THE HINDU

KOCHI, August 6, 2012

Fears of opium poppy farming in Kerala

K.S. SUDHI

The possible illegal use of opium as an intoxicant and apprehensions about farming of opium poppy are worrying law enforcement agencies in Kerala.

This follows intelligence inputs that some migrant labourers may be smuggling in ganja from northern parts of the country and some others are using opium.

For the first time, the State Excise Department has come out with an advertisement seeking information from the general public on opium poppy farming. It has appointed a nodal officer to collect information on farming. The Additional Excise Commission (Enforcement) will coordinate the intelligence gathering exercise.

Opium is obtained from the fruit of opium poppy (Papaver somniferum) before it ripens. Longitudinal incisions are made on the fruit wall to collect the milky white latex. The dried latex, which turns black, contains the alkaline morphine, and is processed to produce heroin.

According to a senior functionary of the Excise Department, opium poppy farming is mostly confined to States such as Madhya Pradesh, Gujarat and Rajasthan and there is no information on its farming in South India. However, there were intelligence inputs stating that the practice of using opium could be there among some migrant workers. Hence, the public notice, he said.

There were also intelligence alerts that there could be attempts to smuggle in narcotic substances, including ganja, from States such as Assam, Bihar and Northeastern States. The advertisement, released eight days ago, had not yielded any results till now, he said.

Sujana Balan, Associate Professor of Pharmacology in the Nangelil Ayurveda College at Kothamangalam, said opium poppy plants required cold climate to grow. Though there was no known cultivation of plants with white flowers in Kerala, a hybrid variety of the species with lilac flowers could survive in the high ranges of the State such as Munnar. The hybrid variety also contained equal amount of morphine, she said.

Opium induces sleep and is considered as the best analgesic. In Ayurveda, both opium and ganja are included in Madakari group.

· *'Opium poppy farming is mostly confined to Madhya Pradesh, Gujarat and Rajasthan'*

· *There were intelligence alerts that there could be attempts to smuggle in narcotic substances*

JAIPUR, August 6, 2012

All the help farmers need and some more

Small and marginal farmers in Bharatpur district of Rajasthan are benefiting immensely from a unique initiative to apprise them of the latest trends, research and techniques in agriculture, availability of farm inputs and prospects of various crops in the market. The forums providing the helpful information are the Kisan Gyan Kendras (KGKs).

A total of 34 KGKs opened by the Lupin Human Welfare and Research Foundation at the community centres in villages across Bharatpur district have literature published by the Indian Council of Agricultural Research and the Govind Ballabh Pant University of Agriculture and Technology, Pant Nagar, on a wide range of subjects useful for farmers.

Lupin Foundation executive director Sita Ram Gupta said here that the KGKs had been established gradually over the past one year after farmers realised that traditional farming was no longer profitable for them in the new global economic order.

"Farmers have understood the fact that they will have to shift to crops giving more profits with lesser inputs. This requires a careful selection and sensible planning after getting [authentic] information on seeds, fertiliser, *mandi* position and trends in the market," said Mr. Gupta.

The KGKs have been able to fill precisely this gap of information. The subjects on which up-to-date information is available at the KGKs are agricultural commodities, forestry, horticulture, vegetables, bee-keeping, poultry farming, medicinal and aromatic plants, bio-farming, floriculture, mushroom production, pest control and treatment of plant diseases.

Mr. Gupta said agriculturists are encouraged at the KGKs to look for related avenues of dairy, animal husbandry and rearing of sheep and goats by reading the available literature available. Farmers also get to read newspapers and religious literature there. Agricultural magazines like *Kurukshetra* , *Farm & Food* , *Krishak Jeevan* , *Krishi Jagat* and *Haldhar Times* are also available.

Each KGK has been supplied with 30 compact disks explaining the techniques for growing high-yield crops and depicting other farm procedures. The Lupin Foundation — a social wing of pharmaceutical major Lupin — has also provided televisions, CD players, cupboards for keeping books and *durries* for the KGKs.

Mr. Gupta said the Foundation will provide Internet connectivity at the KGKs from next year.

HYDERABAD, August 6, 2012

Farmers bank on cash crops

B.CHANDRASHEKHAR

Cultivation of cotton, soyabean and maize picks up in State

Cultivation of cash crops & Other major crops (in lakh hectares)

Crop	Normal acreage for kharif	Normal acreage till Aug.1	Actual acreage
Cotton	15.67	13.14	18.14
Maize	4.99	4.20	4.57
Soyabean	1.28	1.28	1.87
Paddy	26.48	8.79	6.09
Groundnut	12.83	11.43	6.89
Red gram	4.89	3.49	3.07
Green gram	2.24	2.09	1.66
Black gram	0.79	0.67	0.49
Total Including Other crops	80.29	53.67	48.24

The cultivation of three major cash crops -- cotton, soyabean and maize -- has picked up considerably in the State in the ongoing kharif season, keeping up smiles on the faces of at least a section of the farming community even as the erratic monsoon has left the majority farmers disappointed.

Officials of the Agriculture Department stated that the three cash crops were cultivated in 24.58 lakh hectares, about 51 per cent of 48.24 lakh hectares total coverage of crops in kharif till

August 1. Cotton was sown in 18.14 lakh ha against the normal kharif coverage of 15.67 lakh ha and maize was cultivated in 4.57 lakh ha against the normal of 4.2 lakh ha till August 1.

Soyabean, which is normally cultivated in 1.28 lakh ha in kharif, was already sown in 1.87 lakh ha, with the entire cultivation taking place in Nizamabad, Medak, Adilabad and Karimnagar districts. "Cultivation of cash crop has more than doubled in Nizamabad, Medak and Karimnagar as soyabean prices have been constantly high in the recent years", an Additional Director of Agriculture told The Hindu.

Asked why the coverage of cotton has gone up in spite of poor market price it had last year, the senior officer said the frequent showers have boosted the hopes of farmers as the crop needed such a pattern of moisture, he explained. Similarly, cultivation of maize was encouraging due to stable prices of the commodity in the market."However, the major worry is cultivation of pulses and oilseeds. Though oilseeds can be sown late, the cultivation of pulses late will hit their yield considerably," the Additional Director stated. Cultivation of three major pulses – red gram, green gram and black gram – has been 2.7 lakh ha less than normal of 7.92 lakh ha.Agriculture officials are hopeful that cultivation of paddy could pick up with more rains and flow of water into irrigation projects. Against normal cultivation of 8.79 lakh ha (26.48 lakh ha for kharif) till August 1, paddy was transplanted in 6.09 lakh ha.

