THE HINDU

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Covai Flower Show painting contest at TNAU

Staff Reporter

A drawing and painting competition for school and college students will be held at Tamil Nadu Agricultural University on November 27, as part of the Covai Flower Show to be held in January 2012.

According to a release, the competition is being jointly organised by TNAU and Rotary Club of Coimbatore Uptown, in association with Coimbatore Chitrakala Academy.

Registration

Students interested in participating can register their names through their college / school.

For registrations, call Rotary representatives on 98430-10143 / 98422-21727, or e-mail to flowershowcovai@yahoo.com; or call TNAU on 94432-54038 / 90035-91867, or e-mail to flowers@tnau.ac.in.

No fee

There is no participation fee. The competition will begin at 9.30 a.m.

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100% subsidy for small, marginal farmers

Special Correspondent

The government on Tuesday announced 100 per cent subsidy for small and marginal farmers for taking up micro irrigation and 75 per cent for other farmers.

The scheme is aimed at benefiting small and marginal farmers and increasing the agricultural yield by expanding the area under irrigation.

An official statement said while small and marginal farmers would be given 100 per cent subsidy to install drip and sprinkler irrigation system to a maximum of 60,000 acres, others would be given 75 per cent subsidy for irrigation on 15,000 acres.

The State has utilised about 95 per cent of surface water and 85 per cent of ground water and increase in micro irrigation will help in better management of water, the release stated.

Marginal farmers could avail themselves of 100 per cent subsidy to install micro irrigation system for up to 2.5 acres and small farmers up to five acres. They would be given a maximum subsidy of Rs.43,816 per acre.

Preference would be given to women, members of Scheduled Castes and Schedule Tribes, ex-servicemen and the differently-abled.

The release said that Chief Minister Jayalalithaa had introduced micro irrigation concept even during her first regime of 1991.

The farmers would be given subsidy for installing drip and sprinkler systems and they could choose any micro irrigation firm recognised by the Tamil Nadu Horticulture Development Agency (TANHODA).

A special feature of the scheme was that a tripartite agreement would be signed between the farmer, the firm and the project implementation agency for maintaining the system for at least three years.

The government also fixed a time frame for the installation and operationalisation of micro irrigation systems to speed up the process. Orders for establishing the irrigation system would be passed within 10 days of the farmers applying for it.

The farmers should get the land ready within the next seven days. Within the next fortnight, the firm concerned should establish the micro irrigation system.

A condition had been laid down that the firm concerned would be responsible for repair and maintenance for three years free of cost. Further, dealers recognised by the State micro irrigation committee should establish a service centre in every district.

Service card system

A service card system would be introduced for farmers to record their complaints. Farmers would also be trained to operate the system. Besides, instruction manuals in Tamil would be distributed among them.

- *Scheme to increase yield by expanding area under irrigation*
- *Increase in micro irrigation will help in better management of water*

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‘Roll back fertilizer prices'

Special Correspondent

The Perambalur and Ariyalur district units of the Tamizhaga Vivasayigal Sangam have appealed to the Centre to roll back the prices of fertilizers to the pre-April level.

A resolution adopted at the executive committee meeting of the association units said the nutrient based subsidy regime introduced by the government has resulted in a steep rise in prices of fertilizers. The government should revert to the previous fertilizer subsidy policy regime to bring down the prices, it said.

The association also urged the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) to ensure quality power supply to agriculture connections for at least six hours during the day and four hours during the nights. Alleging erratic power supply, the association said that farmers were getting power supply for only three hours during the day now.

Through other resolutions, the association sought an increase in the minimum support price (MSP) for sugarcane to Rs.2,500 a tonne and fixation of MSP for cashew and turmeric at Rs.10,000 a quintal, for small onions at Rs.30 a kg and for paddy at Rs.2,000 a quintal.

Referring to the recent hike in the procurement price of milk in Tamil Nadu, the association urged the government to ensure that the hike of Rs.2 was fully given to milk producers without any detection under head of administrative expenses.

The meeting also called upon the Centre to give up the move to establish the Bio Technology Regulatory Authority of India to promote genetically modified seeds.

The association would stage an agitation in the State seeking the hike in the MSP for sugarcane, reduction in fertilizer price and streamlining of power supply in December.

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"Ensure uninterrupted supply of seeds, fertilizers"

Collector reviews implementation of schemes

Collector S. Nagarajan asked the officials of the Departments of Agriculture and Horticulture to ensure uninterrupted supply of paddy, pulses and other seeds and fertilizers to farmers to help them take up cultivation utilising the recent rains.

He was presiding over a meeting held at the Collectorate here on Tuesday to review the implementation of various schemes of the agriculture and related departments. Agriculture Department officials informed the Collector that as against a total area of 62,000 hectares (ha) to be covered under paddy during the year, 28,280 ha have been brought under the plough, while a total of 21,205 ha of paddy have been brought under the system of rice intensification (SRI) against the yearly target of 37,000 ha. A total of 26,635 ha have been covered under cereals against a target of 36,100 ha. A total of 30,315 ha have been covered under pulses against the annual target of 44,100 ha.

