THE HINDU

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September 27, 2011

Decadal journeys: debt and despair spur urban growth

PERPETUAL MOTION: Oriya migrants at their village in Ganjam district. This group returned after powerloom units in Surat collapsed during the recession. But many will keep going back, sometimes at lower wages . — Photo: P. Sainath

The re-classification of villages and towns, and the changes this brings to the nation's rural-urban profile, happens every decade. Yet only Census 2011 shows us a huge turnaround, with urban India adding more people (91 million) than rural India (90.6 million) for the first time in 90 years. Clearly, something huge has happened in the last 10 years that drives those numbers. And that is: huge, uncharted migrations of people seeking work as farming collapses. We may be looking at — and missing — this cruel drama in the countryside. A drama of millions leaving their homes in search of jobs that are not there. Of villages swiftly losing able-bodied adults, leaving behind the old, hungry and vulnerable. Of families that break up as their members head in diverse directions.

Neither the Census nor the National Sample Survey capture the fastest growing human movement of all — footloose migration (That is, the desperate search for work that drives poorer people in multiple directions with no clear final destination.). They are not geared to record short-term, step-by-step movements. For instance, many of the two million Oriyas outside their State in any year fall into this group. Take those from the Bolangir or Nuapada districts. Typically, they might spend a month or two in Raipur pulling rickshaws. Then work two or three months at brick kilns in Andhra Pradesh. Then serve as construction labourers shuttling around Mumbai or Thane for a few weeks each (Where they are often used on the higher floors in risky scaffolding. Local labour would demand more for that.).

Often, displaced farmers and workers simply move to towns and other places within the same State. As in Maharashtra or Andhra Pradesh for instance.

True, the Census cannot capture these movements of labour. Yet, if it still shows us the urban-rural numbers it does, that suggests a giant drama we have not begun to measure. The urban population and towns are swelling. And the Urban-Rural Growth Differential (URGD) is at its highest in 30 years despite the population growth rates falling all around **(see Table).** The massive migrations have gone hand in hand with a deepening agrarian crisis. One that has also seen over 240,000 farmers commit suicide between 1995 and 2009, most of them mired in debt (*The Hindu* , December 27, 2010). All along, there have been non-official, fragmented and micro signals of the chaos. Easy to dismiss as anecdotal, but still there to see if we choose to.

In the first half of the 1990s, there were just around three or four buses a day from Khariar in Nuapada district of Orissa to Raipur in Chhattisgarh. Now there are 11. Earlier, these buses mostly set out from Bhawanipatna (Kalahandi district headquarters) and went via Khariar to Raipur. Today they start out from more towns and reach much smaller places en route to pick up work-seekers. There have also been massive spikes in train travel to Raipur from and via this region. Both in the numbers of trains and passenger load. And a huge increase in informal ‘van' and jeep services ferrying thousands across the border. “What is left here to stay for?” Bishnu Podh, a footloose migrant in Nuapada, asked me. “Across the border there is a chance of work.” When Raipur emerged as a State capital, the human flow became a flood.

In 1994, there were few or no Kerala state transport corporation buses between Mananthavady in Wayanad district of Kerala and Kutta town in Karnataka. Till the farm crisis struck, cash-crop rich Wayanad had been a district of *in-migration* . So much so that it was called the “Gulf of Kerala.” By 2004, the KSRTC was running 24 trips daily between the two towns. “All work in Wayanad has come to a standstill,” Shinoj Thomas, a migrant that year, told me aboard a bus.

“Just see the countless half-built houses in the district. These were begun when farming was doing well. Once the crisis came along, construction ceased. No one had any money to continue”. (*The Hindu* , December 26, 2004)

In 1993, there was barely one full service a week from the Mahbubnagar bus depot in the Telangana region to Mumbai. Ten years later there were around 40. (Not counting private, fly-by-night operators). “Without Mumbai and Pune we cannot survive,” Pandu Nayak, an Adivasi migrant had told me on a bus. “Our households are deep in debt. Our children, starving.” By 2003, the travellers too had changed. Earlier, there had been mainly Dalits and Lambada Adivasis, mostly agricultural labourers. Now there were carpenters, potters, small and even not-so-small farmers. A poignant moment during a 2003 trip was seeing a once-bonded labourer and his former master, a farmer, on the same bus to Mumbai, both seeking work. Meanwhile, each year, tens of thousands displaced by projects and SEZs from Polepally to Polavaram land up in Hyderabad and the surrounding urban regions.

The economic crisis of 2008 saw the closure of countless powerloom units in Gujarat. Yet in 2009, over 5,000 ‘unreserved' travellers from Ganjam, Orissa, still boarded trains for Gujarat almost every day at the Berhampur railway station. These were and are mostly labourers migrating for work in Surat and Mumbai. “Our employers [in Surat] know we have few options,” says Ganesh Pradhan in Ganjam. There are no days off, no recess, and 12-hour shifts. “Work is up, pay is down. The lunch break has gone…we're losing money and strength…. [But] it's not as if we know that things are much better anywhere else.” The list of such examples from across the country is endless.

Who are these migrants? From the late 90s, as the crisis began to bite, communities that had not resorted to migration before did so. The Dalits of Kalahandi in Orissa were migrants much earlier. From the ‘90s they were joined by Adivasis, milk-producer OBC groups and others. “The migrations of these past 15-20 years are overwhelmingly distress driven, footloose and often disruptive of the lifestyle, roots and family bonds of the migrant,” says economist Dr. K. Nagaraj, professor at the Asian College of Journalism, Chennai. “Very few of them gain in terms of acquiring skill and capital unlike those from the middle and upper classes. When the latter migrate, they usually make big gains in skill, capital and mobility in the jobs ladder.” This exodus signals the ruin of petty production in the countryside.

And yet, this great outflow of human beings from their homes in the villages is not spontaneous. A massive chain has sprung up of middlemen and labour contractors who gain heavily from this exodus and thus seek to organise it to their benefit. They supply labour at cheap rates to a variety of patrons — from town and city contractors and builders to corporations, including multinational companies. This not only helps depress the local wage, but also offers the patrons a pool of cheap labour that is desperate, unorganised, and thus relatively docile. The employers don't have to bother about the migrants' security, workplace conditions or any standard benefits a city labourer might know of and claim. To the workers, this system offers quick if low payments, crushing debt and unending despair.

From the late 1990s, as the agrarian crisis began to bite, communities that had not resorted to migration before did so.

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KASARAGOD, September 27, 2011

Action plan to boost coconut production

: A meeting of the ‘Kerashree Apex Body' here on Monday decided to implement a comprehensive action plan to increase coconut production in the district by 50 per cent within five years.