- *Cash crops cultivated in 24.58 lakh hectares*
- *Paddy cultivation likely to gain momentum: official*

DAVANGERE, August 6, 2012

Road cess collected from cane growers

Shamanur Sugars Ltd. and Davangere Sugar Company Ltd. have collected Rs. 52.93 lakh and Rs. 81.98 lakh respectively as road cess from sugarcane growers.

The cess will be used for the development of roads from the factory to surrounding villages for the benefit of sugarcane growers to transport their produce. Deputy Commissioner S.S. Pattanshetty, chairing a meeting here on Saturday, directed the officials concerned to prepare an estimate for the development of roads with the road cess collected so far and send a proposal to the Commissioner of Sugars for approval.

The Deputy Commissioner asked the authorities of the two sugar factories to suggest the roads to be developed. Later, Mr. Pattanashetty, in an informal chat with mediapersons, said road development work would be taken up by the engineering division of the zilla panchayat.

Mr. Puttaswamy said that each sugar factory would collect Rs. 50 a tonne of sugarcane as tax and Rs. 10 a tonne as road cess.

August 6, 2012

Heavy inflows into Taliperu reservoir

With no let up in heavy rains in its catchment areas, the Taliperu reservoir in Charla mandal of Khammam district received heavy inflows.

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Aquaculture poses threat to agriculture

K.N. Murali Sankar

Depleting returns from paddy prompting ryots to take to fish rearing in East Godavari district

changing scenario:Aquaculture is spreadin0g fast in East Godavari district, posing a challenge to paddy cultivation.

A steady increase in the extent of fish tanks and fast conversion of agriculture into aquaculture in East Godavari district has remained a major cause for concern for many. That paddy cultivation is not giving the expected returns to farmers can be gauged from last year's crop holiday, which is a classic example of the sorry state of affairs in the Konaseema region.

As a result, more farmers are venturing into aquaculture, for which the delta region is more conducive. The lush green paddy farms are fast turning into fish tanks.

According to statistics available with the Fisheries Department, prawn culture is spread in 4,700 hectares and freshwater fishing is going on in another 2,055 hectares in the district.

"Aquaculture is posing a threat to agriculture, as the discharges from the fish ponds are being released into the nearby paddy fields," observes D. Venkata Satyanarayana, a farmer from Kamanna Garuvu in Konaseema.

Mr. Satyanarayana is fighting relentlessly against the spread of aquaculture by submitting representations to the district authorities every now and then with the help of likeminded farmers.

"Saltwater is being used in aquaculture and there is every possibility of groundwater salinity in the entire area. This scenario will affect the abutting farm fields in the long run and force the farmers to switchover to aquaculture," says Relangi Adinarayana, a paddy farmer from Amalapuram, while stressing the need for putting in force some stringent norms for conversion of fertile lands into fish tanks.

Word of caution

L. Jalapathi Rao, former Registrar of Acharya NG Ranga Agricultural University, underlines the need for a separate drainage system for the fish tanks.

"Agriculture can be protected from the negative impact of aquaculture by taking certain precautions. Since delta is the ideal region for aquaculture, we need not discourage it on the grounds that it will affect the agriculture," he points out.

Dr. Rao cautions the aqua farmers not to discharge the effluents into the agriculture canals. "Coordination between the agri and aqua farmers is more important," he says.

PUDUKOTTAI, August 5, 2012

Training for horticulture farmers on August 7

A day-long training on horticulture cultivation suited to 'Adi pattam' will be held at the Krishi Vigyan Kendra at Vamban near here on August 7 (Tuesday).

In a release issued here on Saturday, V. Kalaiarasi, Collector, said that the 'Adi Pattam' was ideally suited for plant growth on account of moderate temperature and showers.

The Collector has appealed to the farmers to participate in the training and get their doubts clarified. Further details can be had by dialling 04322-290321.

CHENNAI, August 5, 2012

Ban on heavy machinery for farm work stays

K.T. SANGAMESWARAN

Bench refuses to interfere with The Nilgiris Collector's order

The Madras High Court has declined to interfere with an order of The Nilgiris Collector rejecting permission for using heavy machinery, including earthmoving equipment, for agricultural purposes in the district.

Dismissing petitions challenging the order, a Division Bench of Justices Elipe Dharma Rao and M. Venugopal observed: “It is well within every prudent man’s knowledge that The Nilgiris houses one of the most unique ecosystems in our country and due to various reasons, particularly illegal activities of greedy persons like illegal mining and commercial man’s intrusion into the lives of the flora and fauna of the area, the ecosystem of the area is in danger.”

In their petitions, K. Manthesh Kuttan and others contented that the order passed by the court in November 2009 on a petition by an organisation, In Defence of Environment and Animals, represented by its managing trustee Elephant G. Rajendran, was being misinterpreted by the authorities who had banned the use of heavy machinery.

As per the impugned order of the Collector of October 24, 2011, permission sought by the petitioners to use heavy machinery for agricultural and construction purposes was rejected. Petitioners’ counsel contended that though there was no specific direction by the court, the authorities, in their “undesired over-anxiety,” had imposed complete ban on the use of heavy machinery without considering the fact that they were needed for agricultural and construction work. In the counter, the Collector stated that the use of such machinery in fields on steep slopes triggered severe soil erosion and landslips and affected the fragile ecosystem. Farmers could use tractors. The judges said that when digging and ploughing for agriculture could be done manually, without damaging the ecosystem, they were unable to appreciate the petitioners’ reason that since they were not able to get manpower they wanted to use the machines.

“We have no hesitation to put on record that use of such machinery will only trigger landslips in the area, endangering the flora and fauna of the area. Even otherwise, it is the settled law that the larger interests of society should outweigh the interest/benefit of a smaller section of society for the common good of one and all.” Only to protect the ecosystem in the area and strictly following the court direction, the Collector had passed the impugned orders.

“The Nilgiris houses one of the most unique ecosystems and due to illegal activities, ecosystem of the area is in danger”

COIMBATORE, August 5, 2012

Training in beekeeping

The Department of Agricultural Entomology of Tamil Nadu Agricultural University will organise a training in beekeeping on August 6 at the university.

According to a release, hands-on training will be imparted in identification of bee colonies and their rearing, artificial group rearing of bees, queen bee rearing and production techniques, and identification of natural enemies of bees and their management. Interested candidates have to reach the Department of Entomology before 9 a.m. Candidates can call 0422-6611214, or e-mail to entomology@tnau. ac. in. for details.

MAHABUBNAGAR , August 5, 2012

Farmers keep their fingers crossed for rain

Inspired by the good rains in Maharashtra and Karnataka in the last few days, hopes of a bountiful production have rekindled in farmers of RDS and Jurala.