As far as oilseeds such as groundnut and gingili are concerned, against a target of 58,650 ha, 40,958 ha have been covered so far, while the target of 7100 ha for cotton has been exceeded, covering 8337 ha. The officials informed the Collector said that 351.86 tonnes of paddy seeds have been distributed to farmers under the subsidy scheme, while there were still stocks of 114.73 tonnes available for distribution. A total of 900 kg of cereal seeds have been given to farmers, while 2.85 tonnes were available for distribution. A total of 89.34 tonnes of pulses seeds have been distributed to the farmers so far, while 26.85 tonnes of seeds were still available. A total of 271.33 tonnes of oilseeds have been distributed so far, while 17.05 tonnes of seeds were available for distribution to farmers.

Thamizhchelvan, Joint Director of Agriculture-in-charge, Gunasekharan, Deputy Director of Horticulture, Sekhar, Personal Assistant (Agriculture) to the Collector, M.S. Inbanathan, Executive Engineer, Agricultural Engineering, G. Nagendra Babu, Joint Director of Animal Husbandry, V. Ellappan, Secretary, Vellore District Market Committee, Muralidharan, Executive Engineer, Water Resources Organisation, and R. Palaniappan and D. Manoharan, Assistant Directors of Agriculture participated in the meeting.

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Rs. 89.88 lakh for implementing dairy development programme

Staff Reporter

Proposal for Rs. 3 crore to improve milk production sent

Assessing: Collector M.Balaji inspecting the milk processing unit at Srivilliputtur on Tuesday.

Virudhunagar district has got Rs. 89.88 lakh assistance from the Union Ministry of Animal Husbandry and Dairy Development for implementing intensive dairy development programme.

Inspecting the various facilities of the Virudhunagar District Milk Producers' Cooperative Union at Virudhunagar and Srivilliputtur, the Collector, M. Balaji, said that the district administration had sent a proposal at a cost of Rs. 3 crore to improve the milk production up to 20,000 litres a day from the present 12,000 litres to the union Government.

The project envisaged increasing milk production, providing medical facilities for milch animals, artificial insemination, vaccination and providing training programme for the milk producers and workers. It also included providing infrastructure for bulk milk coolers.

Mr. Balaji inspected the bulk milk coolers here and the milk processing unit at Srivilliputtur.

He inspected the solar-powered water heater installed at a cost of Rs. 5 lakh and the fodder farm established on one acre.

Out of the 12,000 litre of milk produced in Virudhunagar district, 10,000 was consumed by the district and remaining was sent to Chennai.

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Purchase of paddy, maize at MSP yet to begin

Staff Correspondent

Although the process of procurement of paddy and maize at minimum support price (MSP) was kick-started in the district on November 15, the actual purchase was yet to commence.

The Government had announced Rs. 1,110 as minimum support price for a quintal of fine variety of paddy, and Rs. 1,080 for a quintal of coarse variety of paddy. Similarly, Rs. 890 had been announced for a quintal of maize. The procurement centres had been opened in Shimoga, Bhadravati, Shikaripur, Shiralakoppa, and Sorab. “Jyothi”, a variety of paddy, had been cultivated in a large-scale in the district this year. However, officials of the Karnataka State Food and Civil Supplies Corporation were not sure whether to purchase this particular variety of paddy as rice in this variety would be red. As a major chunk of the procured rice would go for the public distribution system, officials were waiting for directions from the Government on purchasing the “Jyothi” variety of paddy.

A letter had been written to the Commissioner of Food and Civil Supplies, and to the Food Corporation of India seeking suitable directions in this regard, officials said.

Meanwhile, farmers who had cultivated maize were not keen on selling their produce at the procurement centres. Maize is being purchased at a price of Rs. 1,100 a quintal in the open market, which was much higher than the MSP. Sources in the corporation had said that an upward revision in the price of maize was expected shortly. The Centre was likely to fix Rs. 930 MSP for a quintal of maize, and the decision in this regard was likely to be announced in two or three days.

Ramachandra Raoji, district manager of the Karnataka State Food and Civil Supplies Corporation, told *The Hindu* that a few paddy growers had visited the procurement centres and had offered samples. The intense purchasing would commence after the formalities were completed by farmers, he said.

- ***Maize is bought at Rs. 1,100 a quintal in the open market, which is much higher than the MSP***
- ***Rs. 890 has been announced for a quintal of maize***

hindustantimes

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Inflation at 'more acceptable' level in 6-12 months: Pranab

Finance minister Pranab Mukherjee said on Tuesday inflation would come down to 6-7% by the end of the current fiscal and to a "more acceptable" level in the next 6 to 12 months as the government has taken a number of fiscal and monetary measures to address the issue of demand-supply mismatch, the main reason behind general price rise.

"Government is committed to bring down inflation to more acceptable levels. I hope to see the March-end inflation between 6 to 7%," Mukherjee said.

