grown without aid and those trees which were grown by him is based on the classification in respect of sale proceeds of spontaneous growth in a forest area which had been held to be non-agricultural income following the decision in Raja Mustafa Ali Khan v CIT (1948) 16 ITR 330 (PC). This decision could have no application where regular operations are carried even in respect of forest trees as decided in Vikram Deo Varma, Maharaja of Jeypore v CIT (1956) 29 ITR 76 (Ori). Merely because some trees were already there in the reader's farm, without his having grown them, such trees are no different from other trees in the farm.

Some trees like shade trees as for coffee plantation or trees used for horticulture or rubber trees used for slaughter tapping may be capital assets because they are grown for their yield of agricultural income so that they retain the character of capital assets irrespective of the fact that whether such trees were grown by them or not as decided in State of Kerala v Karimtharuvi Tea Estate Ltd. (1966) 60 ITR 275 (SC). But all trees need not be capital assets where trees are grown for timber as in the case of a casuarina plantation, where such trees are cut and sold. Income therefrom will have the character of agricultural income. In fact, there is a difference between trees cut along with the roots and trees which have a stump after cutting for re-generation. It is only in the former case, it could be a capital receipt and in the latter instance of sale of trunks, it could well be an instance of agricultural income as decided in A. K. T. K. M. Vishnudatta Anthrajanam v C. Ag. I.T.(1970) 78 ITR 58 (SC).

Even assuming that the trees that are sold have been cut along with the roots without any scope for re-generation, there is no reason why such income from trees should not be treated as agricultural income, because the Supreme Court in Navinchandra Mafatlal v CIT (1954) 26 ITR 758 (SC) has decided that capital gains is also a species of income. It follows that there is no reason why agricultural capital gains should not be exempt as agricultural income under the definition of agricultural income under Sec. 10(1) of the Income-tax Act in a wider sense than what is understood under Sec. 2(1A) of the Income-tax Act.

In fact, agricultural land is understood in a wider sense for wealth tax purposes except where such income is deemed as urban land because of its location in the town with a population exceeding 10,000 or it is in a notified periphery. It may be noted that there is also a constitutional limitation for taxing agricultural income.

From the above discussion, it follows that if the tree trunks are cut and sold with stumps intact with scope for re-generation, the receipt would be agricultural income. If not, it could be sale of capital asset. But as yet, there is no direct decision from the apex court as to their liability for capital gains tax. However, the Supreme Court in Kalpetta Estates Ltd. v CIT (1996) 221 ITR 601 (SC) held that the receipt from the sale of old rubber trees, admittedly capital assets, would not be taxable since the cost of growing and maintaining them may well exceed the sale price. Such cost would ordinarily form part of current revenue expenditure so that this inference may be questioned with reference to facts in other cases. In fact, the High Court in Emerald Valley Estates Ltd. v CIT (1996) 222 ITR 799 (Kar) found that in the absence of extent of capital expenditure on them, there could be liability for capital gains. But the High Court did not have the benefit of the decision in Kalpetta Estates' case (supra). But in both cases, the argument that agricultural capital gains are also agricultural income, so as to be exempt, was not taken.

But there is an alternative argument as was found in CIT v Suman Tea and Plywood Industries Pvt. Ltd. (1997) 226 ITR 34 (Cal), where it was held that there could be no capital gains on sale of tea bushes as no capital cost was incurred on them so that such sale without any cost should avoid capital gains following the rationale of the decision in CIT v B.C. Srinivasa Setty (1981) 128 ITR 294 (SC). It may be seen from the available precedents that there is a case for a claim for non-liability on sale of trees in the facts of the reader's case.S. RAJARATNAM

hindustantimes

Mon,09 May 2011

Weather

Chennai - INDIA

Today's Weather

Clear	**Monday, May 9**
	Max Min
	41.4º | 27.7º
Rain: 00 mm in 24hrs	Sunrise: 5:45
Humidity: 79%	Sunset: 18:25
Wind: Normal	Barometer: 1004.0