District panchayat president P.P. Shyamala Devi presided over the meeting, held at the Collectorate Conference hall. The meet discussed strategies to increase coconut farming by 10 per cent every year and take steps to improve productivity.

It noted that though the district had a large extent of 58,000 hectares under coconut farming, only 10 per cent of the farms adopted scientific methods while the remaining were not tendered properly or were being used to take assistance from government without making any special efforts to increase production.

As many as 63 coconut clusters were being developed under the aegis of the district panchayat and the farmers enlisted under the scheme were being given free fertilizers and other benefits.

The meeting mooted the idea of setting up organic manure units in each panchayat, and hold weekly markets to sell farmers' produce.

Published: September 27, 2011 00:00 IST | Updated: September 27, 2011 04:07 IST JAIPUR, September 27, 2011

Cooperative banks lending a helping hand to rabi farmers

Cooperative institutions in Rajasthan are actively taking part in the ongoing rabi campaign by enrolling new members from among the farmers, issuing new farmers' credit cards, helping out agriculturists in preparing crop loan applications and calculating the requirements for farm inputs.

State Cooperative Minister Parsadilal Meena said here on Monday that the department would revise credit limits for members of the village cooperative societies and extend to them the benefits of lump sum payment schemes and new loan repayment arrangements of the cooperative banks.

Mr. Meena said cooperative bank officers and representatives of cooperative marketing societies were regularly visiting the special camps being organised across the State as part of the drive. The campaign will continue till October 15 to help the farmers get good crop yield and remunerative prices during the rabi season.

Mr. Meena pointed out that the cooperative banks, which had started disbursement of crop loans for the rabi season, would provide information on rebate in interest rate and sanction loans on the spot to farmers at the camps. Farmers repaying loans on time would get four per cent rebate in interest.

The Minister said the department, which had set the target for issuing 2 lakh new farmers' credit cards this year, would get a good opportunity during the rabi campaign to extend the benefit to farmers. The Registrar of Cooperative Societies has appointed nodal officers for different districts to popularise various schemes and provide benefits to the target groups.

While “Beej Raths” (seed chariots) are making the rounds of remote villages during the drive to generate awareness among the rural populace, the Agriculture Department is distributing seed mini-kits, soil health cards, bio-fertilisers, farm equipment and booklets on innovative practices and new agricultural technology.

“Delink food entitlements from poverty line”

In a significant move, prominent economists on Monday made a forceful plea to delink food entitlements from the “faulty” poverty measures put out by the Planning Commission.

Asserting that under-nutrition was much more widespread in the country than income poverty “however defined,” the economists sought restoration of the universal Public Distribution System (PDS) “as the best way forward" in combating hunger and poverty.

“This is not only feasible within the available fiscal space of the Centre, but also must be a policy priority in the backdrop of high and persistent food inflation," 27 economists from across the country said in a statement issued here.

Their appeal is significant in view of the fact that not only has the Planning Commission come in for severe criticism for validating the poverty line arrived at by the Suresh Tendulkar Committee but also because the Centre has recently put out for public comments its draft National Food Security Bill that does not envisage universal PDS.

Declaring the official national poverty line at Rs. 32 and Rs. 26 per capita per day for urban and rural populations respectively as “unacceptable benchmarks to measure the extent of poverty in the country,” they said it was counter-productive to link these with basic entitlements of people, especially access to food.

“While academic debates can continue on the appropriate measure of poverty, its extent and whether it is decreasing over time, we strongly believe that it is unacceptable and counter-productive to link the official poverty estimates to basic entitlements of the people,” the statement said.

Universal PDS

“It is also widely recognised that the targeted PDS introduced since 1997, has done more harm than good by creating divisions even among the poor and has led to massive errors of exclusion. Recent evidence clearly establishes that States which have moved towards nearuniversalisation of the PDS have performed much better in increasing offtake and reducing leakages," it added.

Speaking to *The Hindu* , Jayati Ghosh of the Jawaharlal Nehru University said poverty lines have been arrived at different levels by various committees depending upon the range of indicators that each looked at. However, according to her, poverty in the country had not come down in the way the official figures project.

On the provision of social services, she said there should be the exclusion rather than the inclusion criterion and a cap.

The signatories to the statement include the former West Bengal Finance Minister Ashok Mitra; the former Minister and Chairman of 1977 Task Force on Poverty Estimation Yoginder K. Alagh; Director of Institute of Development Studies, Kolkata, Amiya Kumar Bagchi; Chairman of the Indian Council of Social Science Research and the former UGC Chairman, S.K. Thorat; the former Vice-Chairman of Kerala State Planning Board Prabhat Patnaik; Finance Commission Member Atul Sarma; the former Planning Commission Member G.S. Bhalla; Professor at the Madras Institute of Development Studies S. Subramanian; Professor at the Delhi School of Economics Pulin Nayak; National Commission for Enterprises in the Unorganised Sector Member Ravi Srivastava; Director of Indira Gandhi Institute for Development Research, Mumbai, S. Mahendra Dev; Director of Institute for Social and Economic Change, Bangalore, R. S. Deshpande; Professor at the Indian Statistical Institute, Kolkata, Madhura Swaminathan; Director of Institute of Development Studies, Jaipur, Surjit Singh; Professor at New School University, New York, Sanjay Reddy, Dr. Ghosh, and others.

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DHARWAD, September 27, 2011

Incentive sought for milk producers

Karnataka Milk Federation (KMF) president G. Somshekar Reddy has urged the Government to provide an additional incentive of Rs. 3 per litre to buffalo milk producers of north Karnataka to enhance milk production.

Speaking at the inauguration of the silver jubilee celebrations of Dharwad Milk Union (DMU) here on Monday, Mr. Reddy said there was a huge difference in milk production between south and north Karnataka. While the daily milk procurement was 38 lakh litres in the southern regions, it was only 9 lakh litres a day in the north, he said.

Turnover

Mr. Reddy said that KMF's turnover was Rs. 5,700 crore in the last fiscal, and it was expected to reach Rs. 9,000 crore in the next two years.

The federation procured nearly 47 lakh litres of milk a day.

Milk production increased after the Government announced a support price of Rs. 2. While the production was 20 lakh litres earlier, it was expected to reach 60 lakh litres by the end of the year, he said.

Besides, the accumulated loss of DMU had been cleared, following a special grant of Rs. 8 crore from the Government.

High growth

In the dairy development sector, KMF was achieving 10 per cent growth, although the Centre had directed milk federations to ensure annual growth of 4 per cent, the KMF president said.