Making a suo-motu statement on inflation in Lok Sabha, Mukherjee claimed there has been a steady improvement in the situation and the policy initiatives would help "bring down the inflation rate to more acceptable levels in the next 6 to 12 months."

Overall inflation has remained stubbornly high, near double digits, since January 2010. Headline inflation based on the wholesale price index was recorded at 9.73% in October. Food inflation was recorded at 10.63% for the week ended Nov 5, according to the latest official data.

Inflation rate in the range of 4-5% is considered a comfortable level for the developing economies like India.

The finance minister said inflation has remained stubbornly high, almost double the comfortable level, for the last two years due to a combination of domestic and global factors.

Mukherjee said macroeconomic policies, especially the fiscal stimulus, by the developed countries in the post-global financial crisis have created the problems of inflation management in the developing countries.The finance minister said sustained high economic growth in recent past has led to improvements in purchasing power in both rural and urban areas leading to demand-supply mismatch.

He pointed out that crude oil and other commodity prices have remained high despite a slowdown in the global economy."Despite weak prognosis of global growth and trade in the short to medium term, international commodity prices have not softened at the anticipated pace. For example, crude oil was around $75 a barrel in January 2010, but on an average continues to be around $110 in the current year," he said."Speculative activity in commodity markets and some supply disruptions in fuel oil, like in Libya, have kept the commodity markets tight," he added.

http://www.hindustantimes.com/StoryPage/Print/772537.aspx

DECCAN Chronicle

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Europe goes gaga over jumbo-friendly cashew

Caring for wild elephants makes good business sense. Raw cashew nuts grown in plantations in the Malabar region which take special care not to hurt wild elephants are in big demand in European countries such as Switzerland, Italy, France and Europe. This raw cashew sourced from such plantations that keep away wild elephants without harming them are processed and sold by retailers in Europe as ‘elephant-friendly cashew’. The harmless prevention of crop raids was achieved through the application of solar energy. Instead of the usual electric fencing, these plantations are bordered by solar fencing. “They provide only a very mild shock which would deter but not injure the elephants,” said Mr Lijin Jacob of Fair Trade Alliance Kerala (FTAK). Solar fencing is a FTAK strategy. Over 10,000 acres of plantations owned by 3,500-odd FTAK farmers, and spread over Wayanad, Kannur, Kasargod and Kozhikode, are edged by solar fencing. “Being part of the fair trade movement we felt it was important that every aspect of our activity, including our protection measures, should be fair,” Mr Lijin said. “We have to keep the elephants at bay or else they will reduce our hard work to nothing,” he added. “But we had to do it in a way that minimises the danger to the animal. That’s how we hit upon the idea of the solar fence.” FTAK’s concern for elephants was promptly converted into a business opportunity by its foreign clients. “They have now branded the nuts sourced from our plants as elephant-friendly,” Mr Lijin said. Electric fencing has killed as many as 12 elephants, and seriously injured thrice the number, in Wayanad alone in the last three years.

Source URL: http://www.deccanchronicle.com/channels/cities/thiruvananthapuram/europe-goes-gaga-over-jumbo-friendly-cashew-569

Business Standard

Wednesday, Nov 23, 2011

Coir exports surpass Centre's target

BS Reporter / Chennai/ Kochi November 23, 2011, 0:22 IST

Coir exports have achieved a healthy growth year-on-year and have surpassed the targets set by the Centre from 2008-09.

In 2008-09, export earnings touched Rs 639.97 crore against the target of Rs 600 crore, and during 2009-10, it reached Rs 804.05 crore (target Rs 700 crore). In 2010-11, this was Rs 807.07 crore (Rs 800 crore).

Addressing the media here, Coir Board chairman VS Vijayaraghavan said to protect the interests of the handloom sector of the industry, the board had taken adequate measures to restore export incentives like VKGUY, Special Focus Product Scheme and duty drawback with increased provision with retrospective effect. These measures should help the industry enhance export of handloom coir products in the coming years.

During the past three years, the board has also done a lot to address the scarcity of coir fibre/coir yarn besides shortage of labour in the manufacturing sector.

Domestic sales

It recorded an all-time high domestic sales of Rs 14.06 crore during 2009-10. However, sales declined to Rs 13.4 crore in 2010-11. The board also received the single largest order for supply of coir products worth Rs 2 crore from the Tirumala Tirupati Devasthanam of Andhra Pradesh.

He said the Centre had launched ‘Rejuvenation, Modernisation and Technological Upgradation in Coir Industry’ scheme. Under this, 40 per cent subsidy is provided for establishment of tiny units and spinning sector. While tiny units will get a maximum subsidy of Rs 2 lakh, the subsidy ceiling for the spinning units is Rs 80,000. Of this, 50 per cent will be provided through bank and the beneficiaries need to raise only 5 per cent of the total outlay. During the last three years, 3,000 such units in major coir producing centres were set up with an outlay of over Rs 50 crore.

The ‘Scheme of Fund for Regeneration of Traditional Industries’ has extended subsidies to 26 clusters in the coir sector. Of this, 11 clusters have been made functional and a few more are nearing completion with an outlay of Rs 20 crore.