Tomorrow's Forecast

Cloudy	**Tuesday, May 10**
	Max Min
	41º | 28º

Extended Forecast for a week

Wednesday	Thursday	Friday	Saturday	Sunday
May 11	**May 12**	**May 13**	**May 14**	**May 15**
38º | 29º	39º | 29º	40º | 29º	39º | 29º	38º | 29º
Rainy	Rainy	Partly Cloudy	Partly Cloudy	Partly Cloudy

the pioneer

Gwalior Collector pays surprise visit to agri produce market

May 09, 2011 11:29:54 AM

PNS | Gwalior

The purchase of farmers produce has started in the new agricultural produce market established in big area of Gola Ka Mandir. Collector Akash Tripathi paid a surprise visit to the Mandi and reviewed the facility provide to the farmers in the market. He also witnessed the arrangement made for the purchase of wheat on support price.

On the occasion, he was accompanied by CEO district panchayat Vinod Sharma and deputy director of Mandi Vijay Agarwal and other officers concerned. The Collector also direct talks with the farmers during his inspection of the mandi.

The Collector also examined the weights and measures of the market. He also ordered to the officers to maintain sufficient arrangement for providing potable water and shade. He clarified that the crop of the farmers could be purchased only from the farmers and not from the traders.

During his tour, Tripathi visited Janmitra Samadhan centrres conducted in Kulaith. More than 5,000 applications have been settled through this centre. The Collector said that the copy of the land loan books, Kahsra B-1 should be provided to the farmers speedily.

Business Standard
Monday, May 09, 2011

State offers Rs 100 rebate on Bt cotton seeds

BS Reporter / Mumbai/ Ahmedabad May 07, 2011, 0:53 IST

Also offers 5-10% rebate on other seeds sold by GSSC.

Gujarat Chief Minister Narendra Modi on Friday announced a rebate of Rs 100 on each packet of Bt cotton seeds and 5-10 per cent rebate on seeds of some other kharif crops.

The announcement of rebate made by Modi at the inauguration of annual Krishi Mahotsav at Akodara in North Gujarat would be on standard seeds sold by the Gujarat State Seeds Corporation (GSSC).

The Gujarat CM directed the authorities that farmers get the pure seeds in time and easily, while he assured that each farmer would get maximum two packets of the seed at reduced prices. At the same time, the 10 per cent rebate is on standard hybrid castor seed, and five per cent on tur, paddy, soyabean, til, urad and moong seeds.

Earlier, the state government allowed a raise in prices of genetically modified (Bt), Bollgard-I and Bollgard-II. On an average, prices were raised by 25 per cent for the ensuing kharif season. For instance, prices increased from Rs 650 per packet (each of 450 gms) to Rs 830 per packet for BG-I, while prices of BG-II were raised from Rs 750 per packet to Rs 930 per packet.

The price hike may result an increase of Rs 200 a kg in the production cost to farmers as compared to 2008.

The move came at a time when cotton prices had witnessed a steep rise of around 118 per cent during 2007-11, whereas there was no rise in the seed prices during these years.

Gujarat produces around 6.5-7 million packets of Bt cotton seeds every year, while the requirement in the state for the ensuing kharif season is estimated to be at around 6.5 million packets.

THE HINDU Business Line

‘Micro-propagation of date palms to fetch farmers improved fruit yield, remuneration’

Business Line Date palms displayed for sale at a fruit shop near Kochi. -- K.K. Mustafah. (file photo)

Ahmedabad, May 9:

The Anand Agriculture University (AAU) in Gujarat has standardised the process of micro-propagation of date palm on a commercial scale, which will fetch farmers improved fruit yield and remuneration.

Micro-propagation (mass multiplication through tissue culture) will help in the production of high quality date palms of traditional genotype of Kutch and reduce the dependence on imported date palm trees from West Asia.