- *Incentive of Rs. 3 per litre sought for buffalo milk producers in north Karnataka*
- *Production expected to reach 60 lakh litres in the State by the end of the year*

Published: September 27, 2011 00:00 IST | Updated: September 27, 2011 04:17 IST Tumkur, September 27, 2011

SBM to identify farmers needing loans

Assistant General Manager of State Bank of Mysore Ramanand said farmers who have not availed loans will be identified by October 15 and loans will be dispersed to them, as directed by Reserve Bank of India. Loans up to Rs. 50,000 will be given to SHGs, hindustantimes

Tue,27 Sep 2011

Weather

Chennai - INDIA

Today's Weather

Clear

Tuesday, Sep 27

Max Min

35.6° | 24.6°

Rain: 00 mm in 24hrs

Humidity: 75%

Wind: Normal

Sunrise: null

Sunset: null

Barometer: 1007

Tomorrow's Forecast

Rainy

Wednesday, Sep 28

Max Min

35° | 25°

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Sep 29	**Sep 30**	**Oct 1**	**Oct 2**	**Oct 3**
33° | 26°	33° | 26°	33° | 26°	33° | 26°	33° | 26°

Deccan Chronicle

Published on *Deccan Chronicle* (http://www.deccanchronicle.com)

Food grains storage space to go up

The state principal secretary (agriculture marketing), Mr I.Y.R. Krishna Rao, stated that they were going to take up construction of godowns with a capacity to store nearly 25 lakh metric tonnes of food grains in the state shortly. Speaking to newsmen here on Monday, the principal secretary, Mr Krishna Rao, said that of the total proposed space, agriculture marketing and warehousing departments would take up construction with a capacity to store 10 lakh metric tonnes with the funds sanctioned under Rural Infrastructure Deve-lopment Fund while Food Corporation of India and private agencies would provide the remaining 15 lakh mt space. He said that they were going to strengthen the rytu bazaars and provide more amenities for the benefit of the general public. He said that they were going to streamline the functioning of the check posts of agriculture and marketing departments by locating them at strategic locations unlike the existing scenario of check posts from both the departments were located side-by-side at some places. He said a proposal was under consideration to merge the unviable market yards with the others and vowed to initiate measures to strengthen them. The principal secretary made a surprise inspection of several rytu bazaars in the city and later interacted with the farmers. Mr Krishna Rao also enquired about the prices the farmers were selling the vegetables.

Source URL: http://www.deccanchronicle.com/channels/cities/regions/rajahmundry/food-grains-storage-space-go-666

THE ECONOMIC TIMES
Tue, Sep 27, 2011 | Updated 09.01AM IST

27 Sep, 2011, 06.19AM IST, Jayashree Bhosale,ET Bureau

Global sugar prices dip to a three-month low, export margins crash

PUNE: With international sugar prices dropping to a three-month low, margins in Indian sugar exports have shrunk considerably. Mills which were selling their export quotas for up to Rs 900/

quintal are now ready to give them up for Rs 650/quintal but there are no buyers.

Global sugar prices are down 19% this month while raw sugar has fallen 8% last week alone. India is expected to have the highest output in four years in the new marketing season starting October 1. The government had allowed export of 1.5 million tonne when prices began to drop below the production cost.

Shipment of one million tonne is over while the final tranche of 0.5 million tonne is being exported now. Release orders have been issued for over 0.35 million tonne sugar.

"There is so much volatility in the market that buyers are refraining from entering the market. The export price has declined by about $100/tonne since the export of the third lot of five lakh tonne started this month. The market needs stability. If the rupee appreciates even by 1%, it means sugar will become cheaper for the buyer," said an analyst at one MNC commodity trading company.

Ajay Sahai, director general and chief executive officer, Federation of Indian Export Organisations , said, "As more than 70% of sugar exporters cover their risks, they are not going to be affected by the slide of the rupee." India is expected to produce around 26 million tonnes of sugar , highest in the last four years, due to higher area under cultivation and a favourable monsoon.

"Despite the downward revision in Brazil's sugar output, international sugar prices are declining continuously in the last 2-3 weeks as the Indian production which is estimated to be higher is expected to fill this gap in the global markets," said Vedika Narvekar, senior analyst from Angel Broking. Narendra Murkumbi, managing director of Shree Renuka Sugars , declined to comment on the volatility in the futures market.

"The margins in sugar exports are declining slowly. But there is still some margin in the exports over the domestic price. If we are able to export about 3-4 million tonne till February, the declining futures prices may not impact the local prices much," said ISMA director general Abinash Verma. The industry is expecting that the government will announce the export policy after the festival season in October.

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the pioneer

Judge recuses from Kerala palm oil case

Judge PK Haneefa of the Special Vigilance Court, Thiruvananthapuram on Saturday recused himself from the palm oil import corruption case in the context of the character assassination campaigns against him, allegedly carried out by people connected with the Government for directing the Vigilance to probe the role of Chief Minister Oommen Chandy in the scam.

Announcing his decision to recuse himself from the case at an unusual sitting on Saturday, Judge Haneefa said that he had requested the High Court to shift the proceedings in the palm oil case to some other court. As per schedule, the case was to be taken up on November 10 but the judge advanced it to Saturday by informing all the parties of the decision by phone on Friday.

What forced Judge Haneefa to take the decision was a campaign allegedly carried out against him by PC George, the Congress-led UDF Government's Chief Whip. George wrote letters to the President, Chief Justice of India and others calling for Executive action against the judge saying that he had violated basic legal procedures in ordering a probe against Chandy.

Immediately after the court's order of August 8 to the Vigilance to re-investigate the case bringing Chandy under its purview, George had accused the judge of being a loyalist of

Opposition leader VS Achuthanandan. He repeated this charge in the letters he sent to the President, the Chief Justice and others. He had also raised this criticism in TV discussions.

The judge said in the open court on Saturday that certain quarters had been carrying out a campaign of character assassination against him through the media and in this context it was improper for him to continue hearing the case. Legal experts said the development could cause uncertainties – at least temporarily – for the sensational corruption case.

Chandy and the Congress-led UDF had announced that they would not appeal against Judge Haneefa's order but they had not tried to prevent George from his personal attacks against the judge. Instead, they justified his action saying he, as a citizen, had the right to raise such criticisms. This strengthened the general suspicion that it was a well-planned UDF move.

At the same time, bureaucrat Jiji Thomson, fifth accused in the palm oil import case, approached the High Court challenging Judge Haneefa's order and complaining that the 20-year-old case was affecting his professional growth. On Friday, Justice NK Balakrishnan had recused himself from hearing Jiji Thomson's petition.

George's attacks on Judge Haneefa and Thomson's appeal had generated a feeling that these moves were being made in order to save Chandy, who had announced his decision not to go for appeal. Chandy, who was finance minister in the then K Karunakaran government when the controversial import was made, had not yet been made an accused in the case.