The board has also signed a memorandum of understanding with Fertilisers and Chemicals (Travancore) for developing a technology to convert coir pith into organic fertiliser and filler for fertiliser mixture, he added.

Mustardseed futures fall on profit-booking

Press Trust of India / New Delhi November 22, 2011, 13:24 IST

Mustardseed futures prices declined by Rs 35 to Rs 3,116 per quintal today, following profit-taking by traders, driven by weak spot market cues.

Marketmen said apart from profit selling, increased supply and reduced offtake in physical markets, mainly influenced the trading sentiment here in futures markets.

At the National Commodity and Derivatives Exchange, the May contract dropped by Rs 35, or 1.11%, to Rs 3,116 per quintal, with an open interest of 1,940 lots.

The most active January contract also slipped by Rs 17, or 0.52%, to Rs 3,222 per quintal, showing an open interest of 65,240 lots.

Sugar futures up 0.68%

Press Trust of India / New Delhi November 22, 2011, 11:42 IST

Sugar prices shot up by 0.68% to Rs 2,960 per quintal in futures trade today, as speculators enlarged their positions on expectations that the government may decide on granting permission for its exports and strong demand at the spot markets.

In addition, the delay in cane-crushing in key producing states also supported the rise in sugar prices at futures trade.

At the National Commodity and Derivatives Exchange, December sugar moved up by Rs 20, or 0.68%, to Rs 2,960 per quintal, with an open interest of 31,830 lots.

In a similar fashion, the January contract gained Rs 17, or 0.58%, to Rs 2,967 per quintal, with an open interest of 9,790 lots, while delivery in far-month February up by Rs 1,or 0.38% to Rs 2,978 per quintal having an open interest of 1,060 lots.

Analysts said hopes that the government may decide on sugar exports at the meeting of the Empowered Group of Ministers (EGoM) likely to be held today and strong demand at the spot markets mainly influenced sugar prices at futures trade here.

Besides, reports of delay in cane-crushing in key producing states, too supported the upside in prices, they said.

Chana remains weak on pressure from subdued demand

Press Trust of India / New Delhi November 22, 2011, 13:22 IST

Chana futures prices fell by Rs 40 to Rs 3,411 per quintal today, as speculators booked profits at existing high prices, driven by a subdued demand in the physical market.

Increased supply from Madhya Pradesh and Rajasthan also put pressure on chana prices at futures trade, traders said.At the National Commodity and Derivatives Exchange, December chana fell by Rs 40, or 1.16%, to Rs 3,411 per quintal, with an open interest of 2,01,520 lots. The January contract declined by Rs 38, or 1.08%, to Rs 3,496 per quintal, with an open interest of 89,880 lots.
Similarly, prices for delivery in February eased by Rs 14, or 0.41%, to Rs 3,418 per quintal, with an open interest of 34,500 lots.

THE HINDU Business Line

Cotton support prices are too high

MANIKAM RAMASWAMI

It is important that support prices of farm products are constantly reviewed in the light of the increasing costs of production and adjusted periodically. It is most important to fix prices that make agriculture an activity of choice, and not one that is undertaken when no better alternative exists.

GENERAL PRINCIPLES

However, it is equally important to:

— balance the needs of the farmers, without making farm products too expensive for users;

— balance the relative profitability of different crops in order to ensure that all crops are produced as per the needs of the people of India, and not based on skewed support prices;

— if at all there is to be a farmer bias in fixing the support prices, it should be restricted to industrial raw materials and not be done in the case of food, as that would spur further food inflation;

— However, the farmer bias towards industrial raw material should not distort the crop preference away from food altogether, and therefore, a fine balance needs to be maintained.

The increase in production costs would be directly proportional to the crops' inability to lend itself to mechanisation and the labour content in operations.

The highest cost increase has taken place in the case of labour, after the introduction of MGNREGA. Its impact on all crops needs to be factored into the fixation of support prices.

HIGH SUPPORT PRICES

In 2008, cotton support prices for medium staple kapas varieties were raised by over 38 per cent. This was done as a pre-election move, without any in-depth study of costs of cultivation or its relative profitability. Later, cotton support prices were raised by another 10 per cent in 2011, at the beginning of the crop year.

These increases did not impact the government or mills, as support prices have by and large remained below international prices, except after the global financial crisis when prices of all commodities crashed by more than 50 per cent. However, the high support prices have certainly led to conversion of acreage under food to that under cotton.

This shift from food to cotton occurred even in 2009 when the total acreage of cultivated land shrank due to drought.

Interestingly, this was despite the fact that farmers received only support prices that year, as the international market had collapsed. This clearly shows that cotton, even at support prices, is the most profitable crop for farmers in India.

During the crop year 2010-11, international cotton prices touched record highs due to the worst global shortage of cotton in recent history. Indian farmers were able to sell their cotton at double the support prices.

The situation is returning to normal levels this year. There is a record crop the world over. This naturally reflects in domestic seed cotton prices as well.