Around 1.2 lakh acres under Jurala and 87,500 acres under the RDS project will receive water if Tungabhadra and Jurala dams receive sufficient water.

Jurala Executive Engineer V. Narsimha told *'The Hindu'* that if the same situation continued for another 10 days, Karnataka irrigation projects officials would be forced to release water from Almatti and Narayanpur dams downstream, by which the first irrigation project in Andhra Pradesh, Jurala, would get water.

According to irrigation officials, the Almatti dam is receiving 95,433 cusecs of flood water and discharging 23,000 cusecs of water downstream.

In the Almatti and Narayanapur dams, the present storage is well below the total storage capacity of the tanks.

As no water is being released from Narayanapur dam downstream, Jurala has received only 100 cusecs of water following rains in the catchment area between Narayanapur and Jurala dams. Officials say that unless both Almatti and Narayanapur dams are filled to brim, they will not release water downstream.

hindustantimes

Mon,06 Aug 2012

weather

Chennai - INDIA

Today's Weather

Monday, Aug 6

Partly Cloudy

Max	Min
34º	25º

Rain: 2

Humidity: 62

Wind: normal

Sunrise: 05:55

Sunset: 06:33

Barometer: 1006

Tomorrow's Forecast

Tuesday, Aug 7

Rainy

Max	Min
34º	26º

Extended Forecast for a week

Wednesday	Thursday	Friday	Saturday	Sunday
Aug 8	Aug 9	Aug 10	Aug 11	Aug 12
33º | 28º	33º | 27º	34º | 27º	34º | 27º	33º | 28º
Rainy	Rainy	Rainy	Rainy	Rainy

THE ECONOMIC TIMES

6 AUG, 2012, 01.48AM IST, NIDHI NATH SRINIVAS,ET BUREAU

Cotton market booms due to lack of 'policy measures'

The Indian cotton market is at peace. Three months of respite from government meddling has allowed the business to stagger back on its feet. And everyone is making money - farmers, ginners, traders and millers.

Between March and April, the market was rocked by a series of export bans, partial roll-backs, and restrictive rules that battered exports, sent prices plummeting, and roused farmers, MPs and chief ministers of four states into raising a massive stink. Commerce and textiles ministries beat a hasty retreat after the prime minister himself waded in. And we haven't heard a peep out of it since.

It was cotton's lucky break. Finally, its price is being negotiated by physical demand and supply. In the absence of "policy measures", no one is robbing Peter to benefit Paul.

From May onwards, demand for cotton has exceeded supply. Yarn spinning mills, especially in Tamil Nadu, are humming with export contracts from China. Theircotton purchases in May-July were the highest in three years.

Since supply is dwindling as the season draws to an end, cotton prices are up by 10 per cent and now well above even the minimum support price set for the new marketing season starting October 1. So farmers are satisfied. Ginners, who buy cotton balls from farmers and press then into bales, are betting prices will rise further because of the poor monsoon and holding on to stocks.

In mid-July, Indian cotton prices overshot the world market and brought exports to a screeching halt. But traders quickly shifted to another opportunity. They began shipping in cheaper cotton from Tanzania to Tuticorin for mills on the lookout for affordable raw material. These imports are carefully caliberated. Traders plan to import just enough cotton to meet 15 days of mill consumption because everyone knows that in October the new Indian harvest will again replenish the pipeline and cool prices.

In short, because it is free, the market is in equilibrium. India exported cotton when world prices were high. It is importing cotton when world prices are low. God's in heaven and all's right with the world, to quote the poet.

Unfortunately, this calm may be short-lived. Commerce and textiles ministries are now ready with a cotton "distribution" policy that is meddling by another name. Using restrictions such as a buffer stock and tax on exports, the textiles ministry proposes to ensure a supply overhang in the market so that cotton prices always remain artificially low for mills. In other words, farmers and traders are expected to continuously subsidize industry.

The textiles ministry believes such market distortion is justified because mills are burdened by a debt that crossed Rs 1 lakh crore last year. Their sickness puts millions of jobs at stake, not to speak of indigent weavers leading desperate lives.

Touching though it is, this argument doesn't hold water. Mills are indeed debt-ridden. But the root lies in the government's extremely generous subsidies that allowed the inefficient to hide their sins. Last month the RBI rejected a second Rs 35,000-crore loan restructuring package for the entire industry in two years, arguing, quite rightly, that it won't help matters. The industry's highest costs today are power, fuel, labour, and environmental sustainability.

Cheap cotton alone can't bandage balance sheets savaged by fierce global competition and faltering demand. The textiles ministry needs to nudge mills into correcting their course. And find solutions for rising industrial input costs. Instead, it has again proposed beating down cotton prices as the panacea for all ills.

If the distribution plan goes ahead, an ugly fight awaits. Farmers will be even more combative this October. Scanty rains have forced each one to invest more than usual in the crop. Most farmers in largest producer Gujarat could not plant cotton at all because of drought. Cotton from Andhra and Maharashtra may be of poorer quality this year due to weather stress. With little or no cotton to sell, and that too of uncertain quality, the farmers will need reasonably high prices to escape cash losses.

The three short-lived export bans in three consecutive years and the ensuing mayhem show that other stakeholders in the Indian cotton market have politically and economically come of age. They will no longer meekly accept disruption of a free market in which they are equally invested and over which they have an equal right.

Any interference is guaranteed to boomerang politically, the first casualty being Gujarat assembly elections. If government wants the textiles industry to prosper, it may be wiser to play fair. As they say, you cannot help men permanently by doing for them what they could and should do for themselves.

6 AUG, 2012, 02.03AM IST, BLOOMBERG

Bull market in crops extends with US drought

NEW YORK: Corn and soya bean traders are bullish for a 15th consecutive week on speculation that the drought spreading across fields in the US will spur the government to make more cuts to its production forecasts.

Fourteen analysts predicted soybeans will climb this week and a further seven were bearish. Twelve expect gains in corn, six saw a decline and three anticipated little change. Hedge funds are holding the biggest bet on higher corn prices since September and almost the largest wager on costlier soybeans since at least 2006, US Commodity Futures Trading Commission data show.

Moderate to exceptional drought had spread across 63 per cent of the contiguous US by July 31, the US Drought Monitor, based in Lincoln, Nebraska, said. The US Department of Agriculture cut its forecast for the world's biggest corn harvest by 12 per cent last month and its outlook for the soybean crop by 4.8 per cent. It next reports August 10 and Goldman Sachs Group and Rabobank International have said they expect output to drop further.