Responding to the decision of Judge Haneefa to recuse from the case, Chandy said in Kochi, "I have nothing to say on this. Nobody involved in this case has expressed any distrust in the judge. There were reports about a verdict of this judge against me but I too have not made any remarks against him."

However, Opposition leader Achuthanandan, who had been working hard to keep the corruption case alive, said in Thiruvananthapuram that the judge had recused himself from the case due to the "threats and propaganda" carried out by those in the Government. "Chandy pretends to be a just man with his words but his actions are those of a shameless person," he said.

State CPI(M) secretary Pinarayi Vijayan said Chandy and company had achieved their goal through unjust means while Kodiyeri Balakrishnan, Deputy Opposition leader in the Assembly, wanted Chandy to resign as Chief Minister and George to be sacked as the Government Chief Whip.

However, the Congress and the ruling UDF stood solidly behind George, also vice-chairman of the Kerala Congress (M). State Congress president Ramesh Chennithala said there was no need to remove George as Chief Whip. “None of us has raised any personal criticisms against the judge,” he said.

Chandy had given up the Vigilance portfolio after the court ordered the investigation against him in the palm oil case, which had already cost PJ Thomas his job as CVC. The case pertains to the import of palm oil from Malaysia at exorbitant rates, which allegedly caused a loss to the Exchequer to tune of Rs 2.32 crore in 1991-92.

FCI: Paddy arrival in Punjab estimated at 130 lakh tonne

With crop procurement season getting underway from October 1, Food Corporation of India (FCI) expects 130 lakh tonne of paddy to be available in Punjab for lifting, almost the same level of last season. "We think paddy arrival in Punjab will not be more than 130 lakh tonne in coming Kharif marketing season," a senior official of FCI said here. FCI’s estimates come in the wake of reduction in overall acreage and growth in area under basmati especially PUSA 1121 variety crops.“The total area under paddy this season is estimated to be lower than last year and cultivation under basmati varieties has also grown,” he said. Punjab this year brought 27.50 lakh hectares under paddy crop, down by 81,000 hectares achieved during last season. However, Punjab government has made arrangements for procurement of 140 lakh tonne of paddy in coming season. Area under basmati crop, however, is expected to grow by 15 per cent to 6 lakh hectares in Punjab with farmer’s preferring to sow basmati varieties particularly PUSA 1121, PUSA 6 and PUSA 1.

Punjab, known as food bowl of the country, now contributes about 30 per cent of nation’s total rice procurement, though state’ s share had stood at 38 per cent in 2003-04.

Business Standard

AP farmers go on 'Crop holiday'

The state's rice bowl is left empty

Prashanth Chintala / Hyderabad September 27, 2011, 0:51 IST

An unviable minimum support price (MSP) for rice has forced farmers in Andhra Pradesh to leave their lands fallow. The movement is spreading to other states.

“Farming never pays” is a familiar slogan among agriculturists across the world, and especially so in India. Nevertheless, many continue to cultivate their fields year after year, barely eking out an existence, toiling in the hope that the tide may turn in their favour one of these days.

However, in the richly fertile regions of East Godavari, things have come to a head. Konaseema, comprising sixteen fertile mandals is often called the rice bowl of Andhra Pradesh—but it may have to change that sobriquet soon since 40,000 farmers in thirteen out of the sixteen mandals have not cultivated their land this year. This means that 85,050 acres of paddy producing fields are lying fallow, ensuring that the 500,000 tonnes of rice produced last year is not going to be repeated. Following Konaseema farmers, over 3,000 paddy growers of Karamchedu mandal in Prakasam district, also known for rice production, have declared a crop holiday. Many of these are marginal farmers with landholdings of less than 5 acres.

According to Secretary General of Consortium of Indian Farmers Association (CIFA) P Chengal Reddy, this is only the beginning. The movement is going to spread across the country if the Union government does not announce remunerative prices for farmers. “It has already spread to other districts like Nellore, Kadapa and Warangal in the state,” he says.

This apart, Reddy said, farmers associations affiliated to the consortium in AP, Tamil Nadu, Karnataka and Maharashtra have passed resolutions to observe ‘crop holiday’ on a massive scale in the next season if the Centre declines to accept the minimum support price (MSP) calculated by them (they call it ‘farmers price’). There are 350 farmer’s organisations under the consortium's fold across the country and similar resolutions are planned to be adopted in other states.

Why are these farmers resorting to such an extraordinary and extreme decision?

There are nearly a dozen reasons for this situation, according to a report by the Mohan Kanda committee that was constituted by the AP government to identify the circumstances that led to the declaration of crop holiday by farmers and to propose remedial measures.

More than any other reason, the MSP declared by the government seems to be the one thing that has enraged farmers the most. Even if you consider the estimates of the AP agricultural department, the cost of production of a quintal of paddy in Konaseema works out to Rs 1,583. Now, the MSP for paddy announced by the government for 2011-12 was Rs 1,110. This has meant a loss of Rs 473 a quintal and nearly Rs 10,000 per acre (the average yield per acre is estimated at 21 quintal).

WHY 'FARMING NEVER PAYS.'
* 40,000 farmers in thirteen out of the sixteen mandals in Konaseema, East Godavari have not cultivated their land this year
* 85,050 acres of paddy lie fallow, not producing the 500,000 tonnes of rice that it provided the country last year
* Farmers' associations in AP, Tamil Nadu, Karnataka and Maharashtra will also go on 'crop holiday' next season if the Centre doesn't address pricing issues
* The main problem is unviable minimum support price (MSP), fixed on the advice of the Commission for Agricultural Costs and Prices (CACP)
* CACP computes average cost of production across states to calculate MSP which is problematic since costs vary dramatically from state to state
* There are also vast differences in the cost of other inputs, such as land which in Konaseema is over Rs 5 lakh an acre but Rs 1 lakh elsewhere
* Shortage of labour is also a major issue where schemes like NREGA compete in a fertile area where there is no problem in finding work
* The fifth report of the National Commission on Farmers prepared under Swaminathan says that cost of production was higher than MSP for 12 crops,, including rice and wheat
* The report says that MSP should be regarded as the bottom line for procurement. Purchase by government should be MSP plus cost escalation

The MSP is fixed on the advise of the Commission for Agricultural Costs and Prices (CACP) and the commission's estimates seem to be at variance with the actual cost being incurred by the farmers in Andhra. “CACP calculations are based on three-year-old data. Besides, it takes the average cost of production in various states right from Assam to AP,” says Reddy, explaining the reasons for the variation.

This is a problematic technique. In a vast and diversified country like India, the costs of production varies in different states. For instance, according to the Ministry of Employment’s Labour Bureau, the average daily wage rate for a male agricultural labourer in AP was Rs 98.31 in December 2008, but went up to Rs 137.95 and Rs 176.29 in of 2009 and 2010 respectively. During the same period, the average wage rate was Rs 81.19, Rs 96.40 and Rs 114.10 in Assam, Rs 61.33, Rs 69.79 and Rs 84.43 in Madhya Pradesh while it was as much as Rs 220.27, Rs 250.79 and Rs 319.13 in Kerala.