Farmers who reaped a once-in-a-lifetime bonanza, and are expecting the same to continue, are disappointed and are agitating for higher prices.

It is our responsibility, more so the political leadership, to educate farmers about the reality and point out to them that even today at support prices cotton farming is far more financially rewarding than other crops.

It seems from media reports that this is not happening. Some sections of our political leadership are looking at the populist option of recommending higher support prices once again, without going through the due process of checking the relative profitability of cotton, which still continues to top the charts.

We should not adopt these soft options to win popularity, and create an unsustainable cotton economy which cannot in the long run be supported by subsidies to the procurement agency or the user industry (if we want the user industry to exist).

We are diverting creative energies and land away from food for the wrong reasons.

This will lead to crop diversion away from food, and is hurting the textiles industry.

(This article was published in the Business Line print edition dated November 23, 2011)

Cardamom export surges nearly five-fold; prices drop

G.K. Nair
Kochi, Nov 22:

Decline in prices coupled with a weak rupee have made Indian cardamom (small) attractive in the overseas markets. It, in turn, has resulted in higher enquiries, according to trade sources.

Loss in quality of Guatemala cardamom capsules, the only main competitor of the Indian produce in the world market, due to heavy rain has paved the way for buyers to turn towards India, they said.

Shipments of cardamom (small) from India so far this fiscal have increased five-fold and it could be attributed to the availability of the material here at attractive prices, a dealer in Bodinayakannur told *Business Line* today.

zooming shipments

Total exports of this aromatic spice are estimated to be at over 2,000 tonnes so far, he said.

According to the Spices Board during April–September, a total quantity of 1,825 tonnes of cardamom (small) valued Rs 161 crore was exported against 335 tonnes valued Rs 39.84 crore in the corresponding period a year ago.

Total sales so far through auctions this year are estimated to have more than doubled from that of the previous year, he said.

The weather conditions continued to be very favourable in the growing areas and, as a result, the arrivals are likely to remain at higher levels unless there is a self-imposed market intervention exercise, he said.

Total arrivals last week were at around 542 tonnes as against 533 tonnes the previous week.

There were withdrawals of about 10 tonnes.

There was a marginal decline in the individual auction average price last week but it does not seem to have reflected on the prices of graded varieties.

Total arrivals during the current season up to Nov 20 stood at around 7,090 tonnes (3,420 tonnes).

Prices slip

Sales during the period were at around 6,695 tonnes and 3,287 tonnes respectively.

Weighted average price as on Nov 20 was at around Rs 510 a kg while that on the same day last year was at around Rs 1,195 a kg.

At Kumily prices in rupees/kg were: AGEB 690-720 ; AGB 600-610; AGS 590-600 and AGS 1-570-580 while that in Bodinayakanuur in rupees/kg were: AGEB (7–8 mm) 670-700; AGB (6-7mm) 580- 600; AGS (5– 6mm) 560 -580 and AGS 1: 550-570.

Good bulk was being sold at580- 625.

(This article was published in the Business Line print edition dated November 23, 2011)

UK, US to help in setting up of banana cold chain facility

Our Bureau

Chennai, Nov. 22:

The Confederation of Indian Industry (CII), Southern Region, has mooted setting up of a cold-chain facility for bananas through the public-private-partnership model in Tiruchi in Tamil Nadu, said its Chairman, Mr T.T. Ashok.

Addressing a farewell luncheon meeting hosted for the outgoing British High Commissioner to India, Mr Richard Stagg, , Mr Ashok said the proposed cold-chain for bananas will be a well-integrated unit — from providing farm technologies to farmers to setting up facilities for processing and packaging the produce at the farm gate. “This project would need huge parcels of land and investments. A report in this respect would be submitted to the State Government in the next couple of weeks,” he said.

Mr Ashok, part of the CII's recent delegation to the UK and the US, said the team discussed food security and the need for a cold-chain facility for bananas during the visit, as India is one of the largest producers of bananas in the world. These Governments, he said, have agreed to provide necessary technology and funding.

rravikumar@thehindu.co.in

(This article was published in the Business Line print edition dated November 23, 2011)

Prices hit 9-week low at Coonoor auctions

P.S. Sundar

Coonoor, Nov. 22:

Prices at the auctions of Coonoor Tea Trade Association which have been consistently tracking a downward path have now hit 9-week low.

The year began with the prices averaging Rs 68.19 a kg and posted increases as weeks advanced. They reached the year's highest average of Rs 73.90 on February 10.

Although the downward trend began thereafter, till March end, prices managed to average in Rs 70-plus range. They drifted to Rs 50-range by May but from June, upwards rally was seen.

Since mid-September, week-after-week, prices have been falling. Lack of export demand except from Pakistan and the CIS and the insecurity in West Asian North African markets dampened the market.

In the absence of strong export competition, bidding for domestic market was also restricted. The huge crop loss in Kenya did help periodical spurt in purchases but with no concrete measure taken to retain these buyers, there was no consistency in buying.