"Corn already has had damage taking place and we've seen a sizable cut in harvestable acres and yields," said Sudakshina Unnikrishnan, an analyst at Barclays in London. "The soya bean market still is very, very nervous because the supply side scenario is a lot tighter." Soya beans rose 34 per cent to $16.135 a bushel on the Chicago Board of Trade this year and set a record $16.915 on July 23. Corn gained 23 per cent to $7.95 a bushel, reaching an all-time high of $8.205 on July 31. CME Group Inc., the world's largest futures market, said trading of agricultural commodities jumped 46 per cent in July from a year earlier.

The Standard & Poor's GSCI gauge of 24 commodities declined 1.7 per cent since the start of January and the MSCI All-Country World Index of equities gained 4.5 per cent. Treasuries returned 2.8 per cent, a Bank of America index shows.

The USDA cut its US corn harvest outlook to 12.97 billion bushels and reduced its soya bean projection to 3.05 billion bushels on July 11. Corn output may be 11.043 billion bushels, the lowest since 2006 and 25 per cent below the government's June forecast for a record crop, FCStone said August 1. The soya bean crop will be 2.73 billion bushels, it said.

Credit Suisse Group said crop yields will probably be lower than current USDA forecasts. Twenty-four percent of the US corn crop and 29 per cent of soya beans were in good or excellent condition as of July 29, the lowest rating for the date since 1988, a year when drought slashed the nation's corn harvest by 31 percent, USDA data show.

Drought will persist in the Midwest through October and spread in parts of North Dakota and Texas, the Camp Springs, Maryland- based US Climate Prediction Center said. Heat waves in Europe are also damaging crops from Italy to Russia. Grain output in Western Australia may drop 40 per cent because of dry weather and frost, according to CBH Group, the state's biggest handler.

China may import a record 61 million tonne of soya beans in the 2012-13 season, 6.1 per cent more than a year earlier, with corn shipments unchanged at 5 million tonne, the USDA said July 11.

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the pioneer

New DDA policy in offing to regularise farmhouses

FRIDAY, 03 AUGUST 2012 13:26

RAJESH KUMAR N NEW DELHI

Doling out a big relief to the farmhouse owners, Delhi Development Authority (DDA) is bringing a policy to regularise all existing farmhouses that had come up prior to February 7, 2007.

To accommodate all the existing farmhouses, the authority has decided to bring farmhouses having spread on one acre (4,000 metres) of land under the new policy. The policy is likely to be discussed at the authority meeting at Raj Niwas on Friday. The authority is bringing this proposal following the directions of Ministry of Urban Development.

"All existing farmhouses in the proposed urban extension area that had come up prior to February 7, 2007 and also those where sanctions had been sought prior to February 7, 2007 but accorded later that date by the regulatory authority shall be regularised and redesigned as country homes. In notified or reserved forest area, farmhouses built on privately owned make land sanctioned up to February 7, 2007 shall be regularised subject to direction of Supreme Court on the ridge land," the proposal said.

There are 2,731 farmhouses in Delhi that are covered by the rules framed by the DDA and the MCD and it is learnt that 6,000 to 7,000 hectares of land would be covered by these farmhouses.

If approved, the policy will pave way for regularisation of farmhouses built or sanctioned before February 7, 2007, in Mehrauli, Neb Sarai, Ber Sarai, Satabari and Chhattarpur by levying penalties. The policy also proposed plots with an area of more than two hectares can be used to build banquets, resorts and amusement parks. Plots covering smaller area can have naturopathy clinics and health centres. It may be noted that several senior officials of authority have opposed the policy stating that it will pave way for regularisation of all farmhouses and affluent colonies.

The new policy is an attempt to legalise, regularise and streamline holding of marriages, social gathering and other commercial activities in farmhouses, which was illegal so far. The proposed policy states that farmhouses on roads having maximum width of 18 metres should be permitted social functions such as marriage functions, social cultural programmes and amusement parks. "It could not support the proposal of DDA to permit 50 per cent coverage area or floor area ratio (FAR) for farmhouses and there should be a cap of maximum 750 sq m," the policy said.

The Ministry of Urban Development had earlier asked the Delhi Government to suggest its views on regulation of farmhouses in the city. The State Government in its suggestions stated that all existing farmhouses should be regularised as per relaxed norms. “The regularisation of farmhouses would be subject to (a) levy of stiff penalty proportionate to the extent of the violation; (b) provision of roads as per zonal plans; (c) provision of adequate land for infrastructure such as electric transformer and underground water reservoirs,” it said.

It further said that most of the farmhouses are already running out of water supply due to depletion of groundwater and demanding water supply from the Delhi Jal Board (DJB) which has scarce resources and can only divert supply by reducing supply to the already covered areas.

Water level rising at major dams

SATURDAY, 04 AUGUST 2012 14:27

STAFF REPORTER N DHAMTARI

Due to a continuous downpour in the district for the past few days, the water level in all four dams of Ravishankar reservoir have started rising steadily, bringing a smile to the faces of farmers who get irrigation water from here.

They are likely to get filled to their capacity in a couple of days if the rain continues.

According to information from the dam control room, till date, the main reservoir in Gangrel has so far received nearly 2 thousand million cubic feet (2 tmcf) water this season and is filled up to 60 percent of its capacity.

The reservoir, which has its optimum level of water at 348.08 metres or 32 tmc, at present has 345.08 metres, or 21.051 tmc of water in store. It is receiving 2,344 cusecs of water from the catchment area. At least 11 tmc more water will be needed to fill Gangrel. Meanwhile, for irrigation purposes, 400 cusecs is being released into Bhilai Feeder Canal.

Likewise, in Dudhawa dam, the water level is 416.88 metres. It has 2.154 tmc water in store and is receiving from the catchment areas at a rate of 252 cusecs. In Sondhur dam, water level is 466.640 metre whereas 3.793 tmc of water is stored in the dam presently. The dam is

receiving water at the rate of 281 cusecs.

In Muramsilly dam present water level is 366.44 metre where as 0.809 tmc water is in store. The dam is getting water at the rate of 289 cusecs from catchment areas. At least 16 tmc more water will be required to fill Dudhawa, Sondhur and Muramsilly dams.

According to executive engineer of water resources department, Rudri office, Virendra Tiwari, dams are getting water at a slower pace due to less rain in the catchment areas. However, if the current spell of monsoon lasts, the dams will fill up fast.