Not just labour—there are also vast differences in the cost of other inputs. For example, the cost of land in Konaseema is over Rs 5 lakh an acre whereas it could be less than Rs 1 lakh in other states, or even in other regions or districts in the same state. As a result, the fixed cost of production varies from state to state, and from region to region within the same state.

Besides escalating costs, shortage of labour is also stated to be a major issue. During paddy transplantation, which usually lasts about a fortnight, large number of labourers are required. But, thanks to NREGP, it has become increasingly difficult to get the required number of labour.

To overcome labour shortage, farmers are switching to horticultural crops which are not labour intensive. However, the option is not available to wet land owners in Konaseema and Karamchedu. Their land is ideal for growing paddy but not suitable for horticultural crops.

The CIFA made several presentations to the Centre including the Prime Minister, Agriculture Minister and the Planning Commission’s Vice Chairman, asking for a remunerative MSP but to no avail. Left with no recourse, on September 5, 2011, the CIFA executive committee met in New Delhi and adopted a resolution rejecting the MSP declared by the government for the year 2011-12.

At the same meeting, it adopted another resolution urging the Centre to declare an MSP of Rs 2,400 a quintal of paddy, which it called the ‘farmers price’. CIFA’s MSP includes the estimated cost of production of Rs 1,600 plus Rs 800 as the farmer's "take home income" as per the recommendations of the National Commission on Farmers headed by noted agricultural scientist MS Swaminathan.

Besides adopting the above resolutions, CIFA also filed a petition in the Supreme Court urging the apex court to direct the Union government to implement the National Policy for Farmers-2007, framed by the Ministry of Agriculture on the basis of the recommendations of the MS Swaminathan commission.

Meanwhile, according to the fifth report of the National Commission on Farmers prepared under the chairmanship of Swaminathan, the profitability in agriculture declined by 14.2 per cent during the 1990s due to stagnancy in yield growth and rise in input prices outpacing the increase in prices of the output. The report said that the cost of production was invariably higher than the minimum support price in the case of 12 crops including rice and wheat. The other crops were jowar, maize, bajra, ragi, tur, moong, urd,gram and barley. "It would be extremely unlikely that in long run farmers would continue to cultivate those crops where the C2 costs (cultivation costs) are not recovered," the report stated.

According to the report, MSP should be regarded as the bottom line for procurement both by government and private traders. Purchase by government should be MSP plus cost escalation since the announcement of MSP. The commission also recommended that the MSP should be at least 50 per cent more than the cost of production. It also said that CACP should be an autonomous statutory organisation and should become an important policy instrument for safeguarding the survival of farmers and farming.

Terming NREGA as a "vote catching, populist scheme", Chengal Reddy asked, "Where is the need for introducing NREGA in delta areas like that of Krishna, Godavari, Cauvery, Tungabhadra and Punjab?" According to him, there is enough work for people in the agricultural sector in these areas and there is no need of NREGA, which is leading to shortage of agricultural labour and escalation of cost of production.

On the other hand, Union Minister for Rural Development, Jairam Ramesh, had been eloquent about the effect of NREGA in addressing unemployment in rural areas. When it was brought to his notice that the scheme had an adverse impact on agricultural operations and some farmers were observing crop holiday, the minister said he was "open to suggestions" in this regard.

ITC Agri & IT businesses group head S Sivakumar said it was time that we came out with long-term solutions. “The formula we have used for the past 30 years can’t be used in the next 10 years,” he said adding that we were currently in a situation where the food inflation was very high while there was no steep rise in the output prices for farmers.

He said that long-term solutions include raising productivity of both crops as well as labour, reducing transaction costs between farmer and the consumer and encouragement of private sector participation on a large scale for which the regulatory framework has to be changed.

Until then, one of India’s most fecund rice bowls will remain empty.

Govt flip-flops worsened onion crisis

Sanjeeb Mukherjee / New Delhi September 27, 2011, 0:16 IST

A recent spike in onion prices and the subsequent government action of first banning the export of the bulbous vegetable only to be lifted within 11 days after that has once again brought into focus all that is fundamentally wrong with marketing of agriculture produce in India. It has shown open a wide disconnect between farm gate and retail prices, mainly of fruits and vegetables.

Onion prices started rising between June and August for the second time in less than a year’s span when rates in the retail markets jumped by almost Rs 10-15 per kilogram between the three monsoon months. The reason was erratic rains in the early part of the monsoon season in Maharashtra, Karnataka and Gujarat. The below-par rains not only pulled down the inion production, but also delayed the harvest of the remaining crop.

Officially, this led to a drop in the total production of onions in the country during the kharif season to 3.3 million tonnes — around 30 per cent less than last year’s 4.7 million tonnes.

Onion, which is normally cultivated three times a year — in kharif, late kharif and rabi — gets bulk of the supplies from Maharashtra, Karnataka and Gujarat. This time, the harvest got slightly delayed, prompting traders to hoard the remaining crop, according to officials. This, they say, added on to the already rising prices.

As the situation looked getting out of control, the government first raised the minimum export price (MEP) of onions from $300 per tonne to $475 per tonne in one go. That was meant to curtail exports and improve domestic supplies. Then, within a day of raising the MEP, there was a ban on the exports.

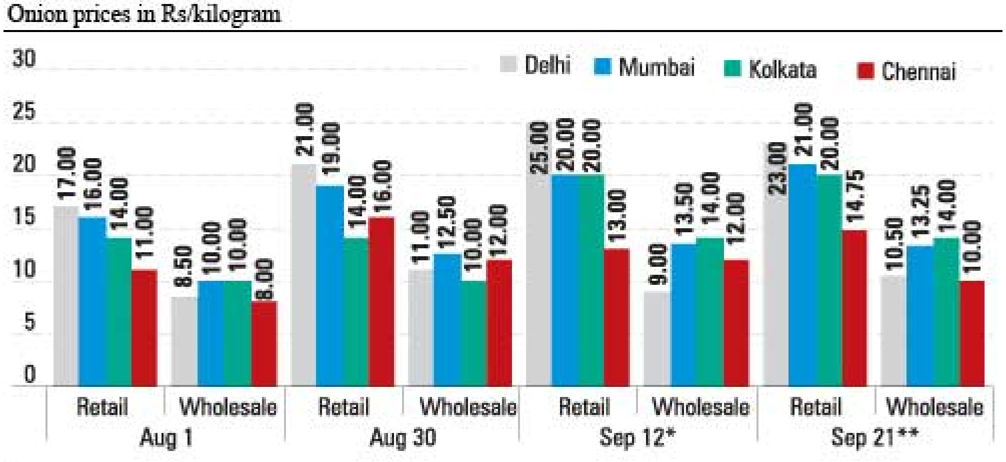
All this was done to bring down the retail prices. The move did have a sobering impact on wholesale prices, but retail prices continued to remain stubbornly high.