(This article was published in the Business Line print edition dated November 23, 2011)

Sheet rubber improves on covering buy

Our Correspondent

Kottayam, Nov. 22:

Physical rubber prices were almost steady on Tuesday. The market continued to remain weak on early trades but strengthened later tracking the gains in domestic futures. The only gainer of the day was RSS 4 which improved on covering purchases, while latex lost ground on low demand. The trend was mixed.

Sheet rubber increased to Rs 191 (190) a kg, according to traders. The grade slipped to Rs 191 (191.50) a kg both at Kottayam and Kochi, as quoted by the Rubber Board.

The December series recovered to Rs 193 (188.92), January to Rs 194.70 (191.02), February to Rs 197.50 (193.95), March to Rs 199.99 (195.75) and April to Rs 202.25 (199.54)a kg for RSS 4 on the National Multi Commodity Exchange.

RSS 3 (spot) declined to Rs 171.22 (176.16) a kg at Bangkok. The November futures improved to ¥ 248 (Rs 169.21) from ¥ 247 a kg during the day session and then to ¥ 252.5 (Rs 172.30) in the night session on Tokyo Commodity Exchange.

Spot rates (Rs/kg): RSS-4: 191 (190); RSS-5: 188 (188); Ungraded: 181 (181); ISNR 20: 172 (172) and Latex 60 per cent: 111 (112).

(This article was published in the Business Line print edition dated November 23, 2011)

Fertilisers set to turn dearer on rupee slide

Vishwanath Kulkarni

Iffco begins talks with suppliers seeking discounts

Fertiliser Sales (in lakh tonnes)

	April-Oct 2011	April-Oct 2010	Change (%)
Urea	161.99	150.36	7.73
DAP	59.49	76.58	(-22.36)
MOP	9.75	23.22	(-58)
NPK	61.72	56.84	8.58

New Delhi, Nov. 22:

Even as planting for the current rabi season gets underway, farmers are in for a tough time on the fertiliser front. The reason: A weakening rupee that has made imported fertilisers costlier and companies passing these on to them.

The maximum retail price (MRP, net of local taxes) of di-ammonium phosphate (DAP) ruled at around Rs 11,000 a tonne at the start of this year's kharif season, which rose to Rs 14,000 towards the end. For the ongoing rabi season, companies started off by raising the price further to Rs 18,200 a tonne.

“Those hikes were only a result of global prices going up over the last few months. It doesn't take into account the rupee's depreciation, which is much more recent. To offset that, we may have to hike the MRPs further to Rs 20,000 or more”, said an official from a leading private phosphatic and complex nutrients company.

The same holds for muriate of potash (MOP), which was priced at Rs 6,300 a tonne at the start of this kharif and then raised to Rs 9,000 mid-way through the season. For the current rabi, companies announced a rate of around Rs 11,300, which, they now say, will have to be revised still upwards to Rs 12,600 or so in the light of the rupee's recent slide. The rupee has weakened by 18.5 per cent against the dollar till date since April this year.

No hike: Iffco

The country's largest fertiliser seller – Indian Farmers' Fertiliser Cooperative (Iffco) – has, however, indicated that it will not raise prices further now. “We have begun negotiations with our suppliers seeking discounts on the contracted prices to tide over the situation as we don't want to pass on the burden to farmers,” said Dr U.S. Awasthi, Managing Director of Iffco.

The co-operative, which imports fertilisers from about 10 suppliers located in the US, Russia, Japan, Morocco, Israel and Jordan, has sought a discount of $50 or 7.3 per cent on its originally contracted price of $677 a tonne (cost & freight, India) for DAP. A similar discount of $45 a tonne is being sought on complex fertilisers that contain various proportions of nitrogen (N), phosphorous (P) and potash (K).

“It is an unprecedented situation. I hope our suppliers understand this and support us or else we may have to invoke force majeure clause, cut imports and shut down our units,” Dr Awasthi told *Business Line*.

Costlier DAP, MOP and complexes on account of increase in global prices as well as a weak rupee have also created a piquant situation vis-à-vis urea, the MRP of which continues to be regulated by the Centre. Since the decontrol of all non-urea fertilisers since March 2010, the MRP of DAP has almost doubled (from a level of Rs 9,350 a tonne), while almost trebling for MOP (from Rs 4,455 a tonne). On the other hand, urea prices have risen by just 11 per cent, from Rs 4,830 to Rs 5,364.69 a tonne.

The disproportionate price increases have led to a sharp dip in DAP and MOP sales, even while farmers are applying more urea (see Table).

Besides higher urea sales, companies have also sought to maximise production of complexes that contain less P and K compared with high analysis fertilisers such as DAP and MOP. Thus, instead of selling DAP or MOP directly, they have been trying to push more complexes such as 12:32:16:0, 20:20:0:0 or 14:28:14:0 that contain less of these nutrients.

vishwa@thehindu.co.in

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Sugar static in UP; drops in Maharashtra

M.R. Subramani

Chennai, Nov. 22:

Sugar prices remained unchanged in Uttar Pradesh but dropped in Maharashtra on selling pressure from mills and stockists on Tuesday.