Through this, AAU claims to be the first and only successful institution to have demonstrated micro-propagation of date palms through tissue culture.

In Kutch, an estimated 14 lakh heterogeneous date palm trees are spread over about 12,500 hectares, yielding around 85,500 tonnes of fresh fruit annually. However, the quality of the fruit varies, due to which they fetch up to Rs 300 per kg only.

“Our research will reduce the dependence of farmers on imports of Barhee variety of palm tree from the Middle East for cultivation purpose which cost as high as Rs 3,000 to 3,500 per tree. It will also fetch them better fruit yield and remuneration," the AAU Vice-Chancellor, Mr A.M. Shekh, told PTI.

The facility for commercial scale production will be available at the varsity soon, he said.

The AAU scientist, Dr Subhash N., said the fruit of elite date palm trees in Kutch is sweeter and more fibrous compared to the Barhee variety. All that needed is to bring about homogeneity in fruit quality, which is missing.

Micro-propagation of date palm has been achieved through callus and somatic embryo-genesis process, which results in the growth of root and shoot of the plant simultaneously without variability in genes, Dr Subhash said.

The process has been standardised after seven years of extensive research.

"The field evaluation of tissue culture-raised plants of date palm in Anand and Dantiwada districts has shown that they have cent per cent field establishment, no mortality, early flowering and profuse suckering," he said, adding that one offshoot can produce 2,000 tissue cultured plants of date palm.

"DNA-based tests conducted by the National Chemical Laboratory, Pune and AAU, shows that all the plants produced through this protocol are genetically uniform, as the clonal fidelity test showed satisfactory results," he said.

Nearly 1,500 tissue culture-raised plants are kept in a greenhouse for growth and will soon be ready for field planting, Dr Subash said.

The fruits from a cloned tree are expected to fetch the farmer close to Rs 100 per kg, an AAU scientist said, adding that such tree variants take around four years for yield to start and the output gets established between six to eight years.

AAU has set up a laboratory for multiplication of date palm, a draught and salt tolerant fruit crop, where it can be multiplied through plant tissue culture derived from the offshoot of the plant in large numbers without losing its genetic characteristics.

The research was undertaken by AAU with Rs 50-lakh funding from the State Government.

KMF plans mega dairy in Bangalore

Mangalore, May 8:

The Karnataka Milk Federation (KMF) is planning to boost its milk processing capacity by setting up a mega dairy in Bangalore, according to Mr G. Somashekhara Reddy, Chairman, KMF.

In an informal chat with presspersons on the sidelines of the silver jubilee celebrations of the Dakshina Kannada Cooperative Milk Producers Union Ltd here on Sunday, he said the proposed dairy in Bangalore will have a processing capacity of 10 lakh litres a day, and the project cost is estimated at Rs 75-80 crore.

To a query on the proposed date of commencement of the work on the project, he said KMF would soon submit the proposal to the Government in this regard . After getting the approval from the Government, it may take a year for the commissioning of the project, he said.

Mr Reddy said KMF has submitted a proposal to the New Zealand-based Fonterra Cooperative Group Ltd for the establishment of a cheese manufacturing unit in Bangalore on a partnership basis. The board of Fonterra Group will discuss the matter and revert back to the KMF, he said. If Fonterra agrees to the proposal, the joint venture of KMF and Fonterra will have a cheese manufacturing capacity of 50 tonnes a year, he said.

CHOCOLATE

Mr Reddy said KMF has entered into an agreement with Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd for the manufacture of chocolates under KMF's brand name, Nandini. Within a few months of launching the product, KMF has been able to sell around 15 tonnes of chocolate under its 'Nandini' brand name in the market, he said.He said KMF's e-marketing initiative, where customers can place their orders through the internet, will be extended to Mangalore soon. As of now, it is available only in Bangalore. Apart from milk, all other products of the KMF are available through this e-marketing drive of the federation, he said. To a query on long-shelf life milk products, Mr Reddy said KMF is planning to increase the production capacity of its 'Good Life' brand of milk, which has a shelf-life of three months, from the existing three lakh litres to five lakh litres during this year.