Business Standard

Monday, Aug 06, 2012

Sugar weakens on profit-booking, hike in margin

August contract falls 1.19%

Press Trust of India / New Delhi August 06, 2012, 10:54 IST

Amid profit-booking by speculators after recent gains and a hike in margin by the authorities, sugar futures today fell by Rs 43 to Rs 3,580 per quintal.

However, strong demand in the spot market for the ongoing festive season, restricted the fall.

At the National Commodity and Derivatives Exchange, sugar for delivery in August traded Rs 43, or 1.19%, lower at Rs 3,580 per quintal, with an open interest of 10,660 lots.

The September contract shed Rs 12, or 0.33%, to Rs 3,595 per quintal, with an open interest of 39,620 lots.

Marketmen said the fall in sugar futures prices was due to profit-booking by speculators at current levels and hike in the minimum initial margin to 10% from 5% by the futures bourses effective today, to check speculative activity in the commodity.

However, strong demand in the physical market from bulk consumers and poor rainfall in cane-growing areas restricted the fall, they said.

Meanwhile, sugar prices are ruling at Rs 38-40 a kg in the national capital.

Coffee exports down 5.3% this year

More dip expected, with rupee decline balanced by fall in global price, depressing shipment

Mahesh Kulkarni / Bangalore August 05, 2012, 0:28 IST

India's coffee exports for the first seven months of this calendar year (January to July) have declined by 5.3 per cent to 228,212 tonnes, compared to the corresponding period last year. This comprises 45,762 tonnes of Arabica, 126,676 tonnes of Robusta and 55,636 tonnes of instant coffee.

The decline is largely due to a drop in Arabica prices and lower production of Robusta beans during the earlier crop season. However, the rupee's weakening against the dollar helped exporters recover some of the volume losses during the first seven months of this year, analysts said.

"Actually, we were expecting about 10-15 per cent decline in exports during the period. Thanks to a weaker rupee and higher demand for value-added coffee, the decline in exports during this period was trimmed. Till June, exports were down by 10 per cent. However, we still expect to close the current calendar year with about 10 per cent drop in overall exports, compared to last year," said Ramesh Rajah, president, Coffee Exporters' Association of India.

During calendar 2011, exports were 343,224 tonnes, valued at Rs 4,827 crore. Of this year's export, that of Indian origin coffee fell 7.2 per cent to 195,531 tonnes between January and July, as against 210,791 tonnes during the same period last year. The export of value-added coffee was 32,681 tonnes, a growth of eight per cent over the 30,242 tonnes exported during the first seven months of last year.

Robusta Parchment (washed variety) has seen good demand in international markets, especially Europe. As a result, the price of this variety has almost doubled to Rs 7,900 per 50-kg bag, compared to about Rs 4,300 per bag in July 2011. European markets have been consuming more of Robusta as its percentage mix in blended coffee has gone up from 30 per cent to 50 per cent this year, said an exporter.

In value terms, total exports were flat at Rs 3,383 crore as against Rs 3,382 crore earlier. “Though the rupee weakened against the dollar, there was no gain for exporters as the prices of Arabica have declined by 35-36 per cent this year, from a high of 250 cents per pound in December last year to 160 cents per lb in June this year. Because of this drop, growers were reluctant to export their produce this year,” said M P Devaiah of Allanasons Ltd, an exporter.

India exports coffee to Italy, Germany, Russia, Belgium, Slovenia, Jordan, Spain, Malaysia, America and Greece, among others. Italy alone accounts for 27 per cent of all exports from India, followed by Germany and Russia. The top 10 exporters include NKG Jayanti Coffee, Allanasons, Amalgam-ated Bean Coffee, Tata Coffee and ITC.

FMC tightens noose on agri futures

Rajesh Bhayani / Mumbai August 05, 2012, 0:26 IST

With rains eluding farmers, commodity futures market regulator has started tightening noose over the agri commodity futures market to ensure speculative activity remains under control, with margins of several agriculture commodities (near month contracts) are trading at discounts, or in backwardation, in the futures market, compared to the spot market. Market participants are attributing this phenomenon to regulatory measures imposed by the regulator, Forward Markets Commission (FMC). Out of 12 actively traded agri commodities, six are at discounts to spot in near month contracts.

Normally in the commodities segment, prices in the futures markets are quoted at a premium, since it includes the cost of carry.

This time, however, because of several regulatory measures taken by the FMC, including doubling of margins from five to 10 per cent on all agricultural commodities, staggered delivery-related restrictions and margins as high as 50 per cent in some cases, in several commodities, near month contracts are traded at discounts to their spot prices. In some commodities like menthaoil, soybean and cardamom discounts are between nine to 11 per cent, compared to prices in the spot market.

FMC chairman Ramesh Abhishek explained, “Futures prices in agriculture commodities are now reflecting positions in the spot physical markets, which is desirable. This means futures prices are not driving spot markets and speculation in future market is under control.”

FMC has raised minimum margins on wheat and sugar to 10 per cent from Monday and that is not all. The commission is considering many more such regulations.

FMC has already implemented the system of not allowing contracts for lean month maturities. In agricultural commodities, there are some months when no new crop arrives in the market and hence there will be hardly any deliveries. Contracts maturing in such lean periods are not permitted by the FMC. For 15 agri commodities, including several spices and oilseeds, the decision has been conveyed to exchanges. Contracts for 2013 lean months have been rejected by FMC.

Stiff regulatory measures taken so far seem to be a beginning as several other measures intended to impart transparency in the futures market are being contemplated.

FMC has sought views of exchanges regarding separate disclosure of positions regarding proprietary and client transactions as well as volumes due to algorithm and high frequency trading. Another proposal is that exchanges should ask clients with large positions in futures to disclose their spot market positions, also. FMC proposes exchanges to collect and maintain such information as that will help identify manipulations, if any. FMC however, has not taken a final decision on this.

In a move that can deepen the market and attract real hedgers into the futures market, FMC has asked exchanges to look at giving relief in payment of margins to hedgers who have deposited goods equivalent to their open positions with the exchange’s recognised warehouse.

The regulator is also considering relaxing norms relating to warehouses in and around delivery centers. At present, warehouses should be within a 50-km radius of the delivery center for agriculture commodities. To allow more warehouses in the delivery centre areas, FMC is considering increasing this limit to 100 km.

THE HINDU Business Line

Chana futures gain 6% in last one week

Suresh P. Iyengar

Chana prices may gain further on tight supply amid strong demand during this festival season.

Mumbai, Aug 6:

Chana futures on the National Commodity and Derivatives Exchange Ltd (NCDEX) gained nearly six per cent to Rs 4,672 a quintal in the last one week due to drought-like situation in most of the northern states.

Though chana is a rabi crop, it takes cues from monsoon and the progress of kharif crop sowing.