“The delay in taking a decision on exports has depressed the market,” said a sugar industry source.

The Centre may drag its feet on allowing exports as the Opposition increases pressure on surging inflation.

In Uttar Pradesh, sugar produced this season was quoted at Rs 3,150 a quintal, the same as on Monday. The price of old sugar ruled at Rs 3,025.

Crushing in the northern State is yet to gather momentum. It is likely to pick up pace next week. One of the problems worrying sugar mills in Uttar Pradesh is the higher State Advised Price (SAP) they have to pay to sugarcane growers. This year, the Mayawati Government has fixed the SAP at Rs 2,400 a tonne against Rs 2,050 last year.

The higher SAP is likely to result in an increase of Rs 4 a kg of sugar but mills are unlikely to realise the additional burden they have to shoulder in paying a higher price to growers.

However, any decision on export could help lift prices. The industry is of the view that with production this season that began in October likely to be 265 lakh tonnes and consumption 225 lakh tonnes, there is ample opportunity to export.

On Monday, the International Sugar Organisation Executive Director, Mr Peter Baron, said India could export up to 40 lakh tonnes sugar in view of depleting stocks in the global market.

PTI reports: Meanwhile, in Mumbai's Vashi wholesale market S-30 grade sugar slumped to Rs 3,050-3,100 from Rs 3,070-3,171.

M-30 grade dropped to Rs 3,156-3,261 from Rs 3,161-3,273.

mrsubramani@thehindu.co.in

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Offtake lifts chickpea by Rs 300 a quintal

Our Correspondent

Indore, Nov. 22:

Improved local demand and weak arrival lifted dollar chana or chickpea on Tuesday by Rs 300 at Rs 8,200-8,400 a quintal. Its arrival in local mandis declined to 800-1,000 bags against 2,000 bags on Monday.

Weak arrival and improved demand from millers lifted tur and its dal in the local mandis in the past two days, with tur (Maharashtra) selling at Rs 3,650 a quintal and tur (Nimari) at Rs 2,300-2,800 a quintal. Besides, lack of good quality tur and rise in its prices in Amravati and Gulbarga also pushed up tur prices in local mandis, traders told*Business Line*. Tur (marka) was firm at Rs 6,350-6,400 a quintal, tur dal (full) at Rs 5,600-5,700 a quintal and tur dal (*sawa* no.) at Rs 4,800-4,850 a quintal.

Chana was unchanged at Rs 3,400-3,425, while chana (desi) quoted at Rs 3,325. Weak buying support to chana also weakened its dal. In the spot market, chana dal (average) sold at Rs 4,200-4,225, chana dal (medium) at Rs 4,300-4,325 and chana dal (bold) at Rs 4,450-4,475.

Masoor (bold) was firm at Rs 2,850 a quintal and masoor (medium) at Rs 2,600-2,650. Masoor dal remained unchanged, with masoor dal at Rs 3,225-3,250, masoor dal (medium) at Rs 3,350-3,375 and masoor dal (bold) at Rs 3,450-3,475. Moong and urad was unchanged despite subdued demand. Moong (best quality) sold at Rs 4,200-4,400 and moong (medium) at Rs 3,600-4,000. Moong dal sold at Rs 5,050-5,100, moong dal (bold) at Rs 5,450-5,500 and moong (mongar) at Rs 5,700-5,800. Urad (best quality) fetched Rs 3,400-3,600 and urad (medium) Rs 2,800-3,100. Urad dal was also unchanged, with urad dal (average) at Rs 4,100-4,150, urad dal (medium) at Rs 4,800-4,900 and urad (mongar) at Rs 5,700-6,000.

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Heavy arrivals pound turmeric

Our Correspondent

Erode, Nov. 22:

Spot turmeric price fell by Rs 200 a quintal on Tuesday on higher arrivals and lukewarm demand.

“The price decreased on Tuesday due to heavy arrival. About 10,350 bags arrived for sale. So, traders quoted a reduced price,” said Mr R.K.V. Ravishankar, President, Erode Turmeric Merchants Association.

He said there was no demand from north Indian merchants. Some farmers resorted to distress-sale. Overall, 70 per cent of the arrived stocks were sold.

Mr Ravishankar said: “Usually, in November, only 4,000-5,000 bags arrive for sale and almost all are sold for reasonable prices. Unusually, this year, huge quantities of over 10,000 bags have arrived. This proves that the turmeric growers are having huge stock of turmeric with them”. The farmers also admitted of having heavy stocks with them.

The minimum price fetched has fallen below Rs 4,000 a quintal. Sangli and Nizamabad markets also saw prices falling, with traders not placing orders for the Erode crop as they had enough stocks.

Salem Crop: The finger variety was sold at Rs 4,700-5,298 and the root variety at Rs 4,525-4,669. Totally, 2,526 bags arrived for sale, of which 398 were sold.

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Domestic demand propels dara prices

Our Correspondent

Karnal, Nov. 22:

Domestic demand pushed dara prices marginally up, while desi wheat varieties continued to rule flat on Tuesday.