The move to stop exports didn't seem to have the desired result as traders and farmers in Maharashtra, which supplies bulk of the onion to the country, went on a flash strike. That further scuttled the already low supplies and added on to the price spiral. Interestingly, data sourced from the department of consumer affairs department shows that wholesale price of onions dropped on the one hand after exports were banned, but retail prices rose as farmers and traders stopped selling onions in protest.

The gap between wholesale and retail price of onion in Delhi markets jumped from Rs 11 per kilogram on August 30 to Rs 16 per kilogram on September 12, data shows. The difference, which in an ideal scenario should not be more than 25-30 per cent, further got accentuated.

WIDENING GAP

Onion prices in Rs/kilogram



* The first official data after export of onion was banned on September 9, 2011

** The first official price data after the ban on onion exports was lifted on September 20, 2011

Source: Department of Consumer Affairs

This clearly shows how an undeveloped marketing infrastructure in agriculture commodities prevented the benefits of a policy decision from percolating down.

Of course, that the farmers and traders in Maharashtra had stopped selling onions did have an impact on the supplies and there on to prices, but it would not have been as worse as it became.

Surprisingly, data shows that retail prices of onion in fact started falling after the ban on exports was lifted on September 20. In Delhi, prices dropped by around Rs 2 per kilogram, while in Chennai it fell by Rs 2 per kilogram.

Onion prices which were till then rising sharply showed signs of moderation for the first time in more than three months once the ban on exports was lifted.

Experts say the divergence between wholesale and retail markets in India, which is further deepened by the multiple layers of wholesalers and middlemen, was evident in full force during the current crisis in onions.

The mark-up between the price at which the farmers sells their produce and the rate at which an end-consumer purchases it rose to almost 70 per cent during the crisis. In a perfect market, it should not be more than 30 per cent.

Palm oil may drop to one-year low on supplies: Mistry

Bloomberg / Mumbai September 27, 2011, 0:08 IST

Palm oil may tumble to as low as 2,800 ringgit ($880) a tonne in the next five to eight weeks, the lowest level in almost a year, as output jumps in Malaysia and Indonesia, the largest growers, according to Dorab Mistry, director of Godrej International Ltd.

Futures in Malaysia will trade between 2,800 ringgit and 3,100 ringgit a tonne until mid-November, Mistry said in remarks prepared for the Globoil conference in Mumbai on Monday. The commodity, which has lost 21 per cent this year, last traded at less than 2,800 ringgit in October 2010.

Lower palm oil prices may curb world food prices, that the United Nations predicts will stay at historically high levels this year and ease pressure on central banks to raise interest rates. Commodities fell to a nine-month low on September 23 on deepening concern that governments are running out of tools to avert a global recession, eroding demand for raw-materials.

"This is going to be a period of great volatility, first down and then gradually up," said Mistry, who's traded the oil used in food and fuels for more than three decades. "You will need strong nerves to trade these markets." Futures may recover from December and rally to as high as 4,000 ringgit a tonne as consumption rises among developing nations, including China and India, he said, maintaining a forecast made first on July 28. The December-delivery contract closed at 2,992 ringgit in Kuala Lumpur on September 23.

PEAK PRODUCTION

Palm oil production in Malaysia will be at a peak this month and in October, Mistry said. Output may gain to 19 million tons (mt) this year in Malaysia, while it may total 25.5 mt in Indonesia, the largest producer, sticking to a forecasts made in July. In Malaysia, production totalled 12 mt in the January-August period, while shipments gained 3.8 per cent to 11.3 mt, according to the nation's palm oil board.

Sime Darby Bhd, the world's biggest publicly listed palm oil producer, expects harvests from plantations in Malaysia and Indonesia to climb, Group Chief Executive Officer Mohd Bakke Salleh said on September 21. Futures may hold at 3,000 ringgit a tonne until the end of the year, he said.

because of their "significant discount" to other cooking oils and demand from India ahead of the Diwali festival, he said.

The price may plunge 16 per cent to as low as 2,525 ringgit a ton by March, if Brent crude oil extends its decline to $87 a barrel, James Fry, chairman of LMC International Ltd told the conference yesterday. Brent for November delivery fell 1.4 per cent to $103.97 a barrel on the London-based ICE Futures Europe exchange on September 23.

'DEPRESS'

A plan by Indonesia to lower the tax on refined palm oil products may boost its exports, swelling inventory in Malaysia, Fry said. That may "depress" prices, he said. Indonesia will levy a maximum tax of 10 per cent on refined, bleached and deodorized palm oil from October 1, while crude palm oil will be taxed at a maximum of 22.5 per cent, according to a Finance Ministry Decree signed August 15.

The growth in global vegetable oil supplies will outpace the increase in demand for the first time in three years in 2011, Mistry said. Production will expand by 9 mt, exceeding the 6.5 mt growth in demand, he said.

“It is also seen that world stocks will rise significantly,” Mistry said. “This rise in stocks will materialise mainly in the second half of the year. That is when palm oil production will be at its highest and Russian and Ukrainian sunflower seed crush will be strong.”

FLAT OUTPUT

Palm oil output in Malaysia may remain flat next year or increase marginally after a bumper harvest this year, while production growth in Indonesia will be less than a normal year, Mistry said.Soybean oil will remain “steady” around $1,200 and $1,250 a ton free-on-board basis for the next several months due to biodiesel mandates in Brazil and Argentina, Mistry said. Still, the loss of export demand for soybean oil from so-called price- sensitive countries will continue given its large premium over palm oil, he said.Soybean oil futures in Chicago may rally from December as Brazil and Argentina near the end of their crushing season, Mistry said. Prices may gain to 65 cents a pound to 70 cents a pound by April from 52.64 cents on September 23, he said.

“There will be several short periods between now and the middle of 2012 when markets will be extremely volatile,” Mistry said. “So much so that we shall even try to forget the fundamentals and look only at the performance of financial markets and equities.”

THE HINDU Business Line

Pricey garlic


Steep rise: A heap of garlic at the Agricultural Produce Marketing Committee yard at Yeshwanthpur in Bangalore. Garlic which cost around Rs 30-45 a kg last month is ruling at Rs 80-90 a kg now. The steep hike is due to short supply from Gujarat and delay in new crop arrivals. — G.R.N. Somashekar.