Thin supply in the domestic spot market also pushed up the prices. However, futures markets witnessed correction towards the end of the week on account of profit-booking at higher levels.

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSP) for arhar (tur) at Rs 3,850 a quintal and moong at Rs 4,400 a quintal, marking an increase of Rs 650 and Rs 900 per quintal, respectively.

According to the Ministry of Agriculture, kharif pulses were covered on 72.79 lakh hectare as of August 3 against 87.53 lakh hectares in the same period last year, a decline of 16.84 per cent.

Sowing is reported lower mainly in Rajasthan.

According to the fourth advance estimates, pulses output is pegged at 17.21 million tonnes in 2011-12 compared with 18.24 mt produced last year.

Chana prices may gain further on tight supply amid strong demand during this festival season.

‘Market design - the forgotten key’

R. Ramaseshan

Marketing of the produce has never received the attention that it deserved. — Shiv Kumar Pushpakar

August 5, 2012:

Agricultural policy making, with few exceptions, rarely extends beyond distribution of inputs and crop management. Marketing of the produce has never received the attention that it deserved

— maybe years of subsistence agriculture and insufficient production never brought issues in agricultural marketing to the fore.

Compulsion to sell only in regulated market yards, limited infrastructure, a market loaded against the producer and a host of other restrictions characterise agricultural markets in India today.

Marketing of agricultural produce has two prerequisites — getting the produce from the farm to the market and participating in the selling process in the market. The producer faces an inherent disadvantage on both these counts. While the former entails initial expenditure compelling a sale on that very day, the latter in an alien setting places him at an inherent disadvantage.

The much maligned buyer in the regulated market has his own set of complaints — uncleaned and non-standard material being brought for sale is the most cited one. And this, from the buyer's viewpoint is the justification for the lower price offered and the discounts in weighing.

Twin issues

A fair market has to address these twin issues to make the process equitable to both participants. And designing such market structure, without alienating any section of participants is critical to any market intervention effort.

Gulbarga — a mid-size town in south India was the experiment ground for a new market structure. The area around the town is the bowl for redgram, a variety of pulses in India and the regulated market here is the place where the produce is sold traditionally by farmers in the area.

What distinguished this location for experimenting a market intervention was the strong presence of MYRADA, a woman focused voluntary agency, having presence for over three decades.

The experiment two years ago attempted to address the concerns of both the parties to the sale — the farmer and the commission agent or trader — to create a sense of fairplay.

Getting the produce from the farm to the market is a cost-intensive irreversible activity that invariably ends up in a sale. Avoiding or minimising this movement by storing the produce in warehouses and exposing standard lots to a competitive electronic auction could give an extra return to the farmer. Storing has an inherent weakness - the inability of the farmer to hold on to the produce. There comes a day when his desperation and need overcome the hope of a better price.

Funding the produce for an interim period to overcome the immediate need is critical and banks stepped in to meet this requirement.

Sampling, assaying and grading is *sine quo non* for such a changed process to be successful. With persuasion, buyers agreed to participate when assured that graded produce would be brought up for auction. And the seller was educated to agree to grading, as that improved the chances of realising a better price.

While menfolk remained sceptical of the intervention, the woman of the house persuaded by MYRADA carried the message home and soon, a few early converts wanted to try out the alternative market.

A part of the selling process — albeit an important one — now addressed, the focus shifted to drawing up standards for grading and mounting an intensive education campaign for organising farmers into groups for economic lot creation and gaining the confidence of both sections of participants for the electronic auction process.

The impact of the well-designed intervention was revealing. The cost of reaching the selling stage in the intervened areas was a quarter of the cost in the traditional areas. And graded lots fetched a better rate in the auction. A proper weighing system also contributed to a better realisation. All factors added up to an increase in realisation of 4-10 per cent over the normal sale process.

The downside of the intervention — two interrelated features — one, the expectation for a better price getting over rationality and a few farmers getting exposed to falling market prices and second the lack of means to protect the producer from the slide in prices.

An improved market structure could provide this safety net in a large market setting, but scaling up to reach there is the challenge.

And should this remain an experiment, limited to prove a point, only to be discussed in conferences? Here it transcended the experiment phase and led to an improved transparent auction market in the main regulated market yard. Grading was initially not a part in this market setting, but increased transparency through an electronic auction became the norm. And reaching out to grade the produce is not a difficult task.

Intermediation in any market is critical and cannot be eliminated; the key is to make it efficient. One section need not lose for the other side to gain; what is critical is a market fair to both the parties. If only policy makers can participate in and conceive a proper market design!

Weather drives world agriculture market

G. Chandrashekhar

Near-drought conditions faced in the Indian sub-continent have catapulted grains and oilseeds prices to record highs. — Kommuri Srinivas

August 5, 2012:

At a time when global commodity markets, especially energy and metals markets have come under pressure due to weak macroeconomic sentiment and demand concerns and as a result, prices of some commodities have recently declined to levels last seen in 2009-2010, agricultural markets have been booming in the wake of serious weather aberrations affecting some of the major origins in the northern hemisphere.

The worst drought in several decades currently threatening the US crops (mainly corn and soyabean), weather concerns in the Black Sea region (Russia, Ukraine and Kazakhstan) impacting grains as also near-drought conditions faced in the Indian sub-continent have catapulted grains and oilseeds prices to record highs.

Yet, prices are not on a one-way street. Ahead of the USDA WASDE report on August 10, in the bourses, financial participants are paring back their speculative positions in agriculture. Profit-taking has pressured prices of late. Improved rainfall in the US Midwest is seen helping stabilise soyabean yields. According to experts, given the rapid growth in unhedged long positions in futures markets and the long list of potential catalysts that could halt the upward trend in the month ahead, overweight agricultural positions are now being pared back.

Meanwhile, India too continues to be the focus of attention with the forecast that the southwest monsoon will be less than 90 per cent of the long-period average which signifies drought. Forecast of El Nino is likely to reduce rains in the second half of the June-September season impacting a range of crops including rice, coarse cereals, pulses, oilseeds, cotton and sugarcane.

Of course, for the world market and particularly for investors, the US drought remains the key factor setting sentiment and prices. Soyabean and corn seem to be the most favoured in terms of price performance.

Expanded acreages

Despite expanded acreages, yields are set to take a hit due to acute moisture stress. In case of wheat, on current reckoning, 2012-13 output is forecast down by 30 million tonne due to geographically widespread downgrades, but comfortable carry-over stocks are expected to cap the upside risks to prices.