After witnessing some correction last weekend, dara has shown some recovery following good domestic demand of flour, said Mr Subhash Chander, a wheat trader.

In the physical market, dara prices increased marginally by Rs 5 a quintal and ruled between Rs 1,165-1,175 a quintal. Around 50 tonnes of dara variety arrived from Uttar Pradesh and stocks were directly offloaded at the mills. Mill delivery was at Rs 1,165-1,170 a quintal, while delivery at chakki was at Rs 1,175. On the other hand, desi wheat varieties remained unchanged following restricted trading in the market. Samrat quoted at Rs 1,900-1,950, Lal Quila at Rs 1,850 and Lok-1 was at Rs 1,860 a quintal. On the National Commodity and Derivatives Exchange, wheat for December delivery increased by Rs 2 to Rs 1,209 a quintal after touching a high at Rs 1,214 a quintal earlier on Tuesday. On the MCX, wheat for January delivery rose by Rs 34.90 to Rs 1,198.8 a quintal. Flour prices were up Rs 5-10 for a 90-kg bag at Rs 1,175-1,180 for a 90-kg bag. *Chokar* prices eased by Rs 10 at Rs 650-660 for a 49-kg bag on higher supplies of green fodder.

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Subbarao for revisiting subsidy regime in farm sector

Raising agriculture productivity, a way to respond to food inflation challenge

The RBI Governor, Dr D. Subbarao, addressing the 25th annual conference of the Indian Society of Agricultural Marketing, in Hyderabad on Tuesday . — P.V.Sivakumar

Hyderabad, Nov 22:

The Reserve Bank of India Governor, Dr D. Subbarao, on Tuesday said there was a case for revisiting the subsidy regime in the agriculture sector, as it exerted pressure on food inflation.

“Paradoxically, in India we subsidise both agricultural inputs and outputs — subsidies on inputs such as fertiliser, electricity and irrigation to incentivise production and subsidies on output for the PDS system entail a large fiscal burden,” he said in a lecture on ‘Challenges of Food Inflation' here.

He pointed out that if the amount spent on subsidies could be diverted to augment capital formation in agriculture, higher productivity will raise the income of farmers while lowering prices for consumers. In the same vein, he said higher minimum support prices also led to higher inflation. Dr Subbarao felt that the direct role of monetary policy in combating food price pressures was limited. But in the face of sustained high food inflation, monetary action would still be warranted to anchor inflation expectations. “The outlook on food inflation in short to medium term will be determined by the speed and quality of a supply response by the Government,” he said.

Shift in dietary habits toward more protein foods, pressure on food inflation stemming from inclusive growth and large increases in MSPs of food grains were the major factors driving food inflation, according to Dr Subbarao.

“The possible trade off between inclusive growth and inflation has not received much attention,” he pointed out.

The Mahatma Gandhi National Rural Employment Guarantee Scheme which guarantees at least one hundred days of wage employment to rural labour, has pushed up rural wages, exacerbating the wage-price inflation spiral. “Admittedly, increase in wages need not be inflationary provided it reflected higher productivity, but that is not currently the case,” he said.

Dr Subbarao advocated raising agricultural productivity as a way to respond to the challenge of food inflation. During 2010-11, Punjab, with the highest yield in rice of 3.8 tonnes per hectare, was lower than the world average of 4.3 tonnes.

Prof Abhijit Sen, Member Planning Commission, said agricultural growth was expected to be between 3.2 and 3.5 per cent in the current Plan Period, lower than the targeted 4 per cent. He said a thrust should be given to more decentralised agriculture.

amitmitra@thehindu.co.in

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Nabard sanctions Rs 717 cr for crop loan refinance in AP

Hyderabad, Nov. 22:

Drought-hit farmers in Andhra Pradesh can look forward to some financial help. Nabard has sanctioned Rs 717 crore for providing refinance to co-operative banks and regional rural banks in the State.

Farmers in 555 of the nearly 1,100 mandals affected by drought need fresh credit this year. The additional allocation from Nabard is essentially for supporting seasonal agricultural operations (crop loans) by these banks.

According to a release, Rs 550 crore of the allotted funds have been earmarked for co-operative banks and Rs 167 crore for rural banks. This was in addition to the existing limits of Rs 4,200 crore, including Rs 2,600 crore for cooperative and Rs 1,600 crore for rural banks.

During last year the State could absorb Rs 3,300 crore from Nabard. There is an increase in credit demand from the farmers in the State. There was also a buoyancy in the ground level credit and banks are expecting that the credit demand will increase during the ongoing rabi season.

Of the Rs 2,600-crore allotted for the present year, co-operative banks have already refinanced up to Rs 1,762 crore from Nabard. In the case of rural banks, the figure is Rs 1,080 crore against Rs 1,600 crore.

While the banks are expected to utilise the full funds this year, Nabard was geared to consider further refinance to meet their requirements. Nabard provides crop loan refinance for production credit to cooperative banks at a rate of 4 per cent and for rural banks at 4.5 per cent a year respectively.

soma@thehindu.co.in

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