Target

He said each milk producers' cooperative union in the State has been given a procurement target for the current financial year. This year, KMF wants to procure around 50 lakh litres of milk a day. The total turnover of the federation stood at Rs 5,080 crore for 2010-11. "We want to reach the Rs 8000-crore mark in the next two years," he added.

Rains hit mango supply to Chennai

Chennai, May 8:

Supply of mango to the vegetable and fruits market in Koyambedu here from other states has witnessed a significant decrease due to heavy rain in these regions, traders said today. Traders expect that the price of mangoes, considered as “King of fruits”, would also increase significantly in the coming days owing the poor supply.

Normally, we get about 50 loads of mango from places such as Vijayawada, Nellore a day. But due to the rainfall, the supply has been cut and now we are getting only 20 loads of mango a day, a trader said.

He said as there was a huge demand for the fruit, costs would also increase in coming weeks. Currently, a kilo of mango is being sold at Rs 70-120 on the retail front, he said.

Alphonso, Banganapalli and Kesar mango varieties are considered among the best mangoes in the country's southern parts, while “Dussehri” and “Langda” varieties are popular in North India. The country last year produced 13.6 million tonnes of mango.

Pepper futures witness high volatility

Kochi, May 8:

Pepper witnessed high volatility last week with prices shooting up and crashing down on the tug of war between bear and bull operators.

The market was seen running without any adherence to the fundamentals. There were occasions of the market falling sharply when there was good buying support and in the absence of any selling pressure.

Availability is claimed to be only on the exchange platform now. Exporters are said to be afraid of making offers to overseas buyers as they are apprehensive about delivery of the material from the exchange platform and for fear of potential defaulting, trade sources told *Business Line*. They said the Indian parity currently is in line with other origins and there could be some business coming up. But, having witnessed some defaults in recent days, some of the exporters said they were not able to make any firm commitments.

At the same time, availability in the primary markets were limited and the growers and dealers there were reluctant to release their material on the hope that prices might touch Rs 300 a kg.

Overall, there was a tight supply scenario and yet bear operators succeeded in pushing the market down last week.

All contracts on NCDEX dropped. May, June and July fell by Rs 580, Rs 989 and Rs 1,068 respectively to close at Rs 28,571, Rs 28,776 and Rs 29,188 a quintal.

Total turnover dropped sharply by 18,216 tonnes to close at 84,915 tonnes at the weekend. Total open interest showed a significant increase of 1,886 tonnes indicating good additional purchases during the week to close at 18,869 tonnes on Saturday.

Spot prices also dropped by Rs 300 a quintal, in tandem with the downward trend in the futures market and not because of any selling pressure, and closed at Rs 27,100 (ungarbled) and Rs 27,900 (MG 1) a quintal.

The market continued to face a squeeze in supply following reluctance by Vietnamese farmers to release their produce at lower levels. Availability in Indonesia is currently claimed to be tight. On the other hand, Indonesian sellers are said to be shy in selling forward positions due to concerns heavy freight rate increases and expectations of higher prices in the second half of 2011, an overseas report said.