While crop prospects and harvest size continue to come under close scrutiny in this weather-market, market participants are also concerned about precipitate policy intervention by governments. For instance, the anticipated decline in the US corn output may prompt the government to discourage diversion of the crop for bioethanol production.

Wheat too may come under this ambit. Elsewhere, countries in the Back Sea region may resort to imposing restrictions on grains export as happened in 2009.

At home, it should come as no surprise if the Union government unleashes a series of measures – fiscal, monetary, trade, tariff and administrative — to fight food inflation. Ban or sharp curtailment of export of essential commodities would be the most logical step to expect, followed by imposition of stringent storage restrictions.

On the futures platform there may be stricter regulatory oversight. Even re-imposition of selective credit control on essential goods may be considered.

Simply put, the policy context has now become complex. Countries will be forced to undertake extraordinary measures to respond to the extant extraordinary situation. The most unfortunate part for India is that our own drought has coincided with similar conditions in the US, the world's largest agriculture producer and exporter.

The focus must now turn to the southern hemisphere. Whether expansion in crop production in the second half of the year will at least partially compensate for the decline in the first half and bring about some price relief is a conjecture at this point of time. But if current high prices are any guide, there will be supply response soon, subject again, of course, to normal weather.

Coonoor tea auction buoyant

P.S. Sundar
Coonoor, Aug. 5:

Buoyancy prevailed at Sale No: 31 of the Coonoor Tea Trade Association auctions with about 93 per cent of the eight-week low offer of 14.47 lakh kg being sold with prices rising Rs 3 a kg over the previous week.

Homedale Estate tea, auctioned by Global Tea Brokers, topped the CTC leaf market when Vishal Marketing Co bought its Broken Pekoe grade for Rs 162 a kg and dust market when Paras Tea Co bought its Red Dust grade for Rs 162. Professor got Rs 146, Vigneshwar Estate Rs 144, Shanthi Supreme Rs 139, Blue Monte Speciality Rs 137 and Deepika Supreme Rs 136. In all, 90 marks got Rs 100 and more.

Among orthodox teas from the corporate sector, Chamraj and Curzon got Rs 200 each, Highfield Estate Rs 168, Corsley Rs 165, Kairbetta Rs 162, Havukal Rs 161 and Devashola Rs 160. In all, 27 marks got Rs 100 and more.

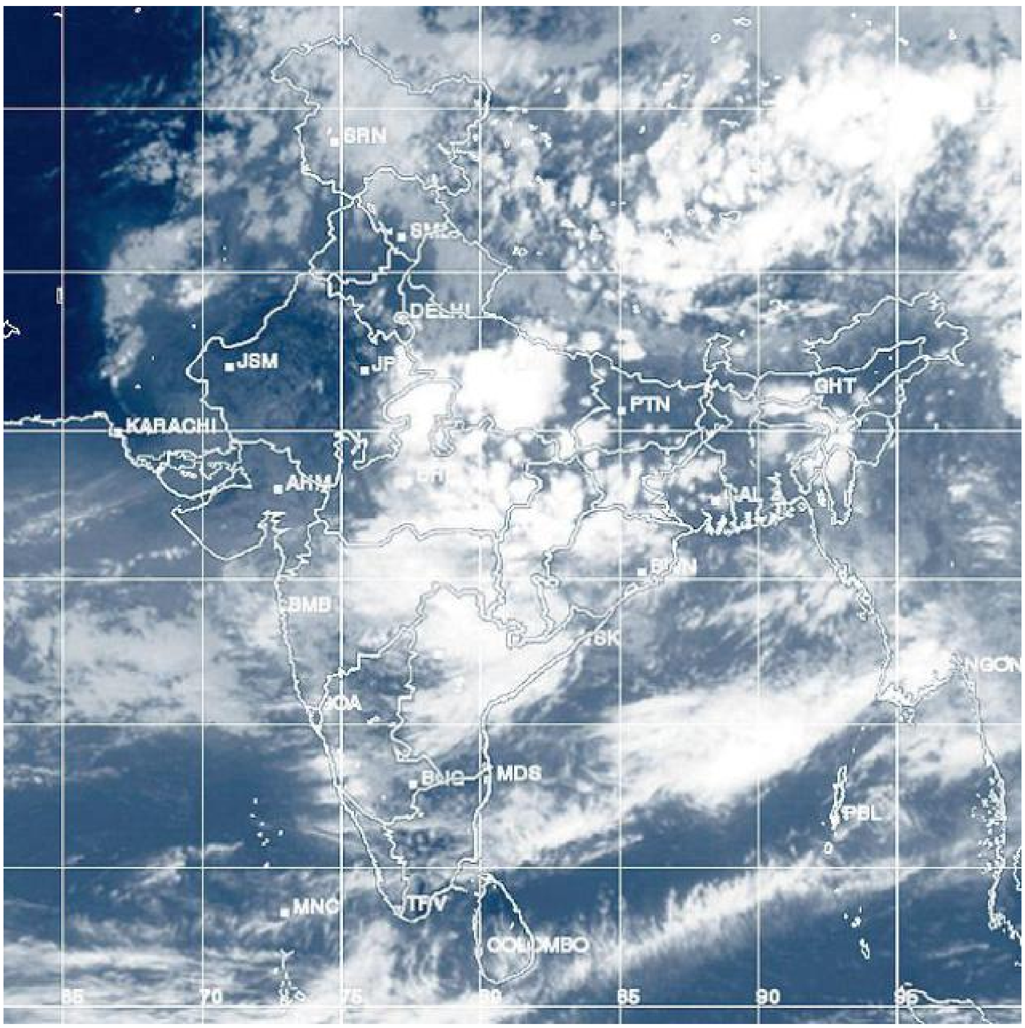
"Whole-leaf orthodox grades were dearer by Rs 2-3 a kg. CTC leaf market gained Rs 2-3. Primary orthodox dust grades Rs 5-10 more. High-priced CTC leaf was dearer by Rs 2-3, mediums Rs 1-2 and cleaner blacker plainers Rs 2-3," an auctioneer told *Business Line*.

On the export front, Pakistan bought in a wide range Rs 65-93 a kg and the CIS, Rs 62-90. There was some purchase for European ports at Rs 74-93.

Quotations held by brokers indicated bids ranging Rs 62-64 a kg for plain leaf grades and Rs 100-130 for brighter liquoring sorts. They ranged Rs 70-75 for plain dusts and Rs 100-145 for brighter liquoring dusts.

Monsoon active along Himalayan foothills

Vinson Kurian



Thiruvananthapuram, Aug. 5:

A day after flash floods in the Himalayan foothills, monsoon continued to be active in the region even as a causative low-pressure area persisted.