(This article was published in the Business Line print edition dated September 27, 2011)

Price volatility leading to more defaults in cotton contracts

Coimbatore, Sept. 26:

The current cotton season ending this month has seen records being set in prices and production. Prices have shown abnormal movement, while production has been estimated at 325 lakh bales (170 kg each). This has led to largescale defaults in contracts in domestic and international markets.

Industry sources admit to contract defaults reaching an all-time high this season compared with the past, but were unable to quantify the defaults. “There are no reported figures. The Cotton Corporation of India (CCI) has estimated its default at 3-4 lakh bales, but many mills have negotiated and settled the issue. Apart from CCI, there are others and trade defaults could be quite significant,” a source said.

It may be recalled that cotton in India was sold at around Rs 30,000 a candy of 356 kg on forward basis for delivery in December 2010 and when the prices skyrocketed to over Rs 62,000 in April, a good number of sellers (mainly ginners) defaulted as they could not absorb the huge losses.

Cotton industry sources said that there were instances of a few buyers defaulting in the second half of the season when prices nosedived to Rs 30,000 in a short time of two weeks.

“Volatility has been the main contributor for such large scale defaults. There have been a record number of arbitrations this year,” the source said

These unavoidable situations appear to have created the necessity to work for a common contract for Indian cotton.

The newly elected President of the South India Cotton Association, Mr J Thulasidharan, said that the association has been pushing towards drafting and implementing a common contract approved by the trade. “We are waiting for nod from the regional associations. The idea is to maintain sanctity of the contract.”

SICA's newly elected Vice-President (and former Honorary Secretary), Mr K N Viswanathan, said that due to the mounting defaults and disputes, the association was approached by the International Cotton Federation as well.

While conceding that it would be impossible to have dispute-free trade, he said that a common contract would, to a large extent help control such issues as the views of similar trade bodies at the regional level would also be heard, discussed and debated upon before the draft is ready for implementation.

He also stressed the need for formulation of an import contract for cotton, adding, “Don't rule out imports at some point in time.”

(This article was published in the Business Line print edition dated September 27, 2011)

Spot rubber declines on global cues

Kottayam, Sept. 26:

Physical rubber prices lost heavily on Monday. The market opened weak and surrendered further as Key Tokyo rubber futures crashed to an 1-month low following a sharp drop in global equities late last week on concerns over global economic growth and Europe's debt crisis. The trend was also catalysed by another weak closing on the National Multi Commodity Exchange (NMCE). “There has been no panic selling from dealers or growers but we expect more of them to join the sellers' queue once RSS 4 moves bellow the Rs 200 level '', analysts observed.

Sheet rubber declined to Rs 210 (214) a kg, according to traders. The grade dropped to Rs 211 (214) a kg both at Kottayam and Kochi, as quoted by the Rubber Board.

RSS 4 weakened at its October series to Rs 210.44 (212.07), November to Rs 208 (209.21), December to Rs 208.88 (210.63), January to Rs 209.40 (212.28) and February to Rs 210.20 (211.72) a kg on NMCE.

RSS 3 (spot) dropped to Rs 219.74 (224.17) a kg at Bangkok. The September futures for the grade nosedived to ¥315.4 (Rs 204.67) from ¥330 a kg during the day session and then to ¥302.7 (Rs 196.43) a kg in the night session on the Tokyo Commodity Exchange.

Spot rates were (Rs/kg): RSS-4: 210 (214); RSS-5: 207 (208); ungraded: 198 (199); ISNR 20: 207 (209) and latex 60 per cent: 133 (134).

(This article was published in the Business Line print edition dated September 27, 2011)

Govt prepares contingency plan to boost Rabi pulses output

New Delhi, Sept. 26:

The Government has created a contingency plan to boost pulses output in the ensuing Rabi season. It is targeting an additional output of 2.78 million tonnes of pulses such as pigeon pea, gram, pea and lentil by expanding area and enhancing productivity.

The contingency plan will help the Government offset losses in kharif season. The shortfall in pulses output in Kharif 2011 is expected to be around 0.70 million tonnes, according to the first advanced estimates.

The production of pulses is projected to be at 6.43 million tonnes in kharif against 7.12 million tonnes last year. The projected shortfall is on account of lower coverage of 10.89 lakh hectares (lh) in States such as Karnataka, Maharashtra and Andhra Pradesh, due to less rainfall in late June and early July.

For Rabi, the Government had initially targeted pulses output of 10.27 million tonnes, while the output last year was 10.97 million tonnes. As part of the contingency plan, the Government has made an additional allocation of Rs 80 crore under the National Food Security Mission-Pulses programme to 12 States including Uttar Pradesh and Chhattisgarh. States such as Gujarat and Tamil Nadu will meet the expenses of additional area expansion from their normal allocation under NFSM-Pulses, a statement from the Agriculture Ministry said.

The Government is targeting to bring upto 4 lh under summer moong and urad in irrigated areas of Punjab, Haryana and western UP.

It also plans to promote gram and lentil in rice fallows in eastern India and inter-cropping with sugarcane in UP.

Pulses production has increased in the past few years from 14.20 million tonnes in 2006-07 to 14.66 million tonnes during 2009-10.

Likewise the productivity of pulses has also increased from 612 kg/ha during 2006-07 to 630 kg/ha during 2009-10.

As per Fourth Advance Estimates of crop production, the output of pulses has increased from 14.66 million tones in 2009-10 to 18.09 million tones during 2010-11. Productivity of pulses has also increased from 630 kg/ha during 2009-10 to 689 kg/ha during 2010-11.

(This article was published in the Business Line print edition dated September 27, 2011)

Local offtake lifts cotton by Rs 1,000/candy

Rajkot, Sept. 26:

Cotton rose Rs 1,000 a candy of 356 kg because of rising local demand and low arrivals.

Prices will remain high in the short term as new arrivals may be delayed by 10 to 15 days, said a Rajkot-based ginner.

The Sankar-6 variety sold at Rs 40,000 a candy, up Rs 1,000 from Friday's Rs 38,500-39,000 a candy. Raw cotton or *kapas* was quoted at Rs 915-950 for a *maund* of 20 kg.

While 5,000 bales arrived in Gujarat, and 7,000-7,500 bales arrived in the rest of the country.

February contracts for *kapas* increased by Rs 3.40 to Rs 739.20 for a *maund* on the National Commodity and Derivatives Exchange.

Regular arrival of cotton will start after the first week of October.

export demand

According to brokers, export demand limited in the Saurashtra market but demand from mills is increasing.

However, they don't expect cotton to rise above Rs 42,000-43,000 a candy.

Brokers and traders said output in Gujarat is likely at 116 bales of 170 kg each against 107 lakh bales last year.