IPC ASSESSMENT

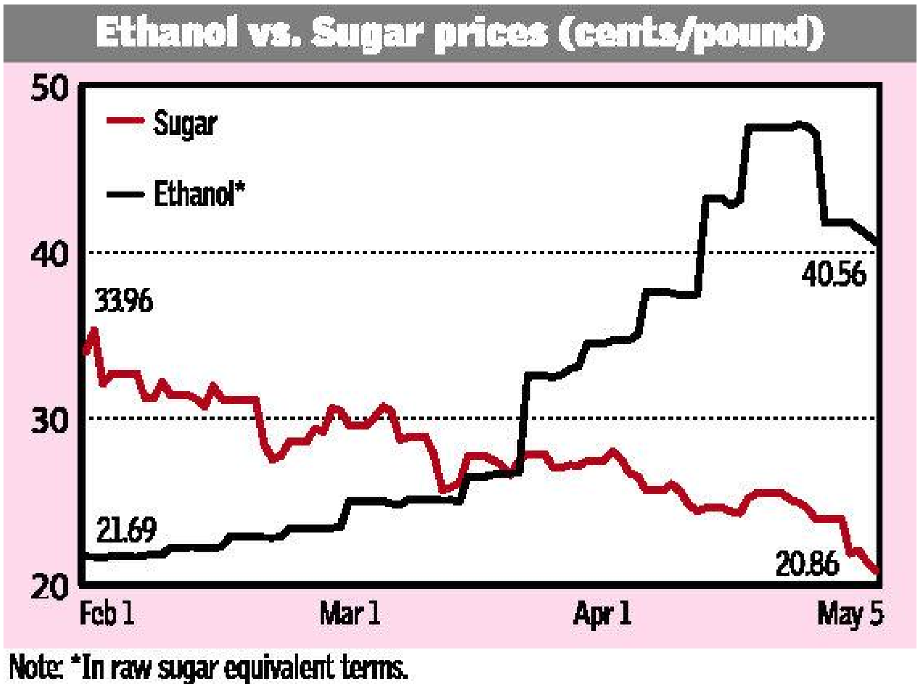
According to the International Pepper Community (IPC) report, the black pepper market continued to remain bullish last week. The continued price increase is likely to be unabated in view of the global short supply. New material from Lampung is expected only by July/August 2011. A weakening of US dollar is also a factor influencing the increase.

In Lampung, prices increased by 3 per cent with very limited activity. Local price of Sarawak black was stable at MYR 13.4 a kg, while the fob price increased by 3 per cent. Significant increase of 11 per cent was recorded for Sri Lankan pepper price at growing areas.

White pepper

In Bangka white pepper prices increased by 3 per cent. Sarawak white pepper prices was stable, while fob prices increased marginally by 1 per cent. In Vietnam, the white pepper price was reported stable.

Will the bearish trend in sugar be reversed?



New Delhi, May 8:

The past two weeks have seen global sugar prices plunge by roughly a fifth, mostly on news of Thailand's record output projections.

New York raw sugar futures for July 2011 delivery settled at 20.47 cents a pound on Friday against corresponding front-month contract prices of 25.48 cents on April 21 and the 30 cents-plus levels of early March (the peak 35.31 cents was reached on February 2).

Having stabilised below 30 cents by the second week of March and 25 cents after April 25, raw sugar is now apparently set to breach the next resistance level of 20 cents a pound. The impetus here is coming mainly from Thailand, which is seen to produce around 9.8 million tonnes (mt) in 2010-11 (October-September), up from the preceding season's 7.2 mt.

In addition, there are macroeconomic factors, not specific to sugar, contributing to a general bearishness. These include the US Fed's likely withdrawal of its “quantitative easing” programme – reducing the quantum of excess dollars that can be poured into commodities – and recent monetary tightening measures by China and India.

Ethanol diversion factor

But for all these bearish cues, there might still be an offsetting force that could hold up sugar in the coming months. And that relates to the extent of diversion of sugarcane in Brazil towards manufacture of ethanol.

In 2010-11 (April-March), about 55 per cent of the cane crushed by the world's No. 1 producer was used for ethanol production. That proportion, in the new season, has so far been 65 per cent, which, in turn, raises doubts over Brazil's sugar output touching the originally forecast 34.6 mt (based on a 55 per cent cane utilisation for ethanol).

Currently, the industry in Brazil is finding it much more profitable to produce ethanol over sugar, with realisations of around 2,381.5 real or $ 1,470 on every cubic metre (kilo-litre) sold domestically.