Satellite maps on Sunday afternoon showed more rain clouds racing in from central India towards Uttar Pradesh and possibly adjoining hilly regions.

VIGOROUS MONSOON

An India Meteorological Department (IMD) update said that the monsoon was vigorous over Chhattisgarh during the 24 hours ending in the morning.

The rains were active also over sub-Himalayan West Bengal, Sikkim, Odisha and Uttarakhand during this period. The rain-driving low-pressure area had shifted bearing overnight from northwest Bay of Bengal to southeast Jharkhand and adjoining Gangetic West Bengal and Odisha.

A weather warning valid for the next two days said that heavy to very heavy rainfall would lash Odisha and Chhattisgarh.

DEFICIT DOWN

Heavy to very heavy rainfall has also been forecast over Madhya Pradesh and Vidarbha as well as Konkan and Goa on the west coast during this period.

Extended forecast valid until Sunday next said that rains may continue to lash many places over central and adjoining east and north peninsular India, the northeastern states and the west coast.

Meanwhile, the heavy monsoon over the Himalayan region has brought down the rain deficit over north-west India appreciably down to 31 per cent.

These do not help the cause of the plains, however, indicating how spatial spread rainfall leaves much to be desired in the region.

Rain deficit over central India too has been reduced to a much respectable 14 per cent as on Sunday, with more showers forecast for the region during this week.

No respite

There has been no respite for south peninsula which retains a deficit of 23 per cent and there is no immediate hope of any major wet weather for this region anytime soon.

East and northeast India has fallen back to double-digit deficit after improving to as low as six per cent at one stage.

Forecast outlook also suggest that west India, especially Gujarat, could be a surprise gainer from a follow-up low-pressure area in northwest Bay of Bengal later this week. *vinson.kurian@thehindu.co.in*

Marginal drop in pepper prices

G. K. Nair

Kochi, Aug. 5:

The pepper market last week witnessed tug of war between the bull and bear operators. Eventually bear operators turned out to be successful with prices dropping marginally during the week.

Exporters, processors and investors, were active and whatever material available was being bought by them and sold on the exchange platform.

The stock position at the exchange was said to be around 2,200 tonnes last week and another 300 tonnes are expected to be added taking the total to 2,500 tonnes. Already 1,000 tonnes of June and 500 tonnes of July are with the 'bull cartel' and the balance 1,000 tonne is also likely to be cornered by squeezing the market, sources said.

Big long position holders were taking all-out efforts to cover spot pepper at higher levels. The agents of these operators were covering spot at Rs 413, Rs 417 and Rs 420 a kg respectively for pepper from the plains, Pulpally, Battery region in Wayanad and from the high ranges last week.

Meanwhile, Indian companies were covering aggressively and actively from overseas origins such Vietnam, Sri Lanka and Indonesia light and semi-light pepper at premium prices. This has made these grades of pepper in Vietnam firmer.

At the same time, has also paved the way for a slowdown in the sales of heavy pepper, trade quoting sources claimed.

The futures market remained highly volatile. August, September and October contracts last week showed a decline. August, September and October decreased by Rs 380, Rs 405 and Rs 240 a quintal respectively to the last traded price (LTP) of Rs 43,605, Rs 43,825 and Rs 44,365 a quintal at last weekend close.

Total turnover increased by 10,978 tonnes to 38,147 tonnes. Total open interest decreased by 331 tonnes during the week to end at 7,686 tonnes.

August open interest during the week fell by 2,459 tonnes to 2,984 tonnes, while that of September and October increased by 1,660 tonnes and 442 tonnes respectively to 4,097 tonnes and 569 tonnes.

Spot prices decreased in tandem with the futures market trend by Rs 200 during the week to close at Rs 40,700 (ungarbled) and Rs 42,200 (garbled) a quintal.

Overseas trend

Indonesia remains the market maker in black pepper, an overseas report said. “But, as we approach the end of Ramadan, much of the country tends to go “on holiday” for a few weeks. Some buyers will be patient, but if there is enough demand meanwhile, which has to be met by the limited quantities offered, the market can awaken later at a completely different level”.Vietnam remains at higher levels, and Indian offers, driven by their local exchanges, are completely out of range. Brazil is competitive, but has yet to be aggressive. Ecuador is expecting a decent crop, but is not yet ready to offer.Indonesia made good sales of white pepper and became cautious about making further sales. Vietnam held its levels steady at a higher range.Green pepper “stocks out of India are extremely limited at this point. There are stocks in Sri Lanka and Europe,” the report added.

Onion crop comes under Agriculture Ministry scanner

Rahul Wadke

In the spotlight: In the last couple of years, the Centre's policy on onion has come under fire because an export ban had led to glut in the market.

Mumbai, Aug. 5:

The Union Agriculture Ministry is keeping a watchful eye on the politically sensitive onion crop. ISRO's Resourcesat-2 satellite is snapping high quality images of the onion fields, so that policy makers can get accurate data and decide on the approach to be taken on onion exports.

The satellite survey is being carried out in onion-growing districts of Gujarat, Maharashtra, Madhya Pradesh and Karnataka.

Over the last one year, the National Horticulture Mission has been funding a project for arriving at a right estimation of the crop in the country.

The project is being implemented by the Nasik-based National Horticultural Research and Development Foundation. Nasik is the largest onion growing district in the country.

Encouraging results

R.P. Gupta, Director of the foundation told *Business Line* that the results have been very encouraging. When the ground data was correlated with the satellite data, it was found to be 75 per cent accurate. Soon NHRDF could get data with 90 per cent accuracy, he said.

"A NHRDF field officer goes to the onion field with a global positioning system tracker. At the same time, the satellite takes the picture of the field. The picture is then analysed depending on the colours and the hues of the field and the size of the crop is arrived at," Gupta said.

Satellite image of the onion-growing area is gathered at an early growing stage, maturity and harvesting time. GPS tracker helps ground data to correlate with the satellite images.

Survey

A senior Maharashtra Government official said the crop survey based on satellite technology will help the Centre in forming its onion export policy. It will give better estimates of the crop size.

In the last couple of years, the Centre's policy on onion has come under fire because an export ban had led to glut in the market. Last year, onion farmers from Nasik and the surrounding region stopped bringing onion to the market due to falling prices. Their decision was reversed only after the export ban was lifted, the official said.

Inaccurate figures

The Revenue Department usually gives inaccurate figures about the actual acreage under the crop, the officials pointed out. They do not have a proper mechanism to get the figures. Village-level officials are usually saddled with huge amount of administrative work and therefore getting the right data is difficult.