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Arrivals, global cues drag edible oils

Mumbai, Sept. 26:

Edible oils came under heavy pressure of increased new crop arrivals in local markets and weak Malaysian soya oil markets.

On Monday, groundnut oil and soya refined oil lost Rs 10 each, while cotton refined oil and palmolein declined by Rs 6 each, tracking a weak futures market and less-than-expected local demand in the physical market despite *Navaratri* festival. Tracking weak Malaysian palm-oil futures, local refiners reduced prices of palmolein and soya oil. Resellers sold 250-300 tonnes of palmolein at Rs 548-550 while a refiner sold 1,200-1,300 tonnes at Rs 550-551. Brand makers were buying groundnut oil and cotton oil at the producers' level. Liberty offered palmolein at Rs 554 and soya oil at Rs 637. Ruchi quoted palmolein at Rs 552 and soya refined oil at Rs 632. Allana offered palmolein at Rs 556. In Rajkot and Saurashtra, a *telia* tin of groundnut oil extended losses by Rs 15 to Rs 1,355 and loose (10 kg) shaved off Rs 5 at Rs 880 on increased selling by millers and arrivals of new crops.

October contracts of crude palm oil on Bursa Malaysia Derivatives settled lower at MYR2,935 (MYR3,005), November at MYR2,908 (MYR2,989) and December MYR2,905 (MYR2,992) a tonne.

Mumbai commodity exchange spot prices (Rs/10 kg): groundnut oil 930 (940), soya refined oil 635 (645), sunflower exp. ref. 675 (670), sunflower ref. 755 (745), rapeseed ref. oil 692 (690), rapeseed expeller ref. 662 (660), cotton ref. oil 650 (656) and palmolein 552 (558).

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Purchases for Diwali cap cardamom's fall

Kochi, Sept. 26:

The cardamom market last week witnessed the highest-ever arrivals in its history in a week, at auctions, estimated at over 600 tonnes and that pushed the prices down, albeit marginally.

“However, good covering by upcountry dealers for Diwali restricted the decline to marginal levels,” dealers said. Diwali buying is expected to continue till mid-October, they said.

An estimated 10 per cent of the arrivals was bought by exporters, trade sources said. Out of the total arrivals amounting to around 615 tonnes, an estimated 604 tonnes were sold. Last Tuesday, the market moved up with the average price crossing Rs 700 level to Rs 712.21 a kg and thereafter, it slid to Rs 622.11 on Saturday to move up on Sunday to Rs 638.56 a kg. Individual auction average was, thus, vacillating between Rs 680 a kg and Rs 620 a kg last week, they said.

“It appears from the last week trend, ever since the average price has crossed Rs 600 a kg, the growers, who were holding some portion of their produce as a self imposed market intervention exercise when the prices fell to around Rs 550 a kg, started releasing whatever they harvest fearing the prices may fall after Diwali,” a dealer pointed out.The crop, as it appears from the arrivals, is going to be extremely good and harvesting is in full swing. If the favourable weather conditions prevail throughout the year, there is unlikely to be a break between the seasons and the flow of cardamom will continue throughout the year.Arrival of 8mm bold was in negligible quantity as much of the material was brought as bulk. Good bulk fetched Rs 675–680 a kg in Kumily on Sunday, they said.

Total arrivals last week in seven auctions in place of eight, came to 616 tonnes as against 422 tonnes the previous week and it is probably the highest-ever arrivals in the history of cardamom auctions, Mr P C Punnoose, General Manager, CPMC told *Business Line.* He said arrivals at the KCPMC auction on Sunday increased to 109.2 tonnes from 92 tonnes the previous Sunday and the entire quantity was sold. The maximum price stood at Rs 976 and the average was at 638.56 as against Rs 645 kg, he said.Total arrivals during the current season up to September 25 stood at 3,348 tonnes as against 1,519 tonnes in the same period the previous season.

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Poor buying cools soya oil

Indore, Sept. 26:

Soya oil continued to slide on sluggish demand and weak foreign markets.

Soya refined ruled at Rs 624-625 for 10 kg, against Rs 626-630 on Saturday, on weak buying and lower Malaysian palm oil futures. Still, most of the trading for soya refined took place at Rs 622-623 for 10 kg. Soya solvent declined on weak demand. It quoted at Rs 580-585 for 10 kg (Rs 585-590) in spot and delivery markets.

Weak projections by Chicago Board of Trade and sluggish foreign markets dragged soya-oil futures. The October contract of soya oil on National Board of Trade was down Rs 4.90 at Rs 635.90. Soya-oil futures dropped on the National Commodity and Derivatives Exchange

(NCDEX) on weak buying, with its October and November contracts closing lower at Rs 633.60 and Rs 617.70.

Higher arrivals coupled with low demand pulled down soya seeds. New soya seeds in the mandis sold between Rs 1,750 and 1,950 a quintal according to the moisture content, while old soyabean sold at Rs 2,125-2,150 a quintal. Plant deliveries of soybean were down at Rs 2,120-2,125 for the new crop and Rs 2,250 for the old crop. Soyabean futures declined on poor buying, with its October contracts on the NCEDX being quoted Rs 12 down at Rs 2,217 a quintal and November Rs 11 down at Rs 2,229.40 a quintal. Arrivals of new soyabean in mandis is rising at 50,000 bags of new soyabean against 8,000-10,000 bags of old soyabean. Five thousand bags, including two hundred of new soyabean, arrived in Indore mandis.

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Sugar drops a tad on bearish fundamentals

Mumbai, Sept. 26:

Spot sugar prices declined by Rs 4-5 a quintal, while Naka level prices for S-grade remained unchanged even as M-grade sugar prices saw a mixed trend, rising or falling by Rs 10 depending on the quality of sugar offered. Mill tender rates ruled steady. Futures prices were range-bound, tracking bearish fundamentals.

Overall, prices ruled steady on expectation of improved business during the *Navaratri* period that begins Tuesday.

The market is now witnessing need-based demand, but is likely to see higher volumes from October 1. Traders are awaiting announcements regarding next month's free sale quota as the Dasara and Diwali festival season is expected to buoy demand from retail as well as bulk buyers.

Arrivals at the Vashi market were about 54-55 truckloads (100 bags each), while local dispatches were about 50-52 truckloads. According to market sources, around 20–22 mills offered tenders and sold about 75,000–80,000 bags to local and state level stockists on Saturday.

Bombay Sugar Merchants Association's spot rates: S-grade Rs 2,761-2,831 (Rs 2,763-2,831) and M-grade Rs 2,826-2,961 (Rs 2,836-2,971).

Naka delivery: S-grade Rs 2,700-2,750 (Rs 2,700-2,750) and M-grade Rs 2,790-2,890 (Rs 2,780-2,900).

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