Given that one cubic metre of ethanol is equivalent to 1.7651 tonnes of recoverable cane juice and 1.0453 tonnes of juice yields one tonne of raw sugar, the equivalent realisation in raw sugar terms works out to $ 870.58 a tonne.

To this, if freight and stevedoring costs of $60 at Paranagua or Santos port are added, the free-on-board raw sugar equivalent price of ethanol comes to $ 931 a tonne or 42.23 cents a pound. Moreover, this raw sugar is of VHP or very high polarisation quality.

Discounting for the polarisation premium of 4.05 per cent, the effective price, comparable with the raw sugar traded in New York, would be 40.56 cents a pound.

To put it simply, if raw sugar is today selling at 20.5 cents a pound in New York, the corresponding raw sugar equivalent price of ethanol – derived from current ex-mill realisations in Brazil – is almost double.

Parities reversed

The accompanying chart shows that till around the third week of March, the parities were just the reverse, loaded in favour of sugar. Since then, sustained crude oil prices of above $100-a-barrel have shifted the economics to the side of ethanol, as realisations shot up from 1,550.7 real to 2,725.7 real a cubic metre between March 20 and April 20 and settling thereafter to 2,381.5 real.

The impact of all this on Brazil's sugar production will be known in the next few months, depending on what mills do with the juice obtained from crushing cane – crystallising it into sugar or fermenting to ethanol.

“We have the flexibility both ways. Our mills have sufficient crystallisation capacity to convert 70 per cent of the cane into sugar or, alternatively, produce up to 80 per cent ethanol, as we are now doing,” said Mr Narendra Murkumbi, Managing Director of Shree Renuka Sugars Ltd, which controls two companies in Brazil with a combined cane crushing capacity of 14 mt.

Gurgaon no longer a hub of poultry business

New Delhi, May 8:

Once considered a hub of chicken and egg business, Gurgaon in the National Capital Region, has lost poultry business to areas in the interior of Haryana bordering Rajasthan.

From around 250 small and big poultry farms in Gurgaon in 60's and 70s, the satellite town is today left with not more than 40 farms, Ricky Thaper, Treasurer of Poultry Federation of India (PFI) told PTI.

In a bid to cash in on soaring land prices in Gurgaon in 90s with the boom in real estate business, many poultry owners of the city sold their land at a high rate and purchased bigger areas in interiors of the state like Jajjhar, Bhiwani and Narnaul, about 100 km from Gurgaon bordering Rajasthan, Thaper, himself in poultry trade in the town, said.

Some left the trade to enter into more profitable business like property dealing, he said.

So, in place of Gurgaon, the areas bordering Rajasthan have now become nerve centre of broiler and egg production and supply to the national capital.

Haryana and Rajasthan are the leading supplier of chicken to the national capital which runs into several lakhs while major portion of egg, a cheap source of protein, comes to Delhi from Punjab and Haryana, traders said.

Tracing history, Thaper said poultry started on a small scale in Gurgaon in late 60's and early 70's where government employees of Delhi adopted poultry as vocation after retirement.

They were taught scientific poultry farming and given training at government Poultry Farm in Satbari, Delhi. They purchased land in Gurgaon, adjoining Delhi, to build proper sheds for raising poultry birds for eggs and meat.

Slowly, Gurgaon turned into core of poultry trade in Haryana. In late 90s, the scenario started changing, when land prices soared, with the construction of residential colonies and factories.

Among those stayed back in Gurgaon, Bajaj Poultry Farm with more than one lakh layers is a leading name.

Its proprietor Sanjay Bajaj decided to stay in Gurgaon and cash in on the opportunity offered by food malls, that come up all over the city, to farm fresh branded eggs at a premium price.

Mr Sanjeev Gupta, owner of leading Khushboo Poultry, said, “Facing erratic power supply and other infrastructural bottlenecks, poultry is no longer a profitable business in Gurgaon... Let's see how long we can continue in the trade.”